

TATA MOTORS



TOWARDS TOMORROW



71st ANNUAL REPORT 2015-2016

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Jaguar Land Rover's Business

The strengths of Jaguar Land Rover include iconic globally positioned brands, a strong product portfolio of award winning luxury and high performance cars and premium all-terrain vehicles, a global distribution network, strong product development and engineering capabilities and a strong management team.



Tata Motors' Business

Tata Motors have progressed in key areas of engineering, manufacturing, world-class sales and service support, for an overall superior customer experience.

ANNUAL GENERAL MEETING

Date: Tuesday, August 9, 2016 **Time:** 3.00 p.m.

Venue: Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020



MISSION

We innovate, with passion, mobility solutions to enhance quality of life

VALUES

- Integrity
- Teamwork
- Accountability
- Customer Focus
- Excellence
- Speed

VISION

As a High Performance Organization, we are, by FY2019

- Among the Top 3 in Global CV and Domestic PV
- Achieving Sustainable Financial Performance
- Delivering Exciting Innovations

CORPORATE INFORMATION

CHAIRMAN EMERITUS

Mr Ratan N Tata

BOARD OF DIRECTORS

Mr Cyrus P Mistry

Non Executive Director and Chairman

Mr N N Wadia

Non Executive, Independent Director

Dr R A Mashelkar

Non Executive, Independent Director

Mr S Bhargava

Non Executive, Independent Director

Mr N Munjee

Non Executive, Independent Director

Mr V K Jairath

Non Executive, Independent Director

Ms Falguni Nayar

Non Executive, Independent Director

Dr Ralf Speth

Non Executive Director

Mr Guenter Butschek

CEO and Managing Director

Mr Ravindra Pisharody

Executive Director (Commercial Vehicles)

Mr Satish Borwankar

Executive Director (Quality)

ExCom

Mr Guenter Butschek

CEO and Managing Director

Mr Ravindra Pisharody

*Executive Director
(Commercial Vehicles)*

Mr Satish Borwankar

Executive Director (Quality)

Mr C Ramakrishnan

Group Chief Financial Officer

Mr Mayank Pareek

President

(Passenger Vehicle Business Unit)

Dr Timothy Leverton

President and Head,

Advanced and Product Engineering

Mr Gajendra Chandel

Chief Human Resource Officer

Mr Shailesh Chandra

*Vice President Corporate Strategy
& Business Transformation*

Ms Minari Shah

*Head - Corporate Communications
(Associate Member of ExCom)*

OTHER SENIOR MANAGEMENT

Mr Prasann Chobe

Sr Vice President

(Head Mfg Operations, CVBU)

Mr Girish Wagh

Sr Vice President (PPPM, PVBU)

Mr Abhijit Gajendragadkar

Sr Vice President

(Business Planning and Controlling)

Mr R Ramakrishnan

Sr Vice President

(Product Strategy and Planning & Customer Value)

Mr Nagesh Pinge

Vice President (Internal Audit)

COMPANY SECRETARY

Mr H K Sethna

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Email: inv_rel@tatamotors.com

Website: www.tatamotors.com

AUDITORS

Deloitte Haskins & Sells LLP

(Registration No. 117366W/W — 100018)

CORPORATE IDENTITY NUMBER (CIN)

L28920MH1945PLC004520

WORKS

Jamshedpur

Pune

Lucknow

Pantnagar

Sanand

Dharwad

SHARE REGISTRARS

TSR Darashaw Limited

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Dr E Moses Road, Mahalaxmi, Mumbai 400 011

Tel: +91-22-66568484

Fax: +91-22-66568494

Email: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

BANKERS

Allahabad Bank

Andhra Bank

Bank of America

Bank of Baroda

Bank of India

Bank of Maharashtra

Central Bank of India

Citibank NA

Corporation Bank

Deutsche Bank

Federal Bank

HDFC Bank

Hongkong and Shanghai
Banking Corporation

ICICI Bank

IDBI Bank

Indian Bank

Kotak Mahindra Bank

Karur Vysya Bank

Punjab National Bank

Standard Chartered Bank

State Bank of India

State Bank of Mysore

State Bank of Patiala

Union Bank of India

United Bank of India

CHAIRMAN'S MESSAGE

Dear Shareholders,

The Financial Year 2015-16 was one of continued global volatility across different markets. The fall in oil prices and commodities have had varied impact across different companies and countries. The China slowdown continues to be an important global economic factor.

The news was more positive for India with robust GDP growth, making the country one of the fastest growing economies worldwide. The sustained start-up environment has also played an important role in bringing in global and domestic investment, opening up new opportunities and also helping to carry economic development beyond just the tier one cities. Moreover, there is, rightly so, a greater thoughtfulness towards investing in new or emerging companies with a greater attention to the right business models. This is a positive sign of a more mature and responsible economy.

Nonetheless there remain key challenges. The continued delay of some of the tax reforms continue to pose operational bottlenecks in a more streamlined movement of goods and services across the

country. The shadow of NPAs continue to haunt the Indian financial sector even as the sector is all set to grow with new financial institutions.

For the Tata Motors Group, 2015-16 was a year of mixed results but it was important to note the return to profitability. It was therefore a turnaround year, backed by strong Jaguar Land Rover growth despite challenges, as well as the start of the turnaround for Tata Motors standalone.

Jaguar Land Rover continued to show strong global sales, despite the China slowdown. It showed a strong growth in the key markets of North America and Europe. Its strong revenue growth reflected the demand for the new models such as Land Rover Discovery Sport, Jaguar XE and XF, that helped the Company add new customers to both brands across UK, Europe and North America. Jaguar Land Rover's solid financial performance through last year was clearly showcased by its selling more than half a million cars in one year for the first time.

Last year, it thus produced and sold more cars than at any time in its history. Its vehicles have received more than 140 awards for design, technology, safety and environmental sustainability. Besides winning the accolade of 'Best UK Employer' by Bloomberg, Jaguar Land Rover is one of the UK's largest exporters, with more than 80 percent of its revenue coming from exports.

There was good news for the Tata Motors standalone business as well. Tata Motors M&HCV business showed sustained growth for a year to lead the turnaround of the Indian business. Within this while some segments like the multi-axle vehicles and tractor



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trailers emerged as the key growth drivers, the tipper segment also started showing signs of recovery with demand coming primarily from coal mining regions. After the launch of advanced new platforms like Prima and Ultra, the launch of Signa in the last quarter of 2015-16 ensures that we lead from the front in bringing the most advanced technology to mainstream trucking. We expect this growth to sustain especially with the planned infrastructure projects now getting into execution. Strong GDP growth and consumer sentiment will also help sustain this momentum as will the upcoming regulatory changes.

As one of the world's largest bus manufacturers, with the most complete range of transit vehicles, meeting every need arising from day-to-day travel, Tata Motors continued to bring global technology for safe, comfortable and economical travel. The Company's push towards electric hybrid buses and articulated buses to meet the future transport needs for the envisaged Smart Cities got a significant validation with the order from MMRDA for 25 hybrid buses for Mumbai's modernistic business hub, the Bandra Kurla Complex.

We have witnessed some encouraging growth in LCVs and will continue to lead and grow in this space with new product introductions, also reaching out to customers in smaller cities and towns through new sales and service points.

2015-16 also saw a strong growth in defence as the Company transitions from a supplier of defence logistics solutions to a design and development company providing a comprehensive range of solutions including armoured combat vehicles. This has opened up significant domestic as well as international opportunities as Tata Motors joins hands with global partners to develop solutions for defence agencies everywhere.

The year was an exciting one for PV — not only did it mark the launch of the stylishly designed hatchback Tiago but it also was the first preview for what's coming. Since its launch, Tiago as the first completely new product marking the PV transformational journey has received strong bookings and great customer response. I was also delighted personally by the response that our new cars Hexa, Nexon and Kite-5 received from the industry and customers at the Greater Noida (Delhi) Auto Expo 2016. Our continued efforts towards enhanced customer experience also bore results as we

saw strong improvement in the JD Power Customer Satisfaction Index, as we moved up to the third rank in the industry.

We are all becoming used to unpredictable and dynamic market environments, learning to manage by anticipating customer needs, leveraging strong processes and building competitive product portfolios and networks. The new financial year will not be any different in the challenges it will pose, especially as the continued sway of technology is impacting the entire industry as consumer behaviour undergoes significant change. The recent Brexit Referendum will also add some uncertainty to the world of global business, but we are confident we can see through it with careful understanding of its long-term impact and strong robust processes to handle volatility. At Jaguar Land Rover, we will

continue to invest in a sustainable, profitable growth strategy with a market defining product portfolio.

The Company remains the largest investor in automotive research in the UK, with cutting-edge innovation as the key to its future growth.

For the Tata Motors standalone business, this will mark a milestone year of growth, great launches and transformation. There continues to be the growing pressure of competition and we will look to bring in significant launches in PV and CV with focus on cost efficiencies to remain competitive.

A very important aspect of this transformational journey is the appointment of Guenter Butschek as the new CEO and MD for the Tata Motors standalone business. He brings tremendous global experience and expertise as well as operational insights to lead this transformation. I am delighted to welcome him on board.

I am optimistic about the future — it may be challenging but offers many positive opportunities across Tata Motors and Jaguar Land Rover. We remain committed to all our stakeholders and to the communities we work in, for sustainable profitable growth with continual community engagement.

Thank you all for your continued support, which I gently appreciate and cherish.



Chairman



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MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

The Financial Year 2015-16 has been a year of recovery for Tata Motors with focus on introducing exciting mobility solutions and keeping customers central to our plans. Last year marked the start of the transformational journey of Tata Motors. A journey to leverage our global resources of people, design and R&D to offer differentiated products, with a comprehensive commercial and passenger vehicle offering. I see the previous financial year as the building base for this transformational journey to make Tata Motors future-ready.

A strong part of being prepared for the future is our product story. The Prima, Ultra and Signa platforms offer new paradigms for mainstream M&HCV markets and are well-timed to leverage the sustained growth in this segment from the last few quarters. These new launches represent the new technology-oriented Tata Motors, for instance with Telematics now a mandated feature on the Signa trucks. These are future-proofed platforms that can serve the Company's interests as new regulatory changes come into effect for trucks and buses, enabling the Company to continue leading and gaining market share. The new Bus Code and the government focus on smart cities offer clear opportunities for our well-established investments in Tata Marcopolo.

With the versatile Ace platform and the improved macro-economic trends, we should also see an improved growth there, including the pick-up segment where we expect to bring in new products. We expect SCVs to grow in the coming year, with greater proliferation of the Hub-N-Spoke logistics model and the implementation of GST. Relatively untapped potential in semi-urban and rural areas and improving urbanisation levels will further help improve volumes in this segment.

Defence is the other major segment for growth and an opportunity in the years to come, as it opens up to greater private sector participation. Tata Motors has long been a Defence partner, in no small reason because of its ability to work closely for multi-year product development cycles. With its ever-greater technology orientation and the ability to bring in global partnerships, as seen in recent agreements with Bharat Forge and General Dynamics, the Company will continue to widen its product portfolio that allows it to take advantage of domestic as well as international market opportunities.

Global expansion will in fact be an important theme for going forward as it offers economies of scale and returns on our R&D investment, longer product cycles across markets and is the best de-risking strategy to reduce dependence on cyclical markets. The previous year saw us increase our exports and the comprehensive CV portfolio offers us multiple opportunities to grow these further, especially in emerging markets of Asia, Africa and Latin America. It also offers the added benefit of an enhanced global mindset in our products, services and processes.

The launch of the new mid-segment hatchback Tiago and the overwhelming customer response mark the start of a completely new product portfolio for our cars. At the Noida (New Delhi) Auto Expo in February 2016, we provided a sneak preview of the exciting range of cars coming up. These cars from the lifestyle SUV Hexa to the compact SUV Nexon; as well as the new compact sedan currently code-named Kite 5 all won acclaim from the public and critics alike. We look forward to continually bringing these and more disruptive and exciting new offerings for passenger vehicle customers.



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Across CV and PV, we are determined to bring product offerings that lead the change the true hallmark of an innovator. Our well-defined plan includes developing multiple new platforms with advanced technologies, constantly working on improving the performance and reliability of existing ones, keeping in mind changing customer preferences and regulations. Additionally, we continue to work towards network enhancement to ensure unrelenting focus on customer service. We will provide greater on-ground and virtual access to our customers for new products as well as after-sales services while constantly upgrading the delight quotient.

Building a "FUTUREADY" organisation

However, it is important to emphasise that the transformation goes beyond just the products — we have launched a holistic journey that will touch upon all the key aspects of our business. We have recently re-articulated the Tata Motors Mission and Vision in clear and differentiated terms to clearly explain who we are, as well as to put forth a tangible action plan with defined results for the immediate future.

Our Mission is to **innovate mobility solutions with passion to enhance quality of life**. We are a company that has consistently

innovated across passenger and commercial vehicles to provide mobility solutions for people and goods. With deep insight into customer needs, we offer the widest portfolio of solutions. We have regularly created new categories to fulfil latent needs, bringing in the most advanced technologies to offer relevant solutions.

As a part of the Tata group, we believe in making a difference for our people, for the communities we are part of and for the country. This Mission statement clearly defines our *raison d'être* and our passionate commitment to bring innovation into everything we do.

Our Vision defines more specific targets: to achieve **sustainable financial profitability in the next three years**. We are working towards growing, not just the volumes and top line but the bottom line as well. We aim to **be among the top 3 global CV and domestic PV** and lastly, **deliver exciting innovations**.

There is a well defined roadmap to achieve these with a deep focus on robust processes, cost efficiencies and people management to enhance productivity and align business goals across the Company. These initiatives will help us build a faster, leaner, more agile organisation with focus on globally benchmarked design, technology and quality. Last but certainly not the least, these will be backed by a well-considered brand strategy to guide and prioritise business planning ahead.

In short, we had the start of a turnaround last year. We have an exciting journey ahead in the coming years. I am delighted to be a part of and leading this journey. With a result-oriented plan ahead, I am sure the coming year will be as fulfilling for all of us at Tata Motors as for our shareholder family.



Managing Director



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BOARD OF DIRECTORS



Mr Cyrus P Mistry

Non-Executive Director and Chairman

Mr Mistry was appointed as a Director of Tata Motors with effect from May 29, 2012, and as deputy chairman of the Company with effect from November 7, 2012. Mr Mistry took over as Chairman from Mr Ratan N Tata on his retirement with effect from December 28, 2012.

Mr Mistry was earlier managing director of the Shapoorji Pallonji group. He was also responsible for building the infrastructure development vertical in the Shapoorji Pallonji group.

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

Mr Nusli N Wadia

Non-Executive, Independent Director

Educated in the UK, Mr Wadia is the Chairman of the Bombay Dyeing & Manufacturing Company Limited and heads the Wadia Group. He is also the Chairman / Trustee of various charitable institutions and non-profit organisations.

Mr Wadia has been on the Company's Board since December 1998 as an Independent Director.



Dr Raghunath A Mashelkar

Non-Executive, Independent Director

Dr Mashelkar is an eminent chemical engineering scientist who retired from the post of Director General from the CSIR and is the President of Indian National Science Academy (INSA), National Innovation Foundation, Institution of Chemical Engineers, UK and Global Research Alliance.

The President of India honoured Dr Mashelkar with the Padma Shri (1991), the Padma Bhushan (2000) and the Padma Vibhushan (2014). Dr Mashelkar holds a Ph.D. in Chemical Engineering from the Bombay University.

He was appointed as an Independent Director of the Company w.e.f. August 28, 2007.

