TATA MOTORS LTD/FI
Form 6-K
September 29, 2008
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the Month of September 2008

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant s name into English)

BOMBAY HOUSE

24, HOMI MODY STREET,

MUMBAI 400 001, MAHARASHTRA, INDIA

Telephone # 91 22 5667 8282 Fax # 91 22 5665 7799

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ¨ No x

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): Not Applicable

Table of Contents

TABLE OF CONTENTS

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Tata Motors Limited

By: /s/ Hoshang K Sethna
Name: Hoshang K Sethna
Title: Company Secretary
Dated: September 25, 2008

Table of Contents

LETTER OF OFFER

Dated September 18, 2008

For Ordinary Shareholders of the Company only

(The Company was originally incorporated as Tata Locomotive and Engineering Company Limited on September 1, 1945 under the Indian Companies Act, 1913. For details of changes in the name of the Company, see Certain Corporate Matters on page 91 of this Letter of Offer)

Registered Office: Bombay House, 24, Homi Mody Street, Mumbai 400 001

Tel: (91 22) 6665 8282 **Fax:** (91 22) 6665 7799

Company Secretary and Compliance Officer: Mr. H.K. Sethna

Email: inv_rel@tatamotors.com **Website:** www.tatamotors.com

FOR PRIVATE CIRCULATION TO THE ORDINARY SHAREHOLDERS OF THE COMPANY ONLY

LETTER OF OFFER

SIMULTANEOUS BUT UNLINKED ISSUE OF 64,276,164 ORDINARY SHARES OF RS. 10 EACH AT A PREMIUM OF RS. 330 PER ORDINARY SHARE AGGREGATING RS. 21,853.9 MILLION IN THE RATIO OF ONE ORDINARY SHARE FOR EVERY SIX ORDINARY SHARES HELD ON THE RECORD DATE I.E. SEPTEMBER 16, 2008 AND 64,276,164 A ORDINARY SHARES OF RS. 10 EACH AT A PREMIUM OF RS. 295 PER A ORDINARY SHARE AGGREGATING RS. 19,604.2 MILLION IN THE RATIO OF ONE A ORDINARY SHARE FOR EVERY SIX ORDINARY SHARES HELD ON THE RECORD DATE (THE ISSUE). THE ISSUE PRICE OF THE ORDINARY SHARES IS 34.0 TIMES THE FACE VALUE OF THE ORDINARY SHARES. THE ISSUE PRICE OF THE A ORDINARY SHARES IS 30.5 TIMES THE FACE VALUE OF THE A ORDINARY SHARES. TOTAL PROCEEDS FROM THE ISSUE OF ORDINARY SHARES AND A ORDINARY SHARES WOULD AGGREGATE TO RS. 41,458.1 MILLION.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. This being a fast track issue under clause 2.1.2A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, the Company has filed this Letter of Offer with the Designated Stock Exchange with a copy to SEBI. **Investors are advised to refer to Risk Factors on page xii of this Letter of Offer before making an investment in this Issue.**

ISSUER S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Ordinary Shares of the Company are listed on the Bombay Stock Exchange Limited (the BSE) and the National Stock Exchange of India Limited (the NSE). The Company has received in-principle approvals from the BSE and the NSE for listing the Ordinary Shares and A Ordinary Shares arising from this Issue by their letters dated September 5, 2008 and September 12, 2008 respectively. For the purposes of the Issue, the Designated Stock Exchange shall be the BSE.

GLOBAL COORDINATORS AND LEAD MANAGERS TO THE ISSUE

JM Financial Consultants Private Limited	**ICICI Securities Limited**
141, Maker Chamber III, Nariman Point, Mumbai 400 021	ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020
Tel: (91 22) 6630 3030	Tel: (91 22) 2288 2460
Fax: (91 22) 2204 7185	Fax: (91 22) 2282 6580
E-mail: tatamotors.rights@jmfinancial.in	E-mail: tatamotors_rights@isecltd.com
Contact Person: Mr. Adithya Anand	Contact Person: Mr. Rajiv Poddar
Website: www.jmfinancial.in	Website: www.icicisecurities.com
SEBI Registration No.: INM000010361	SEBI Registration No.: INM000011179

LEAD MANAGERS TO THE ISSUE		**REGISTRAR TO THE ISSUE**
Citigroup Global Markets India Private Limited	**J.P. Morgan India Private Limited**	**Intime Spectrum Registry Limited**
12th Floor, Bakhtawar,	9th Floor, Mafatlal Centre,	C 13, Pannalal Silk Mills Compound
Nariman Point, Mumbai 400 021	Nariman Point, Mumbai 400 021	LBS Marg, Bhandup (West), Mumbai 400 078
Tel: (91 22) 6631 9999	Tel: 91 (22) 2285 5666	Tel: (91 22) 2596 7796, **Toll Free:** 1800 22 7796
Fax: (91 22) 6646 6370	Fax: 91 (22) 6639 3091	Fax: (91 22) 2596 0328
Email: tml.rights@citi.com	Email: tatamotors_rights@jpmorgan.com	Email: tml-rights@intimespectrum.com
Contact Person: Mr. Anuj Mithani	Contact Person: Mr. Sagarnil Pal	**Contact Person:** Mr. Vishwas Attavar
Website: www.citibank.co.in	Website: www.jpmipl.com	Website: www.intimespectrum.com
SEBI Registration. No.: INM000010718	SEBI Registration No.: INM000002970	SEBI Regn. No. INR 000003761

ISSUE PROGRAMME

ISSUE OPENS ON	**LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS**	**ISSUE CLOSES ON**
SEPTEMBER 29, 2008	**OCTOBER 10, 2008**	**OCTOBER 20, 2008**

TABLE OF CONTENTS

Table of Contents

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the Issue may be restricted by law in certain jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue on a rights basis to the Ordinary Shareholders of the Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such shareholders who have an Indian address.

This Letter of Offer does not constitute and may not be used for in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by the Company or the Lead Managers to permit an offering of Ordinary Shares and A Ordinary Shares (collectively the Securities) or distribution of this Letter of Offer in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither this Letter of Offer nor any offering material in connection with the Securities may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons receiving a copy of this Letter of Offer should not distribute or send the same in any jurisdiction where to do so would or may contravene local laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Securities or the rights entitlements referred to in this Letter of Offer.

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold within the United States or to US persons except in transactions not requiring registration thereunder. Any CAFs bearing an address in the United States will not be accepted. The depositary for the Company s ADSs will seek to dispose of the Rights Entitlements in respect of the Ordinary Shares represented by such ADSs and distribute any resulting net proceeds to ADS holders in accordance with the ADS deposit agreement.

DEFINITIONS AND ABBREVIATIONS

Definitions of certain capitalized terms used in this Letter of Offer are set forth below:

DEFINITIONS

Term	Description
we , us , our , the Company or Company the Issuer Tata Motors or	Unless the context requires, refers to Tata Motors Limited and its Subsidiaries on a consolidated basis as described in this Letter of Offer
TML	Unless the context requires, refers to Tata Motors Limited, a public limited company incorporated under the provisions of the Indian Companies Act, 1913 having its registered office at Bombay House, 24, Homi Mody Street, Mumbai 400 001 on a standalone basis
Jaguar Land Rover	Unless the context otherwise requires, refers to the Jaguar and Land Rover business acquired by the Company from Ford with effect from June 2, 2008

COMPANY RELATED TERMS

Term	Description
Acquisition	The acquisition of the Jaguar and Land Rover business by the Company from Ford with effect from June 2, 2008
Articles/Articles of Association	The articles of association of the Company
Auditors	The statutory auditors of the Company, namely Deloitte Haskins & Sells
Board/Board of Directors	The Board of Directors of the Company
Chairman	The chairman of the Board of Directors, namely, Mr. Ratan N. Tata, a resident of India
Committee of Directors	The Committee of Directors authorised by the Board of Directors of the Company to decide the terms of the Issue
Director(s)	Director(s) of the Company, unless otherwise specified
Ford	Ford Motor Company, including its subsidiaries and its associate companies
JEPP	Jaguar Executive Pension Plan
JPP	Jaguar Pension Plan
LRPS	Land Rover Pension Scheme
Memorandum/Memorandum of Association	The memorandum of association of the Company
Promoter	The promoter of the Company, namely, Tata Sons Limited
Registered Office	The registered office of the Company, located at Bombay House, 24, Homi Mody Street, Mumbai 400 001
Subsidiaries	The subsidiaries of the Company
Tata Companies	Those company(ies) and/or entities which are covered under Explanation II to Clause 6.8.3.2 of the SEBI Guidelines and listed in Promoter on page 110 of this Letter of Offer.

ii

Table of Contents

ISSUE RELATED TERMS

Term	Description
A Ordinary Shareholder	A holder of A Ordinary Shares
A Ordinary Shares	The ordinary shares of the Company of Rs. 10 each, with differential rights as to voting and dividend. For a description of the rights relating to A Ordinary Shares, see Terms of the Present Issue - Principal Terms of the Securities - A Ordinary Shares - Rights of A Ordinary Shareholders on page 244 of this Letter of Offer
Abridged Letter of Offer	The abridged letter of offer to be sent to the eligible Ordinary Shareholders of the Company with respect to this Issue in accordance with SEBI Guidelines
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an Investors to make a Bid authorizing the SCSB to block the Bid Amount in their specified bank account
Business Day	Any day, other than a Saturday or a Sunday, on which commercial banks in Mumbai are open for business
Bankers to the Issue	HDFC Bank Limited and Citibank N.A.
Citi	Citigroup Global Markets India Private Limited
Composite Application Form/CAF	The form used by an Investor to make an application for allotment of Ordinary Shares or A Ordinary Shares, as the case may be, in the Issue. Separate CAFs are being despatched for Ordinary Shares and A Ordinary Shares
Consolidated Certificate	In case of physical certificates, the Company would issue separate certificate for the Ordinary Shares and A Ordinary Shares, as the case may be, allotted to one folio
Compliance Officer	Mr. H.K. Sethna, Company Secretary
Designated Stock Exchange	BSE
Global Coordinators and Lead Managers	JM Financial Consultants Private Limited and ICICI Securities Limited
Investor(s)	The Ordinary Shareholders of the Company on the Record Date, i.e. September 16, 2008 and the Renouncees
I-Sec	ICICI Securities Limited
Issue	Simultaneous but unlinked issue of 64,276,164 Ordinary Shares of Rs. 10 each at a premium of Rs. 330 per Ordinary Share aggregating Rs. 21,853.9 million in the ratio of one Ordinary Share for every six Ordinary Shares held on the Record Date i.e. September 16, 2008; and 64,276,164 A Ordinary Shares of Rs. 10 each at a premium of Rs. 295 per A Ordinary Share aggregating Rs. 19,604.2 million in the ratio of one A Ordinary Share for every six Ordinary Shares held on the Record Date
Issue Closing Date	October 20, 2008
Issue Opening Date	September 29, 2008
Issue Price	Rs. 340 per Ordinary Share Rs. 305 per A Ordinary Share
Issue Proceeds	The proceeds of the Issue that are available to the Company
JM Financial	JM Financial Consultants Private Limited
JP Morgan	J.P. Morgan India Private Limited
Lead Managers	

Collectively, the Global Coordinators and Lead Managers and Citigroup Global Markets India Private Limited and J.P. Morgan India Private Limited, and individually, any one of them

iii

Table of Contents

Term	Description
Letter of Offer	This letter of offer dated September 18, 2008 filed with the Designated Stock Exchange with a copy to SEBI
Ordinary Shareholder	A holder of Ordinary Shares
Ordinary Shares	The ordinary share(s) of the Company of Rs. 10 each
Record Date	September 16, 2008
Refund through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or NEFT, as applicable
Registrar to the Issue	Intime Spectrum Registry Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from Ordinary Shareholders
Rights Entitlement	The number of Ordinary Shares and A Ordinary Shares that an Ordinary Shareholder is entitled to in proportion to the number of Ordinary Shares held by the Ordinary Shareholder on the Record Date
Securities	The Ordinary Shares and A Ordinary Shares offered in this Issue
Stock Exchange(s)	The BSE and NSE where the Ordinary Shares of the Company are presently listed, and where the Ordinary Shares and A Ordinary Shares to be issued pursuant to the Issue are proposed to be listed
Underwriters	JM Financial Consultants Private Limited, JM Financial Services Private Limited and JM Financial Institutional Securities Private Limited
Underwriting Agreement	The agreement dated September 18, 2008 between the Company and the Underwriters

CONVENTIONAL/GENERAL TERMS

Term	Description
Act / Companies Act	The Companies Act, 1956 and amendments thereto
ADS	American Depositary Shares representing Ordinary Shares
BSC	Balance Score Card
CAGR	Compound Annual Growth Rate
Cenvat	The Central Value Added Tax
CESTAT	The Customs, Excise, Service Tax Appellate Tribunal
CII	Confederation of Indian Industry
CII-EXIM	Confederation of Indian Industry- Export Import
Criminal Procedure Code	The Criminal Procedure Code, 1973 and amendments thereto
Depositories Act	The Depositories Act, 1996 and amendments thereto
ECS	Electronic clearing service
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ESI	Employees State Insurance
FCCB	Foreign Currency Convertible Bond
FCCN	Foreign Currency Convertible Notes
FEMA	Foreign Exchange Management Act, 1999

iv

Table of Contents

Term	Description
FERA	Foreign Exchange Regulation Act, 1973
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GBP	Great Britain Pound
IFRS	International Financial Reporting Standards
Indian GAAP	The generally accepted accounting principles in India
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time
IPC	The Indian Penal Code, 1860 and amendments thereto
IT Act	The Income Tax Act, 1961 and amendments thereto
ITAT	Income Tax Appellate Tribunal
Modvat	Modified Value Added Tax
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
PAT	Profit after Tax
PSA	PSA Peugeot Citroen
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Takeover Code	SEBI (Substantial Acquisition Of Shares and Takeovers) Regulations, 1997 and amendments thereto
UK GAAP	The generally accepted accounting principles in United Kingdom
US GAAP	The generally accepted accounting principles in United States
Wealth-Tax Act	The Wealth-Tax Act, 1957 and amendments thereto

Industry Related Terms

Term	Description
ABS	Anti-lock Braking System
BIW	Body In White
Bhp	Brake horsepower
CAD/CAM/CAE/KBE/PDM	Computer Aided Design
CERs	Certified Emission Reduction
CNG	Compressed Natural Gas
CO2	Carbon Di-oxide
CV	Commercial Vehicles

v

Table of Contents

Term	Description
DICOR	Direct Injection Common Rail
EMS	Environment Management System
ERC	Engineering Research Centre
GVW	Gross Vehicle Weight
LCV	Light Commercial Vehicles
M&HCV	Medium and Heavy Commercial Vehicles
NPI	New Product Introduction
OHS	Occupational Health and Safety
PCBU	Passenger Car Business Unit
SUV	Sport Utility Vehicle
UV	Utility Vehicles

ABBREVIATIONS

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
BSE	The Bombay Stock Exchange Limited
CARS	Convertible Alternative Reference Securities
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
EGM	Extraordinary General Meeting
ESI	Employee State Insurance
FDI	Foreign Direct Investment
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
GDP	Gross Domestic Product
GOI	Government of India
HUF	Hindu Undivided Family
IC	Investment Company
ICAI	Institute of Chartered Accountants of India
IRR	Internal Rate of Return
KM	Kilometre
Mn	Million
MoU	Memorandum of Understanding
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited

NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body

Table of Contents

Term	Description
OECD	Organisation for Economic Co-operation and Development
RBI	The Reserve Bank of India
ROC	Registrar of Companies, State of Maharashtra, Mumbai
SCB	Scheduled Commercial Banks
SCSB	Self Certified Syndicate Bank
STT	Securities Transaction Tax
UTI	Unit Trust of India
US$	United States Dollar

Table of Contents

PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data relating to the Company in this Letter of Offer is derived from the Company s consolidated restated financial statements and non-consolidated restated financial statements, prepared in accordance with Indian GAAP and the SEBI Guidelines which are included in this Letter of Offer and set out in the section Auditor s Report on page F-1 of this Letter of Offer.

The Company s fiscal year commences on April 1 of each year and ends on March 31 of the next year. All references to a particular fiscal year are to the 12 month period ended on March 31 of that year. On June 2, 2008, the Company completed the acquisition of Jaguar Land Rover. Therefore, the consolidated financial statements of the Company for fiscal 2008 do not include the financial statements of Jaguar Land Rover. In addition, the combined financial information of TML as provided under Material Developments on page 158 of this Letter of Offer, does not include the results of Jaguar Land Rover for the period from June 2, 2008 to June 30, 2008.

Unless otherwise stated, the financial data relating to Jaguar Land Rover in this Letter of Offer is derived from Jaguar Land Rover s unaudited summarized financial statements prepared by the Jaguar Land Rover management, which are principally based on US GAAP and are included in the Letter of Offer in the section Summary Financial Information of Jaguar Land Rover on page 141 of this Letter of Offer. Jaguar Land Rover s financial year commences on January 1 of each year and ends on December 31 of that year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Any percentage amounts, as set forth in the sections Risk Factors , Business , Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this Letter of Offer, unless otherwise indicated, have been prepared on the basis of the financial statements included in this Letter of Offer.

There are significant differences between Indian GAAP and US GAAP. The Company does not provide a reconciliation of the Company s financial statements to US GAAP. Also see Risk Factors Risks Relating to the Acquisition of Jaguar Land Rover Pursuant to the acquisition and due to the differences in US GAAP and Indian GAAP, our historical financials may not be comparable on page xxv of this Letter of Offer. We urge you to consult your own advisors regarding such differences and their impact on the financial data. The degree to which the Indian GAAP and the US GAAP financial statements included in this Letter of Offer will provide meaningful financial information is entirely dependent on the reader s familiarity with these accounting practices. Any reliance by persons not familiar with these accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

All references to India contained in this Letter of Offer are to the Republic of India, all references to the US or the U.S. or the USA , or the United States are to the United States of America, its territories and possessions and all references to UK or the U.K. are to the United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions.

Currency and units of presentation

The Company prepares and publishes its financial statements in Indian Rupees. All references to Rupees , Indian Rupees , INR or Rs. are to Indian Rupees, the official currency of the Republic of India, all references to US$ are to United States Dollars, the official currency of the United States of America, all references to GBP or £ are to Great Britain Pounds, the official currency of the United Kingdom, all references to EURO or are to the official currency of the European Union, and all references to JP¥ are to the official currency of Japan. Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Table of Contents

Please note:	
One million is equal to	1,000,000/10 lakh
One billion is equal to	1,000 million/100 crores
One lakh/ one lac is equal to	100 thousand
One crore is equal to	10 million/100 lakhs

Exchange Rates

Rupee and United States Dollar Exchange Rates

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the United States Dollar (in Rupees per United States Dollar). No representation is made that the rupee amounts actually represent such United States Dollar amounts or could have been or could be converted into United States Dollars at the rates indicated, any other rate or at all.

Year ended March 31	Year/Month End	Average	High	Low
2004	43.39	45.92	47.46	43.39
2005	43.75	44.95	46.46	43.36
2006	44.61	44.28	46.33	43.30
2007	43.59	45.29	46.95	43.14
2008	39.97	40.24	43.15	39.27
Month				
March 2008	39.97	40.36	40.77	39.97
April 2008	40.46	40.03	40.46	39.89
May 2008	42.59	42.13	43.15	40.55
June 2008	42.95	42.82	42.97	42.24
July 2008	42.49	42.84	43.37	41.96
August 2008	43.79	42.94	44.07	41.89

Source: Reserve Bank of India

Rupee and British Pounds Exchange Rates

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the British Pound Sterling (in Rupees per British Pound). No representation is made that the rupee amounts actually represent such British Pound amounts or could have been or could be converted into British Pounds at the rates indicated, any other rate or at all.

Year ended March 31	Year/Month End	Average	High	Low
2004	79.60	77.74	85.83	71.82
2005	82.09	82.95	86.08	77.94
2006	77.80	79.02	83.94	75.56
2007	85.53	85.72	88.77	77.15
2008	79.53	80.80	85.36	76.85
Month				
March 2008	79.53	80.86	82.25	79.53
April 2008	79.50	79.25	79.94	78.66
May 2008	84.16	82.76	85.08	80.20
June 2008	85.62	84.13	85.62	83.26
July 2008	84.21	85.17	86.53	83.78
August 2008	80.05	81.33	84.01	80.01

Source: Reserve Bank of India

Table of Contents

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Letter of Offer has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Letter of Offer is reliable, it has not been independently verified.

The extent to which the industry and market data used in this Letter of Offer is meaningful depends on the reader s familiarity with and understanding of the methodologies used in compiling such data.

Table of Contents

FORWARD LOOKING STATEMENTS

All statements contained in this Letter of Offer that are not statements of historical fact constitute forward-looking statements . Readers can identify forward-looking statements by terminology such as may will , aim , is likely to result , believe , expect , will continue , anticipat intend , plan , contemplate , seek to , future , objective , goal , project , should , will pursue and similar expressions or variations of Similarly, statements that describe the Company s strategies, objectives, plans or goals are also forward looking statements.

All forward looking statements (whether made by the Company or any third party) are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company s expectations include but are not limited to:

- general economic conditions;
- currency and exchange rate fluctuations;
- intensifying competition;
- our ability to satisfy changing customer demands;
- our ability to successfully expand into new segments and geographies;
- our ability to address risks relating to product liability, warrants and recall costs; and
- our ability to reduce our cost of production and increase our operational efficiency.

For a further discussion of factors that could cause the Company s actual results to differ, see Risk Factors , Business and Management s Discussion and Analysis of Financial Condition and Results of Operations on pages xii, 49 and 119 respectively of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, the Company and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

Table of Contents

RISK FACTORS

An investment in equity involves a high degree of risk and you should not invest any funds in this Issue unless you can afford to take the risk of losing your investment. You should carefully consider all of the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and results of operations could suffer, the trading price of the Securities could decline and you may lose all or part of your investment. The financial and other implications or material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are some risk factors where the impact is not quantifiable and hence has not been disclosed below. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

This Letter of Offer contains forward-looking statements that involve risks and uncertainties. The Company s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.

You are advised to read the following risk factors carefully before making an investment in the Securities offered in this Issue. You must rely on your own examination of the Company and this Issue, including the risks and uncertainties involved. The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document.

The Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to the Company and this Issue which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts the omission of which make this document as a whole, or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

Unless the context otherwise requires, Company , we , us and our refers to Tata Motors Limited and its consolidated Subsidiaries including Jaguar Land Rover. Except where otherwise stated, historical financial and operating data of the Company excludes Jaguar Land Rover. Unless otherwise stated, historical financial information of the Company is derived from the Company s consolidated audited restated financial statements excluding Jaguar Land Rover under Indian GAAP. Historical financial information of Jaguar Land Rover is derived from the unaudited summarised financial statements of Jaguar Land Rover prepared by the management of Jaguar Land Rover principally based on US GAAP.

Risks associated with Our Business

1. The Company is involved in litigation proceedings and cannot assure subscribers that it will prevail in these actions.

There are outstanding litigation proceedings against the Company, its Directors, Subsidiaries, Promoter, joint venture companies and group companies, which are incidental to the Company s business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in law or rulings against the Company by appellate courts or tribunals, the Company may need to make provisions in its financial statements, which could adversely impact its reported financial condition and results of operations. Furthermore, if significant claims are determined against the Company and it is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on the Company s business and profitability. The details of litigations involving the Company, Directors of the Company and its Subsidiaries are set forth below.

Table of Contents

Cases against the Company:	109 cases before various High Courts
	18 income tax appeals
	One sales tax demand
	285 criminal cases
	666 civil cases
	1057 consumer cases
	197 industrial and labour cases
	Four cases before the Supreme Court
	676 motor accident claims
	One debt recovery case
	13 excise show cause notices
	11 contract labour cases
	One provident fund case
	One miscellaneous case
Cases against the Subsidiaries:	
Jaguar Cars Limited, Land Rover and its subsidiaries	32 product litigation cases
	248 consumer cases
	Five toxic tort cases
	Six asbestos cases
	27 dealer litigation cases
	Five patent and trademark cases
	92 employer s liability claims
	9 motor vehicle insurance claims
	Five employment litigation
	Five subrogation lawsuits
	One unpaid debt cases
	One insolvency case
	Two class action cases

Telco Construction Equipment Company Limited	43 consumer cases Six cases before MRTP
Tata Daewoo Commercial Vehicle Company Limited	Three consumer cases One civil case
Tata Motors Finance Limited	27 civil cases 38 consumer cases Eight criminal cases One motor accident claim Three arbitration proceedings

Cases against the Directors :

Ratan N. Tata	Three cases before various High Courts Four criminal cases Three consumer cases One case before MRTP Commission
N A Soonawala	One criminal case Two labour cases
J J Irani	Six criminal cases
R Gopalakrishnan	One writ petition
N N Wadia	Seven criminal cases One consumer case One writ petition
S M Palia	One criminal case One debt recovery case
Nasser Munjee	One criminal case

For further details, see Outstanding Litigation and Defaults on page 170 of this Letter of Offer.

Table of Contents

2. General economic conditions could have a significant adverse impact on our sales and results of operations

The Indian automotive industry is substantially affected by general economic conditions in India. The demand for automobiles in the Indian market is influenced by factors including the growth rate of the Indian economy, availability of credit, level of disposable income among Indian consumers, interest rates, freight rates and fuel prices. In the past, economic slowdowns have harmed manufacturing industries including the automobile and automobile components manufacturing industry. There can be no assurance that the Indian economy will not experience a downturn, and weakening of economic activity. Increases in interest rates, increases in inflation rates and/or increases in fuel prices are examples of developments that could impact general economic conditions in India and could lead to a decline in the demand for automobiles in the Indian market as well as impact our costs, which could significantly affect our sales and future results of operations in an adverse manner. More recently, adverse changes in economic factors including slowdown in industrial production, increase in fuel prices, higher inflation, reduction in availability of vehicle financing and higher interest rates, have impacted the demand for passenger and commercial vehicles. Such factors have impacted and are likely to continue to have an impact on the sales, product mix, costs and results of operations of automotive manufacturers, including us.

In addition to India, we also have automotive operations in South Korea and recently commenced operations in Thailand. Furthermore, Jaguar Land Rover has business operations in over 165 countries including many mature markets. The worldwide automotive industry is affected significantly by general economic conditions (among other factors) over which automobile manufacturers have little control. Consumer decisions as to whether and when to make a vehicle purchase may be affected significantly by general economic conditions, including the cost of purchasing and operating a vehicle and the availability and cost of credit and fuel. In view of recent high crude oil prices and weak economic conditions in certain large auto markets such as the US and Europe, many markets are witnessing or are likely to witness steep demand contraction. Jaguar Land Rover s strategy which consists of new product launches and expansion into growing markets such as China and Russia may not be sufficient to mitigate the decrease in demand for Jaguar Land Rover s products in established markets, which could have a significant adverse impact on Jaguar Land Rover s (and consequently the Company s) financial performance. Should industry demand soften beyond our expectations because of slowing or negative economic growth in key markets or other factors, our results of operations and financial condition could be substantially adversely affected.

Furthermore, any downgrade in the sovereign debt rating of India and/or a country where we have a Subsidiary for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. This could have an adverse effect on our ability to obtain financing to fund our growth on favorable terms or at all and, as a result, could have a material adverse effect on our results of operations and financial condition.

Table of Contents

3. Intensifying competition could materially and adversely affect our sales and results of operations.

The Indian automobile industry is highly competitive. We face strong competition in the Indian market from domestic as well as foreign automobile manufacturers. Improving infrastructure and robust growth prospects compared to other mature markets is attracting a number of international companies to India who have either established joint ventures with local partners or have established independently owned operations in India. International competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. Domestic competition is likely to further intensify in the future. There can be no assurance that we will be able to implement our future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

As a result of our international growth strategy, we also face significant competition from global automobile manufacturers in markets outside of India, in particular for Jaguar Land Rover s line of vehicles. The global automotive industry is intensely competitive and competition is likely to further intensify in light of continuing globalization and consolidation in the worldwide automotive industry. Factors affecting competition include product quality and features, innovation and product development time, ability to control costs, pricing, reliability, safety, fuel economy, emission requirements, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in a further downward price pressure and adversely affect our financial condition and results of operations. Our ability to maintain our competitiveness will be fundamental to our future success in existing and new markets. There can be no assurances that we will be able to compete successfully in the global automotive industry in the future.

4. We are subject to risks associated with expansion into new segments and geographies.

Our growth strategy relies on the expansion of our operations to new product segments in the automotive industry. As a consequence of our recent acquisition of Jaguar Land Rover, we have entered into the luxury performance car and premium all-terrain vehicle segments. Furthermore, we plan to enter new segments through investments in product development. The costs involved in entering and establishing ourselves in new segments that we are not familiar with, and expanding our operations into such segments may be higher than expected. Our products may not be accepted or we may not be successful in capturing market share in any of new product segments that we enter into which could adversely impact our results of operations.

Our growth strategy also relies on the expansion of our operations to other parts of the world, including Europe, Russia and other parts of Asia. The costs involved in entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. In addition, our international business is subject to many actual and potential risks, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables through the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations.

5. Our major capital projects, including our plant at Singur, may not be completed, in the timeframe or at cost levels originally anticipated, and may not achieve the intended economic results.

Currently, we are building new facilities in Singur in West Bengal and Dharwad in Karnataka, and we are expanding the capacities of our existing facilities at Pune, Jamshedpur and Lucknow. We have recently completed a new plant at Pantnagar, Uttarakhand which commenced its commercial operations in fiscal 2008. Our ability to successfully execute such projects in a timely manner is affected by factors such as delays in regulatory approvals, political unrest, technical difficulties, human, technological or other resource constraints, and may be affected by other unforeseen reasons, events or circumstances, some of which may be beyond our control.

The plant under construction at Singur is currently facing opposition due to political disputes over the process followed by the State Government in the acquisition of the land which has been leased to us by the State Government. While the land acquisition has been validated by the Calcutta High Court, the political disputes have persisted. Due to recent disturbances, we have temporarily suspended activities at the Singur site and are exploring alternative options at our existing/new sites.

Table of Contents

Capital projects may incur significant cost overruns and may not be completed on time or at all, which may significantly affect our results of operations. In addition, as a consequence of project delays, cost overruns, changes or lack of demand for our products or for other reasons, we may not achieve the economic benefits expected of these projects and our failure to obtain expected economic benefits from these projects could adversely affect our business, financial condition and results of operations.

6. Our future success depends on our ability to satisfy changing customer demands by offering innovative and competitive products

Our competitors can gain significant advantage if they are able to offer products satisfying customer needs earlier or better than we are able to, which could adversely impact our sales and results of operations. There can be no assurance that customers will be receptive to our products in the future or that market acceptance of our future products will meet our expectations, in which case we may be unable to realize the intended economic benefits of our investments and our results of operations may be adversely affected.

7. Increases in input prices and other costs may have a material adverse impact on our results of operations.

In fiscal 2008, 2007 and 2006 consumption of raw materials, components and aggregates, including processing charges, constituted approximately 69.7%, 69.3% and 68.9% respectively, of our net sales. The principal raw materials required for the production of motor vehicles are steel sheets, plates, castings, forgings and components, assemblies and aggregates. The raw materials, components and consumables that are domestically sourced include steel (sheet-metal, forgings and castings), tyres and tubes, batteries, fuel injection systems, air-oil filters and various consumables like paints, oils, thinner, welding materials, chemicals, adhesives, sealants and fuel. Certain aggregates like axles, engines, gear boxes and cabs are sourced from our Subsidiaries and associates. As a resource-intensive manufacturing operation, we are exposed to a variety of market risks, including the effects of changes in commodity prices. We monitor and manage these exposures as an integral part of our overall risk management program, which recognizes the unpredictability of markets and seeks to reduce the potentially adverse effects on our business. Nevertheless, changes in input prices cannot always be predicted or hedged. The costs at which we procure certain of our raw materials and inputs have been impacted due to the recent increase in the prices of commodities, especially steel. In addition to cost reduction measures, we also attempt to manage such increases through increases in the prices of our products. There can be no assurance that we will be able to pass on all cost increases to our customers or that such price increases will not result in reduced sales volumes. In addition, because of intense price competition and fixed costs, we may not be able to adequately address changes in input prices even if they are foreseeable. Substantial changes in these prices could have a substantial adverse effect on our financial condition and results of operations. Furthermore, our results of operations are also impacted on account of higher depreciation charges and inflation resulting in an increase in costs including employee costs.

8. We are subject to risks associated with our automobile financing business such as defaults by our customers which may adversely affect our results of operations and financial condition. Furthermore, our results of operation may be affected by the rising interest rates.

We are subject to the risks associated with our automobile financing business. Any defaults by our customers or inability to repay instalments when due could adversely affect our business, results of operations and cash flows. Some of our securitized pools have been downgraded recently by Indian rating agencies namely Crisil and ICRA based on performance of the portfolio including higher delinquencies. Such a downgrade in the credit ratings of the receivables pool may increase our borrowing costs and restrict our access to the debt markets. Over time, and particularly in the event of any credit rating downgrades, market volatility, market disruption or otherwise, we may need to reduce the amount of receivables we originate, which could adversely affect our ability to support the sale of our vehicles.

Table of Contents

As at March 31, 2008, the Company had Rs. 115,848.7 million of secured and unsecured loans, some of which is variable rate debt. If interest rates rise, interest payable on this debt will also rise, thus increasing the cost of new financing for the Company, increasing the Company s interest expense and hindering the Company s ability to implement its growth strategies. Such a rise in interest rates could materially and adversely affect the Company s results of operations and financial condition. Additionally, any increase in interest rates could lead to increased delinquencies in the Company s vehicle finance business, which would have a material adverse impact on the Company s results of operations and financial condition.

9. Underperformance of our distribution channels and disruptions in our supply chain may adversely affect our sales and results of operations.

Our products are sold and serviced through a network of dealers and authorised service centers across India, and a network of distributors and local dealers in international markets. We believe that we use adequate due diligence in the selection and appointment of our dealers and distributors. We also monitor the performance of our dealers and distributors and provide them with support so as to ensure that they perform to our expectations. There can be no assurance, however, that our expectations will be met and the under-performance by our dealers or distributors could adversely affect our sales and results of operations.

We rely on third parties to supply us with the raw materials, parts and components used in the manufacture of our products. Furthermore, for some of the parts and components, we are dependent on sole suppliers. Our ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not always within our control. During the early part of fiscal 2008, we experienced constraints in the supplies of certain components and aggregates. While we manage our supply chain as part of our vendor management process, any significant problems with our supply chain in the future could affect our results of operations in an adverse manner.

10. Our ability to reduce our cost of production and thereby increase our operational efficiency is an essential part of our business strategy and we cannot assure you that our cost reduction measures will achieve the planned operational efficiencies we seek.

Reducing our cost of production is essential to our business strategy in a highly competitive market environment. Our cost reduction programme focuses on a combination of measures such as the effective management of our supply chain, the use of third party logistic providers, value engineering, process and productivity improvements and e-sourcing, and establishing a strategic sourcing group to consolidate, strategize and monitor our supply chain activities with respect to major items of purchase. In the past, these measures have provided us with the ability to effectively control our costs. Our measures to increase our operational efficiency may not yield similar results in the future, which may adversely affect our results of operations.

11. We are subject to risks of assuming product liability, warranty and recall costs which may adversely affect our results of operations and financial condition.

We are subject to risks and costs associated with product liability, warranty and recall should we supply defective products, components, parts, or related after-sales services, which could generate adverse publicity and adversely affect our business, results of operations and financial condition. Defects, if any, in our products could require us to undertake corrective actions or recall our products. Further, any defect in our products or after-sales services provided by authorized dealers or third parties could also result in customer claims for damages. Such actions and claims could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products. Furthermore, defects in our products or spare parts may be covered under warranties provided by us.

Table of Contents

12. Increasing risks to the automobile industry due to rising fuel costs led by upward spiralling crude oil prices.

The recent surge in crude oil prices have increased fuel costs, which poses a significant challenge to automobile manufacturers worldwide, including us, especially in the commercial vehicle segments where fuel costs represent a significant portion of the operating costs of such vehicles.

In addition, continued or increased high prices for fuel, particularly in the US, could result in a further weakening of demand for luxury cars and SUVs. Continuation or acceleration of such a trend could materially and adversely impact Jaguar Land Rover s (and consequently the Company s) results of operations.

13. Currency and exchange rate fluctuations could adversely affect our results of operations.

We import capital equipment, raw materials and components and also sell our vehicles in various countries outside of India. These transactions are denominated in foreign currencies, primarily the US Dollar and Euro. Moreover, we have outstanding foreign currency denominated debt. On account of fluctuations in foreign currencies we have experienced gains and losses on account of conversions on transactions denominated in foreign currencies and period end reporting of assets and liabilities denominated in foreign currencies. Our contracts for export vehicles and foreign currency denominated debt, and consequently our results of operations, are and will continue to be affected by the volatility in foreign exchange rates. Continued depreciation of the Indian Rupee could result in further foreign exchange losses and provisioning for outstanding foreign currency denominated debt. We also have Subsidiaries in foreign countries including the UK, South Korea and US which have reporting currencies other than Rupees, and are therefore exposed to translation risks arising out of consolidating the results of the operations of these Subsidiaries. Going forward, the consolidation of Jaguar Land Rover will also expose us to translation risks which may significantly impact our results of operations and financial condition. Additionally, the results of Jaguar Land Rover are impacted by fluctuations in the value of the British Pound against the US Dollar and other currencies of key countries where Jaguar Land Rover has operations. Although we engage in currency hedging in order to decrease our foreign exchange exposure, we have experienced and expect to continue to experience foreign exchange losses and gains, and there can be no assurance that risks arising out of fluctuations in the value of the India Rupee against the US Dollar and other major currencies can be mitigated.

14. We are subject to risks associated with growing our business through mergers and acquisitions such as the failure to successfully integrate the merged/acquired entity with our existing business.

We have, in the past, grown in part through inorganic means such as our acquisition of TDCV, Jaguar Land Rover and merger of TFL with us, and we will continue to evaluate growth opportunities through suitable mergers and acquisitions in the future. Growth through mergers and acquisitions involve business risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the merger or acquisition is finalized, successful integration and management of the merged/acquired entity with us, retention of key personnel, joint sales and marketing efforts, management of a larger business and diversion of management s attention from other ongoing business concerns. If we are not able to manage these risks successfully, our results of operations could be adversely affected.

Table of Contents

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

The sales volumes and prices for our vehicles are influenced by the cyclicality and seasonality of demand for these products primarily in the Indian market. Demand generally peaks between January and March, although there is a decrease in demand in February just before release of the Indian fiscal budget. Demand is usually lean from April to July and picks up again in the festival season from September onwards, with a decline in December due to year end. The automotive industry has been cyclical in the past and we expect this cyclicality to continue.

The business of Jaguar Land Rover is impacted by the bi-annual registration of vehicles in the United Kingdom wherein the vehicle registration number changes every six months which, in turn has an impact on the resale value of the vehicles. This leads to a bunching up of sales during the period when the aforementioned change occurs. Most other markets are driven by introduction of new model year derivatives. Furthermore, western European markets tend to be impacted by main summer and winter holidays. The resulting sales profile influences operating results on a quarter to quarter basis.

16. ***The loss, shutdown or slowdown of operations at any of the Company s facilities or the failure of information technology systems, could have a material adverse effect on the Company s results of operations and financial condition.***

The Company s facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect the Company s operations by causing production at one or more facilities to shut down or slow down. None of the Company s manufacturing facilities has experienced shutdowns which have had a material adverse impact on the Company s results of operations and financial condition in the last five years. Although the Company takes reasonable precautions to minimize the risk of any significant operational problems at its facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on the Company s results of operations and financial condition.

Our information technology systems are a critical part of our business and help us manage key business processes such as product design and development, customer and dealer relationship management and transaction processing together with management information system. Any delays in implementing critical information management systems or technical failures associated with our information technology systems, including those caused by power failures, computer viruses or unauthorized tampering of our information technology systems, may adversely impact our ability to manufacture our products, manage our vendors and dealers and provide services to our customers. In addition, we may be subject to claims as the result of any theft or misuse of personal information stored on our systems.

17. ***We may be adversely affected by labour unrest.***

All of our permanent employees, other than officers and managers, in India and most of our permanent employees in South Korea and the United Kingdom, including certain officers and managers, in relation to our automotive business, are members of labour unions and are covered by wage agreements with those labour unions which have different tenures at different locations. In general, we consider our labour relations with all of our employees to be cordial. However, we may in the future be subject to labour unrest (such as a lock-out in March 2000 in our Lucknow manufacturing facility which was lifted in September 2000 upon the formation of a new union) which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lockouts at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, financial condition or results of operations may be adversely affected.

Table of Contents

18. Deterioration of residual values of Jaguar Land Rover vehicles can affect the result of operations of Jaguar Land Rover

A deterioration in residual values of Jaguar Land Rover products against that planned will result in higher lease rates and a corresponding reduction in customer demand. Jaguar Land Rover shares the potential cost of changes in the residual values of Jaguar Land Rover s leased vehicles between the estimate made at the time the lease was entered into and that existing at the end of the lease period, with providers of leasing arrangements including Ford Motor Credit Company. As a result, adverse changes in the residual values of Jaguar Land Rover products could have a material adverse affect on its financial performance.

19. Compliance with safety or emissions standards relating to our products or our manufacturing facilities, or other environmental and governmental regulation, may adversely affect our business and results of operations.

As an automotive manufacturing company, we are subjected to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by our production facilities. In particular, Jaguar Land Rover has significant operations in the US and Europe which have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs of compliance for Jaguar Land Rover. Furthermore, the risk remains that legislation may impose requirements in excess of what the current planned design actions can achieve. Also, there is significant potential that consumer demands will take increasing account of fuel efficiency and emissions. While we are pursuing various technologies in order to meet the required standards in the various countries in which we operate, the costs of compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

20. The Company s long-term success is dependent upon the services of competent and qualified employees.

The Company depends on its ability to attract, retain and motivate highly skilled and qualified people. An increasing attrition level amongst such people and our ability to attract and retain employees with the right capabilities and experience, could have a material effect on the Company s business and operations. In addition, the success of the Company s acquisitions may depend in part on its ability to retain management, design and engineering personnel of the acquired businesses.

21. Certain restrictive covenants in the Company s financing agreements may limit the Company s operational and financial flexibility and the Company s future results of operations and financial condition may be adversely affected if the Company is not able to comply with certain maintenance covenants contained in its financing agreements.

Some of the Company s financing agreements and debt arrangements set limits on and/or require it to obtain lender consents before, among other things, undertaking certain projects, issuing new securities, changing management, merging, consolidating, selling significant assets, creating subsidiaries or making certain investments. In addition, certain financial covenants may limit the Company s ability to borrow additional funds or to incur additional liens. Furthermore, the Company, through its indirect Subsidiary JaguarLandRover Limited, has borrowed US$ 3,000 million under a short term bridge loan facility to partially fund the purchase consideration for the acquisition of Jaguar Land Rover from Ford completed on June 2, 2008. See Objects of the Issue on page 23 of the Letter of Offer for further details on the terms of this short term bridge loan.

In the past, the Company has been able to obtain required lender consents for such activities. However, there can be no assurance that the Company will be able to obtain such consents in the future. If the Company s financial or growth plans require such consents, and such consents are not obtained, the Company may be forced to forgo or alter its plans, which could adversely affect the Company s results of operations and financial condition.

Table of Contents

Certain of the Company s financing arrangements also include covenants to maintain certain debt to equity ratios, debt to earnings ratios, liquidity ratios, capital expenditure ratios and debt coverage ratios**.** The Company cannot assure prospective investors that such covenants will not hinder the Company s business development and growth in the future. In the event that the Company breaches these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such other financing agreements becoming due and payable immediately. Defaults under one or more of the Company s financing agreements could have a material adverse effect on the Company s results of operations and financial condition.

22. We have yet to receive or renew certain approvals or licenses required in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.

We require certain statutory and regulatory permits, licenses and approvals to operate our business. We have made renewal applications for certain approvals or licenses that have expired or that are required for our business but have not yet received these approvals or licenses. For instance, we have applied to the Jamshedpur Pollution Control Board to renew our application to authorize the Company to operate the Jamshedpur facility under the Hazardous Wastes (Management and Handling) Rules, 1989. Additionally, we have also made many applications under the Trademark Act, 1999, for registration of trademarks. For details, see Government Approvals on page 215 of this Letter of Offer. If we fail to obtain the necessary approvals required by us to undertake our business, or if there is any delay in getting the necessary approvals, our business and our financial condition may be materially and adversely impacted.

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

While we believe that the insurance coverage that we maintain is reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under our insurance policies will be honoured fully or timely. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our financial condition may be affected.

24. The Company intends to issue additional equity interests in the Company, in which case your shareholdings may be diluted.

In addition to this simultaneous but unlinked rights issues of the Securities, the Company has obtained Shareholders approval vide postal ballot on July 14, 2008 for an issue of Ordinary Shares, A Ordinary Shares and/or securities linked to, or convertible into Ordinary Shares/ A Ordinary Shares, including, but not limited to, depositary receipts in the international market for an amount not more that US$ 1 billion, in one or more tranches. See Capital Structure and Management s Discussion and Analysis of Financial Condition and Results of Operations Financing of the Jaguar Land Rover Acquisition on pages 15 and 135, respectively, of this Letter of Offer. In the future, the Company may also issue additional equity/ equity related securities in order to, among other reasons, fund capital expenditures, acquisitions and working capital. The issuance of Ordinary Shares and/or A Ordinary Shares by the Company, whether directly or following the exercise of rights or warrants or the conversion of convertible securities, will dilute the equity interests of the Company s shareholders and could depress the prevailing market price of the Company s shares. Additionally, the Company has outstanding convertible debt securities that may be converted into our equity securities and this could further dilute the equity interests of the Company s shareholders.

Table of Contents

25. Tata Sons Limited, our Promoter, currently holds approximately 21.91% of the Company s Ordinary Shares and may be in a position to influence the result of shareholders voting.

The Promoter of the Company is Tata Sons Limited (Tata Sons), which at September 12, 2008 beneficially owned approximately 21.91% of the Company s Ordinary Shares. At the same date, Tata Sons, along with other Tata Companies and related trusts, together held approximately 33.39% of the Company s Ordinary Shares. As a result of this Issue, Tata Sons, along with other Tata Companies and related trusts, may increase its stake in the Company as it may subscribe for additional Securities to the extent any Securities are not otherwise subscribed for in this Issue. Under Indian law, certain major corporate actions such as mergers, issuance of further ordinary shares, remuneration of directors and the winding up of the Company, require the approval of 75% of the voting power of the Company s shares. Consequently, Tata Sons, along with other Tata Companies may be in a position to influence the result of shareholders voting in such instances.

26. We have certain contingent liabilities not provided for which may adversely affect our financial condition.

The following table shows the Company s consolidated contingent liabilities not provided for:

		Rs. in million		
		As at March 31,		
	Particulars	**2008**	**2007**	**2006**
1	(a) Claims not acknowledged as debts	4,785.9	4,090.2	2,545.0
	(b) Provision not made for income tax matters in dispute*	4,533.7	4,226.2	2,548.8
	(c) The counter claim made by a party upon termination of distributorship arrangement by the Company (GBP 4.432 million)			343.1
	(d) Liquidated damages retained by customers under negotiations for waiver			7.2
2	The claims / liabilities in respect of excise duty, sales tax and other matters where the issues were decided in favour of the Company for which department is in further appeal	353.4	275.1	180.8
3	Other money for which the Company is contingently liable:			
	(a) In respect of bills discounted and export sales on deferred credit	7,500.0	5,292.3	6,874.3
	(b) The Company has given guarantees for liability in respect of receivables assigned by way of securitisation	10,953.7	6,381.5	1,314.7
	(c) Cash Margin / Collateral	15,813.4	3,871.5	2,793.2
	(d) In respect of retained interest in securitisation transactions	656.5	769.1	482.5
	(e) In respect of subordinated receivables	407.4	694.5	458.3
	(f) Others	150.4	50.0	64.1

* *Net of consequential relief in subsequent years.*

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further details, see Outstanding Litigation and Material Developments on page 170 of this Letter of Offer.

xxii

Table of Contents

27. Certain of the Company s Subsidiaries and joint venture entities have incurred losses that might affect the future operations and financials of the Company.

Some of the Company s Subsidiaries have incurred losses in recent years, as set forth in the table below:

Name of Subsidiaries	Profits/(Losses) in Rs. Million Fiscal 2008	Fiscal 2007	Fiscal 2006
Tata Motors Insurance Broking and Advisory Services Limited (formerly known as Tata Motors Insurance Services Limited)	(0.4)	(1.6)	8.1
Tata Marcopolo Motors Limited	(38.3)	(4.4) *	N.A
Tata Motors (Thailand) Limited	(120.1)	**	N.A
INCAT International PLC	(7.7)	(22.8)	5.8 @
INCAT Solutions of Canada Inc	(11.6)	(8.6)	(2.5) @
INCAT GmbH	(10.1)	7.7	2.0 #
INCAT K.K	(10.6)	(6.4)	(2.9) @
INCAT Limited	(3.8)	30.5	34.8 @
Tata Technologies iKS (formerly known as iKnowledge Solutions Inc.)	(31.1)	(30.5)	(13.4) @
INCAT SAS	(35.9)	(0.8)	3.7 +
INCAT (Thailand) Limited	(7.7)	(7.2)	(12.8) @
INCAT Holdings BV	14.6	(11.8)	0.4 @
Tata Motors European Technical Centre plc.	128.0	4.1	(4.4) #
Granted Revenue Sdn Bhd (formerly known as Tata Technologies Sdn Bhd, Malaysia)	0.8++	0.1	(0.0) ##

* *for the period September 20, 2006 to March 31, 2007.*

** *for the period February 28, 2007 to March 31, 2007.*

@ *for the six month period ended March 31, 2006.*

\+ *for the eleven month period ended March 31, 2006.*

++ *for the period ended November 26, 2007.*

\# *for the seven month period ended March 31, 2006.*

\## *for the period December 1, 2005 to March 31, 2006.*

Name of Joint Venture	Profits/(Losses) in Rs. Million Fiscal 2008	Fiscal 2007	Fiscal 2006
Fiat India Automobiles Private Limited	(897.3)*	NA	NA

* *for the period December 28, 2007 to March 31, 2007.*

We have made and may continue to make investments to our Subsidiaries and affiliates, and if the business and operations of Subsidiaries and affiliates, to whom we make such investments, deteriorate, the value of our investments may be adversely affected in the future.

In addition, on June 2, 2008, we completed the acquisition of Jaguar Land Rover. Jaguar Land Rover has reported losses in previous years, most recently for the year ended December 31, 2006. See the risk factor titled Jaguar Land Rover had incurred losses in previous years and the combined financial performance of the Company may be affected in the future by the performance of Jaguar Land Rover on page xxviii of this Letter of Offer.

28. Certain Tata Companies have incurred losses in the last three years.

Some of the Tata Companies have incurred losses in the last three years as set forth in the table below:

			(In Rs. Million)	
S. No.	**Name**	**Fiscal 2008**	**Fiscal 2007**	**Fiscal 2006**
1	Advinus Therapeutics Private Limited	(307.9)	(384.6)	(85.0)
2	Ahinsa Realtors Private Limited	(0.1)		
3	APONLINE Limited	(2.0)	(2.7)	(14.2)
4	C-Edge Technologies Limited			(5.3)

Table of Contents

S. No.	Name	Fiscal 2008	Fiscal 2007	Fiscal 2006
5	Computational Research Laboratories Limited	(332.5)	(56.8)	
6	Concept Marketing & Advertising Limited		(0.4)	(1.3)
7	Diligenta Limited	(242.2)	(269.5)	
8	e- Nxt Financials Limited	(86.5)	(9.9)	
9	Ewart Investments Private Limited (Mauritius)	(0.7)	(0.1)	
10	Exegenix Canada Inc.	(2.7)		
11	Financial Network Services (H.K.) Limited	(0.5)	(2.7)	
12	Financial Network Services Malaysia Sdn Bhd (Under Voluntary Liquidation)	(0.5)	(0.3)	
13	Infiniti Retail Limited	(633.0)	(189.2)	
14	MP Online Limited	(11.9)	(3.6)	
15	Navinya Buildcon Private Limited	(0.1)		
16	Panatone Finvest Limited	(191.1)	(138.8)	
17	Pioneer Infratech Private Limited	(0.3)		
18	PT Financial Network Services		(0.6)	
19	Tata AIG Life Insurance Company Limited	(3,393.0)	(723.6)	(539.1)
20	Tata Business Support Services Limited		(173.9)	(251.7)
21	Tata Consultancy Services (Africa) (PTY) Limited	(1.1)		
22	Tata Consultancy Services (China) Company Limited	(46.8)	(24.5)	
23	Tata Consultancy Services Chile S.A.			(0.4)
24	Tata Consultancy Services De Espana S.A.		(56.4)	(17.5)
25	Tata Consultancy Services France SAS		(19.3)	
26	Tata Consultancy Services Luxembourg S.A		(18.7)	
27	Tata Consultancy Services Morocco SARL AU	(15.7)		
28	Tata Consultancy Services Portugal Unipessoal Limitada			(10.9)
29	Tata Consultancy Services Sverige AB	(9.1)		
30	Tata Consultancy Services Switzerland Limited		(18.2)	
31	Tata Housing Development Company Limited		(45.3)	
32	Tata Infotech Deutschland GmbH	(0.2)		(0.1)
33	Tata Internet Services Limited			(179.3)
34	Tata Pension Management Limited	(0.1)	(0.1)	
35	Tata Realty and Infrastructure Limited	(141.8)		
36	Tata Sky Limited	(8,636.9)	(8,157.7)	(531.7)
37	Tata Teleservices (Maharashtra) Limited	(1,257.4)	(3,106.1)	(5,410.6)
38	Tata Teleservices Limited	(18,137.6)	(20,625.2)	(18,718.9)
39	Tata Solution Center S.A	(134.4)		
40	TCS Argentina S.A.	(9.8)	(5.2)	(3.7)
41	TCS Financial Solutions Australia Holdings Pty Limited	(14.3)		(21.1)
42	TCS Financial Solutions Australia Pty Limited			(127.4)
43	TCS FNS Pty. Limited	(10.8)	(0.2)	
44	TCS Iberoamerica S.A.		(22.8)	
45	TCS Inversiones Chile Limitada		(0.2)	(8.3)
46	TCS Italia SRL	(40.7)	(10.5)	
47	TCS Management Pty Limited	(64.1)		
48	TCS Solution Center S.A.	(134.4)		
49	TRIF Gandhinagar Projects Private Limited	(0.1)		
50	TRIF Hyderabad Projects Private Limited	(0.4)		
51	TRIF Infrastructure Private Limited	(0.1)		
52	TRIF Kochi Projects Private Limited	(0.4)		
53	TRIF Kolkata Projects Private Limited	(0.4)		
54	TRIF Property Development Private Limited	(0.1)		
55	TRIF Real Estate and Development Private Limited	(0.3)		
56	TRIF Realty Projects Private Limited	(0.3)		
57	TRIF Trivandrum Projects Private Limited	(0.4)		
58	TRIL Airport Developers Limited	(0.1)		
59	TRIL Constructions Limited	(0.2)		
60	TRIL Developers Limited	(0.5)		
61	Wireless -TT Infoservices Limited	(300.0)		

xxiv

Table of Contents

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

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the US Sarbanes-Oxley Act of 2002 and new US Securities and Exchange Commission regulations, SEBI regulations, New York Stock Exchange listing rules and Indian stock market listing regulations, have increased complexity for us. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

We will undertake management assessments of our internal controls over financial reporting in connection with each annual report that we are required to file with the appropriate authorities. We are committed to maintaining high standards of corporate governance and public disclosure. However, our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time.

Risks Relating to the Acquisition of Jaguar Land Rover

30. Pursuant to the acquisition and due to the differences in US GAAP and Indian GAAP, our historical financials may not be comparable

The recent acquisition of Jaguar Land Rover will have a material impact on the Company s future financial condition and results of operations and neither pro forma nor historical consolidated financial statements showing the combined results of operations and financial condition of the Company, including Jaguar Land Rover, have been prepared.

On June 2, 2008, the Company completed the acquisition of Jaguar Land Rover from Ford. Therefore, the historical consolidated financial statements of the Company for the fiscal years ended on and before March 31, 2008 do not include the results of Jaguar Land Rover. Furthermore, the combined financial information of TML does not include the results of Jaguar Land Rover for the period from June 2, 2008 to June 30, 2008 and is subject to limitations as provided under Material Developments on page 158 of this Letter of Offer. As a result of the acquisition of Jaguar Land Rover, the Company s financial condition and results of operations in the future will differ materially from the Company s historical financial data included in this Letter of Offer.

This Letter of Offer includes the unaudited summarized income statement and the unaudited summarized statement of assets and liabilities of Jaguar Land Rover as at and for the years ended December 31, 2007, 2006, 2005 and 2004. In addition, the unaudited summarized income statement for the period from June 2, 2008 to June 30, 2008 and from January 1, 2008 to June 1, 2008 have also been included in the Letter of Offer. These unaudited summarized financial statements of Jaguar Land Rover have been prepared principally based on US GAAP while the financial statements of the Company have been prepared under Indian GAAP. No attempt has been made to reconcile or quantify the effect of any differences between Indian GAAP and US GAAP. Investors will need to make their own assessment as to the impact of the acquisition of Jaguar Land Rover on the Company s future financial condition and results of operations.

Table of Contents

Different fiscal periods may make it difficult to compare the performance and financial condition of the Company and Jaguar Land Rover or to estimate the consolidated performance of the Company in the future. In making an investment decision, prospective investors must rely upon their own examination of the Company, the terms of the offering and the financial information contained in this Letter of Offer.

31. ***We have incurred a substantial amount of indebtedness in connection with the acquisition of Jaguar Land Rover, and our proposed repayment of the short term bridge loan facility availed may be delayed, any of which could adversely affect our future business performance and financial condition.***

The Company acquired Jaguar Land Rover for a purchase consideration of US$ 2,300 million on cash free and debt free basis. The Company s indirect Subsidiary JaguarLandRover Limited, borrowed US$ 3,000 million under a short term bridge loan facility to partially fund the purchase consideration for the acquisition of Jaguar Land Rover. The short term bridge loan is guaranteed by the Company. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financing of the Jaguar Land Rover Acquisition and Objects of the Issue on pages 135 and 23 respectively of this Letter of Offer for further details on the acquisition of Jaguar Land Rover and short term bridge loan facility.

As at March 31, 2008, the Company had Rs. 115,848.7 million of secured and unsecured loans. The Company s substantial level of indebtedness will increase the possibility that it may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of its indebtedness, require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness thereby reducing the availability of its cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, materially impact the Company s ability to pay dividends in the future; and lead to a downgrade of the Company s credit rating by international and domestic rating agencies, thereby adversely impacting the Company s ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. Furthermore, interest rates have been impacted due to certain monetary measures taken by RBI in order to curb inflationary pressures during the latter part of fiscal 2008 and early part of fiscal 2009, thereby increasing borrowing costs and more on account of higher indebtedness to cater to our capital expenditure and business development plan including the acquisition of Jaguar Land Rover. The Company s long term debt rating has been recently downgraded from BB+ to BB by Standard & Poor s, from Ba1 to Ba2 by Moody s, from LAA+ to LAA by ICRA and from AA+ to AA- by CRISIL.

As described under Management s Discussion and Analysis of Financial Condition and Results of Operations Financing of the Jaguar Land Rover Acquisition on page 135 of this Letter of Offer, in addition to this simultaneous but unlinked rights issues of the Securities, we intend to refinance the short term bridge loan of US$ 3,000 million related to our acquisition of Jaguar Land Rover through an issuance of Ordinary Shares, A Ordinary Shares and/or securities linked to, or convertible into Ordinary Shares/ A Ordinary Shares, including, but not limited to, depositary receipts in the international market for an amount aggregating approximately US$ 500/600 million and raise the balance amount through other measures such as monetization of a part of the Company s investments through a phased divestment of certain investments (preferably as inter-group sales wherever feasible) at prevailing market prices, and asset based lending facilities and optionally convertible loans at Jaguar Land Rover/ JaguarLandRover Limited.

The execution of our refinancing plan is subject to various risks, including, among other things: (i) the receipt of any other regulatory or corporate approvals that are necessary, (ii) market conditions, and (iii) foreign currency movements.

We cannot assure you that any of the conditions for our funding plans will be satisfied. If we or any other relevant parties are unable to satisfy any of the conditions for our funding plans or satisfy these conditions in the time frame that we expect, we may not be able to repay the short term bridge loan in respect of the Jaguar Land Rover acquisition in the time frame that we expect, which could materially adversely affect our future business performance and financial condition. In addition, our

Table of Contents

costs of borrowing depend in part on our credit ratings by international and domestic rating agencies. A downgrade of our rating for foreign or local currency borrowings could adversely impact our ability to raise the amount proposed under our funding plans through the incurrence of debt and the interest rates at which such financing alternatives may be available to us.

32. We may fail to realize the anticipated benefits of the Jaguar Land Rover acquisition and the acquisition may also expose us to uncertainties and risks, any of which could adversely affect our future business performance and financial condition.

We believe that the Jaguar Land Rover acquisition represents an important transaction for us, allowing us to participate immediately in the luxury performance car and premium all-terrain vehicle segments, bolster our global market position, provide business diversity, improve our overall competitiveness and enable our sustainable long-term growth plan.

However, the acquisition may not meet our expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside our control. These factors may include, among other things:

1. difficulties in effectively managing, developing and overseeing the operations of Jaguar Land Rover, including its financial requirements, if any, information systems, policies and procedures;

2. unforeseen contingent risks or latent liabilities relating to the acquisition that may become apparent in the future;

3. difficulties in managing a much larger business;

4. loss of key personnel;

5. the lack of cooperation between Jaguar Land Rover and Ford in areas such as engine supplies, design and development;

6. the selection of financial services partners to provide financing for Jaguar Land Rover dealers and customers, particularly in the US; and

7. the possible deficit in Jaguar Land Rover s pension plan.

Any of the above could adversely impact our anticipated benefits from the acquisition and could materially and adversely affect our future business performance and financial condition.

33. We may fail to successfully integrate various Subsidiaries, divisions and properties which comprise our Jaguar Land Rover business.

Prior to the acquisition of Jaguar Land Rover by the Company, the business of Jaguar Land Rover comprised a number of subsidiaries (including national sales companies), several divisions and the Halewood facility all of which were integrated into Ford. Under the acquisition process, certain divisions relating to Jaguar Land Rover were carved out and either transferred to existing companies or to new companies formed as a part of the reorganization process. These companies together with the existing subsidiaries and the Halewood facility relating to Jaguar Land Rover were re-constituted under Jaguar Cars Limited and Land Rover which are subsidiaries of JaguarLandRover Limited, TML s indirect Subsidiary. However, certain of these divisions relating to distribution operations in 15 countries will be transferred by Ford to Jaguar Land Rover on completion of pending formalities and receipt of local regulatory approvals.

The integration of these various subsidiaries, divisions and the Halewood facility which comprise Jaguar Land Rover presents significant challenges including integrating geographically dispersed operations, developing and improving internal administrative infrastructure, including financial, operational, communications and other internal systems, and developing and preserving a uniform culture, values and work environment. There can be no assurance that we will be able to effectively integrate Jaguar Land Rover within the expected time frame, which could adversely impact our results of operations.

34. The summarised financial statements of Jaguar Land Rover have not been audited by an independent auditor and are subject to certain limitations.

This Letter of Offer includes the unaudited summarized income statement and the unaudited summarized statement of assets and liabilities of Jaguar Land Rover as at and for the years ended December 31, 2007, 2006, 2005 and 2004. In addition, the unaudited summarized income statement for the period from June 2, 2008 to June 30, 2008 and from January 1, 2008 to June 1, 2008 have also been included in the Letter of Offer.

Prior to the acquisition of Jaguar Land Rover by the Company, the business of Jaguar Land Rover comprised a number of subsidiaries (including national sales companies), several divisions and the Halewood facility all of which were integrated into Ford. The unaudited summarized statement of income and unaudited summarized statement of assets and liabilities in relation to Jaguar Land Rover included in the Letter of Offer have been prepared by combining the underlying management accounts of subsidiaries, divisions and the Halewood facility principally based on US GAAP. Furthermore, these unaudited financial statements have been combined based on certain assumptions that may not necessarily be in accordance with US GAAP. For further details see Summary Financial Information of Jaguar Land Rover on page 141 of this Letter of Offer.

In addition, these summarized financial statements have been prepared by the management of Jaguar Land Rover and have not been audited by an independent auditor.

For further information see the basis of preparation on the unaudited summarized financial statements of Jaguar Land Rover and notes forming part thereof included in Summary Financial Information of Jaguar Land Rover on page 141 of this Letter of Offer.

Furthermore, the unaudited summarized financial statements have been prepared by the Jaguar Land Rover management principally based on US GAAP. In accordance with US GAAP - Statement of Financial Accounting Standards No. 141, Business Combinations (Financial Accounting Standard 141) all tangible and intangible assets and liabilities should be revalued at fair value in the opening balance sheet following acquisition. This process has not yet been completed for Jaguar Land Rover, and therefore the financials statements of Jaguar Land Rover going forward may materially differ from the unaudited summarized statement of assets and liabilities as at December 31, 2007.

35. Jaguar Land Rover had incurred losses in previous years and the combined financial performance of the Company may be affected in the future by the performance of Jaguar Land Rover.

Based on the unaudited summarized statement of income, although Jaguar Land Rover had earnings before interest and tax (prior to adjustments) of US$ 650 million for the year ended December 31, 2007, it has reported losses in previous years, most recently for the year ended December 31, 2006. In addition, for the period from January 1, 2008 to June 1, 2008, while Jaguar Land Rover had earnings before interest and tax (prior to adjustments) of US$ 625 million, it reported a loss after tax. For further details see Summary Financial Information of Jaguar Land Rover on page 141 of this Letter of Offer. The continued profitability of Jaguar Land Rover depends on successful execution of its business strategies, including sustained cost savings and successful introduction of its new models. The financial performance of the Company, including its profit margins and its operating ratios, may be affected in the future by the performance of Jaguar Land Rover.

Table of Contents

36. Future pension expenses at the Company s Jaguar Land Rover operations, based on actuarial assumptions, may prove more costly than currently anticipated and the market value of assets in Jaguar Land Rover s pension plan could decline.

Jaguar Land Rover provides pension benefits for substantially all of its employees in the United Kingdom under three defined benefit plans namely the Jaguar Pension Plan (JPP), Jaguar Executive Pension Plan (JEPP) and the Land Rover Pension Scheme (LRPS) (collectively, UK Pension Plans). A formal valuation of the liabilities must be performed by qualified actuaries (using various financial and demographic assumptions about future events) and agreed by the company and trustees every 3 years.

The UK Pension Plans were valued in 2006, following which Jaguar Land Rover and the trustees to the pension plans agreed on contributions to eliminate the deficits in these plans by 2015. The contributions were weighted towards the later part of this period. The next valuation was scheduled for 2008.

In 2007, as part of the sale process, Ford entered into agreements with the trustees of the JPP, JEPP and the LRPS, under which Ford agreed to contribute towards the deficits of the UK Pension Plans. Prior to this, the estimated deficits as at October 31, 2007, amounted to GBP 120 million for JPP, GBP 9 million for JEPP and GBP 115 million for LRPS, on a closed fund basis using similar assumptions as used for a valuation conducted in 2006. However, as per the agreement reached between Ford and the trustees, Ford contributed a total of GBP 301.5 million into the three UK Pension Plans prior to the Acquisition.

The deficits in the UK Pension Plans may have changed since October 31, 2007 given market volatility and potential changes in valuation factors. However, no formal funding valuations have been carried out since then either by the Company, Jaguar Land Rover or by the trustees. The next formal funding valuations of the UK Pension Plans are scheduled for April 2009.

In the event that the actuarially determined liabilities exceed the plans assets at that time, Jaguar Land Rover would have to agree on new contributions with the trustees to fund the deficit over such period of time as is agreed between Jaguar Land Rover and the trustees. Higher contributions could have an adverse effect on the financial position of Jaguar Land Rover. Some issues which could adversely affect Jaguar Land Rover s contributions to the UK and non-UK pension plans, include, poor investment performance of pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates, changes in life expectancy assumptions and other events which make past service benefits more expensive than allowed for in the actuarial assumptions by reference to which the past contributions to the pension plans were assessed.

Additionally, Jaguar Land Rover employees in other jurisdictions are covered under local pension plans which have either been transferred directly to Jaguar Land Rover as part of the acquisition or for which Jaguar Land Rover is in the process of negotiating pension benefits and establishing new pension plans.

For more information, see Business The Jaguar Land Rover Business Pensions on page 74 of this Letter of Offer.

37. Jaguar Land Rover has entered into supply and transitional services agreements with Ford and certain other third parties for critical components and other corporate services, and any disruption of such transitional services could have a material adverse impact on the operations and financial position of Jaguar Land Rover.

Under Ford ownership, Jaguar Land Rover has been dependent on Ford for critical components such as engines, technology and other corporate services. In this regard,

1. Long term agreements have been entered with Ford for technology sharing and joint development providing technical support across a range of technologies focussed mainly around powertrain engineering such that Jaguar Land Rover may continue to operate according to its existing business plan;

Table of Contents

2. Supply Agreements, ranging for a duration of seven to nine years, were entered into with Ford for (i) the long term supply of engines developed by Ford, (ii) engines developed by Jaguar Land Rover but manufactured at Ford plants and (iii) engines from Ford-PSA cooperation;

3. Transitional Support Agreements of varying durations of up to 18 months were entered into with Ford for support in areas such as information technology, accounting and treasury services, marketing and purchasing services; and

4. Ford Motor Credit Company (Ford Motor Credit) will continue to provide consumer and wholesale credit support to the dealers and customers of Jaguar Land Rover for up to 12 months in various markets following our acquisition of Jaguar Land Rover.

There can be no assurance that all elements of the transition of Jaguar Land Rover from Ford will be effected smoothly, even with these transitional arrangements in place. A disruption in any of these services may adversely impact our operations and financial performance and result in a delay of the anticipated benefits we expect to realize from the acquisition.

In particular, the length and extent of the arrangements with Ford and Ford Motor Credit directly and PSA indirectly mean that Jaguar Land Rover has a significant counterparty risk in relation to those entities and default in performance by any of them, whether operational, quality related, financial or solvency related, could have a material impact on Jaguar Land Rover s operations and financial performance and result in a delay of the anticipated benefits we expect to realize from the acquisition.

Furthermore, the supply agreements contain certain volume commitments that could have an adverse affect on Jaguar Land Rover s financial performance should the volume of purchase under such arrangements fall below certain levels.

Risks associated with the A Ordinary Shares

38. The implementation of rights relating to A Ordinary Shares has not been demonstrated and SEBI or other regulatory authorities may, in the future, issue new rules or guidelines relating to equity shares with differential rights as to voting and dividends.

The issuance of the A Ordinary Shares on a rights basis in this Issue is being made by the Company, *inter alia*, under the provisions of the Companies Act, the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 (the DVR Rules) and the provisions of our Articles of Association. This is the first issuance of A Ordinary Shares by the Company and there are few comparable instances of issuances of equity shares with differential rights as to voting and dividend by Indian listed companies of our market capitalization and size. While we believe that the Company is sufficiently empowered under the Companies Act, the DVR Rules and the provisions of our Articles of Association to issue Ordinary Shares with differential voting rights, the implementation of the rights pertaining to A Ordinary Shares has not been demonstrated nor is there any regulatory or judicial guidance in relation to these rights. In addition, as per a press release dated August 29, 2008 released by the Government of India, the Companies Bill, 2008 proposes to introduce certain amendments to the regulatory regime governing shares with differential rights as to dividend and / or voting rights, which may adversely affect the rights of the holders of the A Ordinary Shares. However, the Companies Bill, 2008 has not been placed before the Parliament as yet and the actual provisions of the Companies Bill, 2008 could be different from those described in the aforesaid press release.

In the event any regulatory or judicial authority were to issue rules or guidelines relating to equity shares with differential rights as to voting and dividends by Indian listed companies, the terms of the Issue, including the rights of A Ordinary Shareholders, may have to be varied. Further, pursuant to any such new rules or guidelines or otherwise, a shareholder or third party may dispute the issuance of the A Ordinary Shares and/or rights pertaining thereto. Investors are advised to make their own judgment about investment in A Ordinary Shares. It may be noted that the Issue Price of A Ordinary Shares is lower than the Issue Price of Ordinary Shares.

Table of Contents

Further, the question of issuance of equity shares with differential voting rights is under consideration by the Company Law Board and/or the Central Government in a case unconnected with the Company and this Issue. In the event the outcome in any such unconnected matter requires any changes in the terms of this Issue and/or the right pertaining to the A Ordinary Shares, the Company shall take appropriate legal and regulatory steps as may be required.

For a description of rights relating to A Ordinary Shares, see Terms of the Present Issue Principal Terms of the Securities A Ordinary Shares Rights of A Ordinary Shareholders on page 244 of this Letter of Offer.

39. The rights of the A Ordinary Shareholders against the Company or vis-à-vis other Ordinary Shareholders may be contested.

Our Articles of Association provide that the A Ordinary Shareholders will *mutatis mutandis* enjoy all rights and privileges that are enjoyed by Ordinary Shareholders in law and under the Articles of Association, except as to voting and dividend or as provided in the Articles of Association or as may be permitted under applicable law from time to time. Whilst we believe that these rights, including rights against the Company and *vis-à-vis* other Ordinary Shareholders are enforceable, there is no assurance that the same will not be contested or that the enforceability of the same will be upheld. For instance, the rights of the A Ordinary Shareholders: (i) to receive dividends at a rate greater than the rate of dividend declared on Ordinary Shares, (ii) to attend general meetings and class meetings, as a part of the same class as Ordinary Shareholders and exercise differential voting rights, unless prohibited by law, in person or by proxy, (iii) to receive offers for rights shares and be allotted bonus shares, if announced in the same proportion as the Ordinary Shareholders in any rights issue or bonus issue made by the Company, or (iv) to receive an offer in the same proportion as offered to the Ordinary Shareholders in any buy-back offer made by the Company, in accordance with the SEBI (Buy-Back) of Securities Regulations, 1998 and other applicable laws, may be challenged.

Further, there is no regulatory or judicial guidance in relation to the rights attached to the A Ordinary Shares. A regulatory or judicial authority may interpret the provisions in our Articles of Association and applicable law in relation to the A Ordinary Shares in a manner that is less favourable to the A Ordinary Shareholders than contemplated by the Company and included in its Articles of Association. There is no assurance that the Company or the A Ordinary Shareholders will be successful in defending any such challenge. In any such event, the rights and interests of A Ordinary Shareholders may be at risk and may affect the price and tradability of the A Ordinary Shares.

40. The A Ordinary Shareholders may not be able to enforce certain of their rights in respect of third party actions.

As stated above, our Articles of Association provide that the A Ordinary Shareholders will *mutatis mutandis* enjoy all rights, and privileges that are enjoyed by Ordinary Shareholders in law and under the Articles of Association, except as to voting and dividend or as provided in the Articles of Association or as may be permitted under applicable law from time to time. These rights of A Ordinary Shareholders include rights in relation to certain third party actions and rights against the Company and *vis-à-vis* other Ordinary Shareholders. Whilst we believe that the rights in respect of third party actions are available to the A Ordinary Shareholders and have been provided for in our Articles of Association, the implementation of these rights has not been demonstrated. Further, there is no regulatory or judicial guidance in relation to these rights. These include the rights of the A Ordinary Shareholders (i) in an amalgamation or merger of the Company, (ii) in an open offer under the Takeover Code, or (iii) in the event of delisting of any of the Securities. There is no assurance that the rights of the A Ordinary Shareholders in respect of third party actions will be enforceable against the third parties.

Table of Contents

If any of the aforesaid rights, or other rights of the A Ordinary Shareholders in respect of third party actions, are held to be unenforceable or given a more restrictive interpretation, the rights and interests of A Ordinary Shareholders may be at risk and may affect the price and tradability of the A Ordinary Shares.

41. There is no existing market for the A Ordinary Shares and an active market for the A Ordinary Shares has to develop, which may adversely affect the price of the A Ordinary Shares.

The A Ordinary Shares are a new issue of securities for which there is currently no trading market. In-principle approval has been received from the BSE and the NSE for the listing of the A Ordinary Shares. No assurance can be given that an active trading market, the ability of holders to sell their A Ordinary Shares or the price at which the A Ordinary Shares may be sold. If an active market for the A Ordinary Shares fails to develop or be sustained, the trading price of the A Ordinary Shares could be adversely affected.

The price at which the A Ordinary Shares will trade depends on many factors, including: (i) the market price of the Ordinary Shares; (ii) the market for similar securities; (iii) general economic conditions; and (iv) the Company s financial condition, results of operations and future prospects. Investors should note that the trading price of A Ordinary Shares may be different from the trading price of Ordinary Shares and the price at which the existing Ordinary Shares trade should not be taken as an indication of the price at which the A Ordinary Shares will trade upon listing.

Risks associated with Investments in an Indian Company

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

Our business may be adversely affected by a war, terrorist attacks, regional conflicts and other acts of violence. Such acts of violence or terrorism could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the economies in which we operate.

India has from time to time experienced social and civil unrest and hostilities, including terrorist attacks and riots and armed conflict with neighbouring countries. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be materially adversely affected.

43. Financial instability in financial markets could materially and adversely affect the Company s results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries. Financial turmoil in US, Asia, Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy

Table of Contents

44. The extent and reliability of Indian infrastructure could adversely impact the Company s results of operations and financial condition.
India s physical infrastructure is less developed than that of many developed nations and problems with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt the Company s normal business activity. Any deterioration of India s physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt the Company s business operations, which could have a material adverse effect on the Company s results of operations and financial condition.

45. Changes in policies of the Government of India could adversely impact the Company s results of operations and financial condition.
A significant proportion of the Company s production facilities are located in India, and a significant portion of its revenue is derived from sales of its products in the Indian market. Consequently, the Company itself, and the market price and liquidity of its shares, may be affected by policy changes in India. For example, the imposition of foreign exchange controls, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and the Company in particular.

Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.

The Government of India has in recent years sought to implement economic reforms, and the current Government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Governments. For example, the Indian Government has announced its general intention to continue India s current economic and financial sector deregulation policies and encourage infrastructure projects. However, the roles of the Government of India and the State Governments in the Indian economy as producers, consumers and regulators have remained significant and there can be no assurance that liberalization policies will continue in the future. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally and the Company s results of operations and financial condition in particular. Furthermore, we are also impacted by political instability in the states where we operate.

Furthermore, India s obligation under its World Trade Organisation Agreement could lower the present level of tariffs on imports of components and vehicles particularly with respect to cars in completely built units and/or completely knocked down units, which could adversely affect our sales and results of operations.

46. If natural disasters occur in India, our results of operations and financial condition could be adversely affected.
India has experienced floods, earthquakes, tsunamis, cyclones and droughts in recent years. Such natural catastrophes could disrupt our operations, production capabilities, distribution chains or damage our facilities located in India. For example, in December 2004, Southeast Asia, including the eastern coast of India, experienced a tsunami and in October 2005, the State of Jammu and Kashmir experienced an earthquake, both of which caused significant loss of life and property damage.

Additionally, in the event of a drought, the State Governments in which our facilities are located could cut or limit the supply of water to our facilities, thus adversely affecting our production capabilities, and reducing the volume of products we can manufacture and consequently reducing our revenues. We cannot assure prospective investors that such events will not occur in the future, or that our results of operations and financial condition will not be adversely affected.

Table of Contents

47. A third party could be prevented or deterred from acquiring control of the Company because of the takeover regulations under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of the Company. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of the Company. Consequently, even if a potential takeover of the Company would result in the purchase of the equity shares at a premium to their market price or would otherwise be beneficial to shareholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

48. The market value of an investor s investment may fluctuate due to the volatility of the Indian securities markets.

Indian securities markets are more volatile than the securities markets in certain countries which are members of the OECD. Stock Exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities. For example, in May 2006, Indian stock exchanges witnessed substantial volatility as the BSE and the NSE, India s main stock exchanges, halted trading for one hour on May 22, 2006 after their respective indices fell more than 10 percent. The market price of our Ordinary Shares could fluctuate significantly as a result of market volatility.

The Indian Stock Exchanges have experienced problems which, if they were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the equity shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

49. You may not receive the Securities that you subscribe for in this Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Securities you purchase in this Issue will not be credited to your demat account with depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Securities only after receipt of listing and trading approvals in respect thereof. There can be no assurance that the Securities allocated to you will be credited to your demat account, or that trading in the Securities will commence within the specified time periods. Furthermore, since the Ordinary Shares of the Company are already listed on Stock Exchanges, you will be subject to market risk from the date you pay for the Ordinary Shares to the date they are listed.

Notes to Risk Factors:

1. The net worth of the Company on a consolidated basis before the Issue was Rs. 87,787.6 million as of March 31, 2008 as per the audited restated financial statements of the Company included in this Letter of Offer.

2. The net asset value per Ordinary Share on a consolidated basis was Rs. 227.72 per Ordinary Share as of March 31, 2008 as per the audited restated financial statements of the Company included in this Letter of Offer.

3. The Company has entered into certain related party transactions as disclosed in the Related Party Transactions on page 115 of this Letter of Offer.

Table of Contents

4. For details of the loans and advances made by the Company to its Directors and relatives of Directors, see Management s Discussion and Analysis of Financial Condition and Results of Operations Other Information on page 139 of this Letter of Offer.

5. For details of transactions in Ordinary Shares of the Company by the Promoter, other Tata Companies and Directors of the Promoter in the six months preceding the date of this Letter of Offer, see Capital Structure on page 15 of this Letter of Offer.

6. For details of interests of the Company s Directors and key managerial personnel, see Management on page 95 of this Letter of Offer. For details of the interests of the Promoter and other Tata Companies, see Promoter on page 110 of this Letter of Offer.

7. Investors may contact the Lead Managers with any complaints, or for information or clarifications pertaining to the Issue. The Lead Managers are obliged to provide a response to investors.

8. Before making an investment decision in respect of this Issue, Investors are advised to review the entire Letter of Offer, and see Basis for Issue Price on page 30 of this Letter of Offer.

9. See Terms of the Present Issue Basis of Allotment on page 259 of this Letter of Offer for details of the basis of allotment.

10. The average cost of acquisition per Ordinary Share for the Promoter is Rs. 128.65.

The Company and the Lead Managers are obliged to keep this Letter of Offer updated and inform investors in India of any material developments until the listing and trading of the securities offered under the Issue commences.

Table of Contents

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in Terms of the Present Issue on page 241 of this Letter of Offer.

This simultaneous but unlinked issue of Ordinary Shares and A Ordinary Shares is being made by the Company as set forth below:

	Ordinary Shares	A Ordinary Shares
Securities issued by the Company	64,276,164 Ordinary Shares	64,276,164 A Ordinary Shares
Rights Entitlement	One Ordinary Share for every six Ordinary Shares held on the Record Date	One A Ordinary Share for every six Ordinary Shares held on the Record Date
Record Date	September 16, 2008	September 16, 2008
Issue Price	Rs. 340 per Ordinary Share	Rs. 305 per A Ordinary Share
Dividend	As determined by the Company from time to time.	Five percentage points more than the aggregate rate of dividend determined by the Company on Ordinary Shares for that financial year.
Securities Outstanding prior to the Issue*	385,656,979 Ordinary Shares	Nil
Securities Outstanding after the Issue**	449,933,143 Ordinary Shares	64,276,164 A Ordinary Shares
Security Codes	ISIN: INE155A01014 BSE Code: 500570 NSE Code: TELCO & TATAMOTORS NYSE Code: TTM	The Company has applied to the Stock Exchanges and the NSDL/CDSL for grant of security codes for the A Ordinary Share
Terms of the Issue	See Terms of Present Issue on page 241 of this Letter of Offer.	
Use of Issue Proceeds	See Objects of the Issue on page 23 of this Letter of Offer.	

* *The Issuer, as on August 31, 2008, has the following FCCBs outstanding (i) 2,410 Zero Coupon Convertible Notes (due 2009) of US$ 1000 each, aggregating US$ 2.4 million issued in April 2004 convertible into 184,397 Ordinary Shares/ADSs at an initial conversion price of Rs. 573.106 per share at any time upto March 28, 2009 at the option of the Note holders; (ii) 300,000 1% Convertible Notes (due 2011) of US$ 1000 each, aggregating US$ 300 million issued in April 2004 convertible into 168,56,740 Ordinary Shares/ ADSs at an initial conversion price Rs. 780.400 per share at any time upto March 28, 2011 at the option of the Note holders (iii) 1,176 Zero Coupon Convertible Notes (due 2011) of JP¥ 10,000,000 each, aggregating JP¥ 11,760,000,000 (equivalent US$ 100 million) issued in March 2006 convertible into 44,14,916 Ordinary Shares/ADSs at an initial conversion price Rs. 1,001.39 per share at any time upto February 19, 2011 at the option of the Note holders (iv) 4,900 Zero Coupon Convertible Alternative Reference Securities (due 2012) of US$ 100,000 each aggregating US$ 490 million issued in July 2007 convertible into 20,697,115 Ordinary Shares/ ADSs at an initial conversion price Rs. 960.96 per share or such number of Qualified Securities in accordance with the issue terms, at any time between October 11, 2011 to June 12, 2012 at the option of the Note holders. Pursuant to this rights issuance and the anti-dilution provisions in the terms of the issue of all the above notes, additional securities would be issued on exercise of conversion option by the note holders.*

There are 13,131 Ordinary Shares which are held in abeyance, pending disputes resolution amongst Shareholders.

The Issuer has obtained Shareholders approval vide postal ballot on July 14, 2008 for an issue of Ordinary Shares, A Ordinary Shares and/or securities linked to, or convertible into Ordinary Shares/ A Ordinary Shares, including, but not limited to, depositary receipts in the international market for an amount not more that US$ 1 billion, in one or more tranches. While the terms of the same are not yet finalized, the Company expects to issue the same, post the date on which the Securities under this Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Such securities being issued after the record date will not be entitled to rights. If issued post the date on which the Securities under this Letter of Offer are listed after the rights issue, the capital structure may undergo change within six months from the closure of the rights issue.

** *Assuming full subscription of all the Ordinary Shares and A Ordinary Shares issued pursuant to the Issue.*

1

Table of Contents

SUMMARY FINANCIAL INFORMATION

The following tables set forth the Company s selected consolidated summary statements as at and for the financial years ended March 31, 2008, 2007, 2006, 2005 and 2004 derived from the consolidated restated summary statements of the Company on page F-1 of this Letter of Offer. On June 2, 2008, the Company completed the acquisition of Jaguar Land Rover from Ford, through its indirect Subsidiary JaguarLandRover Limited. The information presented in this section does not reflect the effect of the aforementioned acquisition. See Summary Financial Information of Jaguar and Land Rover on page 141 of this Letter of Offer for the unaudited summarized income statement and the unaudited summarized statement of assets and liabilities of Jaguar Land Rover as at and for the years ended December 31, 2007, 2006, 2005 and 2004. In addition, the unaudited summarized income statement for the period from June 2, 2008 to June 30, 2008 and from January 1, 2008 to June 1, 2008 have also been included in the Letter of Offer.

The Company s selected consolidated summary statements presented below should be read in conjunction with the financial statements included in this Letter of Offer, and the notes and significant accounting policies thereto on page F-1 of this Letter of Offer and Management s Discussion and Analysis of Financial Condition and Results of Operations on page 119 of this Letter of Offer.

2

Table of Contents

Consolidated Summary Statement of Assets and Liabilities, as restated

	Particulars	2008	2007	As at March 31, 2006 (Rs. in million)	2005	2004
A	**Fixed Assets**					
	Gross Block	129,895.2	103,730.5	93,050.0	78,006.3	69,751.1
	Less: Depreciation	60,456.1	53,988.9	48,311.8	37,573.8	32,366.7
	Net Block	69,439.1	49,741.6	44,738.2	40,432.5	37,384.4
	Less: Revaluation Reserve	255.1	259.5	263.9		
	Net Block after adjustment for Revaluation Reserve	69,184.0	49,482.1	44,474.3	40,432.5	37,384.4
	Capital Work-in-Progress	59,542.0	25,875.7	9,745.0	5,409.8	3,095.7
	Total	**128,726.0**	**75,357.8**	**54,219.3**	**45,842.3**	**40,480.1**
B	**Goodwill (on Consolidation)**	**5,661.6**	**4,430.1**	**4,122.1**	**516.2**	**700.1**
C	**Investments**	**26,658.3**	**11,745.9**	**12,615.0**	**21,263.6**	**23,784.3**
D	**Current Assets, Loans and Advances**					
	Interest accrued on investments	11.9	62.7	64.9	61.3	1.4
	Inventories	32,946.4	31,669.0	24,810.4	20,736.3	14,630.8
	Sundry Debtors	20,605.1	17,022.2	13,544.8	12,414.0	10,047.4
	Cash and Bank Balances	38,331.7	11,542.7	13,864.4	20,973.2	9,674.3
	Loans and Advances	100,832.2	102,404.3	59,864.2	28,081.9	11,499.6
	Total	**192,727.3**	**162,700.9**	**112,148.7**	**82,266.7**	**45,853.5**
E	**Liabilities and Provisions**					
	Secured Loans	60,118.7	44,626.5	8,816.2	5,767.0	11,481.4
	Unsecured Loans	55,730.0	28,392.5	24,975.2	21,375.0	5,502.8
	Deferred Tax Liability (Net)	8,905.1	7,288.6	5,558.1	4,983.0	5,161.0
	Current Liabilities	113,295.0	77,003.9	66,100.9	59,807.9	46,665.8
	Provisions	23,253.7	16,337.8	14,370.9	13,100.6	5,626.2
	Total	**261,302.5**	**173,649.3**	**119,821.3**	**105,033.5**	**74,437.2**
F	**Minority Interest**	**4,683.1**	**2,499.6**	**1,739.3**	**630.5**	**462.6**
G	**Net Worth (A + B + C + D - E - F)**	**87,787.6**	**78,085.8**	**61,544.5**	**44,224.8**	**35,918.2**
H	**Represented by**					
	Share Capital	3,855.4	3,854.1	3,828.7	3,617.9	3,568.3
	Reserves and Surplus	84,256.6	74,610.5	58,118.8	40,823.8	32,697.1
	Less: Revaluation Reserve	255.1	259.5	263.9		
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	69.3	119.3	139.1	216.9	347.2
	Net Worth	**87,787.6**	**78,085.8**	**61,544.5**	**44,224.8**	**35,918.2**

Table of Contents

Consolidated Summary Statement of Profit and Losses, as restated

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
Income					
Sale of products and other income from operations	403,407.9	369,226.1	272,859.0	227,516.1	162,413.6
Less : Excise Duty	46,893.1	45,614.1	34,942.8	31,463.7	23,851.3
Net Sales	356,514.8	323,612.0	237,916.2	196,052.4	138,562.3
Dividend and other income	2,674.8	1,531.8	2,435.2	1,339.4	562.0
Total	**359,189.6**	**325,143.8**	**240,351.4**	**197,391.8**	**139,124.3**
Expenditure					
Consumption of raw materials, components and Purchase of products for sale	243,758.4	223,725.9	162,586.2	134,892.6	87,948.9
Processing charges	4,840.2	4,803.2	3,747.2	3,019.7	1,737.6
Payments to and provisions for employees	27,451.6	24,157.9	17,831.2	14,376.5	10,888.5
Expenses for manufacture, administration and selling	51,342.2	41,944.8	29,096.2	23,009.0	17,575.8
Changes in Stock-in-trade and Work-in-progress	(3.0)	(4,112.6)	(2,406.2)	(2,168.4)	1,497.9
Expenditure transferred to Capital and Other Accounts	(13,607.0)	(7,399.1)	(3,795.8)	(2,673.8)	(1,493.0)
Total	**313,782.4**	**283,120.1**	**207,058.8**	**170,455.6**	**118,155.7**
Profit before Depreciation, Interest, Exceptional Items and Tax	**45,407.2**	**42,023.7**	**33,292.6**	**26,936.2**	**20,968.6**
Product development expenditure	659.5	850.2	717.7	671.2	516.4
Depreciation and amortisation	7,820.7	6,880.9	6,233.1	5,310.1	4,255.6
Interest and Discounting charges (net of interest income and interest capitalised)	7,430.6	4,058.1	2,460.1	1,696.6	1,937.8
Amortisation of Miscellaneous expenditure in subsidiaries	9.0	5.2	0.2	29.3	116.5
Adjustment of Miscellaneous expenditure in subsidiaries	0.6	1.4	25.3	37.8	86.4
Profit before Exceptional Items and tax	**29,486.8**	**30,227.9**	**23,856.2**	**19,191.2**	**14,055.9**
Exceptional Items					
Exchange gain / (loss) [(net) on revaluation of foreign currency borrowings, deposits and loans given]	1,376.1	652.1	(391.7)	(748.1)	306.4
Profit before Tax	**30,862.9**	**30,880.0**	**23,464.5**	**18,443.1**	**14,362.3**
Tax Expense	(8,515.4)	(8,832.1)	(6,400.0)	(4,906.2)	(5,307.7)
Net Profit after Tax (Before Adjustments)	**22,347.5**	**22,047.9**	**17,064.5**	**13,536.9**	**9,054.6**
Effect of changes in Significant Accounting Policies:					
Adjustments to Profit before Tax	(105.0)	320.3	251.3	(452.1)	249.7
Tax on Adjustments	35.6	(47.4)	(90.6)	122.8	(119.3)
Adjusted Net Profit after Tax	**22,278.1**	**22,320.8**	**17,225.2**	**13,207.6**	**9,185.0**
Share of Minority Interest	(1,322.5)	(742.2)	(222.9)	(84.8)	(44.4)
Share of Profit in respect of investment in associate companies	652.0	394.2	439.3	401.3	180.5
Goodwill written off					(37.8)
Profit for the year, as restated	**21,607.6**	**21,972.8**	**17,441.6**	**13,524.1**	**9,283.3**

Table of Contents

Consolidated Cash Flows Data

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
Net Cash from / (used in) Operating Activities	55,955.5	(8,754.8)	1,104.6	14,045.8	26,711.5
Net Cash used in Investing Activities	(53,974.2)	(24,064.9)	(4,473.7)	(9,393.0)	(21,031.8)
Net Cash from / (used in) Financing Activities	24,868.7	30,535.7	(6,237.3)	6,394.9	(2,958.3)
Net Increase / (Decrease) in Cash and cash equivalents	**26,850.0**	**(2,284.0)**	**(9,606.4)**	**11,047.7**	**2,721.4**

5

Table of Contents

GENERAL INFORMATION

Dear Shareholder(s),

Pursuant to the resolutions passed by the Board of Directors of the Company at its meetings held on May 28, 2008 and August 20, 2008 and by the Committee of Directors at its meeting held on September 2, 2008 it has been decided to make the following offer to the Ordinary Shareholders of the Company, with a right to renounce:

Simultaneous but unlinked issue of 64,276,164 Ordinary Shares of Rs. 10 each at a premium of Rs. 330 per Ordinary Share aggregating Rs. 21,853.9 million in the ratio of one Ordinary Share for every six Ordinary Shares held on the record date i.e. September 16, 2008; and 64,276,164 A Ordinary Shares of Rs. 10 each at a premium of Rs. 295 per A Ordinary Share aggregating Rs. 19,604.2 million in the ratio of one A Ordinary Share for every six Ordinary Shares held on the record date. Total Proceeds from the Issue of Ordinary Shares and A Ordinary Shares would aggregate to Rs. 41,458.1 million.

The Company has, pursuant to its letter dated August 25, 2008, sought a confirmation from the FIPB that no approval of the FIPB is required for the Company to undertake a rights issue of its Ordinary Shares and A Ordinary Shares to its existing shareholders, including persons resident outside India, such as foreign institutional investors and non-resident Indians, with a right to renounce and the FIPB response is awaited.

The Company has, pursuant to its letter dated September 8, 2008, sought a waiver from SEBI for making a new listing application under Regulation 19(4) of the SCRR for the A Ordinary Shares.

The RBI has by its letter dated September 17, 2008 permitted renunciation of rights entitlement in this Issue by a Shareholder of the Company resident in/outside India (excluding OCBs) to any person resident outside India subject to the conditions prescribed therein, including the applicable guidelines on pricing.

Any renunciation other than as stated above is subject to the renouncer(s)/renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

Registered Office of the Company

Bombay House

24, Homi Mody Street

Mumbai 400 001

Registration No. 11-4520

Corporate Identification No.: L28920MH1945PLC004520

The Company is registered at the Registrar of Companies, State of Maharashtra, located at:

100, Everest

Marine Drive

Mumbai 400 002

The existing Ordinary Shares of the Company are listed on the BSE and the NSE. American Depositary Shares representing Ordinary Shares are listed on the New York Stock Exchange (NYSE). The Company s Foreign Currency Convertible Notes and Convertible Alternative Reference Securities (CARS) are listed on the Singapore Stock Exchange. The Ordinary Shares and A Ordinary Shares to be issued pursuant to this Issue are proposed to be listed on the BSE and the NSE. For more details on the listings of the Company s Ordinary Shares in India, and international listings see Statutory and Other Information on page 224 of this Letter of Offer.

Table of Contents

For details of the Board of directors of the Company, see Management on page 95 of this Letter of Offer.

Company Secretary and Compliance Officer

Mr. H K Sethna

Tata Motors Limited

Bombay House

24, Homi Mody Street

Mumbai 400 001

Tel: (91 22) 6665 7816/ 7824

Fax: (91 22) 6665 7260

Email: inv_rel@tatamotors.com

Investors may contact the Compliance Officer for any pre-Issue / post-Issue related matters.

Global Coordinators and Lead Managers to the Issue

JM Financial Consultants Private Limited

141, Maker Chamber III

Nariman Point

Mumbai 400 021

Tel: (91 22) 6630 3030

Fax: (91 22) 2204 7185

E-mail: tatamotors.rights@jmfinancial.in

Investor Grievance Email id: grievance.ibd@jmfinancial.in

Contact Person: Mr. Adithya Anand

Website: www.jmfinancial.in

SEBI Registration No.: INM000010361

ICICI Securities Limited

ICICI Centre, H.T. Parekh Marg,

Churchgate

Mumbai 400 020

Tel: (91 22) 2288 2460

Fax: (91 22) 2282 6580

E-mail: tatamotors_rights@isecltd.com

Investor Grievance Id: customercare@isecltd.com

Contact Person: Mr. Rajiv Poddar

Website: www.icicisecurities.com

SEBI Registration No.: INM000011179

Lead Managers to the Issue

Citigroup Global Markets India Private Limited

J.P. Morgan India Private Limited

12th Floor, Bakhtawar

Nariman Point

Mumbai 400 021

Tel: (91 22) 6631 9999

Fax: (91 22) 6646 6370

Email: tml.rights@citi.com

Investor Grievance ID: investors.cgmib@citi.com

Contact Person: Mr. Anuj Mithani

Website: www.citibank.co.in

SEBI Registration. No.: INM000010718

9th Floor, Mafatlal Centre

Nariman Point

Mumbai 400 021

Tel: 91 (22) 2285 5666

Fax: 91 (22) 6639 3091

Email: tatamotors_rights@jpmorgan.com

Investor Grievance ID:

investorsmb.jpmipl@jpmorgan.com

Contact Person: Mr. Sagarnil Pal

Website: www.jpmipl.com

SEBI Registration No.: INM000002970

Table of Contents

The statement of inter se allocation of responsibilities for this Issue is as follows:

No.	Activities	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity type of instruments.	All	JM Financial
2.	Drafting of offer document and of advertisement/publicity material including newspaper advertisements and brochure/memorandum containing salient features of the offer document.	All	JM Financial
	The designated Lead Managers shall ensure compliance with SEBI Guidelines and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI.		
3.	Retail/Non-Institutional marketing strategy which will cover inter-alia, preparation of publicity budget, arrangement for selection of (i) ad-media, (ii) centres of holding conferences of brokers, investors etc., (iii) bankers to the issue, (iv) collection centres, (v) distribution of publicity and Issue materials including application form and Letter of Offer.	All	JM Financial
4.	Institutional marketing strategy	All	JM Financial
5.	Selection of various agencies connected with the Issue, namely Registrars to the Issue, printers, monitoring agency and advertisement agencies.	All	JM Financial
6.	Follow up with Bankers to the Issue to get quick estimates of collection and advising the Issuer about closure of the Issue based on the correct figures.	All	I-Sec
7.	The post issue activities will involve essential follow up steps which must include finalization of basis of allotment/weeding out of multiple applications, listing of instruments and despatch of certificates and refunds, with the various agencies connected with the activities such as Registrars to the Issue, Bankers to the Issue. Whilst, many of the post issue activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Issuer Company.	All	I-Sec

* *For the purposes of allocation of responsibilities in this Issue, All means each of the Global Coordinators and Lead Managers and the Lead Managers*

Indian Legal Advisor to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Peninsula Chambers

Peninsula Corporate Park

Ganpatrao Kadam Marg

Lower Parel

Mumbai 400 013

Tel: (91 22) 6660 4455

Fax: (91 22) 2496 3666

8

Table of Contents

International Legal Advisor to the Company

Sullivan & Cromwell LLP

28th Floor

Nine Queen s Road Central

Hong Kong

Tel: (852) 2826 8688

Fax: (852) 2522 2280

Indian Legal Advisor to the Lead Managers

AZB & Partners

Advocates & Solicitors

Express Towers, 23rd Floor

Nariman Point

Mumbai 400 021

Tel: (91 22) 6639 6880

Fax: (91 22) 6639 6888

Bankers to the Issue

HDFC Bank Limited

3rd floor, Maneckji Wadia Building

Nanik Motwani Marg

Fort, Mumbai 400 001

Tel: (91 22) 24988484

Fax: (91 22) 24963994

Email: deepak.rane@hdfcbank.com

Citibank N.A.

293, Dr. Dadabhai Naoroji Road

Mumbai 400 001

Tel: (91 22) 40015612

Fax: (91 22) 40065852

Email: hiren.joshi@citi.com

Bankers of the Company

Bank of America

Express Towers

16th Floor Nariman Point

Mumbai 400 021

Tel: (91 22) 2285 2882

Fax: (91 22) 2287 0981

Bank of Baroda

Corporate Financial Services Branch

3, Walchand Hirachand Marg

Ballard Pier

Mumbai 400 001

Tel: (91 22) 2265 8485

Fax: (91 22) 2265 5778

Bank of Maharashtra

Industrial Finance Branch

Dr. V B Gandhi Marg

Fort

Mumbai 400 023

Tel: (91 22) 2284 4882

Fax: (91 22) 2285 0750

Bank of India

Mumbai Large Corporate Branch

Bank of India Building, Forth Floor

70/80, Mahatma Gandhi Road

Fort Mumbai 400 001

Tel: (91 22) 2262 3656

Fax: (9122) 2267 1718

Central Bank of India

Corporate Finance Branch

I Floor, MMO Building Fort

Mumbai 400 023

Tel: (91 22) 4078 5858

Fax: (91 22) 4078 5840

Citibank N. A.

Citigroup Center, 7th Floor

Bandra Kurla Complex,

Bandra (E)

Mumbai 400 051

Tel: (91 22) 4006 5028

Fax: (91 22) 4006 5846

Table of Contents

Corporation Bank

Industrial Finance Branch

Bharat House, No. 104

Ground Floor, Mumbai Samachar Marg

Fort

Mumbai 400 023

Tel: (91 22) 2267 0030

Fax: (91 22) 2267 5309

Deutsche Bank

DB House

Hazarimal Somani Marg

Fort

Mumbai 400 001

Tel: (91 22) 5658 4600

Fax: (91 22) 2207 5944

HDFC Bank Limited

HDFC Bank House

Senapati Bapat Marg

Lower Parel (West)

Mumbai 400 013

Tel: (91 22) 2496 1616

Fax: (91 22) 2496 3994

ICICI Bank Limited

ICICI Bank Towers

Bandra Kurla Complex

Mumbai 400 051

Tel: (91 22) 2653 1414

Fax: (91 22) 2653 1122

State Bank of India

Corporate Accounts Group Central

3rd Floor, State Bank Bhavan

Corporate Centre, Madame Cama Road

Nariman Point

Mumbai 400 021

Tel: (91 22) 2280 1351

Fax: (91 22) 2281 0962

Standard Chartered Bank

90, MG Road

Post Box 725 Fort

Mumbai 400 001

Tel: (91 22) 2269 0251

Fax: (91 22) 2262 4912

The Hongkong & Shanghai Banking

Corporation Limited

India Area Management Office

52/60 Mahatma Gandhi Road

Union Bank of India

Industrial Finance Branch

Union Bank Bhavan

239, Vidhan Bhavan Marg

PO Box 128 Mumbai 400 001

Tel: (91 22) 2267 4921

Fax: (91 22) 2265 8309

Nariman Point

Mumbai 400 021

Tel: (91 22) 2202 4647

Fax: (91 22) 2285 5037

Auditors of the Company

Deloitte Haskins & Sells

Chartered Accountants

12, Dr. Annie Besant Road

Opp. Shiv Sagar Estate

Worli

Mumbai 400 018

Tel: (91 22) 6667 9000

Fax: (91 22) 6667 9300

10

Table of Contents

Registrar to the Issue

Intime Spectrum Registry Limited

C 13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West)

Mumbai 400 078

Tel: (91 22) 2596 7796

Fax: (91 22) 2596 0328

Toll Free: 1800 22 7796

Email: tml-rights@intimespectrum.com

Investor Grievance Id: ipo.helpdesk@intimespectrum.com

Contact Person: Mr. Vishwas Attavar

Website: www.intimespectrum.com

SEBI Regn. No.: INR 000003761

Note: Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any pre-issue/post issue related problems such as non-receipt of Letter of Offer/abridged letter of offer/composite application form/allotment advice/share certificate(s)/refund orders.

Monitoring Agency

SICOM Limited

Nirmal, 1st Floor

Nariman Point

Mumbai 400021

Tel: (91 22) 6657 2800

Fax: (91 22) 2282 5781

Email: amahajan@sicomindia.com

Underwriters

JM Financial Consultants Private Limited	**JM Financial Services Private Limited**
141, Maker Chamber III	Apeejay House, 3, Dinshaw Vaccha Road

Nariman Point

Mumbai 400 021

Tel: (91 22) 6630 3030

Fax: (91 22) 2204 7185

E-mail: tatamotors.rights@jmfinancial.in

Contact Person: Mr. Adithya Anand

Website: www.jmfinancial.in

SEBI Registration No.: INM000010361

JM Financial Institutional Securities Private Limited

Bandbox House, Ist Floor,

254 D, Dr.Annie Besant Road

Worli, Mumbai 400 025

Tel: (91 22) 6646 0000

Fax: (91 22) 2498 5675

Email: samir.shah@jmfinancial.in

Contact Person: Mr. Samir Shah

Website: www.jmfinancial.in

NSE SEBI Reg. No. INB231296634

BSE SEBI Reg. No. INB011296630

Churchgate

Mumbai 400 020

Tel: (91 22) 6704 0404

Fax: (91 22) 6654 1511-12

E-mail: deepak.vaidya@jmfinancial.in

Contact Person: Mr. Deepak Vaidya

Website: www.jmfinancial.in

NSE SEBI Reg. No. INB231054835

BSE SEBI Reg. No. INB011054831

Table of Contents

Underwriting Agreement

The Company has entered into an underwriting agreement dated September 18, 2008 (the Underwriting Agreement) with JM Financial Consultants Private Limited, JM Financial Services Private Limited and JM Financial Institutional Securities Private Limited (the Underwriters) for underwriting the A Ordinary Shares offered through this Issue for a maximum amount up to Rs. 13,270.38 million as given in the table below. In terms of the Underwriting Agreement, the Underwriters shall, except to the extent of the subscription by the Promoter, Tata Steel Limited and Tata Industries Limited to their entitlements of A Ordinary Shares in full (Promoter Subscription) and any subscription of A Ordinary Shares received from the Company s public shareholders other than Promoter Subscription, be responsible for bringing in a shortfall, if any, at a price of Rs. 305 per A Ordinary Share.

Name and Address of the Underwriters	Indicative Number of A Ordinary Shares Underwritten	Amount Underwritten (in Rs. Million)
JM Financial Consultants Private Limited 141, Maker Chamber III Nariman Point Mumbai 400 021 Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 E-mail: tatamotors.rights@jmfinancial.in Contact Person: Mr. Adithya Anand	43,509,230	13,270.32
JM Financial Services Private Limited Apeejay House 3, Dinshaw Vaccha Road Churchgate Mumbai 400 020 Tel: (91 22) 6704 0404 Fax: (91 22) 6654 1511-12 E-mail: deepak.vaidya@jmfinancial.in Contact Person: Mr. Deepak Vaidya	100	0.03
JM Financial Institutional Securities Private Limited Bandbox House, Ist Floor, 254 D, Dr. Annie Besant Road Worli, Mumbai 400 025	100	0.03

Tel: (91 22) 6646 0000

Fax: (91 22) 2498 5675

Email: samir.shah@jmfinancial.in

Contact Person: Mr. Samir Shah

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge its underwriting obligations in full.

The Promoters, Tata Steel Limited and Tata Industries Limited have undertaken that in case any part of the A Ordinary Shares remain unsubscribed and the Underwriters are required to underwrite in excess of 35% of the A Ordinary Shares, the entire shareholding of the Promoter, Tata Steel Limited and Tata Industries Limited would be subject to lock up of 90 days from the date of the devolvement notice issued by the Company to the Underwriters pursuant to the terms of the Underwriting Agreement. This restriction shall not apply to any Ordinary Shares that the Promoter, Tata Steel Limited and Tata Industries Limited may subscribe to in addition to their full rights entitlement of Ordinary Shares and to any pledge given to secure any loans granted to the Promoters/ promoter group or the Company or its subsidiaries.

The Company has also agreed that except as disclosed in Capital Structure on page 15 of this Letter of Offer, it shall not, without the prior written consent of the Underwriters, for a period of 180 days from the date of listing of the Securities, issue any Ordinary Shares or A Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or A Ordinary Shares or publicly announce any intention to do so during the aforesaid period.

Table of Contents

Credit Rating

The issue of Securities under this Issue does not require credit rating. The details of the credit rating for the various debt programmes of the Company for the last three years and the current year (up to August 31, 2008) by various credit rating agencies are as under:

ICRA

Month of Rating/Change in Rating/Instrument	Rs. 40 Billion Fund Based Bank Limit	Rs. 20 Billion Non - Fund Based Bank Limit	Rs. 4.5 Billion NCD Programme	Rs. 2.5 Billion NCD Programme	Rs. 30 Billion Short Term Debt Programme
April 2008	LAA (Watch Negative)	A1+	LAA (Watch Negative)	*	A1+
March 2008	LAA (Watch Negative)	A1+	LAA (Watch Negative)	LAA (Watch Negative)	A1+
January 2008	LAA+ (Watch Negative)	A1+	LAA+ (Watch Negative)	LAA+(Watch Negative)	A1+
October 2007	LAA+	A1+	LAA+	LAA+	A1+
September 2007			LAA+	LAA+	A1+ *(enhanced from Rs. 20 billion)*
July 2007			LAA+	LAA+	A1+ *(enhanced from Rs. 12 billion)*
September 2004			LAA+	LAA+	A1+

* *Withdrawn on redemption*

CRISIL

Month of Rating/Change in Rating/Instrument	Rs. 40 Billion Cash Credit Limit	Rs. 20 Billion Non-Fund Based Limit	Rs. 30 Billion Short Term Debt Programme	Rs. 0.50 Billion NCD issue
March 2008	AA-/ Stable	P1+	P1+	*
January 2008	AA+/ Watch Negative	P1+	P1+	AA+/ Watch Negative
September 2007	AA+/ Stable	P1+	P1+	AA+/ Stable
July 2007			P1+ *(enhanced from Rs. 18 billion)*	AA+/ Stable
August 2006			P1+ *(enhanced from Rs. 12 billion)*	AA+/ Stable

* *Withdrawn on redemption*

Standard and Poor s

Year/ Instrument	Senior Unsecured Foreign Currency	Corporate Credit Rating
April 2008	BB/ Watch Negative	BB/ Watch Negative
January 2008	BB+/ Watch Negative	BB+/ Watch Negative
July 2007	BB+	BB+/ Stable
December 2006	BB+	BB+/ Stable
February 2006	BB Stable	BB Stable
September 2005		BB Stable

13

Table of Contents

Moody s

Year/ Instrument	**Corporate Family Rating**
June 2008	Ba2 / Negative
January 2008	Ba1 / Watch Negative
June 2005	Ba1 / Stable
April 2005	Ba2 / Watch Positive

Issue Schedule

Issue Opening Date:	September 29, 2008
Last date for receiving requests for split forms:	October 10, 2008
Issue Closing Date:	October 20, 2008

Minimum Subscription

If the Company does not receive minimum subscription of 90% of the Issue (separately for Ordinary Shares and A Ordinary Shares) including devolvement of Underwriters, the Company shall forthwith refund the entire subscription amount received in respect of the Ordinary Shares or the A Ordinary Shares, as the case may be, within 15 days from the Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the Company becomes liable to pay the subscription amount (i.e. 15 days after closure of the Issue), the Company will pay interest for the delayed period at prescribed rates in Section 73 of the Companies Act, 1956.

14

Table of Contents

CAPITAL STRUCTURE

The share capital of the Company as at the date of the Letter of Offer is set forth below:

(in Rs. Million, except per share data)

		Aggregate nominal value	Aggregate value at Issue Price
Authorized share capital			
700,000,000	Ordinary Shares of Rs. 10 each	7,000.0	
200,000,000	A Ordinary Shares of Rs. 10 each	2,000.0	
300,000,000	Convertible Cumulative Preference Shares of Rs. 100 each	30,000.0	
Issued, Subscribed and Paid up capital(1)			
385,656,979(2)	Ordinary Shares of Rs. 10 each	3,856.6	
Present Issue being offered to the Ordinary Shareholders through the Letter of Offer(3)			
64,276,164	Ordinary Shares of Rs. 10 each fully paid	642.8	21,853.9
64,276,164	A Ordinary Shares of Rs. 10 each fully paid	642.8	19,604.2
Paid up capital after the Issue			
Assuming full allotment of Securities under the Issue			
449,933,143	Ordinary Shares of Rs. 10 each	4,499.3	
64,276,164	A Ordinary Shares of Rs. 10 each	642.8	
Securities Premium Account			
Existing securities premium account		14,765.5	
Securities premium account after the Issue		54,938.1	

(1) *The Issuer, as on August 31, 2008, has the following FCCBs outstanding (i) 2,410 Zero Coupon Convertible Notes (due 2009) of US$ 1000 each, aggregating US$ 2.4 million issued in April 2004 convertible into 184,397 Ordinary Shares/ADSs at an initial conversion price of Rs. 573.106 per share at any time upto March 28, 2009 at the option of the Note holders; (ii) 300,000 1% Convertible Notes (due 2011) of US$ 1000 each, aggregating US$ 300 million issued in April 2004 convertible into 168,56,740 Ordinary Shares/ ADSs at an initial conversion price Rs. 780.400 per share at any time upto March 28, 2011 at the option of the Note holders (iii) 1,176 Zero Coupon Convertible Notes (due 2011) of JP¥ 10,000,000 each, aggregating JP¥ 11,760,000,000 (equivalent US$ 100 million) issued in March 2006 convertible into 44,14,916 Ordinary Shares/ADSs at an initial conversion price Rs. 1,001.39 per share at any time upto February 19, 2011 at the option of the Note holders (iv) 4,900 Zero Coupon Convertible Alternative Reference Securities (due 2012) of US$ 100,000 each aggregating US$ 490 million issued in July 2007 convertible into 20,697,115 Ordinary Shares/ ADSs at an initial conversion price Rs. 960.96 per share or such number of Qualified Securities in accordance with the issue terms, at any time between October 11, 2011 to June 12, 2012 at the option of the Note holders. Pursuant to this rights issuance and the anti-dilution provisions in the terms of the issue of all the above notes, additional securities would be issued on exercise of conversion option by the note holders.*

(2) *13,131 Ordinary Shares of the Company are held in abeyance, pending disputes resolution amongst Shareholders*

(3) *This Issue of Ordinary Shares and A Ordinary Shares has been authorized by the Board of Directors of the Company pursuant to its resolutions dated May 28, 2008 and August 20, 2008 and by the Committee of Directors pursuant to its resolution dated September 2, 2008.*

Table of Contents

Notes to Capital Structure

1. *Shareholding Pattern of the Company as at September 12, 2008*

	Shareholders	Pre-Issue No. of Ordinary Shares	Pre-Issue Percentage of the Issued Share capital	Post-Issue* No. of Ordinary Shares	Post-Issue* No. of A Ordinary Shares	Post-Issue* Percentage of the Issued Share capital**
(A)	**Promoter and Promoter Group**					
(1)	**Promoter**					
	Tata Sons Limited	84,487,717	21.91	98,569,003	14,081,286	21.91
(2)	**Promoter Group**					
	Tata Steel Limited and other Tata Companies	44,291,688	11.48	51,673,636	7,381,948	11.48
(3)	**Foreign**					
	Total shareholding of Promoter and Promoter Group (A)	**128,779,405**	**33.39**	**150,242,639**	**21,463,234**	**33.39**
(B)	**Public**					
(1)	**Institutions**					
	Mutual Funds / UTI	5,480,810	1.42	6,394,278	913,468	1.42
	Financial Institutions / Banks	1,040,654	0.27	1,214,096	173,442	0.27
	Central Government / State Government(s)	407,181	0.11	475,045	67,864	0.11
	Insurance Companies	61,162,764	15.86	71,356,558	10,193,794	15.86
	Foreign Institutional Investors	57,135,710	14.82	66,658,328	9,522,618	14.82
	Any Others (Specify)					
	Foreign Institutional Investors - DR	158,216	0.04	184,585	26,369	0.04
	Foreign Bodies -DR	293,921	0.08	342,908	48,987	0.08
	Foreign Nationals - DR	700	0.00	817	117	0.00
	Sub Total	**125,679,956**	**32.59**	**146,626,615**	**20,946,659**	**32.59**
(2)	**Non-Institutions**					
	Bodies Corporate	3,844,649	1.00	4,485,424	640,775	1.00
	Individuals					
	Individual shareholders holding nominal share capital up to Rs. 1 lakh	41,281,142	10.70	48,161,333	6,880,191	10.70
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,487,207	0.39	1,735,075	247,868	0.39
	Any Others (Specify)					
	Directors & their Relatives & Friends	131,009	0.03	152,844	21,835	0.03
	Non Resident Indians	2,682,295	0.70	3,129,344	447,049	0.70
	Clearing Members	254,472	0.07	296,884	42,412	0.07
	Trusts	73,433	0.02	85,672	12,239	0.02
	Overseas Corporate Bodies	98	0.00	114	16	0.00
	Foreign Corporate Bodies	25,788,699	6.69	30,086,816	4,298,117	6.69
	Sub Total	**75,543,004**	**19.59**	**88,133,506**	**12,590,502**	**19.59**
	Total Public shareholding (B)	**201,222,960**	**52.18**	**234,760,121**	**33,537,161**	**52.18**
	Total (A)+(B)	**330,002,365**	**85.57**	**385,002,760**	**55,000,395**	**85.57**
(C)	**Shares held by Custodians and against which Depositary Receipts have been issued**	**55,654,614**	**14.43**	**64,930,383**	**9,275,769**	**14.43**
	Total (A)+(B)+(C)	**385,656,979**	**100.00**	**449,933,143**	**64,276,164**	**100.00**

* *The Issuer, as on August 31, 2008, has the following FCCBs outstanding (i) 2,410 Zero Coupon Convertible Notes (due 2009) of US$ 1000 each, aggregating US$ 2.4 million issued in April 2004 convertible into 184,397 Ordinary Shares/ADSs at an initial conversion price of Rs. 573.106 per share at any time upto March 28, 2009 at the option of the Note holders; (ii) 300,000 1% Convertible Notes (due 2011) of US$ 1000 each, aggregating US$ 300 million issued in April 2004 convertible into 168,56,740*

16

Table of Contents

Ordinary Shares/ ADSs at an initial conversion price Rs. 780.400 per share at any time upto March 28, 2011 at the option of the Note holders (iii) 1,176 Zero Coupon Convertible Notes (due 2011) of JP¥ 10,000,000 each, aggregating JP¥ 11,760,000,000 (equivalent US$ 100 million) issued in March 2006 convertible into 44,14,916 Ordinary Shares/ADSs at an initial conversion price Rs. 1,001.39 per share at any time upto February 19, 2011 at the option of the Note holders (iv) 4,900 Zero Coupon Convertible Alternative Reference Securities (due 2012) of US$ 100,000 each aggregating US$ 490 million issued in July 2007 convertible into 20,697,115 Ordinary Shares/ ADSs at an initial conversion price Rs. 960.96 per share or such number of Qualified Securities in accordance with the issue terms, at any time between October 11, 2011 to June 12, 2012 at the option of the Note holders. Pursuant to this rights issuance and the anti-dilution provisions in the terms of the issue of all the above notes, additional securities would be issued on exercise of conversion option by the note holders.

** *Assuming full subscription of all the Ordinary Shares and A Ordinary Shares issued pursuant to the Issue.*

2. The Promoter, Tata Steel and Tata Industries Limited have confirmed, by their letters dated September 18, 2008 that they intend to subscribe to the full extent of their entitlement of Ordinary Shares and A Ordinary Shares in the Issue. The Promoter and the Tata Companies reserve their right to subscribe to their entitlement and/or apply for additional Ordinary Shares and A Ordinary Shares in the Issue, either by themselves or a combination of entities controlled by them, including by subscribing for renunciation, if any, made by other Tata Companies.

The Promoter has also, by its above letter confirmed that in addition to the subscription to the Ordinary Shares as stated above, the Promoter shall subscribe to, and/or make arrangements as stated in Note 12 below for the subscription of, additional Ordinary Shares in the Issue to the extent of any unsubscribed portion of the issue of Ordinary Shares as per the relevant provisions of law.

As a result of subscription to their entitlement and any unsubscribed portion and consequent allotment, the Promoter/Tata Companies may acquire Ordinary Shares over and above their entitlement in the Issue, which may result in an increase of the Promoter s/Tata Companies shareholding in the Company. This subscription and acquisition of such additional Ordinary Shares by the Promoter/Tata Companies, if any, will not result in change of control of the management of the Company and shall be exempt in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on Objects of the Issue on page 23 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoter/Tata Companies, in this Issue, their shareholding in the Company exceeds their current shareholding. Allotment to the Promoter of any unsubscribed portion of Ordinary Shares, over and above its entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements.

The Company hereby confirms that, in case the Issue is completed with the Promoter and/or the Tata Companies subscribing to Ordinary Shares over and above its entitlement, the public shareholding in the Company after the Issue will not fall below the minimum level of public shareholding as specified in the listing conditions or listing agreement.

If the Company does not receive minimum subscription of 90% of the Issue (separately for Ordinary Shares and A Ordinary Shares) including devolvement of Underwriters, the Company shall forthwith refund the entire subscription amount received in respect of the Ordinary Shares or the A Ordinary Shares, as the case may be, within 15 days from the Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the Company becomes liable to pay the subscription amount (i.e. 15 days after closure of the Issue), the Company will pay interest for the delayed period at prescribed rates in Section 73 of the Companies Act, 1956.

Table of Contents

3. *Details of the shareholding of the Promoter, Tata Companies (as defined on page ii of the Letter of Offer), other Tata Companies and the directors of the Promoter as on September 12, 2008.*

Name of entities	No. of Shares	% of Pre-Issue share capital
Promoter		
Tata Sons Limited	84,487,717	21.91
Tata Companies		
Tata Steel Limited	32,378,410	8.40
Tata Industries Limited	7,734,255	2.01
Tata Investment Corporation of India Limited	1,500,000	0.39
Kalimati Investment Company Limited	847,973	0.22
Tata Chemicals Limited	603,207	0.16
Ewart Investments Limited	501,191	0.13
Tata International Limited	270,961	0.07
Sir Ratan Tata Trust	171,840	0.04
Sir Dorabji Tata Trust	161,792	0.04
Tata Tea Limited	20,000	0.00
Af-Taab Investment Limited	58,033	0.02
JRD Tata Trust	21,056	0.01
Tata AIG Life Insurance Company Limited	13,000	0.00
Simto Investment Company Limited	9,682	0.00
Lady Tata Memorial Trust	288	0.00
Directors of the Promoter		
Mr. Ratan N. Tata	65,510	0.02
Dr. J J Irani	1,850	0.00
Mr. R Gopalkrishnan	3,750	0.00
Mr. Ishaat Hussain	735	0.00
Mr. R K Krishna Kumar	160	0.00
Total	**128,851,410**	**33.42**

4. *Transactions in Ordinary Shares by the Promoter, Tata Companies and directors of Promoter in the last six months*:
Except as provided in the table below, there have been no transactions in Ordinary Shares by the Promoter, Tata Companies and directors of Promoter during the period of six months preceding the date of this Letter of Offer.

Name of the shareholder	Date of Transaction	Details of the Transaction	Number of Ordinary Shares	Aggregate Price (In Rs.)
Tata Investment Corporation of India Limited	June 17, 2008	Sold	40,000	518.18
Tata AIG Life Insurance Company Limited	January 23, 2008	Acquired	2,000	657.40
Mr. Ratan N. Tata	August 6, 2008	Acquired	12,222	429.32

This is the first Issue of A Ordinary Shares by the Company and there are no transactions in A Ordinary Shares by the Promoter or the Tata Companies.

5. ***Top Ten Ordinary Shareholder**s*
The top ten Ordinary Shareholders of the Company as at (a) the date of the Letter of Offer; (b) ten days prior to the date of the Letter of Offer; and (c) two years prior to the date of the Letter of Offer have been presented in the tables below. As this is the first Issue of A Ordinary Shares, there were no outstanding A Ordinary Shares at the aforesaid dates.

18

Table of Contents

(a) Top ten Ordinary Shareholders as of September 12, 2008

Name of the shareholders	Total Shares	Percentage of pre issue capital (%)
Tata Sons Limited	84,487,717	21.91
Citibank N.A. New York, NYADR Department	55,654,614	14.43
Life Insurance Corporation of India	44,144,926	11.45
Tata Steel Limited	32,378,410	8.40
Daimler Chrysler A.G.	25,596,476	6.64
Europacific Growth Fund	12,957,469	3.36
FID Funds (Mauritius) Limited	12,268,103	3.18
Tata Industries Limited	7,734,255	2.01
First Eagle Funds a/c First Eagle Global Fund	5,548,740	1.44
The New India Assurance Company Limited	5,104,110	1.32
Total	**285,874,820**	**74.14**

(b) Top ten Ordinary Shareholders as of September 2, 2008

Name of the shareholders	Total Shares	Percentage of pre issue capital (%)
Tata Sons Limited	84,487,717	21.91
Citibank N.A. New York, NYADR Department	55,804,614	14.47
Life Insurance Corporation of India	43,156,345	11.19
Tata Steel Limited	32,378,410	8.40
Daimler Chrysler A.G.	25,596,476	6.64
Europacific Growth Fund	12,957,469	3.36
FID Funds (Mauritius) Limited	11,351,555	2.94
Tata Industries Limited	7,734,255	2.01
First Eagle Funds a/c First Eagle Global Fund	5,548,740	1.44
The New India Assurance Company Limited	5,176,110	1.34
Total	**284,191,691**	**73.70**

(c) Top ten Ordinary Shareholders as of September 12, 2006

Name of the shareholders	Total Shares	Percentage of pre issue capital (%)
Tata Sons Limited	84,138,325	21.85
Citibank N.A. New York, NYADR Department	34,616,449	8.99
Tata Steel Limited	32,378,410	8.41
Daimler Chrysler A.G.	25,596,476	6.65
Life Insurance Corporation of India	19,652,400	5.10
Tata Industries Limited	7,734,255	2.01
HSBC Global Investment Funds a/c HSBC Global Investment Funds Mauritius Limited	7,092,108	1.84
Templeton Global Advisors Limited a/c Templeton Funds, Inc (Templeton Foreign Fund)	5,815,200	1.51
The New India Assurance Company Limited	5,246,110	1.36
J.P. Morgan Asset Management (Europe) S.A.R.L. a/c Flagship Indian Investment Company (Mauritius) Limited	4,748,068	1.23
Total	**227,017,801**	**58.95**

6. The Company has not made any public offering of its Ordinary Shares or A Ordinary Shares in the two years immediately preceding the date this Letter of Offer.

7. The Issuer has obtained shareholders approval vide postal ballot on July 14, 2008 for an issue of Ordinary Shares, A Ordinary Shares and/or securities linked to, or convertible into Ordinary Shares/ A Ordinary Shares, including, but not limited to, depositary receipts in the international market for an amount not more that US$ 1 billion, in one or more tranches. While the terms of the same are not yet finalized, the Company expects to issue the same, post the date on which the Securities under this Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Such securities being issued after the record date will not be entitled to rights. If issued post the date on which the Securities under this Letter of Offer are listed after the rights issue, the capital structure may undergo change within six months from the closure of the rights issue.

8. Total number of Ordinary Shareholders of the Company as of September 16, 2008 was 328,524.

9. The present Issue being a rights Issue, as per extant SEBI guidelines, the requirement of promoters contribution and lock-in are not applicable. In accordance with clause 2.4.1(iv) of the SEBI Guidelines, the Company is exempted from the eligibility norms as stated in the SEBI Guidelines.

10. The Company has not issued any Ordinary Shares or A Ordinary Shares or granted any options to acquire Ordinary Shares or A Ordinary Shares or under any scheme of employees stock option or employees stock purchase.

11. The Issuer has not availed any bridge loans to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue. However, a Subsidiary of the Issuer, JaguarLandRover Limited has availed of a bridge loan to finance the Acquisition. For more details, see Objects of the Issue on page 23 of this Letter of Offer.

12. The Directors of the Company or Lead Managers of the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer. The Promoter has made or may make standby arrangements with its subsidiaries/ investment banks in respect of its subscription towards the unsubscribed portion of the issue of Ordinary Shares, upto an amount excluding the entitlement of the Promoter, Tata Steel Limited and Tata Industries Limited. Other than as above, the Promoter has not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer.

13. The terms of this Issue have been presented under Terms of the Present Issue on page 241 of this Letter of Offer.

14. At any given time, there shall be only one denomination each of the Ordinary Shares and A Ordinary Shares of the Company. Other than FCCBs/ CARS, the Ordinary Shareholders of the Company do not hold any warrant, option, convertible loan or debenture, which would entitle them to acquire further Ordinary Shares or A Ordinary Shares in the Company.

15. Save as disclosed in Note 7 above, no further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the share capital of the Company, shall be made during the period commencing from the filing of this Letter of Offer with the Stock Exchanges and the date on which the Securities issued under the Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Further, other than as disclosed in Note 7 above, presently the Company does not have any intention to alter the share capital structure by way of split/ consolidation of the denomination of the shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities within a period of six months from the Issue Opening Date.

16. The Ordinary Shares and A Ordinary Shares are each being offered in this Issue on a fully-paid up basis.

20

Table of Contents

17. The Ordinary Shares of the Company have been voluntarily delisted from the Madhya Pradesh Stock Exchange Limited, the Ahmedabad Stock Exchange Limited, the Bangalore Stock Exchange Limited, the Calcutta Stock Exchange Association Limited, the Cochin Stock Exchange Limited, the Delhi Stock Exchange Association Limited, the Hyderabad Stock Exchange Limited, the Ludhiana Stock Exchange Association Limited, the Madras Stock Exchange Limited, the Pune Stock Exchange Limited and the Uttar Pradesh Stock Exchange Association Limited.

18. The Issue will remain open for atleast 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

19. The Company has entered into an underwriting agreement dated September 18, 2008 (the Underwriting Agreement) with JM Financial Consultants Private Limited, JM Financial Services Private Limited and JM Financial Institutional Securities Private Limited (the Underwriters) for underwriting the A Ordinary Shares offered through this Issue for a maximum amount up to Rs. 13,270.38 million as given in the table below. In terms of the Underwriting Agreement, the Underwriters shall, except to the extent of the subscription by the Promoter, Tata Steel Limited and Tata Industries Limited to their entitlements of A Ordinary Shares in full (Promoter Subscription) and any subscription of A Ordinary Shares received from the Company s public shareholders other than Promoter Subscription, be responsible for bringing in a shortfall, if any, at a price of Rs. 305 per A Ordinary Share.

Name and Address of the Underwriters	Indicative Number of A Ordinary Shares Underwritten	Amount Underwritten (in Rs. Million)
JM Financial Consultants Private Limited 141, Maker Chamber III Nariman Point Mumbai 400 021 Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 E-mail: tatamotors.rights@jmfinancial.in Contact Person: Mr. Adithya Anand	43,509,230	13,270.32
JM Financial Services Private Limited Apeejay House 3, Dinshaw Vaccha Road Churchgate Mumbai 400 020 Tel: (91 22) 6704 0404 Fax: (91 22) 6654 1511-12 E-mail: deepak.vaidya@jmfinancial.in	100	0.03

Contact Person: Mr. Deepak Vaidya

JM Financial Institutional Securities Private Limited Bandbox House, Ist Floor, 254 D, Dr.Annie Besant Road Worli, Mumbai 400 025 Tel: (91 22) 6646 0000 Fax: (91 22) 2498 5675 Email: samir.shah@jmfinancial.in Contact Person: Mr. Samir Shah	100	0.03

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge its underwriting obligations in full.

The Promoters, Tata Steel Limited and Tata Industries Limited have undertaken that in case any part of the A Ordinary Shares remain unsubscribed and the Underwriters are required to underwrite in

21

Table of Contents

excess of 35% of the A Ordinary Shares, the entire shareholding of the Promoter, Tata Steel Limited and Tata Industries Limited would be subject to lock up of 90 days from the date of the devolvement notice issued by the Company to the Underwriters pursuant to the terms of the Underwriting Agreement. This restriction shall not apply to any Ordinary Shares that the Promoter, Tata Steel Limited and Tata Industries Limited may subscribe to in addition to their full rights entitlement of Ordinary Shares and to any pledge given to secure any loans granted to the Promoters/ promoter group or the Company or its subsidiaries.

The Company has also agreed that except as disclosed in Capital Structure on page 15 of this Letter of Offer, it shall not, without the prior written consent of the Underwriters, for a period of 180 days from the date of listing of the Securities, issue any Ordinary Shares or A Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or A Ordinary Shares or publicly announce any intention to do so during the aforesaid period.

Table of Contents

OBJECTS OF THE ISSUE

The net proceeds of the Issue, after deduction of Issue related expenses, are estimated to be approximately Rs. 40,919.5 million (Net Proceeds).

The Company intends to use the Net Proceeds to fund its investment by way of contribution in its wholly owned Subsidiary, TML Holdings Pte Limited, a limited liability company incorporated in Singapore. TML Holdings Pte Limited would, in turn, make an investment in its wholly owned subsidiary, JaguarLandRover Limited (a limited liability company incorporated in England). JaguarLandRover Limited would utilize the funds to prepay part of the Short Term Bridge Loan (as defined hereinafter) availed by it to partially fund the purchase consideration for the acquisition of Jaguar Land Rover from Ford.

The objects clause of the Memorandum of Association enables the Company to undertake its existing activities and the activities for which funds are being raised by the Company in this Issue.

Proceeds of the Issue

The details of proceeds of the Issue are summarized in the following table:

S. No.	Description	Amount (Rs. million)	Amount (Rs. million)
1.	Gross Proceeds of the Issue		41,458.1
	- Rights Issue of Ordinary Shares	21,853.9	
	- Rights Issue of A Ordinary Shares	19,604.2	
2.	Estimated Issue Expenses		538.6
3.	**Net Proceeds of the Issue**		**40,919.5**

Requirement of Funds and Means of Finance

The intended use of the Net Proceeds is as under:

S. No.	Activity	Amount (Rs. million)
1.	Investment in our Subsidiary, TML Holdings Pte Limited	40,919.5
	Total	**40,919.5**

The stated objects of the Issue are proposed to be entirely financed by the Net Proceeds. Thus, clause 2.8 of the SEBI Guidelines for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, does not apply to us.

Investment in our Subsidiary, TML Holdings Pte Limited

TML Holdings Pte Limited, a limited liability company incorporated in Singapore, is our wholly owned Subsidiary. We intend to utilize the entire Net Proceeds amounting to Rs. 40,919.5 million to make an investment in TML Holdings Pte Limited. The form of investment would consist of a combination of equity capital, preference capital and debt.

The following table explains the use of the investment to be made by the Company in TML Holdings Pte Limited:

Particulars	Amount (Rs. Million)	Purpose of Investment
Investment by the Company in TML	40,919.5	Further investment by TML Holdings

Holdings Pte Limited	Pte Limited in its wholly owned Subsidiary, JaguarLandRover Limited.

23

Table of Contents

TML Holdings Pte Limited would, in turn, make an investment in its wholly owned subsidiary, JaguarLandRover Limited. The form of investment would consist of a combination of equity capital, preference capital and debt. The following table explains the use of the investment to be made by TML Holdings Pte Limited in JaguarLandRover Limited:

Particulars	Amount (Rs. Million)	Purpose of Investment
Investment by TML Holdings Pte Limited in JaguarLandRover Limited	40,919.5	Prepayment of part of the Short Term Bridge Loan availed by JaguarLandRover Limited to partially fund the purchase consideration for the acquisition of Jaguar Land Rover from Ford.

JaguarLandRover Limited would utilize the funds to prepay part of the Short Term Bridge Loan availed by it to partially fund the purchase consideration for the acquisition of Jaguar Land Rover from Ford which was completed on June 2, 2008.

JaguarLandRover Limited availed a short term bridge loan facility (the Short Term Bridge Loan) of US$ 3,000 million to part finance the acquisition of Jaguar Land Rover by entering into a credit facility agreement dated March 13, 2008 with an initial group of arrangers including the Bank of Tokyo-Mitsubishi UFJ Limited, Citigroup Global Markets Asia Limited, ING Bank N.V., Singapore Branch, J.P. Morgan Securities (Asia Pacific) Limited, Mizuho Corporate Bank Limited, Standard Chartered Bank, State Bank of India and BNP Paribas, Singapore Branch. TML and TML Holdings Pte Limited were also obligors to the aforementioned credit facility agreement, and TML provided a guarantee for the facility. Citicorp International Limited acted as the Facility Agent. The following are the details of the aforementioned Short Term Bridge Loan availed by JaguarLandRover Limited, in which the prepayment is proposed:

Date of credit facility agreement	Amount Sanctioned US$ million	Amount Drawn Down US$ million	Principal Amount Outstanding as on September 11, 2008 US$ million	Amount to be Prepaid by JaguarLandRover Limited US$ million ^	Amount to be Prepaid by JaguarLandRover Limited Rs. million
March 13, 2008	3,000*	3,000*	3,000*	894.0	40,919.5

* *As per the certificate of Deloitte Haskins & Sells, Chartered Accountants dated September 11, 2008.*

^ *Conversion from Indian Rupees to US Dollars based on the exchange rate of 1 US Dollar = 45.77 Indian Rupees on September 12, 2008 as per the Reserve Bank of India; Such conversion is for convenience purposes only.*

As indicated above, JaguarLandRover Limited has drawn down the entire US$ 3,000 million. All payments with respect to the Short Term Bridge Loan are to be made to Citicorp International Limited, the Facility Agent.

JaguarLandRover Limited utilized US$ 1,900 million of the aforementioned Short Term Bridge Loan towards part payment of the purchase consideration for the acquisition of Jaguar Land Rover from Ford on cash free and debt free basis. In addition, a net cash position of US$ 93 million, representing additional net cash over the purchase consideration basis, was estimated for Jaguar Land Rover as at the date of the acquisition. This amount was paid additionally by JaguarLandRover Limited out of the proceeds of the Short Term Bridge Loan. Further, US$ 700 million from the proceeds from the Short Term Bridge Loan was utilized by JaguarLandRover Limited for a short term working capital loan to its subsidiary, Land Rover. The balance proceeds from the Short Term Bridge Loan are intended to be utilized by JaguarLandRover Limited towards the ongoing operational/ contingency requirements of Jaguar Land Rover.

Table of Contents

Utilization of Net Proceeds and Funds Deployed on the Objects of the Issue

The Company intends to utilize the entire Net Proceeds amounting to Rs. 40,919.5 million to make an investment in its wholly owned Subsidiary to prepay part of the Short Term Bridge Loan availed by JaguarLandRover Limited to partially fund the purchase consideration for the acquisition of Jaguar Land Rover from Ford.

As per the certificate of Deloitte Haskins & Sells, Chartered Accountants dated September 11, 2008, except for the initial capital contribution of US$ 500 million made by TML in TML Holdings Pte Limited as described below in Acquisition of Jaguar Land Rover by JaguarLandRover Limited , the Company has not deployed any additional amount towards investment in its Subsidiary, TML Holdings Pte Limited.

The Company proposes to deploy the Net Proceeds during fiscal 2009.

No part of the Net Proceeds will be paid by the Company as consideration to the Promoter, the Directors, the Company s key management personnel or companies promoted by the Promoter.

Acquisition of Jaguar Land Rover by JaguarLandRover Limited

The purchase consideration paid by JaguarLandRover Limited to Ford for the acquisition of Jaguar Land Rover, on cash free and debt free basis, was US$ 2,300 million. The same was financed as under:

S. No.	Description	Amount (US$ million)
1.	Capital contribution	400*
2.	Part-proceeds from the Short Term Bridge Loan	1,900 *
	Total	**2,300**

* *As per the certificate of Deloitte Haskins & Sells, Chartered Accountants dated September 11, 2008.*

The portion of the capital contribution of US$ 400 million paid by JaguarLandRover Limited was financed as under:

S. No.	Description	Contribution made by TML in TML Holdings Pte Limited (US$ million)	Contribution made by TML Holdings Pte Limited in JaguarLandRover Limited (US$ million)
1.	Equity Capital	100	50
2.	Preference Capital	400	350
	Total	**500**(1)	**400**(2)

1) *The aggregate contribution of US$ 500 million made by TML in TML Holdings Pte Limited was financed through the cash/ marketable securities of TML.*

2) *Balance US$ 100 million was paid by TML Holdings Pte Limited towards fees and other acquisition expenses consisting of legal and advisory fees, due-diligence and related expenses, structuring fees, underwriters fees and other expenses in relation to the Short Term Bridge Loan, and other acquisition related expenses.*

The debt portion of the purchase consideration of US$ 1,900 million paid by JaguarLandRover Limited was financed out of the proceeds of the Short Term Bridge Loan.

A net cash position of US$ 93 million was estimated for Jaguar Land Rover as at the date of the acquisition. This amount represents additional net cash over the purchase consideration basis and was paid additionally by JaguarLandRover Limited. The same was financed out of the proceeds of the Short Term Bridge Loan.

Table of Contents

In addition, a final adjustment relating to the actual cash, debt and working capital position (as defined in the sale and purchase agreement) of Jaguar Land Rover on the date of the acquisition, based on a final completion statement of Jaguar Land Rover agreed between JaguarLandRover Limited and Ford, of US$ 131 million is payable by JaguarLandRover Limited to Ford. This represents additional net working capital/cash available with Jaguar Land Rover over the agreed levels. For further information see Management s Discussion and Analysis of Financial Condition and Results of Operations Financing of the Jaguar Land Rover Acquisition on page 135 of this Letter of Offer.

For more details on Jaguar Land Rover and the acquisition, see Business and Management s Discussion and Analysis of Financial Condition and Results of Operations on pages 49 and 119 of this Letter of Offer.

Details of the Short Term Bridge Loan

JaguarLandRover Limited, on March 13, 2008, entered into a credit facility agreement with an initial group of arrangers including the Bank of Tokyo-Mitsubishi UFJ Limited, Citigroup Global Markets Asia Limited, ING Bank N.V., Singapore Branch, J.P. Morgan Securities (Asia Pacific) Limited, Mizuho Corporate Bank Limited, Standard Chartered Bank, State Bank of India and BNP Paribas, Singapore Branch. Brief terms of the credit facility agreement are as follows:

1) **Borrower:** JaguarLandRover Limited, a limited liability company incorporated in England, which is 100% directly owned by TML Holdings Pte Limited, a Singaporean limited liability company, which is, in turn, 100% directly owned by TML.

2) **Support:** Guarantee from TML.

3) **Facility Agent:** Citicorp International Limited.

4) **Obligors:** JaguarLandRover Limited, TML Holdings Pte Limited and TML.

5) **Amount:** US$ 3,000 million.

6) **Purpose:** JaguarLandRover Limited has agreed to apply all amounts borrowed by it under the facility only towards:

   - partially financing the acquisition;

   - to the extent stipulated, the on-loan to Jaguar Land Rover to be applied towards Jaguar Land Rover s working capital needs and/or the capitalisation of the Jaguar Land Rover;

   - acquisition costs; and

   - any other costs incurred by the JaguarLandRover Limited in relation to the acquisition including any contingency requirement of Jaguar Land Rover.

7) **Rate of Interest:** The rate of interest for loan for each interest period is the percentage rate per annum which is the aggregate of the applicable margin, LIBOR and mandatory cost, if any. The applicable margin is 0.85% for the first 6 months, 1.2% for next 3

months, and 1.5% thereafter until the maturity date.

8) **Maturity Date:** The date falling, 364 days from and including the first drawdown date, i.e., June 2, 2008.

9) **Repayment:** The aggregate loans are to be repaid in full on the maturity date.

10) **Voluntary Prepayment:** JaguarLandRover Limited may prepay the whole or any part of the loans (if in part, being an amount that reduces the amount of the loan by a minimum amount of US$ 25,000,000 and an integral multiple of US$ 10,000,000 or the remaining amount of the loan), if it gives the Facility Agent not less than 5 business days prior notice in the case of a prepayment on the last day of an interest period or 8 business days prior notice, otherwise.

11) **Mandatory Prepayment:** From June 2, 2008 until the maturity date, the loans shall immediately be prepaid from an amount equal to the mandatory prepayment proceeds.

Prior to submission of a refinancing plan to the Facility Agent, mandatory prepayment proceeds include proceeds from disposals of certain property, plant and equipment, issuance of shares, termination proceeds in excess of US$ 10 million in aggregate in relation to hedging agreements, permitted facility refinancing financial indebtedness and certain types of insurance claims received. In relation to the aforementioned mandatory prepayments, US$ 32.4 million has been contributed by JaguarLandRover Limited towards a mandatory prepayment account with the Facility Agent to be applied towards the prepayment of the Short Term Bridge Loan.

Subsequent to submission of a refinancing plan to the Facility Agent, such mandatory prepayment proceeds include (a) proceeds of any refinancing option under the Company s refinancing plan, (b) any issuance of shares including by way of a rights issue and (c) any permitted facility refinancing financial indebtedness. For details on the Company s plans to refinance the Short Term Bridge Loan see Management s Discussion and Analysis of Financial Condition and Results of Operations Financing of the Jaguar Land Rover Acquisition on page 135 of this Letter of Offer.

12) **Guarantees/charges or security:** TML irrevocably and unconditionally:

guarantees to each financing party punctual performance by the other obligors of all the other obligor s obligations under the finance documents;

undertakes with each lender that whenever either of the obligors do not pay any amount when due under or in connection with any finance document, TML shall immediately on demand pay that amount as if it was the principal obligor;

TML s maximum liability shall be limited to a total aggregate amount of US$ 3,000 million.

13) **Negative pledge:** No obligor shall create or permit to subsist any security over any of its assets. No obligor shall:

sell transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an obligor or any other obligor;

sell transfer or otherwise dispose of any of its receivables on recourse terms;

enter into or permit to subsist any title retention agreement;

enter into or permit to subsist any arrangement under which money or the benefit of a bank or other account may be applied set off or made subject to a combination of accounts;

enter into or permit to subsist any other preferential arrangement having a similar effect.

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

14) **Other covenants/ conditions:** Compliance of the following to be ensured:

No obligor may incur or permit to be outstanding any financial indebtedness other than permitted financial indebtedness.

TML shall at all times own 100% of the total issued share capital in TML Holdings Pte Limited and shall control each of TML Holdings Pte Limited, JaguarLandRover Limited and companies and subsidiaries forming part of Jaguar Land Rover.

TML Holdings Pte Limited shall at all times own 100% of JaguarLandRover Limited and JaguarLandRover Limited shall at all times after the acquisition, own directly or indirectly not less than 76% of the total issued share capital of each of the companies and subsidiaries forming part of Jaguar Land Rover.

15) **Default events and interest:** Events of default include:

obligor does not pay on the date any amount payable pursuant to the finance document;

an obligor does not comply with the terms in relation to negative pledge;

any representation made by an obligor in the finance documents or any other documents delivered by or on behalf of any obligor under or in connection with the finance documents, is misleading and if capable of remedy not remedied within 20 days of the earlier of the facility agent giving notice to the borrower or any obligor becoming aware of the failure to comply;

Table of Contents

any financial indebtedness of any obligor or material subsidiary is not paid when due or within any original grace period;

the value of the assets of any obligor or material subsidiary is less than its liabilities;

the initiation of any legal proceeding for winding up, dissolution, administration, judicial management of any obligor or any material subsidiary;

all or any material part of the share capital of any obligor or material subsidiary is seized, nationalized, expropriated or compulsorily purchased by any governmental agency or state owned corporations, (or an order is made to that effect);

Tata Sons Limited ceases to own and control a minimum shareholding of not less than 26 % of TML s total issues share capital;

it is or becomes unlawful for an obligor to perform any of its obligations under any transaction document;

any obligor or material subsidiary suspends or ceases to carry on all or a material part of its business or of the business of the obligors and material subsidiaries taken as a whole;

any event or circumstance occurs which has a material adverse effect.

Issue Related Expenses

The Issue related expenses include, among others, fees of the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses, underwriting commission and registrar and depository fees. The estimated Issue related expenses are as follows:

S. No.	Activity Expense	Amount (Rs. Million)	Percentage of Total Estimated Issue Expenditure	Percentage of Issue Size
1.	Fees of the Lead Managers	103.8	19.26%	0.25%
2.	Underwriting commission	298.6	55.43%	0.72%
3.	Printing and stationery, distribution, postage, etc.	23.1	4.29%	0.06%
4.	Advertisement and marketing expenses	35.0	6.50%	0.08%
5.	Others Expenses (Registrar to the Issue, Legal Advisors, Auditors and other Advisors etc.)	78.2	14.52%	0.19%
	Total Estimated Issue Expenses	**538.6**	**100.00%**	**1.30%**

Interim Use of Proceeds

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, the Company intends to temporarily invest the funds in high quality debt instruments including deposits with banks and/ or mutual funds. Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies.

Monitoring of Utilization of Funds

The Company has appointed SICOM Limited as the monitoring agency, to monitor the utilization of the Net Proceeds. The Company in accordance with the Listing Agreement undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. The Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as and when the Company s Subsidiaries repay any loans, it shall make disclosures

Table of Contents

as required under the SEBI Guidelines, the listing agreements with the Stock Exchanges and any other applicable law or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. The Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Issue Proceeds that have not been utilized, thereby also indicating investments, if any, of such currently unutilized Net Issue Proceeds.

In accordance with clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the proceeds of the Issue for the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee. In the event, the Monitoring Agency points out any deviation in the use of proceeds of the Issue from the objects of the Issue as stated above, or has given any other reservations about the end use of funds, the Company shall intimate the same to the Stock Exchanges without delay.

Table of Contents

BASIS FOR ISSUE PRICE

The Issue Price for the Ordinary Shares and the A Ordinary Shares has been determined by the Board of Directors of the Company. Investors should also see Risk Factors and Auditor s Report on pages xii and F-1, respectively, of this Letter of Offer to get a more informed view before making any investment decision. Please also refer to the consolidated and non-consolidated financial statements as stated in this Letter of Offer.

Qualitative Factors

The Company is the largest automotive company in India in terms of revenues.

The Company is the world s fourth largest truck manufacturer and second largest bus manufacturer in the above 6 ton category as per Automotive World and Lastauto Omnibus, respectively.

The Company s market share in the overall four-wheel automotive vehicle market in India for fiscal 2008 was 26.0% as per Frost and Sullivan.

The Company is an integrated vehicle manufacturer with capabilities across the entire value chain of operations including the design, manufacture, assembly and sale of vehicles, related parts and accessories and the financing business.

On June 2, 2008, the Company completed the acquisition of Jaguar Land Rover from Ford giving the Company an immediate access to the luxury performance car and premium all-terrain vehicle segments.

Quantitative Factors

The information presented in this section is derived from the Company s consolidated restated summary statements, as at and for the years ended March 31, 2008, 2007 and 2006.

On June 2, 2008, the Company completed the acquisition of Jaguar Land Rover from Ford, through its indirect Subsidiary JaguarLandRover Limited. The information presented in this section, derived from the Company s consolidated restated summary statements as at and for the years ended March 31, 2008, 2007 and 2006, does not reflect the effect of the aforementioned acquisition.

1. **Basic and Diluted Earning per Share (EPS) of face value of Rs. 10 each**

Year	Basic EPS (consolidated) (Rs.)	Diluted EPS (consolidated) (Rs.)	Weight
Fiscal 2008	56.06	51.40	3
Fiscal 2007	57.14	54.21	2
Fiscal 2006	46.29	43.55	1
Weighted Average	**54.79**	**51.03**	

Notes:

The EPS has been computed on the basis of the consolidated restated summary statements under Auditor s Report on

page F-1 of the Letter of Offer

2. **Price Earnings Ratio (P/E) in relation to the Issue Price of Rs. 340 per Ordinary Share of face value of Rs. 10 each**

a) P/E based on the Basic EPS as per consolidated restated summary statements for the year ended March 31, 2008

30

Table of Contents

Particulars	P/E at the Issue Price (no. of times)
P/E based on the Basic EPS (consolidated) for the year ended March 31, 2008 of Rs. 56.06	6.1
P/E based on weighted average Basic EPS (consolidated) of Rs. 54.79	6.2

b) P/E based on the Diluted EPS as per consolidated restated summary statements for the year ended March 31, 2008

Particulars	P/E at the Issue Price (no. of times)
P/E based on the Diluted EPS (consolidated) for the year ended March 31, 2008 of Rs. 51.40	6.6
P/E based on weighted average Diluted EPS (consolidated) of Rs. 51.03	6.7

Industry P/E *

a) Highest	12.2
b) Lowest	8.5
c) Industry Composite	8.9

* *Industry composite has been taken from the industry segment Automobiles LCV/HCV covered under Capital Market, Volume XXIII/13 dated August 25 September 07, 2008. Similarly, industry highest and lowest is based on the P/E ratios for the companies enlisted under the industry segment Automobiles LCV/HCV covered under Capital Market, Volume XXIII/13 dated August 25 September 07, 2008. Source: Capital Market, Volume XXIII/13 dated August 25 September 07, 2008.*

3. Price Earnings Ratio (P/E) in relation to the Issue Price of Rs. 305 per A Ordinary Share of face value of Rs. 10 each

a) P/E based on the Basic EPS as per consolidated restated summary statements for the year ended March 31, 2008

Particulars	P/E at the Issue Price (no. of times)
P/E based on the Basic EPS (consolidated) for the year ended March 31, 2008 of Rs. 56.06	5.4
P/E based on weighted average Basic EPS (consolidated) of Rs. 54.79	5.6

b) P/E based on the Diluted EPS as per consolidated restated summary statements for the year ended March 31, 2008

Particulars	P/E at the Issue Price (no. of times)
P/E based on the Diluted EPS (consolidated) for the year ended March 31, 2008 of Rs. 51.40	5.9
P/E based on weighted average Diluted EPS (consolidated) of Rs. 51.03	6.0

There are no companies which have listed shares carrying differential voting rights within the automotive industry in India and as such there is no comparable P/E for such shares in the Industry.

31

Table of Contents

4. Average Return on Net Worth (RoNW)

Year	Consolidated RoNW (%)	Weight
Fiscal 2008	24.61%	3
Fiscal 2007	28.14%	2
Fiscal 2006	28.34%	1
Weighted Average	**26.41%**	

Notes:

Return on Net Worth represents Adjusted Profit After Tax divided by Net Worth.

The RoNW has been computed on the basis of the consolidated restated summary statements under Auditor s Report on page F-1 of the Letter of Offer

5. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS

The minimum return on increased net worth after the issue of Ordinary Shares (at Rs. 340 per share) and A Ordinary Shares (at Rs. 305 per share) required by the Company to maintain the pre-Issue EPS is 22.30%.

6. Net Asset Value (NAV)

a) Issue Price per Ordinary Share is Rs. 340.

b) Issue Price per A Ordinary Share is Rs. 305.

c) NAV per share after the issue of Ordinary Shares (at Rs. 340 per share) and A Ordinary Shares (at Rs. 305 per share) (based on the consolidated net worth as at March 31, 2008) is Rs. 251.35.

d) NAV per share as at March 31, 2008, 2007 and 2006 is as follows:

Year	NAV per share (Rs.)
Fiscal 2008	227.72
Fiscal 2007	202.62
Fiscal 2006	160.76

Notes:

Net Asset Value is calculated as Net Worth at the end of each financial year/period divided by the number of equity shares outstanding at the end of each financial year/period

The NAV per share has been computed on the basis of the consolidated restated summary statements under Auditor s Report on page F-1 of the Letter of Offer

7. Comparison with other listed companies

Particulars	**Face Value (Rs. per share)**	**EPS [2] (Rs. per share)**	**NAV (Rs. per share)**	**RoNW (%)**	**P/E [3]**
Tata Motors Limited [1]	10	51.40	227.72	24.61%	8.5
Comparison with other listed companies [4]					
Ashok Leyland	1	3.1	16.0	23.5%	10.3
Maruti Suzuki	5	59.9	291.3	25.4%	10.9
Mahindra and Mahindra	10	37.2	176.8	24.2%	15.2

1) EPS, RoNW and NAV per share of the Company are based on the consolidated restated summary statements for the year ended March 31, 2008.

Table of Contents

2) *Diluted EPS of the Company for the year ended March 31, 2008.*

3) *The P/E has been taken from Capital Market, Volume XXIII/13 dated August 25 September 07, 2008.*

4) *All figures for the listed companies are from Capital Market, Volume XXIII/13 dated August 25 September 07, 2008.*

The face value of the Ordinary Shares is Rs. 10 and the Issue Price is 34.0 times the face value. The face value of the A Ordinary Share is Rs. 10 and the Issue Price is 30.5 times the face value.

On the basis of the above qualitative and quantitative parameters, the Lead Managers and the Company are of the opinion that Issue price of Rs. 340 per Ordinary Share and Rs. 305 per A Ordinary Share is justified.

Table of Contents

STATEMENT OF TAX BENEFITS

Capitalised terms used in this section have the meaning set forth herein.

The following key tax benefits are available to the Company and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible benefits available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill. This statement is only intended to provide the tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

SPECIAL TAX BENEFITS

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

As per Section 35(2AB), weighted deduction @150% is available on Research & Development expenditure (except on land and building) incurred by the Company. In respect of expenditure on Research & Development building, deduction @100% is available.

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the Shareholders of the Company.

GENERAL TAX BENEFITS

1. Key benefits available to the Company under the Income Tax Act, 1961 (the Act)

A) BUSINESS INCOME:

a) Depreciation:

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the Act.

In case of new machinery or plant that is acquired by the company (other than ships and aircrafts), the company is entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the Act.

b) Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA of the Act, the company is entitled to deduction in respect of expenditure incurred in connection with voluntary retirement of its employees, of an amount equal to $1/5^{th}$ of such expenses every year for a period of 5 years subject to conditions specified in that section.

34

Table of Contents

c) Deductions under Chapter VI-A of the Act:

As per section 80-IC of the Act, the company is eligible for deduction of an amount equal to specified per cent of the profits and gains derived by specified undertaking for 10 assessment years subject to the fulfillment of the conditions specified in that section.

As per section 80G of the Act, the Company is entitled to claim deduction of an specified amount in respect of eligible donations subject to the fulfillment of the conditions specified in that section.

d) MAT Credit:

As per Section 115JAA(1A) of the Act, the company is eligible to claim credit for Minimum Alternate Tax (MAT) paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years. MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under section 115JB for that assessment year. Such MAT credit is available for set-off upto 7 years succeeding the assessment year in which the MAT credit arises.

B) CAPITAL GAINS:

a) i) **Long Term Capital Gain (LTCG)**

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero coupon bond held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

ii) **Short Term Capital Gain (STCG)**

STCG means capital gain arising from the transfer of capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero coupon bonds, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

b) LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

Income by way of long term capital gain exempt u/s 10(38) is to be taken into account in computing the Book profit and income tax payable under section 115JB of the Act.

Table of Contents

c) As per section 48 of the Act and subject to the conditions specified in that section, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
As per section 112 of the Act, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% Education and Secondary & Higher education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable Surcharge and Education Cess and Secondary & Higher Education Cess)

However, if such tax payable on transfer of listed securities or units or Zero coupon bonds exceed 10% of the LTCG, without indexation benefit, the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

d) As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess) provided the transaction is chargeable to STT. No deduction under chapter VIA shall be allowed from such income.

e) STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).

f) As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.

g) As per section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 years.

h) As per section 54EC of the Act, capital gains arising from the transfer of a long term capital asset shall be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions specified therein:

National Highway Authority of India constituted under Section 3 of National Highway Authority of India Act, 1988

Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1856
If only part of the capital gains is reinvested, the exemption shall be proportionately available.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion.

Table of Contents

As per this section., the investment in the Long Term Specified Asset cannot exceed 50 lakh rupees.

C) Income from Other Sources
Dividend Income:

Dividend (both interim and final), if any, received by the company on its investments in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) shall be exempt from tax under Section 10(35) of the Act.

2. Key benefits available to the Members of the Company

2.1 Resident Members

a) Dividend income:
Dividend (both interim and final), if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.

b) Capital gains:

i) Benefits outlined in Paragraph 1(B) above are also applicable to resident shareholders. In addition to the same, the following benefit is also available to a resident shareholder being an individual or a HUF.

ii) As per Section 54F of the Act, LTCG arising from transfer of shares shall be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

2.2 Non-Resident Members

a) Dividend Income:
Dividend (both interim and final), if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.

b) Capital gains:
Benefits outlined in paragraph 2.1(b) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign

currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

Table of Contents

c) **Tax Treaty Benefits**:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident investor.

2.3 Special provisions in case of non-resident Indians in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act.

i) Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand parents, were born in undivided India.

ii) Specified foreign exchange assets include shares of an Indian company which is acquired/purchased/subscribed by NRI in convertible foreign exchange.

iii) As per section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under section 10(38)) from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure or allowance or deductions under chapter VI-A shall be allowed from such income.

iv) As per section 115E of the Act, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).

v) As per section 115F of the Act, LTCG arising on transfer of a foreign exchange asset shall be exempt in case net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.

vi) As per section 115G of the Act, in case total income of a NRI consists only of income/LTCG from such foreign exchange asset/specified asset and tax thereon has been deducted at source in accordance with the Act, then, it shall not be necessary for a NRI to file return of income under Section 139(1) of the Act.

vii) As per section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he may furnish a declaration in writing to the assessing officer, along with his return of income under section 139 of the Act for the assessment year in which he is first assessable as a resident, to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

viii) As per section 115I of the Act, the NRI can opt not be governed by the provisions of chapter XII-A for any assessment year by furnishing return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of this chapter shall not apply, in which case the other provisions of the income tax act shall apply.

Table of Contents

2.4 Foreign Institutional Investors (FIIs)

a) Dividend Income:

Dividend (both interim and final), if any, received by the shareholder from the domestic company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.

b) Capital Gains:

i) As per Section 115AD of the Act, income (other than income by way of dividends referred to Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.

ii) As per Section 115AD of the Act, capital gains arising from transfer of securities shall be taxable as follows:

STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess) as per section 111A of the Act.

STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).

LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.

LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). The indexation benefit shall not be available while computing the capital gains.

iii) Benefit of exemption under Section 54EC of the Act shall be available as outlined in Paragraph 1(B)(g) above.

c) Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements entered into by the Government of India with the country of residence of the non-resident investor.

2.5 Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

Table of Contents

3. **Wealth Tax Act, 1957**

Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957, hence, wealth tax is not applicable on shares held in a company.

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/first names holder in case the shares are held by joint holders.

b) In respect of non-resident investors, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country of residence of the non-resident investor.

40

Table of Contents

INDUSTRY OVERVIEW

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Lead Managers or their respective legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

The Global Automotive Market

Introduction

World Vehicle Production - Region-wise

Number of vehicles in millions

		2007			2006			2005	
Country	**Cars**	**CVs**	**Total**	**Cars**	**CVs**	**Total**	**Cars**	**CVs**	**Total**
North America	6.48	8.95	15.43	6.89	8.98	15.88	6.52	9.80	16.32
Western Europe	14.40	2.49	16.89	14.19	2.35	16.54	14.55	2.26	16.81
Eastern/Central Europe	5.19	1.00	6.19	4.25	0.95	5.20	3.54	0.87	4.40
Asia/Pacific	20.36	9.67	30.04	18.86	9.04	27.90	17.31	8.08	25.40
South America	2.74	0.78	3.52	2.36	0.69	3.04	2.19	0.66	2.85
Total Vehicles	**49.18**	**22.89**	**72.06**	**46.55**	**22.01**	**68.56**	**44.11**	**21.66**	**65.77**

Source: Ward Automotive Yearbook 2008

Notes:

1. CVs: Commercial Vehicles

2. North America excludes buses

3. North America: Canada, Mexico and US

4. Western Europe: Austria, Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, Sweden, UK

5. Eastern/Central Europe: Czech Republic, Hungary, Poland, Russia, Turkey, Others

6. Asia/Pacific: Australia, China, India, Japan, South Africa, South Korea, Taiwan, Others

7. South America: Argentina, Brazil

8. Table excludes smaller non-reporting countries

World Vehicle Production - Major Countries

Number of vehicles in

millions

	2007			2006			2005		
Country	**Cars**	**CVs**	**Total**	**Cars**	**CVs**	**Total**	**Cars**	**CVs**	**Total**
Japan	9.94	1.65	11.60	9.76	1.73	11.48	9.02	1.78	10.80
US	3.92	6.83	10.75	4.37	6.89	11.26	4.32	7.63	11.95
China	4.80	4.08	8.88	3.87	3.41	7.28	3.12	2.59	5.71
Germany	5.71	0.50	6.21	5.40	0.42	5.82	5.35	0.41	5.76

Table of Contents

Number of vehicles in

millions

Country	Cars	2007 CVs	Total	Cars	2006 CVs	Total	Cars	2005 CVs	Total
South Korea	2.51	1.58	4.09	2.30	1.54	3.84	2.19	1.50	3.70
France	2.55	0.46	3.02	2.73	0.45	3.17	3.11	0.44	3.55
Brazil	2.39	0.58	2.97	2.09	0.52	2.61	2.01	0.52	2.53
Spain	2.20	0.69	2.89	2.08	0.70	2.78	2.10	0.65	2.75
Canada	1.34	1.24	2.58	1.43	1.14	2.57	1.36	1.33	2.69
India	1.38	0.87	2.25	1.19	0.77	1.96	1.00	0.64	1.64
Total Vehicles	**36.74**	**18.50**	**55.24**	**35.20**	**17.57**	**52.78**	**33.58**	**17.49**	**51.07**

Source: Ward Automotive Yearbook

2008

Notes:

1. CVs: Commercial Vehicles

2. US and Canada exclude buses

The top 10 auto manufacturing countries of the world produced 55.24 million vehicles in 2007 constituting 76.6% of the total world production. Although economic woes held down the US auto market in 2007 and consumer indifference tempered vehicle sales in Japan, robust demand in many markets such as Germany and, especially China lead to higher car and commercial production. 72.06 million vehicles were built in 2007, up 5.1% from the 68.56 million produced in 2006 and 9.6% ahead of the then record 65.77 million assembled in 2005 driven mainly by exports in many countries. (*Source: Ward Automotive Yearbook 2008*)

The global auto industry is expected to be confronted by high raw material prices, rising fuel cost and currency fluctuations. Also, stricter environmental regulations in most regions will continue to pose an expensive burden on all auto manufacturers to curb air pollutant and CO_2 emissions. Emerging markets, like Russia, China and India, should continue to boast surging growth prospects than the matured and developed markets like US, Europe and Japan.

North America

Output in US, Canada and Mexico fell for the second year in a row, totalling 15.43 million units in 2007, down 2.8% from the 15.88 million units built in 2006 and 5.5% less than the 16.32 million units turned out in 2005. Although demand in 2007 rose by 2.4% in Mexico and 0.3% in Canada, the US, despite ongoing restructuring and cost improvements efforts, suffered a downturn due to slowing economic growth, Sub-prime crises and higher energy costs. Production in US fell 4.5% to 10.75 million units on top of a 5.6% decline in 2006. While the US fell to fourth position in car production behind Japan, China and Germany, it retained leadership in truck output with 6.83 million assemblies in 2007. (*Source: Ward Automotive Yearbook 2008*)

In North America, sales of new cars and trucks fell 3.0% to 19.29 million from 19.89 million in 2006. Total cars sold in 2007 were 9.09 million units down 2.8% compared to 9.34 million sold in 2006. Sale of commercial vehicles in 2007 declined by 3.2% to 10.21 million units against 10.55 million units sold in 2006 (*Source: Ward Automotive Yearbook 2008*). With rising fuel costs, industry sales are showing a shift away from trucks and SUVs toward more fuel efficient cross-over vehicles and cars.

Table of Contents

Europe

In Western Europe, production increases in all the major markets led to a regional gain of 2.1% to 16.89 million vehicles in 2007 reversing a 1.5% decline in 2006, when 16.54 million vehicles were built. Surge in exports was the major reason for the growth. Germany the region s powerhouse, turned out 6.21 million vehicles, 6.6% more that it built in 2006 when output rose by just 1.0%. In the UK, producers reversed a 2006 decline into a 6.1% increase to 1.75 million units in 2007, while Spain produced 2.89 million units a 4.0% gain, up from 2006 s 1.0% increase. Western Europe finished 2007 with passenger car sales totalling 14.79 million units, a 0.8% gain on 2006 s 14.67 million units. (*Source: Ward Automotive Yearbook 2008*)

European car manufacturers have made consistent efforts over the past couple of years to streamline their operations, improve their cost base and diversify their revenue sources outside of their core domestic markets. Such improvements put these groups in a favourable position to cope with the difficult market conditions in Europe and the various cost pressures that continue to weigh on the industry. However, the Euro s growing strength versus the US Dollar is taking toll on profit margins for those auto makers who are heavily reliant on the export market for revenue, and several are beginning to eye new capacity in North America as a way to compensate. The auto makers in Europe also face the challenge of tougher emission norms forcing development of more fuel-efficient vehicles by 2012. On the other hand, Eastern Europe is emerging as a bigger player in the capacity expansion plans of many western vehicle manufacturers, with Russia, in particular, widely seen destined to become Europe s biggest market by the next decade.

Asia/Pacific

Asia/Pacific, the highest volume region accounting for 41.7% of world vehicle production, posted a 7.8% output increase to 30.04 million units in 2007, up from 27.90 million units in 2006. Most of the gains were driven by record output in China. The world s third largest vehicle maker boasted production of 8.88 million units in 2007, up 22.0% from 2006. Japan retained its number one position among vehicle producing countries for a second consecutive year with 11.60 million assemblies in 2007, up 1.0% from 2006. India produced 2.25 million units of cars and commercial vehicles in 2007, up 14.9% from 1.96 million units in 2006. (*Source: Ward Automotive Yearbook 2008*)

The Japanese domestic market has been on a continuous decline, due mainly to the declining population and the declining proportion of the younger generation, together with the lengthening average holding period of a vehicle. The growth in Japan was mainly driven by exports. Growth in China and India is mainly driven by higher economic growth and the rising disposable income.

The Indian Automotive Market

Introduction

The Indian auto industry is one of the largest industrial sectors in India, with a turnover that contributes to roughly 5% of India s gross domestic product. The Indian automobile industry contributes nearly 17% to total indirect taxes and provides direct and indirect employment to over 13 million people. Car penetration in India is extremely low with only 7 cars per 1,000 people. The Automotive Mission Plan (AMP) 2006-2016 aims at doubling the contribution of automotive sector in GDP to 10% by taking the turnover to US$ 145 billion in 2016 with special emphasis on export of small cars, MUVs, two & three wheelers and auto components. (*Source: Automotive Mission Plan 2006-2016*).

Until the mid-1990 s, the auto sector in India had been a relatively protected industry with limits on the entry of foreign companies through import tariffs. Post liberalization, the industry has experienced rapid development. As per Indian Brand Equity Foundation (IBEF) article last updated (April-June 2008) as viewed on July 17, 2008), India is the world s second largest manufacturer of two wheelers, fourth largest manufacturer of commercial vehicles and eleventh largest manufacturer of passenger vehicles.

Table of Contents

The Indian automotive industry is highly competitive with a number of global and Indian companies present in the market. The foreign companies are present in India either through joint ventures with local partners wholly/partially owned technology tie-ups or as subsidiary companies of their parent companies. Most players are present in more than one segment. The industry is also witnessing diversification by players into other segments. The passenger cars and commercial vehicles industries in particular are poised to witness the entry of new players.

Classification of Vehicles in India

The classification in India of vehicles with four or more wheels is as follows:

Heavy Commercial Vehicles: Heavy commercial vehicles, or HCVs, are generally classified as those vehicles that have a Gross Vehicle Weight (GVW), of above 16.2 metric tonnes.

Medium Commercial Vehicles: Medium commercial vehicles, or MCVs, are generally classified as those vehicles that have a GVW between 7.5 and 16.2 metric tonnes.

Light Commercial Vehicles: Light commercial vehicles, or LCVs, are generally classified as those vehicles that have a GVW of up to 7.5 metric tonnes.

Passenger Cars: Passenger Cars are vehicles that have a seating capacity of up to six persons, excluding the driver. In line with agreed categories of sub-classification, passenger cars are further classified into the following segments:

Mini Cars have a length of up to 3,400 mm. This entry-level segment constituted 5.8% of the domestic passenger car market in 2007-08 by volume.

Compact Cars have a length of between 3,401 mm and 4,000 mm. This segment constituted 71.4% of the domestic passenger car market in 2007-08 by volume.

Midsize Cars have a length of between 4,001 mm and 4,500 mm. This segment constituted 18.5% of the domestic passenger car market in 2007-08 by volume.

Executive Cars have a length of between 4,501 mm and 4,700 mm. This segment constituted 3.5% of the domestic passenger car market in 2007-08.

Premium Cars and Luxury Cars have a length of between 4,701 mm and 5,000 mm, and 5,001 mm and above, respectively. These segments constituted 0.8% of the domestic passenger car market in 2007-08.

Utility Vehicles: Utility Vehicles, or UVs, have a seating capacity of seven persons to 12 persons excluding the driver.

Multi-purpose Vehicles: Multi-purpose vehicles, or MPVs, are van-type vehicles that have a seating capacity of seven persons to 12 persons excluding the driver.

Source for share of domestic passenger car market: Frost & Sullivan, 24-Aug-08

Table of Contents

Sales Trend

Auto Sales Trends (Domestic + Exports)

Number of vehicles

Category	2003-04	2004-05	2005-06	2006-07	2007-08	CAGR 04-08
Passenger Vehicles	1,030,916	1,225,215	1,316,439	1,573,905	1,748,067	14.1%
Commercial Vehicles	277,546	348,378	391,641	517,327	558,977	19.1%
Three Wheelers	352,222	374,657	436,801	547,806	505,938	9.5%
Two Wheelers	5,629,301	6,576,172	7,565,560	8,491,978	8,068,436	9.4%
Grand Total	**7,289,985**	**8,524,422**	**9,710,441**	**11,131,016**	**10,881,418**	**10.5%**

Source: Frost & Sullivan, 24-Aug-08

Auto Domestic Sales Trends

Number of vehicles

Category	2003-04	2004-05	2005-06	2006-07	2007-08	CAGR 04-08
Passenger Vehicles	902,547	1,060,040	1,141,960	1,376,783	1,531,929	14.1%
Commercial Vehicles	260,114	318,438	351,041	467,790	499,978	17.7%
Three Wheelers	284,078	307,862	359,920	403,910	364,703	6.4%
Two Wheelers	5,364,249	6,209,765	7,052,391	7,872,334	7,248,589	7.8%
Grand Total	**6,810,988**	**7,896,105**	**8,905,312**	**10,120,817**	**9,645,199**	**9.1%**

Source: *Frost & Sullivan, 24-Aug-08*

Auto Exports Trends

Number of vehicles

Category	2003-04	2004-05	2005-06	2006-07	2007-08	CAGR 04-08
Passenger Vehicles	128,369	165,175	174,479	197,122	216,138	13.9%
Commercial Vehicles	17,432	29,940	40,600	49,537	58,999	35.6%
Three Wheelers	68,144	66,795	76,881	143,896	141,235	20.0%
Two Wheelers	265,052	366,407	513,169	619,644	819,847	32.6%
Grand Total	**478,997**	**628,317**	**805,129**	**1,010,199**	**1,236,219**	**26.7%**

Source: Frost & Sullivan, 24-Aug-08

Sales (domestic as well as exports) of the Indian automotive industry have grown from 7.3 million units in 2003-04 to 10.9 million units in 2007-08, at a CAGR of 10.5%. This impressive growth has been driven by a buoyant economy, increasing purchasing power of the Indian middle class, new product launches and attractive finance schemes from automobile manufacturers and financial institutions and increased focus on exports. Of the total sales, exports contributed 11.4% in 2007-08 compared to 6.6% in 2003-04. Exports have grown at a phenomenal CAGR of 26.7%, while domestic sales have grown at a CAGR of 9.1% during the same period.

In terms of volume, the two wheelers segment with sales of 8.1 million units in 2007-08 has the highest share of 74.1% in the industry, followed by passenger vehicles, commercial vehicles and three wheelers. The maximum growth, however, has occurred in the commercial vehicles segment, which grew at a CAGR of 19.1% since 2003-04 to reach a sales figure of 0.6 million units in 2007-08. Sale of passenger vehicles grew at a CAGR of 14.1% during the same period to reach a sales figure of 1.7 million units in 2007-08.

Table of Contents

Commercial Vehicle Segment

The total sales of the Indian commercial vehicles (CV) industry had grown to reach 558,977 units in 2007-08. Out of which domestic sales were nearly 499,978 units and the remaining 58,999 units were exports. From 2003-04 to 2007-08, domestic sales and exports have grown at a CAGR of 17.7% and 35.6% respectively. Total sales grew 8.1% in 2007-08 as compared to 32.1% in 2006-07. The sales were impacted by slowdown in economic growth, poor credit availability for purchasing vehicles, hardening of interest rates, increase in fuel prices and due to depletion of one time demand created in 2006-07 by strict enforcement of overloading restrictions. In fact, all of the industry growth between 2007-08 and 2006-07 was fully caused by the new products launched by Tata Motors i.e., the Ace (launched in May 2005, and the Magic & Winger launched in FY 2008). As per Cris Infac report May 2008, sale of commercial vehicles is expected to grow at a CAGR of 6-8% from 2007-08 to 2012-13 with exports growing at a CAGR of 8-10%.

The CV industry is segmented broadly into LCV, having gross vehicle weight below 7.5 tonnes, and M&HCV, having gross vehicle weight above 7.5 tonnes. The growth in the CV industry has been driven by increased industrial production as well as the growth in investments made in augmenting infrastructure in the country. While the passenger carrier industry has seen moderate growth, goods vehicles witnessed an impressive growth. The latter is dominated by multi axle vehicles on the back of low volume base as well as improved road infrastructure (such as the Golden Quadrilateral) for long haulage transportation. The share of LCV is increasing rapidly. The introduction of Ace in the sub 1 tonne segment has shown significant growth in the CV market. Tata Motors clearly leads the market in both the goods and passenger segments of CV with a total market share of 62.7% as on March 2008.

Key Brands in Commercial Vehicle Market in India

Segment	Key Brands and Companies to which they belong
LCV Passenger	Stag (Ashok Leyland), Skyline, Cruiser, (Eicher Motors), Cityride, Magic, Winger (Tata Motors)
LCV Goods	11.90, 10.95, 10.90 (Eicher Motors), Prestige, Super (Swaraj Mazda), LPT709, SFC407, 207DI, Ace (Tata Motors)
M&HCV Passenger	Viking, Cheetah, Panther (Ashok Leyland), 4923, 2523 (Asian Motor Works), Globus, Starbus (Tata Motors), B7R (Volvo India)
M&HCV Goods	4018H, 2214H, 2516H, 1613H, 1612H, ecomet (Ashok Leyland Limited), Jumbo 20.16, Galaxy 30.25 (Eicher Motors), Sartaj (Swaraj Mazda), LPS 4018, LPT 2515 TCIC, LPT 2515 TC, LPT1613, SE 1613 (Tata Motors), HEMANG (Tatra Vectra Motors), FM9, FH12 (Volvo India)

Passenger Vehicle Segment

The total sales of the Indian passenger vehicles industry has grown to reach 1.7 million units in 2007-08, of which domestic sales were 1.5 million units and the remaining 0.2 million units were exports. In 2007-08, Passenger Car constituted around 78.6% of the domestic passenger vehicle sales, while Utility Vehicles constituted around 21.4%. Domestic sales grew at a CAGR of 14.1% between 2003-04 and 2007-08. Exports have grown at a CAGR of 13.9% during 2003-04 to 2007-08. Small car constituted about 90% of the total exports in 2007-08. Major export destinations are South Africa, Algeria, Sri Lanka, Italy and Mexico, which constituted around 50% of the exports. (*Source: Cris Infac report June 2008*). Amidst moderation in economic growth, a high interest rate regime and tightening of the liquidity position, total sales grew 11.1% in 2007-08 as compared to 19.6% in 2006-07. Growth was primarily driven by new launches and discounts on existing volume models. As per Cris Infac report, June 2008, sale of passenger vehicles is expected to grow at a CAGR of 14.7% from 2007-08 to 2012-13, domestic sales CAGR of 13.2% and exports CAGR of 22.4%.

Table of Contents

The market for passenger vehicles in India is highly competitive with more than a dozen manufacturers in the industry. Since the mid-90s, the potential for passenger vehicles in India has attracted many international car manufacturers in India. The growing commitment to India is indicated in the plans announced by both existing and new players in the passenger car industry. India is considered as a strategic market by Suzuki, Japan, a co-promoter of Maruti Suzuki. Tata Motors, the largest automotive player in India is launching *Tata Nano*, the US$ 2,500 car in 2008-09. Hyundai Motors has established its global manufacturing base for small cars in India and is a leading exporter of small cars from the country. Mahindra & Mahindra is amongst the largest players in the Utility Vehicles segment.

Key Brands in Passenger Vehicle Market in India

Segment	Key Brands and Companies to which they belong
Mini	Maruti 800 (Maruti Suzuki)
Compact	Alto, Wagon-R, Swift, Estilo (Maruti Suzuki), Indica (Tata Motors), Santro, Getz, i10 (Hyundai Motors), Palio (Fiat India), Aveo- UVA, Spark (General Motors), Fabia (Skoda)
Midsize	Esteem, SX4, Dzire (Maruti Suzuki), Indigo (Tata Motors), Verna, Accent (Hyundai Motors), Honda City (Honda Motors), Astra, Aveo, Optra (General Motors), Logan (M&M), Ikon, Fiesta, Fushion (Ford India), Cedia (Hindustan Motors), Petra (Fiat India)
Executive	Elantra (Hyundai Motors), Civic (Honda), Optra (General Motors), Contessa (Hindustan Motors), Skoda Octavia (Skoda Auto), Mercedes C-class (Daimler Chrysler India)
Premium	Sonata (Hyundai Motors), Accord (Honda), Corolla, Camry (Toyota Kirloskar), Mondeo (Ford India), Superb (Skoda Auto), Mercedes E-class (DaimlerChrysler India), 5 series (BMW India)
Luxury	Mercedes S-class, Maybach (DaimlerChrysler India), 7 Series (BMW India)
SUV	Grand Vitara (Maruti Suzuki),Safari (Tata Motors), Tucsan (Hyundai Motors), CRV (Honda), Scorpio (Mahindra & Mahindra Limited), cFusion, Endeavour (Ford India), Pajero (Hindustan Motors), Challenger, Toofan (Force Motors)
MUV	Omni, Versa (Maruti Suzuki), Sumo, Indigo Marina (Tata Motors), Innova (Toyota Kirloskar), Tavera (General Motors India), Bolero (M&M)

Factors affecting Vehicle Demand

Economic Growth: Overall freight movement in the country is a function of industrial and agricultural growth. High growth in GDP reflects higher economic activity, which typically results in transportation of more freight and hence higher demand for commercial vehicles.

Interest Rates and Availability of Finance: Automobile sales are heavily dependant on the availability of retail finance. Higher interest rate and stringent lending norms can adversely affect the demand. On the other hand, lower interest rates stimulate demand as it result in lower cost of acquisition.

Cost of Fuel: Demand for commercial vehicles is driven to a considerable extent by the profitability of the truck operator. The profitability of truck operators remains very sensitive to diesel prices, as any increase in fuel price results in higher operating cost, although fuel prices in India continue to be artificially supported at lower levels by the government.

Taxes and Duties: Reduction in excise duties and the introduction of VAT regime can act as catalyst for higher demand of automobiles. A cut in excise duty reduces prices, which, if passed on, enhances the affordability for buyers.

Disposable Income of Consumers: Increase in per capita income and standard of living in the country results in higher demand for cars. Greater penetration of cars in semi-urban and rural areas can also result in higher demand.

Regulation of Safety and Emission Standards: Environmental and safety regulations may need to be addressed by upgrading technology which may result in higher cost, which in turn can affect the demand for automobiles.

Share of Road Transport: Improvement in road infrastructure is expected to enable a more effective distribution of goods and increase in passenger movement across the country and hence higher demand for automobile vehicles. Indian Government is undertaking various projects, like Golden Quadrilateral, to improve the road infrastructure. The adoption of hub and spoke model will boost the demand for small commercial vehicles. On the other hand, competition and new initiatives from railways, such as reducing unit cost to improve efficiency and dedicated freight corridor, may keep a check on rising share of roads in freight movement.

Restriction on Overloading: While legislation on overloading of goods exists, strict compliance and enforcement of such legislation is generally lacking in India. Stricter enforcement of such legislation can stimulate demand as transporter may need to buy more vehicles.

Price Sensitivity: The passenger car market, particularly the mini and compact segments, is highly price-sensitive, with emphasis on value for money. Indian consumers usually prefer compact cars that are fuel-efficient with low operating and maintenance costs.

Brand Building and New Product Launches: Due to increase in choice available to the consumer, the demand for a particular brand of a car is a function of customer perception and satisfaction. Further, new product launches provide significant push to car sales, as customers are tempted to bring forward their decision to purchase vehicles.

Table of Contents

BUSINESS

Unless the context otherwise requires, Company , Tata Motors , we , us and our refers to Tata Motors Limited and its consolidated Subsidiaries and references to TML refer to Tata Motors Limited, the Issuer. Except where otherwise stated, historical financial and operating data of the Company excludes Jaguar Land Rover. Unless otherwise stated, historical financial information of the Company is derived from the Company s consolidated audited restated financial statements excluding Jaguar Land Rover under Indian GAAP. Historical financial information of Jaguar Land Rover is derived from the unaudited summarized financial statements of Jaguar Land Rover prepared by the management of Jaguar Land Rover principally based on US GAAP.

Unless otherwise stated, market share data for Tata Motors Limited refers to market share in the Indian market and has been sourced from Frost and Sullivan, August 24, 2008.

Overview

Established in 1945, we are the largest automotive company in India in terms of revenue. We were the largest commercial vehicle and third largest passenger vehicle manufacturer in terms of units sold in India during fiscal 2008, according to Frost and Sullivan. According to Automotive World and Lastauto Omnibus respectively, we are also the world s fourth largest truck manufacturer and the second largest bus manufacturer in the above 6 ton category.

We were the second largest company in the Tata Group in terms of revenue during fiscal 2008. The Tata Group, founded by Jamsetji Tata in the mid-19th century, is one of India s largest and most respected business conglomerates with presence in seven diverse business sectors and operations in over 80 countries. In fiscal 2008, 2007 and 2006, we sold 585,649, 580,280 and 454,129 vehicles, including Fiat cars distributed by us, of which 530,990, 526,806 and 403,906 vehicles, respectively, were sold in India, on a non-consolidated basis.

We produce a wide range of automotive products, including:

Passenger Cars. Our offerings in the passenger car category, include the *Indica*, a compact car, first launched in 1998, the *Indigo*, a mid-sized car launched in 2002, and the *Indigo Marina*, a station wagon version of the *Indigo* launched in 2004. We have expanded our offering by introducing several variants to suit different customer preferences. These passenger cars are manufactured in gasoline and diesel engine versions. The Indica gasoline variant, Xeta, is also available with a dual fuel (petrol and Liquefied Petroleum Gas) engine. Recently, on August 23, 2008, we launched the new generation of the Indica, called the *Indica Vista*.

Utility Vehicles. Our utility vehicles (UV), include the *Sumo*, first launched in 1994, and the *Safari* launched in 1998. Both the *Sumo* and the *Safari* have seen several product actions since introduction and currently have various variants to meet different consumer preferences.

Light Commercial Vehicles. We manufacture a variety of light commercial vehicles (LCV), including trucks, pickup trucks and buses with a GVW of between 0.7 ton and 7.5 tons. This also includes the *Ace* India s first indigenously developed mini-truck with a 0.7 ton payload, launched in fiscal 2006, the *Magic*, the passenger variant for commercial transportation developed on the Ace platform and the *Winger*, which were launched in fiscal 2008.

Medium and Heavy Commercial Vehicles. We manufacture a variety of medium and heavy commercial vehicles (M&HCV), which include trucks, buses, dumpers and multi-axled vehicles with GVW between 9 tons to 49 tons. In addition, through Tata Daewoo Commercial Vehicle Company Limited (TDCV), our wholly-owned Subsidiary in South Korea, we manufacture a range of high horsepower trucks ranging from 220 horsepower to 400 horsepower, including dump trucks, tractor-trailers, mixers and cargo vehicles.

Jaguar Luxury Performance Cars and Land Rover Premium All-Terrain Vehicles. On June 2, 2008, we completed the acquisition of Jaguar Land Rover from Ford and we now produce Jaguar luxury performance cars and Land Rover premium all-terrain vehicles through our Jaguar Land Rover business. For further details see Business The Jaguar Land Rover Business on page 68 of this Letter of Offer.

Our market share in India in the four-wheel automotive vehicle segment, which include cars, utility vehicles and commercial vehicles (trucks, pickup trucks and buses), was 26.0%, 28.5% and 27.0% in fiscal 2008, 2007 and 2006, respectively. We had a market share in commercial vehicles (including medium & heavy commercial vehicles, light commercial vehicles and passenger carriers) in India of 62.7%, 64.0% and 61.2% in fiscal 2008, 2007 and 2006, respectively, and our market share in the passenger vehicles (including compact, mid-size cars and utility vehicles) was 14.0%, 16.5% and 16.5% for fiscal 2008, 2007 and 2006, respectively.

We have a widespread sales and distribution network across India with over 1,500 sales outlets for our commercial and passenger vehicle businesses.

Our manufacturing base in India is spread across Jamshedpur (in eastern India), Pune (in western India), Lucknow (in northern India) and Pantnagar (in northern India), supported by a nation-wide dealership, sales, services and spare parts network. We are also in the process of establishing facilities at Singur (in eastern India) and Dharwad (in southern India).

We believe that the foundation of our growth over the last 63 years has been a deep understanding of economic stimuli and customer needs, and the ability to translate them into customer desired products through research and development. With approximately 1,200 engineers and scientists, our Engineering Research Centre, established in 1966, has enabled us to successfully design, develop and produce our own range of vehicles, as well as a significant portion of our production facilities, assembly lines and machinery. In addition, we established a wholly owned Subsidiary under the name of Tata Motors European Technical Centre PLC (TMETC), in the United Kingdom, in the field of automobile research. We believe this research center will also facilitate the development of our products, in particular, our passenger cars.

We have expanded our operations through mergers and acquisitions involving non-Indian companies. In 2004, we acquired a 100% stake in TDCV. In fiscal 2005, we acquired a 21% stake in Hispano Carrocera S.A. (Hispano), a Spanish bus and coach manufacturer, and we have an option to acquire the remaining stake. During fiscal 2006, through our indirect Subsidiary, we acquired INCAT, a global provider of product lifecycle management and engineering and design services. In June 2008, we completed the acquisition of Jaguar Land Rover from Ford. Jaguar and Land Rover designs, engineers and manufactures luxury performance cars and premium all terrain vehicles, which are sold through a network of more than 1,800 retail sales locations worldwide. Jaguar Land Rover operates three vehicle manufacturing facilities, one venner production facility and two advanced design facilities in the United Kingdom. For further details see Business The Jaguar Land Rover Business on page 68 of this Letter of Offer.

We have established Subsidiaries with Marcopolo S.A., Brazil (Marcopolo) and Thonburi Automotive Assembly Plant Company Limited, Thailand (Thonburi) and have a joint venture arrangement with Fiat S.p.A, Italy. In addition, we have a holding of 50% in Tata Cummins Limited with the balance held by Cummins Engine Company Inc. of USA. Our association with renowned companies allows us to leverage and tap into their respective expertise and technical knowledge. For example, we have established a joint venture with Fiat S.p.A, Italy to manufacture passenger vehicles, engines and transmissions for the Indian and overseas markets and also distribute and market Fiat branded cars in India which provides us access to engine and powertrain technology for use in our products. Our Subsidiary Tata Marcopolo Motors Limited which has been established with Marcopolo, manufactures and assembles fully-built buses and coaches in India, and would help us to develop capabilities in these areas.

Table of Contents

Our goal is to further expand and revamp our product portfolio, strengthen our position in the Indian market and expand our presence in other select geographies through a combination of leveraging internal resources and competencies, and developing our capabilities through joint ventures or partnerships with international companies.

Our Strengths

Strong Position in the Indian automotive market

We have established a strong position in the Indian automotive industry by launching new products, achieving high quality-low cost manufacturing, investing in research and development to meet the emerging requirements of our customers and maintaining our financial strength. Over the years, we have successfully maintained our leadership position in the commercial vehicle market and have rapidly grown to become the third largest passenger vehicle manufacturer in India. We had a market share of 26.0% in the overall four-wheel automotive vehicle market, including a market share of 61.3% in the M&HCV category, 64.3% in the LCV category, 13.9% in passenger cars and 20.1% in the UV category in fiscal 2008.

We believe that our knowledge of the Indian automotive market and ability to translate emerging customer needs into suitable products will enable us to take advantage of future opportunities in the industry. Furthermore, our recent acquisition of Jaguar Land Rover will enable us to compete more effectively with international manufacturers in the Indian automotive market in the luxury performance car and premium all-terrain vehicle segments.

In addition, as part of the Tata Group, we also benefit from being identified with the Tata brand. We believe the Tata brand name, which is a widely recognized brand name in India, is associated by Indian customers with reliability, trust and value.

Diversified product portfolio

We offer a wide portfolio of automotive products, ranging from sub-1-ton to 49-ton GVW trucks (including pickup trucks) and from small, medium, and large buses and coaches to passenger cars and utility vehicles. For instance, within the passenger cars segment, we offer 23 variants of the *Indica* in the small car category and 21 variants of the *Indigo* in the entry mid-size car category. Similarly, we offer 15 variants of the *Sumo* and 6 variants of the *Safari* within the UV segment. Our products in the LCV category include small commercial vehicles, pickup trucks, trucks and commercial passenger carriers up to a GVW of 7.5 tons. Our M&HCVs have a wide range of applications and are generally configured as trucks, tippers, buses, tankers, tractors or concrete mixers ranging from 9-ton GVW to 49-ton GVW.

We have recently expanded our product portfolio with the introduction of several new models, such as *Ace*, *Winger* and *Magic*, that have been well-received by customers and which we believe have large potential. We unveiled the *Tata Nano*, a low cost car, which we believe will be an affordable entry level small car in the passenger car segment. Our product portfolio allows us to cater to the diverse demands of our customers and also allows us to consolidate and establish our presence across diverse regions.

Our recent acquisition of Jaguar Land Rover will further expand our product portfolio as the Jaguar Land Rover product lines provide us immediate access to the luxury performance car and premium all-terrain vehicle segments.

Wide distribution network

Our sales and distribution network in India is comprised of over 1,500 sales outlets for passenger and commercial vehicles business, most of which are exclusive sales outlets. Jaguar Land Rover has access to a network of more than 1,800 retail sales locations worldwide.

Table of Contents

We are in advanced stages of deploying a Siebel customer relations management system at all dealerships and offices across India, which we believe is the largest deployment of that system in the global automotive sector. The combined online customer relations management system initiative, which has been implemented in phases since 2003, supports users within the Company and among our distributors in India and abroad. We believe the Siebel customer relations management system gives us a competitive edge in that it provides us with quick access to information and would enable us to improve our responsiveness to market and customer service needs.

We also have a network of service centers on highways and a toll-free customer assistance center to provide 24-hour on-road maintenance (including replacement of parts) to vehicle owners. The wide coverage of our sales, service and maintenance network in India enables us to provide quality and timely customer service. We plan to further strengthen our network so as to support the vast range of our growing product portfolio and our growth strategy.

Strong in-house R&D capability

Our research and development initiatives are primarily focused on the areas of product development, environmental technology and vehicle safety including the development of vehicles running on alternative fuels, such as CNG, LPG and bio-diesel, and development of alternative fuel options such as ethanol blending and development of vehicles fuelled by hydrogen and compressed air and electric motors/batteries. We are also pursuing various initiatives in engine management systems, in-vehicle network architecture, vehicle tracking and telematics.

Our focus on in-house R&D led to the introduction of the *Indica* in 1998 which was indigenously manufactured by us, and more recently, the *Tata Nano*, an affordable entry-level family car, which was unveiled in January 2008. Our three automotive design centers in India located at Pune, Jamshedpur and Lucknow are supported by design centers in Spain, South Korea and the United Kingdom. We employ close to 2,500 engineers who are engaged in developing new vehicle platforms and products across the varied business segments. TML spent Rs. 11,959.7 million on research and development activities including expenditure on capital assets purchased for research and development during fiscal 2008, on a non-consolidated basis.

Additionally, Jaguar Land Rover has two advanced design facilities in the United Kingdom and brings with it strong technological capabilities in petrol engines, four wheel drive technology and aluminium bodyworks technology.

Integrated manufacturer

We are an integrated vehicle manufacturer with capabilities across the entire value chain of automotive operations including the design, manufacture, assembly and sale of vehicles, related parts and accessories and the financing business for our vehicles. Our integrated manufacturing facilities allow for cost savings and operating efficiencies.

For instance, through our cost reduction initiatives, we are able to reduce our fixed and variable costs in our manufacturing process and are able to pass on these cost savings to our customers in the form of low-cost vehicles. Additionally, our ability to provide financing to our customers and to provide customer service and product maintenance allows us to offer a comprehensive range of services to our customers throughout the life cycle of our vehicles.

Strategic acquisitions and relationships with renowned companies

We have acquired businesses which offer complementary products, aggregates and technologies, allowing us to pursue our growth strategy in the domestic and international markets.

We acquired a 100% stake in TDCV (formerly known as Daewoo Commercial Vehicle) in 2004. This acquisition enabled us to expand our commercial vehicle offering and provided access to new markets and key inputs in the development of our new *World Truck* platform. Similarly, the acquisition of a 21% stake in Hispano provides us with access to the high-end bus and coach building technology. On April 1, 2005,

Table of Contents

we merged Tata Finance Limited (TFL) with us to enable our vehicle financing business to grow stronger by leveraging synergies of the direct business model of TFL with our dealer driven business. In the same year, through its former subsidiary Tata Technologies, USA, (TTUS), our Subsidiary Tata Technologies Limited (TTL) acquired INCAT International Plc, (INCAT) to offer onshore/offshore delivery capability to international customers in the automotive, aerospace and engineering industries. In June 2008, we completed the acquisition of Jaguar Land Rover which provides us with immediate access to the luxury performance car and premium all terrain vehicle segments, with two globally recognised brands.

We have also established strategic relationships with renowned companies allowing us to leverage their expertise and technical knowledge to address our strategic plans.

We hold a 50% stake in Tata Cummins Limited with the balance held by Cummins Engine Company Inc. of USA. Tata Cummins Limited has enabled us to introduce a wide range of commercial vehicles with higher payloads and improved operating economy through use of technologically advanced and durable engines, and enabled us to comply with fuel-emission regulations in Europe and other countries to which we export. Our joint venture arrangement with Fiat S.p.A, for passenger cars provides us with access to engine and powertrain technology for use in our products and also supplements our production capacity. Our Subsidiary Tata Marcopolo Motors Limited, incorporated along with Marcopolo, manufactures and assembles fully-built buses and coaches in India, and would help us to develop capabilities in these areas. This would enable us to participate in opportunities in the mass transportation segment in both India and international markets. Our Subsidiary with Thonburi for the manufacture and marketing of pickup trucks provides us with an opportunity to participate in Thailand s pickup truck market.

Captive vehicle financing business in India

Our vehicle financing division and wholly owned Subsidiary, TMFL, operates under the brand name Tata Motorfinance (TMF). During fiscal 2008, TMF financed 33.6% of our domestic sales, compared to 31.4% in the previous fiscal year. Being the captive financing division of our Company, TMF not only facilitates vehicle sales by providing financial support service to our customers, but also helps lower the risk of the cyclical revenue stream of the automotive business and provides improved financing support to out customers when other lenders/banks are experiencing tight liquidity conditions.

Increasing diversity of revenue base

We have diversified our revenue base to include non-vehicle and international businesses to provide a hedge against cyclicality of the domestic market. Through our Subsidiaries and associate companies, we are engaged in engineering and automotive solutions, construction equipment manufacturing, automotive vehicle components manufacturing and supply chain activities, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for automotive and computer applications, and automotive retailing and service operations. In fiscal 2008, the revenues from our non-automotive segment before inter-segment eliminations was Rs. 37,038.1 million and constituted 10.3% of our total revenues compared to Rs. 27,078.9 million and 8.3% of revenues in 2007.

Strong management team with successful track record

Our senior management team has substantial experience in their respective industries and has been instrumental in the growth of our organization. Our management team has strengthened our business operations in India through several product introductions, cost reduction initiatives and the integration of our past acquisitions such as TDCV and our joint ventures with companies such as Fiat S.p.A, Italy. We believe that our management team is well placed to provide strategic leadership and direction to explore new emerging opportunities as well as improve our current operations. We have witnessed low attrition of our key management personnel and, in line with our growth strategy, we have also recruited several individuals with expertise in critical areas. We believe our management team provides us with a competitive edge. We believe that the continuity of many members of the senior management team at Jaguar Land Rover following our recent acquisition will contribute positively to the development of that business. For further information regarding our key managerial personnel, see Management on page 95 of this Letter of Offer.

Table of Contents

Our Strategy

Our goal is to continue to strengthen our position in the domestic market, maintain our operational excellence and grow our international business in select countries. Our strategy to achieve these goals consists of the following elements:

Further strengthening the product portfolio

We have an extensive range of products in commercial vehicles (for both goods and passenger transport) as well as passenger vehicles. We believe that our in-house product development capabilities, our strategic partnerships/joint ventures with renowned companies such as Cummins Engine Company Inc., Fiat S.p.A, Marcopolo and Thonburi, and our acquisitions of TDCV, Hispano and Jaguar Land Rover will enable us to expand our product range and extend our geographical reach.

We believe that our understanding of local customer preferences and well developed in-house R&D capabilities has enabled us to anticipate emerging customer categories and develop suitable products that provide a strong value proposition to our customers. For example, we launched the *Ace*, the first sub one-ton payload mini-truck in India, in May 2005 which has created a new category in the Indian commercial vehicle industry and we rolled out the 100,000th *Ace* in 22 months since its launch. In fiscal 2008, we launched the *Magic*, a passenger variant from the same platform, to tap the potential increase in mass passenger transport in both rural and urban regions. We also launched the *Winger*, India s only maxi-van, to cater to the intra-city and long-distance transportation needs of our customers.

In passenger vehicles, we entered the compact car segment with the *Indica* in 1998. We sold approximately 100,000 units of the *Indica* within 25 months since its launch in the market. On the same platform, we developed a sedan version, the *Indigo*, which was launched in 2002. We also launched an estate version in 2004. In 2006, we expanded the *Indigo* range by launching the *Indigo XL* a stretched sedan. We have also developed the *Tata Nano*, a low cost car and we believe that there will be significant demand for this vehicle in the Indian market.

The recent acquisition of Jaguar Land Rover has given us the opportunity to participate immediately in the luxury performance car and premium all-terrain vehicle segments with recognized brands, and has helped diversify our business across markets and product segments. We will continue to seek to build upon the internationally recognized brands of Jaguar and Land Rover.

We intend to expand our production capabilities in existing facilities and establish new facilities. We also intend to expand the reach of our sales and service network in order to meet our growing product lines of commercial and passenger vehicles.

Mitigating cyclicality

The automobile industry is impacted by cyclicality which is more pronounced in the M&HCV truck category. To mitigate the impact of cyclicality, we plan to continue to strengthen our operations in the light commercial vehicle, bus and passenger vehicle categories. We also plan to continue to strengthen our non-vehicle business, such as spare part sales, annual maintenance contracts, sales of aggregates for non-vehicle businesses, reconditioning of aggregates, sale of castings, production aids and tooling and fixtures and vehicle financing to reduce the impact of cyclicality.

Reducing costs and breakeven points

We believe that our scale of operations provides us with a significant advantage in reducing costs and we plan to continue to sustain and enhance our cost advantage. While we believe that our commercial vehicle business has scale that is competitive in relation to global standards, with the launch of the *Tata Nano*, we will be able to benefit from global economies of scale in the passenger vehicle business as well.

Table of Contents

Our ability to leverage our technology capabilities and our manufacturing facilities among our commercial vehicle and passenger vehicle businesses enables us to reduce cost. For example, the diesel engine used in our *Indica* was modified for use in the *Ace*, which helped to reduce the project cost of the *Ace*. Similarly, platform sharing for the manufacture of pickup trucks and UVs enables us to reduce capital investment that would otherwise be required while allowing us to improve the utilization levels at our manufacturing facilities. Where it is advantageous for us to do so, we intend to add our existing low cost engineering and sourcing capability to vehicles manufactured under the Jaguar Land Rover umbrella.

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

Expand customer financing in India

With financing increasingly becoming a critical factor in vehicle purchases and the rising aspirations of consumers in India, we intend to significantly expand our vehicle financing activities to enhance our vehicle sales. Furthermore, with the lack of sufficient finance availability to vehicles currently in the Indian market, our captive finance business is likely to play a significant role to fill the gap created by other banks and NBFCs. While we will continue to focus on expanding our vehicle financing activities through our 100% Subsidiary, TMFL, additional support is also expected from Tata Capital Limited, a financial services company formed by Tata Sons, which also undertakes financing of vehicles.

Expanding our international business

We are expanding our operations into other select geographical areas with similar characteristics as the Indian market where our products are suitable. While we continue to export out of India and South Korea into many of these markets, we are also establishing a manufacturing footprint where it is beneficial to do so. We have established a Subsidiary along with Thonburi in Thailand to manufacture pickup trucks and have also received approval from the Thailand government for the Eco-car project. We are also assessing the establishment of a manufacturing operation at South Africa, which is our largest export market in terms of unit volume. Our international business strategy has resulted in a growth of our international operations from 8% of consolidated revenues in fiscal 2004 to 18.38% during fiscal 2008. TDCV continues to be the largest exporter of heavy commercial vehicles out of South Korea. Our acquisition of Jaguar Land Rover will also significantly expand our geographical presence into the USA and the Western Europe.

We believe that this geographical diversification will also reduce the impact of cyclicality in the Indian market as the cyclicality of these other markets may not coincide with the cyclicality of the Indian market.

Continuing to invest in technology and technical skills

We believe we are one of the most technologically advanced indigenous vehicle manufacturers in India. Over the years, we have enhanced our technological strengths through extensive internal research and development activities as well as through the assistance of foreign research consultants from time to time. Our research and development resources, which include those at our Subsidiaries, like Tata Motors European Technical Center plc. (TMETC), TDCV, TTL and Hispano, together with the two advanced engineering and design centers of Jaguar Land Rover which, we recently acquired, will further increase our capabilities in product design, manufacturing and quality control. We consider technological leadership to be a significant factor in our continued success, and therefore intend to continue to devote significant resources to upgrade our technological base.

Table of Contents

Continuing focus on high quality standards and enhancing customer satisfaction

One of our principal goals is to achieve high and international quality standards for our products and services, and we are pursuing various quality improvement programs, both internally and at our suppliers premises. We have established a procedure for ensuring quality control of outsourced components. Products purchased from approved sources undergo a supplier quality improvement process. We also have a program for assisting vendors from whom we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery. Preference is given to vendors with QS-9000 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance and ongoing dialogue with workers to reduce production errors.

Our extensive sales and service network has also enabled us to provide quality and timely customer service. We are in advanced stages of deploying a Siebel customer relations management system at all dealerships and offices across India, which we believe will help to improve our responsiveness to market and customer service needs.

Enhancing capabilities through the adoption of superior processes

Tata Sons Limited, and the entities promoted by Tata Sons, including us, aim at improving the quality of life through leadership in various sectors of national economic significance. In pursuit of this goal, Tata Sons and the Tata Sons promoted entities have institutionalized an approach, called the Tata Business Excellence Model or TBEM, which has been formulated on the lines of the Malcolm Baldridge National Quality Award to enable it to drive performance and attain higher levels of efficiency both in its businesses and in discharging its social responsibility. The model aims to nurture core values and concepts embodied in various focus areas such as leadership, strategic planning, customers, marketing and human resources and to translate these into operational performance. Our adoption and implementation of this model seeks to ensure that our business can be conducted through superior processes in the future.

We have deployed a balance score card management system, developed by Dr. Robert Kaplan and Dr. David Norton of the Harvard Business School, for measurement based management and feedback. We have also deployed a new product introduction (NPI) process for systematic product development and product lifecycle management system for effective product data management across our organization. On the human resources front, we adopted various processes such as functional and soft skills training to enhance the skills and competencies of our employees. We have also enhanced our performance management system, with appropriate mechanisms to recognize talent and sustain our leadership base.

Maintaining financial strength

Our cash flow from/(used in) operations in fiscal 2008, 2007 and 2006 was Rs. 55,955.5 million, Rs. (8,754.8) million and Rs. 1,104.6 million, respectively. The improved position in our operating cash flows is primarily a result of volume growth, implementation of cost reduction programs, securitization of vehicle financing portfolio and prudent working capital management. We have also established processes for project evaluation and capital investment decisions with a view to ensure that we will be able to recover portions of our cost of capital in the event of an economic downturn and to generate earnings in excess of our cost of capital during periods of economic growth.

Continuing to leverage the Tata brands

We believe the Tata brand name is associated by Indian customers with reliability, trust and value and is gaining significant international recognition due to the international growth strategies of various Tata Companies. The Tata brand is used and its benefits are leveraged by Tata companies to their mutual advantage. We recognize the need for enhancing our brand recognition in highly competitive markets in which we compete with internationally recognized brands. We, along with Tata Sons and other Tata companies, will continue to promote the Tata brand and leverage its use in India, as well as in various international markets where we plan to increase our presence.

Table of Contents

The Company s Business

The following discussion of the Company s business does not include the business of Jaguar Land Rover, which was acquired by the Company on June 2, 2008. The discussion of Jaguar Land Rover s business is presented separately, commencing on page 68 of this section.

Automotive Operations

The revenues from our automotive operations before intersegment eliminations were Rs. 323,456.5 million, Rs. 299,241.4 million and Rs. 222,120.5 million in fiscal 2008, 2007 and 2006, respectively, before intersegment elimination. Our main market is the Indian market, which accounted for 90.7%, 90.8% and 88.9% of our unit sales in fiscal 2008, 2007 and 2006, respectively.

Our segment-wise unit sales in the domestic market and exports for fiscal 2008, 2007 and 2006 on a non-consolidated basis are set forth in the table below:

S. No.	Category	Fiscal 2008	Fiscal 2007 (No. of Units)	Fiscal 2006
	Domestic Sales			
1.	Passenger Cars*	170,355	180,328	151,160
2.	Utility Vehicles	47,700	47,892	37,910
3.	Light Commercial Vehicles	147,316	125,744	86,226
4.	Medium and Heavy Commercial Vehicles	165,619	172,842	128,610
	Total	530,990	526,806	403,906
	Exports from India			
5.	Passenger Cars and Utility Vehicles	14,809	17,822	20,037
6.	Commercial Vehicles	39,850	35,652	30,186

* *Passenger car sales include the sale of 3,297 units, 1,328 units and 209 units of Fiat vehicles during fiscal 2008, 2007 and 2006, respectively.*

Passenger Cars

In the passenger cars segment we are present in the small car and entry mid-size car category.

The small car category, which consists of mini and compact cars, constituted 63.71% of our total passenger car sales in the domestic market in fiscal 2008. According to Frost & Sullivan, Industry sales of the mini car category declined 12.2% to 69,553 units, due to lack of new product launches. The compact car category grew 14.0% to 859,917 units in fiscal 2008, as compared to 754,336 units in fiscal 2007 and 572,916 units in fiscal 2006. The *Indica* faced a challenging environment in fiscal 2008 primarily on account of new product launches by our competitors and posted a decline of 6.3% in domestic sales to 135,642 units in fiscal 2008 compared to an increase of approximately 31% in domestic sales in fiscal 2007.

During fiscal 2008, we also expanded the *Indica* range by introducing a new variant with dual airbags and ABS (Anti-lock Braking System) and added a DICOR (Direct Injection Common Rail) diesel engine variant. The market share of the *Indica* in the small car category was 14.6%, 17.4% and 16.9% in fiscal 2008, 2007 and 2006, respectively. Despite its product maturity and announced plans of the next generation, the *Indica* held its position as the second best selling vehicle in the industry and continues to stand out among the Most Trusted Brands in the annual survey by the Economic Times Brand Equity. In August 2008 we launched the next generation *Indica, called the Indica Vista.* The new generation car has a

Table of Contents

completely new skin, new interiors, contemporary body with improved interior space and comfort. The car is powered by a range of internationally acclaimed powertrains - the new 75 bhp 1.3L Quadrajet Common Rail Diesel engine and the 65bhp, 1.2L CVCP Safire MPFI petrol engine being manufactured at the new Fiat-Tata joint venture at Ranjangaon in Maharashtra. The existing Indica will continue to exist with a rationalised portfolio. We believe the new Indica Vista would enable us to regain our market position in the small car category.

We are also present in the entry mid-size car category through our sedan, the *Indigo*, and its station wagon version, the *Indigo Marina*, both of which are derived from the *Indica* platform. According to Frost & Sullivan, the entry mid-size car category, which has witnessed declining volume growth in fiscal 2006 and 2007, grew by 10.2% aided by new product launches in the industry. The market share of the *Indigo* in the entry mid-size car category was 32.4%, 39.0% and 33.0% in fiscal 2008, 2007 and 2006, respectively, and the *Indigo* range was the best seller in this category during this period. The *Indigo* posted a decline of 8.4% in domestic sales to 31,416 units in fiscal 2008 compared to 34,310 units in fiscal 2007 and 39,388 units in fiscal 2006. During the year, we introduced the *Indigo XL Classic* variant and the *Indigo CS*, a sub-4 meter compact sedan that has the foot print and price point of a hatchback (owing to the lower excise duty) and the appeal of a sedan.

In fiscal 2008, we marked the roll out of the one-millionth passenger car off the *Indica* platform at our car plant in Pune, in its ninth year since the commencement of production in January 1999.

We have also been distributing Fiat branded cars through the Tata-Fiat dealer network since March 2006. During fiscal 2008, we sold 3,297 Fiat cars, a growth of 148% from fiscal 2007. The joint dealer network has also been expanded from 44 to 65.

Utility Vehicles

We sold 47,700 units in our UV category in the Indian domestic market in fiscal 2008, a marginal decline of 0.4% as compared to 47,892 units sold in fiscal 2007 and 37,910 units in fiscal 2006. During fiscal 2008, we expanded our offering in this category by launching a new 2.2L *Safari DICOR*, *Sumo Victa DI* and the *Sumo Grande*. We experienced a marginal decline of 0.4% in the unit sales of our utility vehicles, the *Safari* and the *Sumo*, in the Indian market in fiscal 2008. In fiscal 2008, the new *Safari DICOR* enabled the brand to achieve its highest ever sales in a year of 19,078 units. Our market share in the UV category was 20.1%, 22.1% and 19.6% in fiscal 2008, 2007 and 2006, respectively.

Light Commercial Vehicles (including pickup trucks)

Our range of LCVs includes small commercial vehicles, pickup trucks, trucks and commercial passenger carriers up to a GVW of 7.5 tons. During fiscal 2008 we introduced two new products: (i) *Magic*, based on the *Ace* platform, and (ii) *Winger*, India s only maxi-van. We believe that the *Magic* and the *Winger* have great potential in the commercial passenger transportation market in India. In the LCV segment, we recorded a 17.2% growth to 147,316 units sold in the Indian domestic market in fiscal 2008, compared to 125,744 units in fiscal 2007 and 86,226 units in fiscal 2006. The growth in the LCV segment in fiscal 2008 was mainly led by the sales of the *Ace* and the new commercial passenger carriers Winger and Magic. In fiscal 2008, we unveiled the 1-ton and CNG variant of the *Ace*, the *Cargo Panel Van, Xenon XT*, a lifestyle pickup truck, and the *Winger Executive*, an office concept vehicle, at the Auto Expo 2008 in India and commenced production of the *Ace* at our new manufacturing facility at Uttarakhand, India. Our market share in the LCV category was 64.3%, 65.4%, 60.1% in fiscal 2008, 2007 and 2006, respectively, including sales of the *Ace, Magic* and *Winger*.

Medium and Heavy Commercial Vehicles

Our M&HCVs have a wide range of applications and are generally configured as trucks, tippers, buses, tankers, tractors or concrete mixers. Our market share in the M&HCV category was 61.3%, 62.9% and 62.0% in fiscal 2008, 2007 and 2006, respectively. Our domestic sales in the M&HCV segment

58

experienced a decline of 4.2% to 165,619 units in fiscal 2008 as compared to 172,842 units in fiscal 2007 and 128,610 units in fiscal 2006. The decline in domestic sales in fiscal 2008 was partially due to a levelling off of the one-time surge in demand we experienced in the M&HCV segment last year, triggered by strict enforcement of overloading restrictions. Our performance in the M&HCV segment during fiscal 2008 was also affected by the lack of availability of vehicle finance from outside sources and constraints that we experienced in the earlier part of the year in the supplies of certain components and aggregates.

We revamped our M&HCV portfolio during fiscal 2008 and introduced a wide range of new products such as multi-axle and heavy duty trucks, tractor trailers and fully built solutions in the second half of the year. We also secured an order from the Delhi Transport Corporation for 500 low-floor CNG propelled buses, the supply of which commenced during fiscal 2008.

Exports

Our exports of vehicles manufactured in India increased by 2.2% to 54,659 units in fiscal 2008 compared to 53,474 units in fiscal 2007 and 50,223 units in fiscal 2006. We market our commercial and passenger vehicles in Australia and several countries in Europe, Africa, the Middle East, South East Asia and South Asia.

We are strengthening our position in the geographic areas we are currently operating in and exploring possibilities of entering new markets with similar market characteristics to the Indian market.

Tata Daewoo Commercial Vehicle Company Limited

TDCV recorded overall vehicle sales of 11,899 units in fiscal 2008, a 38.6% growth from the 8,588 units sold in fiscal 2007. TDCV sold 5,734 units in fiscal 2006. In South Korea, TDCV registered a market share of 33.5% in M&HCV as compared to 26.1% in fiscal 2007 and 17.6% in fiscal 2006 according to ANR Consulting. TDCV exported 3,000 units in fiscal 2008, a growth of 10% compared to 2,715 units in fiscal 2007.

Sales and Distribution of Vehicles

Our sales and distribution network in India as of June 30, 2008 comprised of over 1,500 sales outlets for our passenger and commercial vehicles business. Most of our sales outlets are exclusive Tata Motor s sales outlets. In line with our growth strategy, we formed a 100% Subsidiary, TML Distribution Company (TMLD), to act as a dedicated logistics management company to support the sales and distribution operations of our vehicles. We believe this would improve the efficiency of our selling and distribution operations and processes as well as provide a faster turnaround of working capital and cash flows.

TMLD will take over and/or set up stocking points, for both commercial vehicles and passenger vehicles, in the places of manufacture and also at different places in the country. It will help improve planning, inventory management, transport management and on-time delivery. As a focused entity, we believe it will make delivery and inventory management more efficient.

In the South Korean market, TDCV uses Daewoo Motor Sales Corporation s distribution network, the largest in South Korea. After-sales service is made available through 68 service centers and over 110 parts outlets. Exports are carried out through TDCV s own international distribution channel.

Additionally, we are in advanced stages of deploying a Siebel customer relations management system at all dealerships and offices across the country, which we believe is the largest deployments of that system in the global automotive sector. Being implemented in phases since 2003, the combined online customer relations management system initiative supports users both within the Company and among our distributors in India and abroad.

We, through our vehicle financing division and wholly owned Subsidiary, TMFL, also provide financing services to purchasers of our vehicles through our dealers, who act as our agents, and through our branch network. During fiscal 2008 and 2007, approximately 34% and 31%, respectively, of our vehicle unit sales in India were made through financing arrangements where our vehicle financing divisions provided the credit. Total vehicle finance receivables outstanding as at March 31, 2008 and 2007 amounted to Rs. 76,073.9 million and Rs. 84,536.8 million, respectively.

We use a network of service centers on highways and a toll-free customer assistance center to provide 24-hour, on-road maintenance (including replacement of parts) to vehicle owners. The wide coverage of our sales, service and maintenance network in India enables us to provide quality and timely customer service.

Vehicle Manufacturing Facilities

We currently operate four principal automotive manufacturing facilities. The first facility was established in 1945 at Jamshedpur in the State of Jharkhand in eastern India. We set up a second facility in 1966 (with production commencing in 1976) at Pune, in the State of Maharashtra in western India, and a third in 1985 (with production commencing in 1992) at Lucknow, in the State of Uttar Pradesh in northern India. We set up a new manufacturing plant at Pantnagar, in the State of Uttarakhand in northern India, which commenced commercial operations in fiscal 2008. The Jamshedpur, Pune and Lucknow manufacturing facilities have been accredited with ISO/TS 16949:2000(E) certification. We are also in the process of establishing another two facilities at Singur, in the State of West Bengal, for the manufacture of *Tata Nano*, and at Dharwad, in the State of Karnataka, for manufacture of Tata Marcopolo buses through our Subsidiary Tata Marcopolo Motors Limited. See Risk Factor Our future success depends on our ability to satisfy changing customer demands by offering innovative and competitive products on page xvi of this Letter of Offer.

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

Fiat India Automobiles Private Limited (FIAPL) - a joint venture, is located in Ranjangaon, Maharashtra. The plant would be used for the manufacture of Tata and Fiat branded products as well as engines and transmissions for use by both the partners.

Tata Motors (Thailand) Limited is our Subsidiary formed with Thonburi for the manufacture and assembly of pickup trucks. The manufacturing facility is located in Samutprakarn province, Thailand. Our 21% stake in Hispano provides us with access to two manufacturing units, one in Spain and another one in Morocco.

Installed Capacity

As of March 31, 2008, our total vehicle production capacity in India, determined on the basis of two production shifts per day and including capacity for the manufacture of replacement parts, was 772,000 units annually.

The following table shows the capacity and production levels on a non-consolidated basis at our principal manufacturing facilities in fiscal 2008, 2007 and 2006.

	Jamshedpur			Pune			Lucknow			Pantnagar		
Particulars	**Fiscal 2008**	**Fiscal 2007**	**Fiscal 2006**	**Fiscal 2008**	**Fiscal 2007**	**Fiscal 2006**	**Fiscal 2008**	**Fiscal 2007**	**Fiscal 2006**	**Fiscal 2008**	**Fiscal 2007**	**Fiscal 2006**
Capacity (units)	102,000	96,000	66,000	565,000	556,000	439,500	30,000	30,000	30,000	75,000	NA	NA
Production (units)	95,145	98,227	69,891	436,177	458,324	366,468	26,900	28,235	19,963	23,136	NA	NA

Additionally, we have a vehicle production capacity of 20,000 units annually in South Korea through the manufacturing facilities of TDCV.

Table of Contents

Components and Raw Materials

The principal raw materials required for the production of motor vehicles are steel sheets, plates, castings, forgings and components, assemblies and aggregates. The raw materials, components and consumables that are domestically sourced include steel (sheet-metal, forgings and castings), tyres and tubes, batteries, fuel injection systems, air-oil filters and various consumables like paints, oils, thinner, welding materials, chemicals, adhesives, sealants and fuel. Certain aggregates like axles, engines, gear boxes and cabs are sourced from our Subsidiaries and associates.

The following table sets forth a breakdown of the raw materials and components consumed by the Company on a non-consolidated basis in fiscal 2008, 2007 and 2006:

S. No.	Raw materials / components	Unit of Measurement	Fiscal 2008		Fiscal 2007		Fiscal 2006	
			Quantity	Rs. million	Quantity	Rs. million	Quantity	Rs. million
1.	Steel	Tonnes	193,864	6,427.3	2,16,083	6,610.5	164,284	5,815.0
2.	Steel Tubes	Tonnes	18	3.2	112	8.6	730	47.5
3.	Non-ferrous alloys/metals	Tonnes	3,396	495.6	2,658	429.5	2,306	272.5
4.	Ferro Alloys	Tonnes	1,671	107.2	1,862	119.6	1,626	100.5
5.	Steel Melting Scrap	Tonnes	62,829	1,629.1	97,608	1,471.1	79,463	1,205.9
6.	Paints, Oils and Lubricants	Tonnes	7,453	2,032.9	8,827	2,183.3	4,390	1,749.0
		Kilo liters	13,619		14,769		14,366	
7.	Tyres, Tubes and Flaps	Nos.	4,711,883	16,081.9	4,610,652	13,597.0	3,700,687	8,412.0
8.	Engines	Nos.	93,114	12,928.0	84,472	11,790.1	61,643	8,658.4
9.	Other components			146,215.6		142,947.6		106,390.4
	Total			**185,920.8**		**179,157.3**		**132,651.2**

Note: The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable times, etc. The figure of other components is a balancing figure based on the total consumption shown in the profits and loss account.

We have undertaken an e-commerce initiative through the development of a business-to-business site with the assistance of our Subsidiary, TTL, for electronic interchange of data with our suppliers. This has enabled us to have real time information exchange and processing to manage our supply chain effectively. We use external agencies as third party logistic providers. This has resulted in space and cost saving by transferring a part of our inventory to a third party.

As part of our strategy to become a low-cost vehicle manufacturer, we have undertaken various initiatives to reduce our fixed and variable costs including an e-sourcing initiative started in 2002 through which we procure some supplies through reverse auctions.

We have established a procedure for ensuring quality control of outsourced components. Products purchased from approved sources undergo a supplier quality improvement process. We also have a program for assisting vendors from whom we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery. Preference is given to vendors with QS-9000 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance and ongoing dialogue with workers to reduce production errors.

Table of Contents

Further, in 2003, we established a Strategic Sourcing Group to consolidate, strategize and monitor our supply chain activities with respect to major items of purchase as well as major inputs of technology and services. The Strategic Sourcing Group is responsible for recommending for the approval by the Management Committee the long-term strategy and purchase decision for these items, negotiation and relationship with vendors with regard to these items, formulating and overseeing our purchasing policies, norms in respect of all items, evolving guidelines for vendor quality improvement, vendor rating and performance monitoring and undertaking company-wide initiatives such as e-sourcing and supply chain management/policies with respect to vehicle spare parts. We are also exploring opportunities for global sourcing of parts and components from lower cost countries, and have embarked on a vendor management program that includes vendor base rationalization, vendor quality improvement and vendor satisfaction surveys.

Suppliers

We have established a supply chain for procuring various components. We also outsource many of our manufacturing processes and activities to various suppliers. In such cases, we provide training to outside suppliers who design and manufacture the required tooling and fixtures.

Tata AutoComp Systems Limited (TACO), our associate company, manufactures auto components and encourages the entry of internationally acclaimed auto component manufacturers into India by setting up joint ventures with them. Some of these joint ventures supply components for our products such as seats, commercial vehicle air brakes, wiring harnesses, pressed components and radiator assemblies.

We have embarked upon a vendor management program that includes vendor base rationalization, vendor quality improvement and vendor satisfaction surveys. As part of driving continuous improvement in procurement, we have integrated our system for electronic interchange of data with our suppliers with the ERP. This has facilitated real time information exchange and processing and enables us to manage our supply chain more effectively.

We import some components that are either not available in the domestic market or when equivalent domestically-available components do not meet our quality standards. We also import products to take advantage of lower prices in foreign markets, such as special steels, wheel rims and power steering assemblies. The following table shows the imported and indigenous raw material and components consumed by us on a non-consolidated basis:

S. No.		Fiscal 2008 Rs. million	Fiscal 2007 Rs. million	Fiscal 2006 Rs. million
1.	Imported (at rupee cost)	8,558.2	6,967.1	6,160.1
2.	Indigenously obtained	177,362.6	172,190.2	126,491.1
	Total	**185,920.8**	**179,157.3**	**132,651.2**

Employees

We consider our human capital as a critical factor to our success. Under the aegis of the Tata Group, we have drawn up a comprehensive human resource strategy that addresses key aspects of human resource development such as:

- a fair and objective performance management system linked to the performance of the businesses which identifies and differentiates high performers while offering separation avenues for non-performers;
- a common pool of talented managers across the Tata Group with a view to increasing their mobility through inter-company job rotation;
- performance-based compensation packages to attract and retain talent within the Tata Group; and

comprehensive training programs to impart and continuously upgrade the industry/function specific skills.

62

Table of Contents

In line with the human resource strategy, we have also implemented various initiatives in order to build better organizational capability that we believe will enable us to sustain competitiveness in the global market. Our people practices and employee engagement has enabled us be adjudged the Best Employer in 2004 and one of the Best Employers in 2003 by Hewitt Associates. This has also been aided through continuous benchmarking of internal HR processes to support the Company s journey towards becoming a global player.

Our human resources focus is to attract talent, retain the better and advance the best. Some of the initiatives to meet this objective include:

- Nation-wide recruiting efforts to meet the requirements of our expansion plans;
- Extensive process mapping exercise to benchmark and align the human resource processes with global best practices;
- Introduction of a globally benchmarked employee engagement survey;
- Succession planning through identification of second level of managers for all units, locations, functions;
- Implementation of a Fast Track Selection Scheme , which is a system for identifying potential talent in the areas of general, commercial and operations management and offering them opportunities for growth within the organization;
- Talent Management Scheme which includes identification of high performers and high potentials through various routes like PMS and Development Centres. Subsequent to the identification process we provide them with challenging assignments for faster development;
- Introduction of performance rating based salary review and quality linked variable payment for supervisory category of employees;
- Extensive brand building initiatives at university campuses to increase recruiting from premium universities; and
- Introduction of an employee self-service portal and an employee help desk for the benefit of employees.

We employed approximately 36,788, 29,385 and 26,742 permanent employees as of March 31, 2008, 2007 and 2006, respectively. In addition to our full-time employees, we retain contract workers to assist us in various aspects of our business. The terms of engagement for our contract workers are different than that of our full-time employees.

Training and Development

We are committed to building the competencies of our employees and improving their performance through training and development. Our focus is on identifying gaps in our employees competencies and preparing employees for changes in competitive environments, as well as to meet organizational challenges.

Some of the areas we focused on during fiscal 2008 include leadership, innovation management and internationalization besides other training programs to drive a change in our employees outlook as we continue to develop as a global competitor. Developmental initiatives for our senior leadership were undertaken through international programs at various institutions around the world. Our entire senior leadership was also taken through a cultural sensitivity program. Certain employees have also been selected for the Fulbright fellowships for leadership in management. In addition, in order to emphasize the sharing of skills across our locations and functions extensive technical training programs were organized in Pune, Jamshedpur and Lucknow. The technical exposure was enhanced further through international training and participation at international seminars.

At Jamshedpur, Pune and Lucknow in India, we have also established training divisions that impart basic skills in various trades like milling, grinding and welding to our young apprentices.

Table of Contents

Labour Union

All our regular employees in India, other than management, are members of labour unions. In March 2000, we declared a lock-out in our Lucknow manufacturing facility, which was lifted in September 2000 upon the formation of a new union. Except for this incident, we have generally enjoyed cordial relations with our employees at our factories and offices.

Employee Compensation

Every year we conduct a survey to ascertain the compensation levels for various categories of white collar employees across the industry. The salaries for our employees are then determined in connection with their respective performance during the fiscal year.

Manufacturing employee wages are paid in accordance with wage agreements that have varying terms (typically three years) at the different locations.

The performance rating system, introduced for the first time, for the bargainable category in Mumbai and Passenger Car Business Unit (PCBU), has completed two full cycles. To encourage quality focus among our shop floor employees, we also introduced allowances linked to quality perception of customers.

Research and Development and Capital Expenditure

Our research and development activities focus on product development, environmental technologies and vehicle safety through our Engineering Research Centre, (ERC). Established in 1966, our ERC is a government recognized in-house automotive research and development center in India.

During fiscal 2006, we established our wholly-owned Subsidiary, TMETC, in the United Kingdom to augment the abilities of our ERC. TMETC provides us with access to cutting-edge technologies and supports the product development activities which we currently plan to undertake in order to sustain and enhance our position in the increasingly competitive global markets.

One of the most significant achievements of ERC has been the design and development of the *Indica*, which is India s only indigenously developed compact car. ERC also designed the *Indigo*, which was launched in 2002 and has been the market leader in the entry mid-size market category in India in fiscal 2008, 2007 and 2006 according to Frost & Sullivan. We have also developed the *Tata Nano*, an affordable family car, which was unveiled at the Auto Expo 2008 in New Delhi and at the Geneva Motor Show. We believe that there will be significant demand for the *Tata Nano* in the Indian market.

Our acquisition of TDCV provided us with a significant advantage in the development process of the *World Truck*, which will be a sophisticated and contemporary M&HCV with performance standards akin to those in developed markets.

In addition, our research and development activities also focus on developing vehicles running on alternative fuels, including CNG, liquefied petroleum gas, bio-diesel, compressed air and electric cars. We currently have over 40 staff buses running on bio-diesel at one of our manufacturing plants. We are pursuing alternative fuel options such as ethanol blending for our automobiles and development of vehicles fuelled by hydrogen. Initiatives in the area of vehicle electronics such as engine management systems, in-vehicle network architecture, telematics for communication and tracking and other emerging technological areas are also being pursued and which could possibly be deployed on our future range of vehicles.

We are also widening the scope of our research and development activities from in-house product and technology development to managing the research and development process across various internal and external agencies, including our research and development centers in South Korea, Spain and the United Kingdom, as well as at various aggregate parts suppliers and outsourcing partners.

Table of Contents

We have a modern crash test facility, a pedestrian safety testing facility, a pendulum impact test facility and a bus rollover test facility to ensure compliance to various safety norms. We also have a hemi-anechoic chamber testing facility for developing vehicles with lower noise and vibration levels and an engine emissions testing facility to develop products meeting international standards.

Our product design and development center is equipped with computer-aided design, manufacture and engineering tools, with sophisticated hardware, software, and other information technology infrastructure, designed to create a digital product development environment and virtual testing and validation, resulting in faster product development cycle-time and data management. Rapid prototype development systems, testing cycle simulators, advanced emission test laboratories and styling studios are also a part of our product development infrastructure and are regularly used in product development. The Company has aligned its Digital Product Development objectives and infrastructure with its business goals, and has made significant investments to enhance its Digital Product Development capabilities through CAD/CAM/CAE/KBE/PDM.

Our capital expenditure aggregated to Rs. 58,544.9 million, Rs. 28,601.5 million and Rs. 14,633.4 million during fiscal 2008, 2007 and 2006, respectively. Our capital expenditure during the past three fiscal years has been related mostly to capacity expansion for new and existing products to meet the market demand and investments towards improving quality, reliability and productivity that are aimed at increasing our operational efficiency. Over the years, we have devoted significant resources towards our research and development activities. TML s total expenditure on research and development during fiscal years 2008, 2007 and 2006 was Rs. 11,959.7 million, Rs. 7,968.6 million and Rs. 4,761.2 million respectively on a non-consolidated basis.

We intend to continue to invest in our business units and research and development over the next several years in order to improve our existing product range and developing new products and platforms to build and expand our presence in the passenger vehicle and commercial vehicle categories. We believe this would strengthen our position in India and help us to grow our presence in select international markets.

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

Competition

We face competition from various domestic and foreign automotive manufacturers in the Indian automotive market. Improving infrastructure and robust growth prospects compared to other mature markets are now attracting a number of international companies to India who have either created joint-ventures with local partners or have established independently owned operations in India. Global players bring with them decades of international experience, global scale, advanced technology and strong financial position. Hence competition is likely to intensify further in the future. As a result of our international growth strategy, we also face significant competition from foreign automobile manufacturers in markets outside of India.

We have designed our products to suit the specific requirements of the Indian market based on specific customer needs such as safety, driving comfort, fuel efficiency and durability. We believe that our vehicles are suited to the general conditions of Indian roads and local climate and comply with applicable environmental regulations currently in effect. We also offer a wide range of optional configurations to meet the specific needs of our customers, including in international markets.

Seasonality and Cyclicality

Demand for our vehicles in the Indian market is subject to seasonal variations. Demand generally peaks between January and March, although there is a decrease in demand in February just before release of the Indian Fiscal Budget. Demand is usually lean from April to July and picks up again in the festival season from September onwards, with a decline in December due to year end. Furthermore, the automotive industry has been cyclical in the past and we expect this cyclicality to continue.

Table of Contents

Intellectual Property

Tata Motors Limited has 170 trademarks registered in India and approximately 186 trademark applications which are currently pending registration. In addition to this, our significant trademarks are registered, or are in the process of being registered in other countries. We currently hold approximately 331 of these registrations worldwide and have made 67 applications out of India. The registrations mainly include trademarks for each of our vehicle models. Further, we also use the Tata brand, which has been licensed to us by Tata Sons Limited. Additionally, Tata Sons has applied for 9 trademarks in the name of the Company. The Company has applied for 4 trademarks in the name of Telcon. As part of our acquisition of TDCV, we have the perpetual and exclusive use of the Daewoo brand and trademarks in Korea and overseas markets for the product range of TDCV. TDCV holds South Korean trademark registrations for 14 utility models and 5 designs.

India is a member of the World Trade Organization. In compliance with its obligations under the Agreement on Trade Related Aspects of Intellectual Property, (TRIPS), India grants statutory protection to various forms of intellectual property, including patents, copyrights, industrial designs and trademarks. The Trade Marks Act, 1999 and the Copyright Act, 1957, as amended, which are currently in force in India, are TRIPS compliant. The Patents Act, 1970, as amended, to the extent that it relates to our business and operations, provides adequate product and process patent protection in India in accordance with its obligations under TRIPS.

We currently own 20 patents and have 183 patent applications pending registration in India. We have also filed patent applications in UK, US & Europe (EP). In addition we have filed 29 applications under the Patent Corporation Treaty which will be entered in different countries later.

In addition, TDCV holds 11 patents in South Korea.

We have filed 83 design applications in India for aesthetic features of products/components.

In addition to the above, we also have various copyright and Internet domain name registrations.

In varying degrees, all of our trademarks, brands or patents are important to us. In particular, the expiration or termination of the Tata brand could materially affect our business.

Environmental, Health and Safety

We have a history of commitment to the improvement of the quality of life of the community we serve. We have developed and are involved in social development, environmental management and biodiversity conservation programmes.

We are committed to serving rural communities around our manufacturing locations. Community service divisions have been established at our manufacturing plants to work with various societies for purposes of improving living conditions in villages adjoining the plants. We are also engaged in programmes which encourage economic independence through self-initiated cottage industries, community and social forestry, water and road projects, improve rural health and propagate family planning benefits.

We are engaged in improving the fuel efficiency of our products and developing alternative fuel vehicles. Our CNG buses are successfully running in Delhi and Mumbai. The forty staff buses running on bio-diesel fuel at one of our manufacturing facilities are an example of how we are working towards a greener environment.

Table of Contents

Our manufacturing facilities in Jamshedpur, Pune and Lucknow have been certified to ISO:14001 Environment Management System (EMS) standard. Measures to re-use and recycle packaging material and metal scrap as well as measures designed to conserve energy have been implemented in our plants and offices in India. These measures are aimed at the effective management and utilization of energy resources.

Use of alternate energy is also promoted in manufacturing units of the company. Taking opportunity of the Clean Development Mechanism, Tata Motors Limited initiated action for 20.85 MW Wind Power Projects installed and commissioned at Satara & Supa. The Ministry of Environment in New Delhi, India, issued Host Country Approval for the project and the project was validated by M/s BVQI and registered by UNFCCC. Our wind power project has also been successfully registered with the United Nations Convention on Climate Change for trading carbon credits. In September 2007, we successfully traded the CERs through e-bidding on the Chicago Climate Exchange.

Tata Motor s contribution in national development, environmental conservation and societal value creation has been acknowledged at various forums. The Company has received awards such as the CII-EXIM award for Business Excellence, CII awards for Corporate Sustainability Reporting, Energy Efficiency and Energy Management, Green Governance Award by the Bombay Natural History Society and the Golden Peacock Global Award for Corporate Social Responsibility by the Institute of Directors.

We are committed to maintaining a safe and healthy working environment. As a part of our commitment, a revised Occupational Health and Safety policy was adopted in July 2007. We have clinical facilities in terms of a team of doctors and paramedics, which runs 24-hour medical centres in our manufacturing facilities. Our dispensaries are well equipped to offer basic and advanced life support to employees should the need arise. We have also established joint management-worker health and safety committees that meet regularly throughout the year for purposes of facilitating a two-way communication that aids in the reduction of injury rates, occupational diseases, lost days and absenteeism and work-related fatalities.

Insurance Coverage

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

Other Operations

In addition to our automotive operations, we are also involved in various other business activities primarily consisting of information technology services and construction equipment manufacturing. Our non-automotive segment recorded revenues before inter-segment eliminations of Rs. 37,038.1 million, Rs. 27,078.9 million and Rs. 18,093.9 million for the year ended March 31, 2008, 2007 and 2006.

Information Technology Services:

TTL, is our 81.71% owned Subsidiary as of March 31, 2008. Through its operating companies, INCAT and Tata Technologies iKS, TTL provides specialized engineering and design services, product lifecycle management and product-centric IT services to leading manufacturers.

Table of Contents

Construction Equipment:

Telco Construction Equipment Company Limited, (Telcon), is engaged in the business of manufacturing and sale of construction equipment and providing related supporting services. We own 60% of Telcon, with the remaining 40% being held by Hitachi Construction Machinery Company Limited, Japan.

For more information on the businesses of our Subsidiaries and associate companies see Business Subsidiaries, Associates and Joint Venture on page 80 of this Letter of Offer.

The Jaguar Land Rover Business

The following is a discussion of the business of Jaguar Land Rover and the significant factors influencing the results of operations of Jaguar Land Rover, which was acquired by the Company on June 2, 2008.

Overview

Jaguar Land Rover is a global premium automotive business which designs, engineers and manufactures Jaguar luxury performance cars and Land Rover premium all-terrain vehicles. Jaguar s roots go back to Jaguar s Swallow Side Car Company founded in 1922. Land Rover launched its first all-terrain utility vehicle in 1948. Jaguar Land Rover produces nine vehicle lines with sales of 288,544 units for the year ended December 31, 2007 and operates three vehicle manufacturing facilities in the United Kingdom.

On June 2, 2008, the Company completed the acquisition of Jaguar Land Rover from Ford. As part of the acquisition, the Company acquired the global businesses relating to Jaguar Land Rover including three vehicle manufacturing facilities, one veneer production facility, two advanced design centers, 26 national sales companies, intellectual property rights (including perpetual royalty free licenses), and brands and trade marks. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financing of the Jaguar Land Rover Acquisition and Objects of the Issue on pages 135 and 23 of this Letter of Offer for further details on the financing of the acquisition of Jaguar Land Rover.

Prior to the acquisition of Jaguar Land Rover by the Company, the business of Jaguar Land Rover comprised a number of subsidiaries (including national sales companies), several divisions and the Halewood facility all of which were integrated into Ford. Under the acquisition process, certain divisions relating to Jaguar Land Rover were carved out and either transferred to existing companies or to new companies formed as a part of the reorganization process. These companies together with the existing subsidiaries and the Halewood facility relating to Jaguar Land Rover were re-constituted under Jaguar Cars Limited and Land Rover which are subsidiaries of JaguarLandRover Limited, TML s indirect Subsidiary. However, certain of these divisions relating to distribution operations in 15 countries will be transferred by Ford to Jaguar Land Rover on completion of pending formalities and receipt of local regulatory approvals. We have also entered into arrangements with Ford and other third parties for platform sharing, procurement of engines, and other components, as well as in respect of certain corporate services such as information technology, accounting and treasury services, marketing and purchasing services, and vehicle financing for Jaguar Land Rover s dealers and customers.

All of Jaguar Land Rover s customer interface activities have dedicated, brand specific marketing teams with complementary global distribution networks and brand specific design teams supported by a single engineering team sharing technologies and know-how. Functions such as purchasing, information technology, finance, quality control and various engineering and developmental activities are centrally integrated.

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

Table of Contents

Jaguar Land Rover will continue to seek to build upon its internationally recognized brands and advanced technology to provide desirable vehicles to customers in both established markets as well as in growing markets such as Russia and China. Jaguar Land Rover will continue to invest in new technologies through its research and development activities to develop products that meet the requirements of the premium segment, including developing sustainable technologies to improve fuel economy and reduce CO_2 emissions. Furthermore, Jaguar Land Rover will also continue to focus on measures to reduce costs, increase operational efficiency and maintain vehicle quality.

Acquisition Rationale

We anticipate that our acquisition and operation of Jaguar Land Rover will result in benefits to us, including (i) immediate entry to the luxury performance car and premium all-terrain vehicle segments; (ii) an improvement in our global market position through a combination of resources and strengths; (iii) strengthening of technological and product development/ innovation capabilities to address changing market trends; (iv) sharing of best practices in manufacturing and quality assurance systems and processes; (v) enhanced human capital and managerial talent; and (vi) potential operational synergies.

The acquisition of Jaguar Land Rover enabled us to acquire internationally recognized brands with a strong heritage and global presence, and increases our product and market diversity. Jaguar Land Rover, which recorded more than 75% of its sales in the US, UK and the rest of Europe for the year ended December 31, 2007, will expand and diversify our international sales market, allowing us to reduce our reliance on the Indian market.

Land Rover provides us an opportunity to broaden our existing portfolio of UV, SUV and crossover offerings. Land Rover s products in the all-terrain vehicle segment are complementary to our products in terms of features, technology and price positioning and as such, allow us to offer a wide range of vehicles that satisfies various consumer needs. Additionally, Jaguar s premium product offerings will provide us with immediate entry into the luxury performance car segment.

The acquisition of Jaguar Land Rover also enables us to leverage Jaguar Land Rover s technology and engineering expertise. For example, Jaguar Land Rover s technological capabilities in petrol engines, Four Wheel Drive technology and Aluminium BIW (Body in White) technology will help us further develop and strengthen our existing engineering capabilities. Through the acquisition, we also gain research and development capabilities of Jaguar Land Rover s strong engineering workforce and its two advanced design centres in the UK.

We believe Jaguar Land Rover will benefit from the acquisition because we will be able to leverage our low cost engineering and sourcing capabilities in favour of Jaguar Land Rover and thereby support Jaguar Land Rover in its cost reduction initiatives and improve profitability. Similarly, in advanced technology areas, we will be able to leverage Jaguar Land Rover s expertise and supply chain.

Jaguar Land Rover s Product Offerings

Jaguar

Jaguar s vehicle lines and sales volumes for the period from January 1, 2008 to June 30, 2008 and the calendar years ended December 31, 2007, 2006, 2005 and 2004 are shown in the table below:

Model	Year Launched*	January 1, 2008 to June 30, 2008 (units)	December 31, 2007 (units)	December 31, 2006 (units)	December 31, 2005 (units)	December 31, 2004 (units)
S-Type	1999	153	13,075	16,730	24,332	27,180
X-Type	2001	8,796	21,420	30,153	43,943	61,174
XJ	2003	3,885	10,195	11,191	14,021	15,715
XK	2006 ^	4,075	11,199	12,932	4,448	4,420
XF	2008	23,054	1			
Total		**39,963**	**55,890**	**71,006**	**86,744**	**108,489**

* *Launch of new model or major refresh.*

^ *New XK was launched in 2006.*

Table of Contents

The Jaguar S-Type, the Jaguar XF s predecessor, is a medium-size four-door sports sedan, available with turbocharged V6 diesel and V6/V8 petrol engines and automatic transmission as part of the standard features. The S-Type was discontinued in 2007.

The Jaguar X-Type is a compact-size four-door sedan available with a range of petrol and diesel engines, manual and automatic transmissions. The awards won by the X-Type include the Autopacific, 2007 Vehicle Satisfaction Award for Aspirational Luxury Car .

The Jaguar XJ is an all-aluminium large-size four-door sedan, offered with a range of V6 turbocharged diesel engines or V8 petrol engines, normally aspirated and supercharged. The awards won by the XJ include the Britain s greenest luxury car award by the Environmental Transport Association s Car Buyers Guide in 2007 and 2008.

The Jaguar XK is an all-aluminium sports coupe and convertible available with normally aspirated and supercharged V8 petrol engines. The awards won by the XK include the Car of the Year and GT of the Year award from Top Gear in 2006.

The Jaguar XF is Jaguar s most recent new launch. It is a stylish medium-size four-door sports sedan, available with a range of turbocharged V6 diesel and V6/V8 petrol engines and automatic transmission as standard features. The awards won by the XF include the What Car? magazine s Best Executive Car and Car of the Year award in 2008.

In the late 1990s, Jaguar adopted a strategy to launch new models in segments where it had not previously been present, and compete directly with the volume executive sedan markets with the introduction of the S-Type and X-Type in 1999 and 2001, respectively.

Following a strategic review undertaken in 2002-2003, Jaguar began to review its product portfolio to re-position Jaguar in the niche premium segment along its mission of creating Beautiful Fast Cars . With this view, Jaguar launched the new XK in 2006 and the XF in 2008 with a range of high-end features. Jaguar also intends to launch a new XJ model in 2009 to replace the previous XJ version. Moreover, Jaguar Land Rover believes that increased focus on improving dealer sales processes will also support Jaguar in its re-positioning strategy. For instance, Jaguar received the highest Customer Service Index in USA according to a study conducted by J.D. Power and Associates in both 2007 and 2008. Furthermore, Jaguar began a restructuring program with a focus on cost reduction and improving operational efficiencies in the sale and manufacturing processes. We believe that this strategy of focusing on the niche premium segment aligned with Jaguar s focus on enhancing the customer experience and cost reduction would enhance margins.

Table of Contents

Land Rover

Land Rover s vehicle lines and sales volumes for the period from January 1, 2008 to June 30, 2008 and the calendar years ended December 31, 2007, 2006, 2005 and 2004 are shown in the table below:

Model	Year Launched *	January 1, 2008 to June 30, 2008 (units)	December 31, 2007 (units)	December 31, 2006 (units)	December 31, 2005 (units)	December 31, 2004 (units)
Defender	1948	12,992	23,748	23,065	22,711	26,332
Range Rover	2001	13,327	29,996	28,441	28,538	32,582
Discovery/LR3	2004	20,883	45,023	52,504	56,440	41,900
Range Rover Sport	2005	27,459	61,247	58,461	36,839	
Freelander/ Freelander 2/LR2^	2006	34,496	72,640	29,637	43,342	62,515
Total		**109,157**	**232,654**	**192,108**	**187,870**	**163,329**

* *Launch of new model or major refresh.*

^ *New Freelander was launched in 2006.*

The Land Rover Defender was launched in 1948 and is the vehicle that launched Land Rover. It has received many updates through its lifetime, with the most recent update in its engine, transmission and interior in 2007. The awards won by the Land Rover Defender include the 4 X 4 of the year and the Extreme Class award from the 4 X 4 Magazine in 2007.

The Range Rover is a luxury all-terrain vehicle available with a range of diesel and petrol engines. It offers Land Rover s off-road capabilities including ability to adapt setting for gearbox, throttle, air suspensions and traction control to suit tarmac, sand, snow, mud and boulders through Land Rover s Terrain Response® system. The awards won by the Range Rover include the Best Luxury 4WD in the 2007 Overlander 4 WD Awards, 4 X 4 of the Century by Auto Verte in 2006 and the APPEAL award by JD Power, USA in 2005.

The Land Rover Discovery/LR3 is a versatile seven-seat all-terrain vehicle with Land Rover s Terrain Response® system. The Land Rover Discovery/LR3 is available with range of diesel and petrol engines. The awards won by the Land Rover Discovery/LR3 include the Best Large 4x4 award from the What Car? magazine and Business Awards in 2007 and 2008 as well as the Best 4x4 of 2007 award from Planet 4x4 magazine.

The Range Rover Sport is a performance all-terrain vehicle available with a range of diesel and petrol engines, offering full Land Rover off-road capabilities. The awards won by the Range Rover Sport include Best Diesel 4x4 award by Diesel Car Magazine, UK in 2006.

The Land Rover Freelander 2/LR2 is the largest selling model in Land Rover range. It is a compact all-terrain vehicle with Land Rover s full off-road capabilities, available with a range of diesel and petrol engines, and manual and automatic transmissions. The awards won by the Land Rover Freelander/LR2 include the Best Compact 4x4 award from the What Car? magazine in 2008 and the SUV of the Year award from Top Gear in 2006.

Land Rover also expects to launch new lighter vehicles with smaller engines. The new products are intended to contribute towards making the Land Rover brand more fuel efficient with reduced emissions. Recently, Land Rover has showcased the LRX concept vehicle which is intended as a compact crossover all-terrain vehicle having a hybrid diesel engine, high fuel economy and low emissions. In addition, Land Rover will continue to focus on cost reduction measures, supply chain management and quality improvements.

71

Table of Contents

Sales and Distribution

The following table shows the number of global retail sales locations for Jaguar Land Rover vehicles as at December 31, 2007:

	Jaguar	Land Rover	Of which joint
North America	207	206	69
United Kingdom	97	129	20
Europe (excluding UK and Russia)	333	705	170
Russia	17	29	
Asia Pacific (excluding China)	23	47	
China	34	38	
Rest of the World	147	245	100
Total	**858**	**1,399**	**359**

Notes:

1) *North America: US, Canada, Mexico*

2) *Europe: Ireland, Norway, Portugal, Sweden and rest of Europe, France, Austria, Belgium, Germany, Netherlands, Italy, Spain, Switzerland*

3) *Asia Pacific (excluding China): Taiwan, South Korea, Thailand, Singapore, Rest of Asia (excluding Japan)*

4) *Rest of the World: Japan, Australia, Brazil, Rest of Americas, South Africa, Middle East and North Africa, Sub Saharan Africa, New Zealand*

Sales locations for Jaguar Land Rover vehicles are operated as independent franchises. Jaguar Land Rover is represented in its key markets through national sales companies as well as third party importers. Jaguar Land Rover has regional offices in certain select countries that manage customer relationships, vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the UK.

A majority of the Jaguar Land Rover parts and accessories business, including stocks and logistics management, is performed by Unipart and Caterpillar for Jaguar and Land Rover, respectively, pursuant to contractual arrangements.

The following table shows regional sales volumes for Jaguar Land Rover vehicles for the period from January 1, 2008 to June 30, 2008 and the calendar year ended December 31, 2007:

	January 1, 2008 to June 30, 2008		December 31, 2007	
	Jaguar (units)	Land Rover (units)	Jaguar (units)	Land Rover (units)
North America	10,925	16,505	13,994	56,069
United Kingdom	11,268	25,306	17,802	49,129
Europe (excluding UK and Russia)	11,029	32,010	14,824	74,557
Russia	853	10,459	1,135	12,626
Asia Pacific (excluding China)	841	1,556	1,065	2,467

China	1,465	6,621	823	9,023
Rest of the World	3,582	16,700	6,247	28,783
Total	**39,963**	**109,157**	**55,890**	**232,654**

Notes:

1) *North America: US, Canada, Mexico*

2) *Europe: Ireland, Norway, Portugal, Sweden and rest of Europe, France, Austria, Belgium, Germany, Netherlands, Italy, Spain, Switzerland*

3) *Asia Pacific (excluding China): Taiwan, South Korea, Thailand, Singapore, Rest of Asia (excluding Japan)*

4) *Rest of the World: Japan, Australia, Brazil, Rest of Americas, South Africa, Middle East and North Africa, Sub Saharan Africa, New Zealand*

Table of Contents

Financial Services

Prior to our acquisition of Jaguar Land Rover in June 2008, Ford Motor Credit Company (Ford Motor Credit) provided automotive financial services to a number of dealers and customers of Jaguar Land Rover. Under agreements with Ford, Jaguar Land Rover s dealers and customers will continue to have access to Ford Motor Credit s financing facilities for a period of up to 12 months in various markets following our acquisition of Jaguar Land Rover, while Jaguar Land Rover migrates to alternative arrangements. Jaguar Land Rover has recently announced the selection of Fiat Group Automobiles Financial Services to be its exclusive partner in Jaguar Land Rover s European markets. Jaguar Land Rover is also in advanced stages of selecting a strategic financial services partner for the North American market. In the remaining markets, Jaguar Land Rover is evaluating alternative options with potential partners.

Manufacturing Facilities

Jaguar Land Rover s principal manufacturing facilities are at Halewood, Solihull and Castle Bromwich in the United Kingdom. The Halewood plant produces the Jaguar X-Type and Land Rover Freelander/LR2 models. The Solihull plant produces the Range Rover, Range Rover Sport, Discovery and Defender models. The Castle Bromwich plant produces Jaguar XK, XJ and XF models. Jaguar Land Rover also has an additional facility located at Browns Lane that produces veneers for all its models.

Components and Raw Materials

Jaguar Land Rover utilizes a number of raw materials in the production of its vehicles, such as steel, aluminium, precious metals, copper and resins. Furthermore, Jaguar Land Rover works with a base of strategic suppliers to meet its requirements for parts and components. Jaguar Land Rover has established quality control programmes to ensure that externally purchased raw materials and components are monitored and meet its quality standards. Such programmes include site engineers from Jaguar Land Rover who regularly interface with suppliers and carry out visits to supplier sites to ensure that relevant quality standards are been adhered to. The site engineers are also supported by persons in other functions, such as program engineers who interface with new model teams as well as resident engineers co-located at Jaguar Land Rover plants, who provide the link between the site engineers and the Jaguar Land Rover plants.

Ford has been and continues to be a major supplier of parts and services. In connection with our Acquisition of Jaguar Land Rover in June 2008, supply agreements have been entered into with Ford, ranging from duration of seven to nine years, for (i) the long term supply of engines developed by Ford, (ii) engines developed by Jaguar Land Rover but manufactured at Ford plants and (iii) engines from Ford-PSA cooperation. In addition to Ford, Jaguar Land Rover depends upon other external suppliers for its parts and components including ZF Group, Lear Group, Johnson Control Inc., Faurecia, Visteon and Denso.

Jaguar Land Rover has and will continue to work with its suppliers to optimize its procurements and enhance its supplier base, including sourcing certain of its raw material and component requirements from low cost countries.

Employees

As of June 30, 2008 Jaguar Land Rover had approximately 15,980 full-time employees. In addition, Jaguar Land Rover uses contract workers to assist in various aspects of the business depending on workload and demand. Jaguar Land Rover focuses its recruitment efforts on attracting and retaining capable individuals. Jaguar Land Rover provides employees with several training programs, including courses in areas as diverse as health and safety, and leadership/management skills. Employees can choose to take part-time external courses to obtain degrees or professional qualifications relevant to their work, which may be funded by Jaguar Land Rover. Employees may also receive an annual allowance to receive non-work related training. Jaguar Land Rover believes that the emphasis on training and development helps its employees meet business challenges effectively.

Table of Contents

Jaguar Land Rover s shop-floor workers are union members, as are certain of Jaguar Land Rover s salaried staff. Jaguar Land Rover s union agreements provide for standard terms and conditions for covered workers, including compensation, benefits, working hours and working practices. Jaguar s current union agreements were entered into in November 2006 and Land Rover s current union agreements were entered into in November 2007. Both agreements will expire in October 2009.

For salaried employees who are not in unionized grades, Jaguar Land Rover has established an information and consultation forum which seeks the views and consults with representatives of these employees.

The standard remuneration package for full-time Jaguar Land Rover employees includes a salary, which is increased in line with negotiated general increases under union contracts or in line with individual performance and the performance of the business; a bonus tied to Jaguar Land Rover s performance and individual performance (in certain salaried grades); and various allowances and benefits, including heath care (at certain grades), child care and pension benefits. Jaguar Land Rover has a performance-related pay plan for managerial staff in order to recognize and reward superior performance. Jaguar Land Rover currently does not have an employee stock option plan.

Jaguar Land Rover has not experienced any major disruptions in recent years due to strikes or work stoppages at any of its manufacturing facilities, and the recent change of ownership from Ford to the Company passed with no disruption or loss of production.

Pensions

Jaguar Land Rover provides pension benefits for substantially all of its employees in the United Kingdom under three defined benefit plans namely the Jaguar Pension Plan (JPP), Jaguar Executive Pension Plan (JEPP) and the Land Rover Pension Scheme (LRPS) (collectively, UK Pension Plans). A formal valuation of the liabilities must be performed by qualified actuaries (using various financial and demographic assumptions about future events) and agreed by the company and trustees every 3 years.

The UK Pension Plans were valued in 2006, following which Jaguar Land Rover and the trustees to the pension plans agreed on contributions to eliminate the deficits in these plans by 2015. The contributions were weighted towards the later part of this period. The next valuation was scheduled for 2008.

However, in 2007, as part of the sale process, Ford entered into agreements with the trustees under which Ford agreed to contribute towards the deficits of the UK Pension Plans. Prior to this, the estimated deficits as at October 31, 2007, amounted to GBP 120 million for JPP, GBP 9 million for JEPP and GBP 115 million for LRPS, on a closed fund basis using similar assumptions as used for the 2006 valuation. However, as per the agreement reached between Ford and the trustees, Ford contributed a total of GBP 301.5 million into the three UK Pension Plans prior to the Acquisition.

The deficits in the UK Pension Plans may have changed since October 31, 2007 given market volatility and potential changes in valuation factors. However, no formal funding valuations have been carried out since then either by the Company, Jaguar Land Rover or by the trustees. The next formal funding valuations of the UK Pension Plans are scheduled for April 2009.

Additionally, Jaguar Land Rover employees in other jurisdictions are covered under local pension plans which have either been transferred directly to Jaguar Land Rover as part of the acquisition or for which Jaguar Land Rover is in the process of negotiating pension benefits and establishing new pension plans.

Research and Development

Jaguar Land Rover has launched five new vehicles in the past five years, namely the Land Rover Discovery, Range Rover Sport, Jaguar XK, Land Rover Freelander and Jaguar XF vehicles in 2004, 2005, 2006, 2007 and 2008, respectively, and is committed to a future product cycle plan that will continue to deliver desirable products while improving the emission performance of its vehicles through sustainable technology.

74

Table of Contents

Jaguar Land Rover has approximately 3,400 engineers and designers at its advanced design facilities in Whitley and Gaydon in the United Kingdom, using advanced product development processes and facilities to satisfy the diverse demands of luxury and premium vehicle customers. As part of the Acquisition, Jaguar Land Rover has entered into long term agreements with Ford for technology sharing and joint development providing technical support across a range of technologies focussed mainly around powertrain engineering such that Jaguar Land Rover may continue to operate according to its existing business plan.

With an increased focus on the environment, Jaguar Land Rover is now investing in the development of sustainable technologies to improve fuel economy and reduce CO_2 emissions as Europe moves from a series of voluntary to mandatory regulations.

Future technologies under development include modular lightweight vehicle architectures, building on Jaguar s expertise in the use of aluminium body structures, advanced direct injection stratified charged gasoline engines and advanced diesel engine technologies, increased efficiency drivelines including next generation multi-speed automatic transmissions, and micro and full hybrid drive trains.

Competition

Jaguar Land Rover operates in a globally competitive environment and faces competition from established premium and other vehicle manufacturers who aspire to move into the luxury performance car and premium SUV segments. Jaguar vehicles compete primarily against other European vehicles such as various BMW, Mercedes Benz and Audi models. Land Rover vehicles compete largely against SUVs manufactured by Audi, BMW, Infiniti, Lexus, Mercedes Benz, Porsche and Volkswagen. The Land Rover Defender competes with vehicles manufactured by Isuzu, Nissan and Toyota.

Seasonality

The business of Jaguar Land Rover is impacted by the bi-annual registration of vehicles in the United Kingdom wherein the vehicle registration number changes every six months which, in turn has an impact on the resale value of the vehicles. This leads to a bunching up of sales during the period when the aforementioned change occurs. Most other markets are driven by introduction of new model year derivatives. Furthermore, western European markets tend to be impacted by summer and winter holidays. The resulting sales profile influences operating results on a quarter to quarter basis.

Brand, Trademarks and Intellectual Property

The Jaguar trademark is owned by Jaguar Cars Limited, together with the trademarks relating to Jaguar s products including S-Type , X-Type , X XK and XF . The Land Rover trademark, together with trademarks relating to Land Rover s products including the Land Rover oval logo, Range Rover , Defender , Freelander , Discovery , LR2 and LR3 are owned by Land Rover. As part of our Acquisition of Jaguar Land Rover, owner co-ownership of core intellectual property were transferred to Jaguar Land Rover. Additionally, perpetual royalty free licenses to use other essential intellectual properties have been licenced to Jaguar Land Rover for use in Jaguar and Land Rover vehicles.

Jaguar and Land Rover each own registered designs, to cover the design of their vehicles in several countries.

Significant Factors Influencing the Results of Operations of Jaguar Land Rover

The following are factors affecting the results of operations of Jaguar Land Rover:

General economic conditions.

In common with the rest of the automotive industry, Jaguar Land Rover is substantially affected by general global economic conditions. Disposable income levels, consumer confidence, availability and terms of credit and cost of fuel are key determinants of demand in the automotive industry, and changes in these factors are likely to continue to have an impact on the sales and results of operations of all vehicle manufacturers including Jaguar Land Rover.

Table of Contents

Jaguar Land Rover sells vehicles in over 165 countries of the world. North America and the United Kingdom constitute the largest markets for Jaguar Land Rover making up for 47.5% of Jaguar Land Rover s vehicle unit sales for the year ended December 31, 2007. Furthermore, sales in the emerging markets of China and Russia have been increasing, and accounted for 8.2% of Jaguar Land Rover s vehicle unit sales for the year ended December 31, 2007. Deteriorating economic conditions in these markets, characterized by increase in fuel prices, increasing interest rates, and general economic performance, will have a significant impact on Jaguar Land Rover s operating results and profitability. Difficult economic conditions may cause consumers to defer their purchases or replacements. In addition, difficult market conditions and competitor actions may require Jaguar Land Rover to incur higher incentive spending and generate lower revenues than planned. Moreover, entering a new market may involve increased selling expenses to establish Jaguar Land Rover s brands thus impacting its results.

Interest rates, availability of credit for vehicle purchases and residual values

Interest rates tend to have an impact on sales as the availability and cost of capital are the key drivers of consumer demand in the automotive industry. Prior to the acquisition of Jaguar Land Rover in June 2008, Ford Motor Credit Company provided automotive financial services to a number of dealers and customers of Jaguar Land Rover, with an option of loan or lease products. Under agreements with Ford, Jaguar Land Rover s dealers and customers will continue to have access to Ford Motor Credit Company s financing facilities for a period of up to 12 months in various markets following the acquisition, while Jaguar Land Rover migrates to alternative arrangements. Going forward the results of operations could undergo change depending upon the terms entered into between Jaguar Land Rover and its new strategic financial services partners.

Jaguar Land Rover has recently announced the selection of Fiat Group Automobiles Financial Services to be its exclusive partner in Jaguar Land Rover s European markets. Jaguar Land Rover is also in advanced stages of selecting a strategic financial services partner for the North American market. In the remaining markets, Jaguar Land Rover is evaluating alternative options with potential partners. Jaguar Land Rover s inability to provide for alternative sources of financing, especially in North America, which is amongst its largest markets, could significantly affect its results of operations.

Deterioration in economic conditions, accompanied by higher interest rates and a reduction in the availability of financing will result in higher loan/ lease rates, and a corresponding reduction in customer demand. Furthermore, higher interest rates will also increase the amount of financial incentives provided to dealers and customers in the form of wholesale, retail and lease subvention. While this may stimulate sales, it would have an adverse effect on Jaguar Land Rover s profitability and competitiveness in the market.

A deterioration in residual values of Jaguar Land Rover products against that planned will result in higher lease rates and a corresponding reduction in customer demand. Jaguar Land Rover shares the potential cost of changes in the residual values of Jaguar Land Rover s leased vehicles between the estimate made at the time the lease was entered into and that existing at the end of the lease period, with providers of leasing arrangements including Ford Motor Credit Company. As a result, adverse changes in the residual values of Jaguar Land Rover products could have a material adverse affect on its financial performance.

Additionally Jaguar Land Rover undertakes financing of certain receivables and financing of Value Added Tax refunds to meet its working capital requirements. A sustained increase in interest rates could affect the ability of the business to raise working capital by these means. Similarly, an increase in interest rates could lead to higher interest burdens on Jaguar Land Rover and this could affect the results of the operations of the business.

Table of Contents

Competitive position in the market

Jaguar Land Rover has two brands that operate in the global premium automotive business, and faces competition from other global premium automotive manufacturers. Jaguar Land Rover also offers a wide range of optional configurations to meet the specific needs of its customers.

Competitors may exert pricing pressures on Jaguar Land Rover by changing prices or by offering higher level of financial incentives. In some competitive markets customers may demand more features on a vehicle as standard which could impact the profitability of Jaguar Land Rover by constraining its ability to realize the costs of providing such features. In addition, difficult market conditions and competitor actions may require Jaguar Land Rover to incur higher incentive spending and generate lower revenues than planned. Jaguar Land Rover s continuing ability to anticipate and respond to these pressures combined with increased competition in the premium automotive business will be critical to its results of operations in the coming years.

New model launches

The performance of Jaguar Land Rover is dependent on its ability to introduce new and innovative products to meet changing customer requirements. The introduction of new carlines into Jaguar Land Rover s portfolio has driven sales growth, and contributed to the improvements in its results of operations. The global premium automotive business is highly competitive requiring Jaguar Land Rover to undertake regular up-gradation of its offerings and product interventions to maintain and/or improve demand for its vehicles. As part of its strategy Jaguar Land Rover intends to continue to invest in future product offerings to ensure that it remains in a strong competitive position and meets the needs of the premium automotive market. The launch of new models requires substantial capital investment and expenditure on research and development which could impact the results of operations of Jaguar Land Rover. Moreover, the ability of new models to achieve anticipated sales volumes to enable recovery of initial investment depends on their market acceptance and other market conditions.

Costs of raw materials/ components and cost reduction initiatives

Jaguar Land Rover utilizes a variety of raw materials and components in the production of motor vehicles. Increases in these input costs may affect product cost and operating results as Jaguar Land Rover may not be in a position to pass on the increases to its customers. For further details on the components and raw materials used by Jaguar Land Rover, see Business The Jaguar Land Rover Business Components and Raw Materials on page 73 of this Letter of Offer.

Following a strategic review undertaken in 2002-2003, Jaguar Land Rover began a restructuring program with a focus on cost reduction and improving operational efficiencies in the sale and manufacturing processes. Some of the measures instituted under the program include:

- Closure of the majority of operations at, and subsequent sale of, the Browns Lane site which formerly produced Jaguar vehicles.
- Cessation of Freelander and powertrain production at Jaguar Land Rover s Solihull facility. The replacement vehicle (Freelander 2/LR2) is produced at Jaguar Land Rover s Halewood facility.
- Reduction in head count;
- The increased use of common architectures, platforms and powertrains so as to reduce fixed costs and gain efficiencies in production;
- Stock management to reduce carrying cost and variable marketing incentives;
- Improvement in the inbound logistics network including vendor rationalisation.

Table of Contents

Seasonality

As described under Business The Jaguar Land Rover Business Seasonality , the business of Jaguar Land Rover is impacted by the bi-annual registration of vehicles in the United Kingdom which leads to a bunching up of sales. Most other markets are driven by introduction of new model year derivatives. Furthermore, western European markets tend to be impacted by main summer and winter holidays. The resulting sales profile influences operating results on a quarter to quarter basis.

Environmental regulations

There has been a greater emphasis by governments on the emission and safety levels for the automobile industry. Existing EU4 and EU5 regulations, and planned EU6 regulations place limits on particulate emissions and emissions of pollutants other than CO_2 and encourage fuel economy. The EU has indicated that it will introduce legislation to reduce CO_2 emissions from passenger cars.

Jaguar Land Rover carefully monitors environmental requirements and has plans to reduce the average CO2 emissions of its vehicle fleet through the introduction of sustainable technologies including modular lightweight vehicle architectures, smaller and more fuel efficient SUV s, powertrain projects and development of technologies that use hybrid and alternative fuels. While Jaguar Land Rover has plans to reduce emissions of its vehicle fleet, the risk remains that eventual legislation may impose requirements in excess of current planned design actions. Also, there is significant potential that consumer demands will take increasing account of fuel efficiency and emissions over the period of the current cycle plan.

To comply with current and future environmental norms, Jaguar Land Rover may have to incur substantial capital expenditure and research and development costs to upgrade products and manufacturing facilities, which would have an impact on its cost of production and results of operation.

Foreign currency rates

The results of operation of Jaguar Land Rover are sensitive to fluctuations in foreign currency rates. The majority of Jaguar Land Rover s cost structure is denoted in British Pounds, with the balance denoted in Euros and other currencies. However, the majority of Jaguar Land Rover s sales are made in markets outside of the United Kingdom, including the US. Therefore, the results of Jaguar Land Rover are impacted by fluctuations in the value of the British Pound against the US Dollar and other currencies. Additionally Jaguar Land Rover faces risks of translations as well as transactions due to its operations outside the United Kingdom.

While Jaguar Land Rover monitors these exposures as part of its overall risk management program, changes in currency exchange rates cannot always be predicted or hedged. Substantial changes in key exchange rates, especially vis-à-vis the British Pound could significantly impact Jaguar Land Rover s results of operations.

Furthermore, Jaguar Land Rover has traditionally depended on Ford for managing its treasury risks. However, going forward Jaguar Land Rover s operations and financials could be affected in the manner it is able to manage its currency exposure including but not limited to hedging by way of forwards, options and swaps. Transitional Support Agreements were entered into with Ford for support in accounting and treasury services.

Capital Allowance

Jaguar Land Rover had a total capital allowance pool in excess of GBP 2 billion as of December 31, 2007. As part of the transaction a minimum capital allowance pool of GBP 580 million in respect of qualifying expenditure on plant and machinery is assured by Ford to Jagaur Land Rover. The balance capital allowance may be available depending upon possible utilization if any by Ford, for the past years. The capital allowances are available to Jaguar Land Rover on a reducing balance basis currently at the rate of 20% under laws applicable in the United Kingdom for set off against profits in the future years in the United Kingdom.

Pension benefit obligations

Jaguar Land Rover provides pension benefits for substantially all of its employees in the United Kingdom under three defined benefit plans namely the JPP, JEPP and LRPS. Additionally, Jaguar Land Rover employees in other jurisdictions are covered under local pension plans which have either been transferred directly to Jaguar Land Rover as part of the acquisition or for which Jaguar Land Rover is in the process of negotiating pension benefits and establishing new pension plans.

The UK Pension Plans were valued in 2006, following which Jaguar Land Rover and the trustees to the pension plans agreed on contributions to eliminate the deficits in these plans by 2015. The contributions were weighted towards the later part of this period. The next valuation was scheduled for 2008.

However, in 2007, as part of the sale process, Ford entered into agreements with the trustees under which Ford agreed to contribute towards the deficits of the UK Pension Plans. Prior to this, the estimated deficits as at October 31, 2007, amounted to GBP 120 million for JPP, GBP 9 million for JEPP and GBP 115 million for LRPS, on a closed fund basis using similar assumptions as used for the 2006 valuation. However, as per the agreement reached between Ford and the trustees, Ford contributed a total of GBP 301.5 million into the three UK Pension Plans prior to the Acquisition.

The deficits in the UK Pension Plans may have changed since the October 31, 2007 due to market volatility and potential changes in valuation factors. However, no formal funding valuations have been carried out since then either by the Company, Jaguar Land Rover or by the trustees. The next formal funding valuations of the UK Pension Plans are now scheduled for April 2009.

In the event that the actuarially determined liabilities exceed the plans assets at that time, Jaguar Land Rover would have to agree on new contributions with the trustees to fund the deficit over such period of time as is agreed between Jaguar Land Rover and the trustees. Higher contributions could have an adverse effect on the financial position of Jaguar Land Rover. Some issues which could adversely affect Jaguar Land Rover s contributions to the UK and non-UK pension plans, include, poor investment performance of pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates, changes in life expectancy assumptions and other events which make past service benefits more expensive than allowed for in the actuarial assumptions by reference to which the past contributions to the pension plans were assessed.

Product liability, warranty costs and recalls

Jaguar Land Rover is subject to costs associated with product liability, warranty and recall. Jaguar Land Rover provides warranties on vehicles and parts for specified periods of time and/or miles of running. Component parts or assembly defects could require Jaguar Land Rover to undertake service actions and recall campaigns. Furthermore, defects in Jaguar Land Rover s products that arise from defective components or spare parts may be covered under warranties provided by it. Further, Jaguar Land Rover may need to expend considerable resources for remediation measures, resulting in higher provisions for new warranties issued and expenses in excess of already established provisions for warranties previously issued. In certain countries, it may also be required to recall vehicles found to have safety related defects and to repair them without charge. The cost of such recalls can be substantial depending on the nature of the repair and the number of vehicles affected. Further, any defect in products or after-sales services provided by authorized dealers or third parties could also result in customer claims for damages.

Impact of separation from Ford

As a part of Ford Motor Company, Jaguar Land Rover was supported by Ford in a number of areas including but not limited to, engines and components, engineering and technology sharing, product development processes and platforms, information technology, accounting, treasury, tax, insurance and national sales company administration.

Table of Contents

Going forward, Jaguar Land Rover will purchase engines, components and services from Ford on different terms to prior arrangements and will have to invest in dedicated infrastructure and develop capabilities in some of these areas. This will entail additional expenditure which may have an adverse effect on its financial results. On the other hand, Jaguar Land Rover may benefit from the acquisition by being able to leverage Tata Motors low cost engineering and sourcing capabilities, supporting Jaguar Land Rover in its cost reduction initiatives.

In addition, Jaguar Land Rover has entered into supply and transitional services agreements with Ford and certain other parties for critical components including engines, in respect of technology sharing and joint development, and in respect of other corporate services including information technology, accounting and treasury services, marketing and purchasing services. Furthermore, Ford Motor Credit Company (Ford Motor Credit) will continue to provide consumer and wholesale credit support to the operations of the Jaguar Land Rover. Any disruption of such arrangements and transitional services could have a material adverse impact on the operations and financial position of Jaguar Land Rover.

Subsidiaries, Associates and Joint Venture

Overview of Subsidiaries, Associates and Joint Venture

The following table provides an overview of all Subsidiaries of the Company:

S. No.	Name of Subsidiary	Year of Establishment	Country of Incorporation	Percentage of Ownership
	Direct Subsidiaries			
1.	Tata Daewoo Commercial Vehicle Company Limited	2002	South Korea	100.00
2.	Telco Construction Equipment Company Limited	1998	India	60.00
3.	Tata Technologies Limited	1994	India	81.56
4.	HV Transmissions Limited	2000	India	85.00
5.	HV Axles Limited	2000	India	85.00
6.	Tata Motors Finance Limited	2006	India	100.00
7.	Tata Motors (Thailand) Limited	2007	Thailand	70.00
8.	Tata Motors (SA) (Proprietary) Limited (w.e.f. December 5, 2007)	2007	South Africa	60.00
9.	Sheba Properties Limited	1989	India	100.00
10.	TAL Manufacturing Solutions Limited	2000	India	100.00
11.	Tata Marcopolo Motors Limited	2006	India	51.00
12.	Tata Motors European Technical Centre Plc.	2005	UK	100.00
13.	Tata Motors Insurance Broking & Advisory Services Limited	1997	India	100.00
14.	Concorde Motors (India) Limited	1972	India	100.00
15.	TML Distribution Company Limited (w.e.f. March 28, 2008)	2008	India	100.00
16.	TML Holdings Pte Limited, Singapore	2008	Singapore	100.00
	Indirect Subsidiaries			
17.	INCAT (Thailand), Limited	2005	Thailand	81.56
18.	Tata Technologies Pte. Limited Singapore	1981	Singapore	81.56
19.	INCAT International Plc.	1989	UK	81.56
20.	INCAT Limited	1986	UK	81.56
21.	INCAT SAS	2005	France	81.56
22.	INCAT GmbH	1997	Germany	81.56
23.	INCAT Holdings B.V.	1999	Netherlands	81.56
24.	Lemmerpoort B.V.	2002	Netherlands	81.56

S. No.	Name of Subsidiary	Year of Establishment	Country of Incorporation	Percentage of Ownership
25.	INCAT K.K	2002	Japan	81.56
26.	Tata Technologies iKS Inc.	1988	USA	81.56
27.	INCAT Systems Inc.	1997	USA	81.70
28.	Integrated Systems Technologies de Mexico, S.A. de C.V.	1999	Mexico	81.70
29.	Serviplem S.A	1980	Spain	47.40
30.	Comoplesa Lebrero S.A	1994	Spain	36.00
31.	Lebrero France	2000	France	36.00
32.	Inner Mongolia North Baryval Engineering Special Vehicle Company Limited	2001	China	26.64
33.	INCAT Solutions of Canada Inc.	1998	Canada	81.70
34.	JaguarLandRover Limited	2008	UK	100.00
35.	Jaguar Cars Limited	1982	UK	100.00
36.	Jaguar Cars Overseas Holdings Limited	1982	UK	100.00
37.	Jaguar Cars Exports Limited	1982	UK	100.00
38.	Land Rover*	2000	UK	100.00
39.	Land Rover Exports Limited	1981	UK	100.00
40.	Land Rover Group Limited	1981	UK	100.00
41.	Land Rover Ireland Limited	2000	Ireland	100.00
42.	The Daimler Motor Company Limited	1910	UK	100.00
43.	Daimler Transport Vehicles Limited	1937	UK	100.00
44.	S.S. Cars Limited	1937	UK	100.00
45.	The Lanchester Motor Company Limited	1955	UK	100.00
46.	The Jaguar Collection Limited	1986	UK	100.00
47.	JDHT Limited	1991	UK	100.00
48.	Jaguar Daimler Heritage Trust	1983	UK	100.00
49.	Jaguar Pension Trustees Limited	1985	UK	Limited by Guarantee
50.	Jaguar Executive Pension Trustees Limited	1986	UK	Limited by Guarantee
51.	Land Rover Pension Trustees Limited	2000	UK	Limited by Guarantee
52.	British Motor Industry Heritage Trust	1983	UK	Limited by Guarantee
53.	British Motor Industry Heritage Centre Limited	1988	UK	Limited by Guarantee
54.	Jaguar Land Rover Austria Gmbh	1994	Austria	100.00
55.	Jaguar Belux NV	1995	Belgium	100.00
56.	Jaguar Italia S.p.A	1990	Italy	100.00
57.	Jaguar Hispania Sociedad	1993	Spain	100.00
58.	Jaguar Deutschland GmbH	1983	Germany	100.00
59.	Land Rover Deutschland GmbH	1998	Germany	100.00
60.	Jaguar Cars Africa Pty Limited	2000	South Africa	100.00
61.	Jaguar Land Rover North America LLC	1985	US	100.00
62.	Land Rover Espana SL	2000	Spain	100.00
63.	Land Rover Netherlands BV	2000	Netherlands	100.00
64.	Land Rover Belux SA/NV	1991	Belgium	100.00
65.	Land Rover Italia SpA	2000	Italy	100.00
66.	Jaguar Land Rover Portugal- Veiculos Pecas, LDA	2000	Portugal	100.00
67.	Premier Automotive Group Australia Pty Limited	1956	Australia	100.00
68.	Jaguar Land Rover Asia Pacific Company Limited	2008	Thailand	100.00

* *a company incorporated in the UK with unlimited liability.*

Table of Contents

The following table provides an overview of all associate companies of the Company:

S. No.	Name of Associate Company	Year of Establishment	Country of Incorporation	Percentage of Ownership
1.	Automobile Corporation of Goa Limited	1980	India	42.37
2.	Hispano Carrocera S.A.	1983	Spain	21.01
3.	NITA Company Limited	1991	Bangladesh	40.00
4.	Tata AutoComp Systems Limited	1995	India	26.00
5.	Tata Cummins Limited	1993	India	50.00
6.	Tata Precision Industries Pte. Limited	1971	Singapore	49.99
7.	Telcon Ecoroad Resurfaces Private Limited	2003	India	24.55
8.	TSR Darashaw Limited	1985	India	26.00
9.	Incat HAL Aerostructures Limited	2008	India	40.60

In addition, the Company has a joint venture company as set forth in the table below:

S. No.	Name of Joint Venture Company	Year of Establishment	Country of Incorporation	Percentage of Ownership
1	Fiat India Automobiles Private Limited	1997	India	50.00

Overview of Direct Subsidiaries

A brief profile of certain of the Company s direct Subsidiaries is given below:

Tata Daewoo Commercial Vehicle Company Limited (TDCV), Korea, a 100% Subsidiary of the Company, is the second largest manufacturer of heavy and medium commercial vehicles in Korea. TDCV recorded sales of 11,899 units in fiscal 2008 which was 38.6% higher compared to sales of 8,588 units in fiscal 2007. This enabled TDCV to improve its market share from 24.3% to 32.3% in the heavy commercial vehicle segment and from 28.2% to 34.8% in the medium commercial vehicle segment according to ANR Consulting. TDCV exported 3,000 units of heavy commercial vehicles in fiscal 2008 and according to ANR Consulting, TDCV was the largest exporter from Korea in this segment. TDCV recorded turnover of Rs. 30,696.8 million which was higher by 31.5% compared to Rs. 23,336.1 million for the previous year. After providing for tax, the profit was Rs. 1,588.9 million against Rs. 829.6 million in the previous year, an increase of 91.5%.

Telco Construction Equipment Company Limited (Telcon) in which the Company has a 60% holding with the remaining balance of 40% held by Hitachi Construction Machinery Company Limited, Japan, is engaged in the business of development, manufacture and sale of construction equipment and allied services. With the increase in economic activity especially in the infrastructure sector, Telcon sold 7,698 machines with a turnover of Rs. 27,349.6 million, a profit after tax of Rs. 3,236.3 million, an increase of 76.0%. In April 2008, Telcon acquired two Spanish Companies, namely Serviplem S.A and Comoplesa Lebrero S.A by acquiring 79% and 60% shares of the respective companies. The acquisition provides Telcon opportunity to play in two important growth economies India and China. The acquisition of Comoplesa Lebrero S.A will give Telcon access to Compaction Equipment technology.

Tata Technologies Limited (TTL), in which the Company has a 81.56% holding, provides, through its operating companies, INCAT and Tata Technologies iKS, specialized Engineering & Design Services (E&D), Product Lifecycle Management (PLM) and product-centric IT services to global manufacturers of automotive, aerospace and consumer durable manufacturers. TTL has 13 subsidiary companies in three continents and three offshore development centers. Its customers are among the world s premier automotive, aerospace and consumer durable manufacturers. Fiscal 2008 marks an important milestone in the growth history of TTL with consolidated revenues crossing the Rs. 10 billion threshold. INCAT is an independent provider of E&D, Product & Information Lifecycle Management, Enterprise Solutions and Plant Automation. INCAT s services include product design, analysis and production engineering, Knowledge Based Engineering, PLM, Enterprise Resource Planning and Customer Relationship Management systems. INCAT also distributes, implements and supports PLM products from leading solution providers in the world such as Dassault Systèms, UGS and Autodesk. With a combined global work force of more than 3,000 employees, INCAT has operations in the United States (Novi, Michigan), Germany (Stuttgart) and India (Pune). Tata Technologies iKS is a provider of engineering knowledge transformation technology. For over 15 years, iKS has enabled engineering knowledge transformation through i get it , which is a web application engineering knowledge for AutoCAD, INVENTOR, Solid Works, Solid Edge, UG/NX, Teamcenter, COSMOS Works, and CATIA on a single delivery platform application. The consolidated revenue for the TTL Group was Rs. 10,936.9 million, an increase of 14.9% against Rs. 9,521.6 million in fiscal 2007. The profit after tax was Rs. 300 million against Rs. 165.1 million in fiscal 2007.

HV Transmissions Limited (HVTL) and HV Axles Limited (HVAL), 85% Subsidiary companies of the Company, are engaged in the business of manufacture of gear boxes and axles for M&HCVs, with production facilities and infrastructure based at Jamshedpur. Both HVTL and HVAL have undergone capacity expansion and modernization initiatives to meet the growing demand for gear boxes and axles for M&HCVs over the years. Both HVTL and HVAL have manufactured variants of gear boxes and axles during the year for application in the Company s new products. HVTL recorded a turnover of Rs. 1,922.9 million, a PAT of Rs. 474.4 million. HVAL recorded a turnover of Rs. 2,027.1 million, a PAT of Rs. 634.1 million. During the year, the Company divested 15% of its stake in HVTL and HVAL to Tata Capital Limited for an aggregate consideration of Rs. 1,642.5 million and also sold the Intellectual Property Rights (IPR) for technology/design to HVTL and HVAL, which will facilitate these companies in pursuing their strategic growth through further development of technology and products for the Company and other customers in a focused manner.

Tata Motors Finance Limited (TMFL), a wholly owned Subsidiary of the Company, is registered with the RBI under Section 45-IA of the RBI Act 1934, as a Non-Banking Finance Company and has been classified as an Asset Finance Company . The name of TMFL was changed from TML Financial Services Limited to Tata Motors Finance Limited with effect from August 28, 2007. Total income at Rs. 8,327.6 million during fiscal 2008. After providing for taxes, the profits for TMFL were Rs. 447.7 million. With a view to focus on its core business of financing of commercial and passenger vehicles manufactured by the Company, TMFL transferred its activities pertaining to construction equipment financing and small and medium enterprises financing to Tata Capital.

Tata Motors (Thailand) Limited (TMTL) is a Subsidiary where the Company holds 70% of the capital and the balance is held with Thonburi Automotive Assembly Plant Company Limited. TMTL is primarily engaged in manufacture, assembly and marketing pickup trucks. TMTL enables the Company to address the ASEAN and Thailand markets, the latter being the second largest pick up market in the world after the USA in 2006. While TMTL has begun setting up operations in fiscal 2008, the manufacturing of vehicles began only during March 2008 with turnover at Thai Baht 7 million (equivalent to Rs. 9.3 million) for the period ended March 31, 2008. The loss after tax was Rs. 119.8 million. For more details see Certain Corporate Matters on page 91 of this Letter of Offer.

Tata Motors (SA) Proprietary Limited (TMSA) was incorporated during fiscal 2008 and is a Subsidiary of the Company where it holds 60% of the capital with the balance 40% being held by Tata Africa Holdings (SA) (Pte.) Limited. TMSA has been formed for manufacturing and assembly operations of the TML s Light and Heavy Commercial Vehicles and Passenger Cars in South Africa. TMSA is yet to commence commercial production.

Sheba Properties Limited is a 100% owned investment company. The income of the company was Rs. 194.7 million and profit after tax was Rs. 162.2 million for fiscal 2008.

TAL Manufacturing Solutions Limited (TAL) is a 100% Subsidiary of the Company engaged in the business of machine tools, equipments, material handling systems and fluid power solutions. During fiscal 2008, TAL ventured into the aerospace business by signing an agreement with Boeing Corporation, USA for manufacturing structural components for Boeing s 787 Dreamliner airplane program at a manufacturing facility being set up in Nagpur, India. During the year, TAL recorded a turnover of Rs. 2,578.8 million and a profit after tax of Rs. 120.2 million, a growth of 44.6%. TAL has wiped out its accumulated losses during the year and carried forward a profit of Rs. 10.5 million.

Tata Marcopolo Motors Limited (TMML) is engaged in the business of manufacture and sale of fully built buses and coaches in which the Company has a 51% holding with the remaining balance of 49% held by Marcopolo S.A., Brazil. TMML started its commercial production from November 2007 and has sold 190 low entry CNG buses. TMML recorded a turnover of Rs. 197.5 million and loss after tax is Rs. 38.3 million. For more details see Certain Corporate Matters on page 91 of this Letter of Offer.

Tata Motors European Technical Centre plc. (TMETC), a 100% Subsidiary of the Company, is engaged in the business of design engineering and development of products for the automotive industry. TMETC provides TML with design engineering support and development services, as well as European standards of delivery to TML s passenger vehicles. During the year ended March 31, 2008, TMETC earned revenues of Rs. 1,313.6 million and PAT of Rs. 129.3 million.

Tata Motors Insurance Broking & Advisory Services Limited (TMIBASL), formerly known as Tata Motors Insurance Services Limited, a 100% Subsidiary of the Company, proposes to undertake the business of direct insurance broking. TMIBASL has received a License from the Insurance Regulatory and Development Authority (IRDA) to act as a Direct Broker under the IRDA Act on May 13, 2008. In compliance with the regulations of the IRDA, its name was changed to Tata Motors Insurance Broking & Advisory Services Limited on April 30, 2008. Pending the issue of license by the IRDA and other formalities relating thereto, no business activity was carried out during the period from October 2005 to March 2008. For the year under review, TMIBASL earned revenues of Rs. 0.1 million and recorded a net loss of Rs. 0.4 million.

Concorde Motors (India) Limited (CMIL), a 100% Subsidiary of the Company, engaged in sales and service of Tata and FIAT passenger cars and recorded a turnover of Rs. 6,252.1 million and Profit After Tax of Rs. 53.3 million.

TML Distribution Company Limited (TDCL), is a 100% Subsidiary of the Company incorporated on March 28, 2008. TDCL would be engaged in the business of dealing and providing logistics support for distribution of the TML s products in India. TDCL has begun its operations recently.

TML Holdings Pte Limited (THPL), is a 100% Subsidiary of the Company incorporated in 2008. THPL is the holding company for JaguarLandRover Limited.

Overview of Associate Companies

A brief profile of certain of the Company s associate companies is given below:

Automobile Corporation of Goa Limited (ACGL), in which the Company has a 42.37% shareholding, was incorporated in 1980, jointly with EDC Limited (a Goa government enterprise). ACGL is a listed company engaged in manufacturing sheet metal components, assemblies and bus coaches and is the largest supplier of buses (mainly for exports) to the Company.

Table of Contents

Hispano Carrocera S.A. (HC), is a Spanish bus manufacturing company, in which the Company acquired a 21% stake in March 2005. Hispano has two manufacturing units, one in Spain which caters to the European market and the other one in Casablanca which caters to the Moroccan and other North African markets. HC is present in both the city bus and coach market segment in both the geographies. HC reported a production of 375 buses during the year ended December 31, 2007 on a consolidated basis. For more details see Certain Corporate Matters on page 91 of this Letter of Offer.

NITA Company Limited, Bangladesh, in which the Company holds 40% equity, is engaged in the assembly of Tata vehicles for the Bangladesh market.

Tata AutoComp Systems Limited (TACO) is a company for promoting domestic and foreign joint ventures in auto components and systems and is also engaged in engineering services, supply chain management and after market operations for the auto industry. TML s shareholding in TACO is 26%.

Tata Cummins Limited (TCL), in which the Company has a 50% shareholding, with Cummins Engine Company Inc., USA holding the remaining balance, is engaged in the manufacture and sale of high horsepower engines used in the Company s range of M&HCVs.

Tata Precision Industries Pte. Limited, Singapore, in which the Company has a 49.99% shareholding, is engaged in the manufacture and sale of high precision tooling and equipment for the computer and electronics industry.

Overview of Joint Venture

A brief profile of the Company s joint venture is given below:

Fiat India Automobiles Private Limited (FIAPL), is a joint venture with Fiat Auto S.p.A., Italy, to manufacture Fiat and Tata cars and powertrains at Ranjangaon, India. For more details see Certain Corporate Matters on page 91 of this Letter of Offer.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies, as prescribed by the central or state governments in India which are applicable to TML. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designated nor intended to substitute for professional legal advice. Please note that there may be other regulations and policies governing TML and its Subsidiaries outside India. Additionally, the Subsidiaries of the TML are governed by various other regulations.

For the purpose of business undertaken by TML, TML is regulated by various general and sector-specific laws and regulations and policies in India, and is required to obtain certain licenses and approvals under the prevailing laws and regulations as applicable. The automobile industry in India is regulated by following significant regulations and policies:

TML is engaged in the manufacture, design and marketing of passenger and commercial vehicles in India. For the purpose of executing the work undertaken by our Company, we may be required to obtain licences and approvals depending upon the prevailing laws and regulations applicable in the relevant state. For details of such approvals, see Government Approvals on page 215 of this Letter of Offer.

Regulations governing Automotive Industry

Automotive Mission Plan, 2006-2016

The automotive mission plan (Plan 2006) laid down by the Ministry of Heavy Industries and Public Enterprises in December 2006, consists of recommendations to the task force of the Development Council on Automobile and Allied Industries constituted by the Government of India, in relation to the preparation of the tenth five year mission plan for the Indian automotive industry. Plan 2006 recommends that a negative list of items, such as no duty concession for import of used or re-manufactured vehicles, or treatment of remanufactured automotive products as old products, shall be negotiated for free trade agreements or regional trade agreements on a case-to case basis with other countries. It recommends the adoption of appropriate tariff policy to attract more investment into the automobile industry, improvement of power infrastructure to facilitate faster growth of automotive sector both domestically and internationally, policy initiatives such as encouragement of collaboration of the automotive industry with research and academic institutions, tax concessions and incentives to enhance competitiveness in manufacturing, promote research and technology development. For the promotion of exports in the auto component sector, among other things, it recommends creation of special automotive component parks in special economic zones and creation of virtual special economic zones, which would enjoy certain exemptions on sales tax, excise and customs duty. Strengthening the inspection and certification system by encouraging public-private partnership and rationalization of the motor vehicles regulations are also among the major recommendations of the plan.

A committee set up under the chairmanship of the Secretary, Heavy Industries and Public Enterprises consisting of all stake holders including representatives of Ministry of Finance, Road Transport, Environment, Commerce, Industrial Policy and Promotion, Labour, Shipping, Railways, Human Resource Development, Science & Technology, New and Renewable Energy, Petroleum & Natural Gas and representatives of automotive industry shall monitor the implementation and progress of the Plan 2006.

The Auto Policy, 2002

The Auto Policy was introduced by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises in March 2002, with the aim, among others, to promote a globally competitive automotive industry and emerge as a global source for auto components, establish an international hub for manufacturing small, affordable passenger cars, ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry, to conduce modernization of the industry and facilitate indigenous design, research and development and to develop domestic safety and environment standards at par with international standards.

Table of Contents

Central Motors Vehicles Rules, 1989

Chapter V of the Central Motor Vehicle Rules, 1989 (hereinafter referred to as CMV Rules) lays down provisions relating to construction and maintenance of motor vehicles. Amongst specifications pertaining to dimensions, gears, indicators, reflectors, lights, horns, safety belts and others, the CMV Rules govern emission standards for vehicles operating on compressed natural gas (CNG), petrol, liquefied petroleum gas and diesel. The Bharat Stage-II mass emission standards (equivalent to Euro II norms) as defined under Rule 115 of the CMV Rules were applicable to all four wheels vehicles in all states and union territories with effect from April 1, 2005. However, vide notification dated October 2004 issued by Department of Road Transport and Highways, Ministry of Shipping, Road Transport and Highways, Bharat Stage-III mass emission standards (norms equivalent to Euro III norms) were made applicable in respect of all four wheeled vehicles in the National Capital Region, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad including Secundrabad, Ahmedabad, Pune, Surat, Kanpur and Agra manufactured on and from April 1, 2005 (except in respect of four wheeled transport vehicles plying on inter-state permits or national permits of all India tourist permits within the jurisdiction of these cities). Manufacturers shall comply with the emission standards as laid down in the CMV Rules from time to time and shall be required to certify such compliance.

Additionally, as per the CMV Rules, every manufacture shall also submit the prototype of every vehicle to be manufactured by him for test by the Vehicle Research and Development Establishment of the Ministry of Defence of the Government of India, or Automotive Research Association of India, Pune, or the Central Machinery Testing and Training Institute, Budni (MP), or the Indian Institute of Petroleum, Dehradun, or such other agencies as may be specified by the Central Government for granting a certificate by that agency as to the compliance of provisions of the Motor Vehicles Act, 1988 and these rules.

In case of CNG fitments by vehicle manufacturers on new petrol vehicles, each model manufactured by manufacturers shall be of type approved as per the prevailing mass emission norms as applicable for the category of new vehicle in respect of the place of its use.

CMV Rules also requires the manufactures to comply with notifications in the Official Gazette, issued by Central Government to use such parts, components or assemblies in manufacture of such vehicle, of such standards as may be specified or the relevant standards as specified by the Bureau of Indian Standards.

Auto Fuel Policy, 2003

Pursuant to recommendations made by the Mashelkar Committee the auto fuel policy was framed by Ministry of Petroleum & Natural Gas in October 2003. This auto fuel policy lays down the road map for vehicular emissions standards. As mentioned above, Bharat Stage II standards (Euro II equivalent) have been made applicable to all states and union territories and applicability of Bharat Stage III (Euro III equivalent) have been extended to eleven cities. Vehicular emission standards equivalent to Euro IV emission norms are proposed to be made applicable by the year 2010.

The Essential Commodities Act, 1955

The Essential Commodities Act, 1955 (Essential Commodities Act) authorizes the Central Government, if it finds it necessary or expedient so to do, to provide for regulating or prohibiting the production, supply, distribution, trade and commerce in the specified commodities under the Essential Commodities Act, for maintaining or increasing supplies of any essential commodity or for securing their equitable distribution and availability at fair prices, or for securing any essential commodity for the defence of India or the efficient conduct of military operations. The definition of essential commodity under the Essential Commodities Act includes component parts and accessories of automobiles .

Table of Contents

The Finance Act, 2008

The Finance Act 2008 has reduced the excise duty on small cars from 16% to 12% and on Hybrid cars from 24% to general revised rate of 14%. In addition, Central Sales Tax rate has also been brought down from 3% to 2%. In respect of the general CENVAT rate applicable on all goods there has been a reduction from 16% to 14%.

Regulations governing Manufacturing Sector

The Factories Act, 1948

The Factories Act, 1948 (Factories Act) seeks to regulate labour employed in factories and makes provisions for the safety, health, and welfare of the workers. It applies to industries in which 10 or more than 10 workers are employed on any day of the preceding 12 months. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories Act provides that occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers health and safety, cleanliness and safe working conditions. The Factories Act also provides for fines to be paid and imprisonment by the manager of the factory in case of any contravention of the provisions of the Factories Act.

Workmen s Compensation Act, 1923

The Workmen s Compensation Act, 1923 provides that if personal injury is caused to a workman by accident during his employment, his employer would be liable to pay him compensation.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, an employee in a factory or any other establishment in which 20 or more than 20 persons are employed on any day during an accounting year who is in continuous service for a period of five years notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee is eligible for gratuity upon his retirement, superannuation, death or disablement.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 provides that an employee in a factory who has worked for at least 30 working days in a year in a factory is eligible to be paid bonus from the allocable surplus of the company. Contravention of the Payment of Bonus Act by a company will be punishable by proceedings for imprisonment up to six months or a fine up to Rs. 1,000 or both against those individuals in charge at the time of contravention.

Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961 provides that a woman who has worked for at least 80 days in the 12 months preceding her expected date of delivery is eligible for maternity benefits, which include leave for six weeks immediately preceding the scheduled date of delivery and average daily wages for this period. Contravention of this Act is punishable by imprisonment up to one year or a fine up to Rs. 5,000 or both. The maximum period for which any woman shall be entitled to maternity benefit shall be 12 weeks.

Table of Contents

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 provides that the State Governments may stipulate the minimum wages applicable to a particular industry. Workers are to be paid for overtime at rates stipulated by the appropriate Government. Any contravention may result in imprisonment up to six months or a fine up to Rs. 5,000.

Contract Labour (Regulation and Abolition) Act, 1970

The Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labourers.

The Employees State Insurance Act, 1948

The Employees State Insurance Act provides for certain benefits to employees in case of sickness, maternity and employment injury. The Act applies to all factories (including Government factories but excluding seasonal factories) employing ten or more persons and carrying on a manufacturing process with the aid of power or employing 20 or more persons and carrying on a manufacturing process without the aid of power and such other establishments as the Government may specify.

Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to Rs. 6,500 per month is entitled to be insured under the Act.

The Employees Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act provides for the compulsory institution of contributory provident funds, pension funds and deposit linked insurance funds for employees. The act aims to ensure a retiral benefit to secure the future of the employee after retirement. The Act applies to industries employing 20 or more persons and any other class of establishments employing 20 or more persons notified by the Government.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936 is a central legislation which applies to the persons employed in the factories and to persons employed in industrial or other establishments specified in sub-clauses (a) to (g) of clause (ii) of section 2 of the Act. This Act does not apply on workers whose wages payable in respect of a wage period average Rs. 1600 a month or more. The Act has been enacted with the intention of ensuring timely payment of wages to the workers and for payment of wages without unauthorized deductions.

A worker, who either has not been paid wages in time or an unauthorized deductions have been made from his/her wages, can file a claim either directly or through a Trade Union or through an Inspector under this Act, before the Authority appointed under the Payment of Wages Act.

Environmental Regulations

Manufacturing units or plants must ensure compliance with environmental legislation, such as the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Environment Protection Act, 1986 and the Hazardous Wastes (Management and Handling) Rules, 1989. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (PCBs), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that units or plants are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All Plants of the Company are required to obtain consent orders from the PCBs, which are indicative of the fact that the Plant in question is functioning in compliance with the pollution control norms. These consent orders are required to be kept renewed.

Table of Contents

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before it grants clearances for the proposed projects.

Regulation of Foreign Investment

The Foreign Exchange Management Act, 1999

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999 (FEMA), which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion (DIPP), Government of India which is regulated by the Foreign Investment Promotion Board (FIPB).

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (FEMA Regulations) to prohibit, restrict or regulate, transfer or issue of any security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for Foreign Direct Investment (FDI) under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

The FDI Policy

Automatic approval for foreign equity investment up to 100% is allowed in the manufacture of automobile sector under the FDI Policy.

Regulation of Imports and Exports

Quantitative restrictions on imports into India were removed with effect from April 1, 2001, as per India s World Trade Organization (WTO) obligations, and imports of capital goods and automotive components were placed under the open general license category.

In addition, the Company is also regulated by the provisions of the Customs Act, 1962 and the Central Excise Act, 1944.

Table of Contents

CERTAIN CORPORATE MATTERS

Details of change of name of the Company

Tata Motors Limited was incorporated on September 1, 1945 as a public limited liability company under the Indian Companies Act, 1913 as Tata Locomotive and Engineering Company Limited. The name of the Company was changed to Tata Engineering and Locomotive Company Limited on September 24, 1960 and to Tata Motors Limited on July 29, 2003.

Scheme of Amalgamation between Tata Finance Limited and the Company

The High Court of Bombay by its order dated June 24, 2005 approved the scheme of reorganization and amalgamation between Tata Finance Limited (TFL) and the Company under Sections 391 and 394 and other relevant provisions of the Companies Act. Pursuant to the amalgamation with the Company, all the assets and debts, outstandings, credits, liabilities, duties and obligations of TFL, subject to all encumbrances with respect to such assets, were transferred to and vested in the Company. The Company allotted shares to the shareholders of TFL in the approved ratio of eight Ordinary Shares of the face value of Rs. 10 of the Company each for every 100 equity shares of the face value of Rs. 10 each held in TFL.

Key Agreements

1. Joint Venture Agreement between Fiat S.p.A., Fiat India Automobile Private Limited and the Company

Tata Motors Limited and Fiat Group Automobiles S.p.A., Italy, entered into a joint venture agreement dated October 11, 2006, pursuant to which they have agreed to form a joint venture company called Fiat India Automobiles Private Limited (FIAPL) to carry out the business of manufacture of brand specific vehicles in the Company s plant including, distribution and servicing through a common distribution network in India. FIAPL would also export the vehicles through established respective networks and look for opportunities for a prospective import of the Fiat Auto (CBU) vehicles. The initial term of this agreement is for a period of 15 years, following which the agreement shall be automatically renewed for a further period of five years, unless terminated by the parties.

Pursuant to the terms of this agreement the parties amended the Distribution Agreement and the Service Support Agreement dated March 31, 2006 on December 14, 2007, respectively.

2. Joint Venture Agreement between Thonburi Automotive Assembly Plant Company Limited and the Company

The Company and Thonburi Automotive Assembly Plant Company Limited (TAAP), have entered into a joint venture agreement dated December 18, 2006 to form a joint venture company, Tata Motors (Thailand) Limited (TMTL). The Company holds 70% of share holding in TMTL, the balance being held by TAAP, with the Company retaining the managing control over the joint venture company. The joint venture agreement has been incorporated to import and assemble CKD motor vehicle kits and other motor vehicle parts and components manufactured by the Company and to sell and distribute pickup trucks and small commercial vehicles under the Tata brand name in Thailand.

Pursuant to this agreement the Company has entered into a Brand Licensing Agreement and a Technology Collaboration Agreement with TAAP.

3. Share Purchase and Investment Agreement entered between Hispano Carrocera S.A (HC), Investalia, S.L and the Company

The Company and Hispano Carrocera S.A (HC), and Investalia, S.L (Investalia), have entered into a share purchase agreement dated March 16, 2005. Under this agreement, HC has agreed to issue to the Company 13,452 equity shares representing 9.99% of the share capital of HC and Investalia has agreed to sell 14,811 equity shares representing 11.01% of the share capital of HC held by Investalia to the Company. Additionally, TML has the right to acquire all or part of the shares held by Investalia at any point of time.

Table of Contents

Pursuant to this Share Purchase agreement, a Participatory Loan Agreement was entered between HC and the Company on March 16, 2005, where the Company has agreed to grant a loan to recapitalize and to fund the business of HC. Additionally, the parties have entered into two Technology Transfer Agreements dated March 16, 2005, where HC has agreed to grant the Company an exclusive, perpetual, irrevocable and royalty free license with a right to sub licence the technology it owns.

4. Brand Usage Agreement between Tata Sons and the Company

Tata Motors Limited has entered into a Brand Equity and Business Promotion Agreement with Tata Sons Limited (Tata Sons) dated December 18, 1998 pursuant to which the Company can subscribe to the scheme drawn up by Tata Sons and associate itself with the Tata name, marks and marketing indicia in respect of its products and services. The Company is required to comply with the code of conduct framed by Tata Sons under the scheme. Under the agreement, TML has to pay an annual subscription fee to Tata Sons Limited from fiscal 1998 which is equal to 0.25% of our annual net income, provided that the subscription fee does not exceed 5% of our annual profit before tax. However, for the Fiscal 2005, 2006 and 2007, we paid an amount less than 0.25% of our annual net income as mutually agreed between Tata Sons Limited and us. The agreement commenced on January 1, 1999 and can be terminated by written agreement between the parties, by Tata Sons Limited upon our breach of the agreement and our failure to remedy the same, or by Tata Sons Limited upon providing six months notice for reasons to be recorded in writing. The agreement can also be terminated by Tata Sons Limited upon the occurrence of certain specified events, including liquidation.

5. Shareholder agreement with Hitachi Construction Machinery Company Limited and Telco Construction Equipments Company Limited

The Company, Hitachi Construction Machinery Company Limited (Hitachi) and Telco Construction Equipment Company Limited (Telcon) have entered into a shareholder agreement dated January 31, 2000, pursuant to which the Company has agreed to sell to Hitachi, 20 million shares representing 20% of the share capital of Telcon, its Subsidiary. Pursuant to this agreement, the Company and Hitachi have agreed they shall at all time maintain a minimum shareholding of 51% and 15%, respectively, in Telcon.

Pursuant to this agreement, the parties have entered into another agreement dated December 9, 2005, following which the Company has agreed to sell and Hitachi has agreed to buy an additional 20 million shares representing 20% of the share capital of Telcon.

6. Joint Venture Agreement with Marcopolo S.A., Brazil

Tata Motors Limited and Marcopolo S.A., Brazil (Marcopolo), have entered into a joint venture agreement dated May 5, 2006 pursuant to which they have agreed to form a joint venture company called Tata Marcopolo Motors Limited to carry on the business of developing, manufacturing and assembling buses and coaches. The joint venture company would also work to technically upgrade the process and quality of buses and coaches manufactured and assembled by its licensed franchisee units. The Company shall subscribe to 51% and Marcopolo 49% of the equity share capital of the joint venture company.

7. Agreement for the Sale and Purchase of Jaguar and Land Rover between Ford Motor Company, JaguarLandRover Limited and Tata Motors Limited

Tata Motors Limited, Ford Motor Company and TML Holdings Limited UK (name now changed to JaguarLandRover Limited) entered an agreement dated March 25, 2008 for the sale and purchase of the shares of Jaguar Land Rover and all the Jaguar Land Rover assets. Pursuant to this agreement,

Table of Contents

JaguarLandRover Limited has purchased Jaguar Land Rover from Ford Motor Company and Tata Motors Limited has guaranteed the due performance of all the obligations and liabilities of JaguarLandRover Limited to the seller. The transaction has been completed and consequently the agreement has been terminated.

Pursuant to the sale and purchase agreement between Ford Motors Company (Ford), Tata Motors Limited and JaguarLandRover Limited, agreements have been entered into by Ford to ensure the smooth transition of Jaguar Land Rover from Ford. In this regard,

1. Long term agreements have been entered with Ford for technology sharing and joint development providing technical support across a range of technologies focussed mainly around powertrain engineering such that Jaguar Land Rover may continue to operate according to its existing business plan;

2. Supply Agreements, ranging for a duration of seven to nine years, were entered into with Ford for (i) the long term supply of engines developed by Ford, (ii) engines developed by Jaguar Land Rover but manufactured at Ford plants and (iii) engines from Ford-PSA cooperation;

3. Transitional Support Agreements of varying durations of up to 18 months were entered into with Ford for support in areas such as information technology, accounting and treasury services, marketing and purchasing services; and

4. Ford Motor Credit Company (Ford Motor Credit) will continue to provide consumer and wholesale credit support to the dealers and customers of Jaguar Land Rover for up to 12 months in various markets following our acquisition of Jaguar Land Rover.

Table of Contents

DIVIDENDS

The Company has been a dividend paying company and has paid dividends in each of the last five Financial Years. The following are the dividend pay outs in the last five Fiscals by the Company:

Fiscal	Dividend per Ordinary Share of Rs. 10 each (Amount in Rs.)	Total Amount (In Rs. million)*
2004	8.00	3,182.50
2005	12.50	5,171.50^
2006	13.00	5,677.80
2007	15.00	6,763.90^
2008	15.00	6,596.80

* *Inclusive of corporate dividend tax.*

^ *Including residual dividend.*

The Company does not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board s assessment of the Company s earnings, cash flow, financial conditions and other factors prevailing at the time. The Board recommends the payment of a dividend and the shareholders at a general meeting approves the same. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as on the record date for which such dividend is payable. In addition, the Board may declare and pay interim dividends. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of their shares is outstanding.

The amounts paid as dividends in the past are not necessarily indicative of the Company s dividend policy or dividend amounts, if any, in the future.

Table of Contents

MANAGEMENT

Board of Directors

The following table sets forth details regarding the Company s Board of Directors as on September 15, 2008

Sr. No.	Name, Designation, Address, Occupation, Term and Date of Birth	Nationality	DIN	Age	Other Directorships
1.	Ratan N. Tata *Non-Executive Chairman* Address: Bakhtavar , Lower Colaba Road, Mumbai 400 005 Occupation: Business Term: Retires by rotation Date of Birth: December 28, 1937	Indian	00000001	70	Tata Sons Limited Tata Industries Limited Indian Hotels Company Limited Tata Chemicals Limited Tata Steel Limited The Tata Power Company Limited Tata Tea Limited Tata AutoComp Systems Limited The Bombay Dyeing & Manufacturing Company Limited Tata Consultancy Services Limited Tata Teleservices Limited Tata Teleservices (Maharashtra) Limited Hindustan Aeronautics Limited Antrix Corporation Limited Tata Technologies (Pte) Limited, Singapore Tata International AG Zug, Switzerland Tata AG Zug, Switzerland Tata Limited., London, UK Tata Incorporated, New York, USA

					Tata Motors European Technical Centre, Plc, UK Fiat S.p.A., Turin Italy Tata America International Corporation Limited Alcoa Inc., USA JaguarLandRover Limited
2.	N A Soonawala *Non Independent, Non-Executive* *Director* Address: 29, Hampton Court, Opp. Colaba Post Office, Colaba Mumbai 400 005 Occupation: Professional Term: Retires by rotation Date of Birth: June 27, 1935	Indian	00005582	73	Tata Industries Limited Tata Investment Corporation Limited Tata Sons Limited The Indian Hotels Company Limited Trent Limited

95

Table of Contents

Sr. No.	Name, Designation, Address, Occupation, Term and Date of Birth	Nationality	DIN	Age	Other Directorships
3.	J J Irani *Non Independent , Non-Executive Director* Address: Flat No. 221, A Wing, NCPA Apartments, Nariman Point, Mumbai 400 021 Occupation: Professional Term: Retires by rotation Date of Birth: June 2, 1936	Indian	00311104	72	Tata Refractories Limited TRF Limited Tata Teleservices Limited Tata Steel Limited Repro India Limited BOC India Limited Electrosteel Castings Limited Kansai Nerolac Paints Limited Tata Sons Limited Housing Development Finance Corporation Limited Tata Incorporated, New York
4.	V R Mehta *Independent, Non-Executive Director* Address: G 12, South Extension Part II New Delhi 110 049 Occupation: Professional Term: Retires By Rotation Date of Birth: January 12, 1934	Indian	00051415	74	Telco Constructions Equipment Company Limited Tamil Nadu Newsprint and Paper Limited TT Limited Tata Motors Finance Limited Seas Software Services Private Limited
5.	R Gopalakrishnan *Non Independent, Non-Executive Director* Address: Baug- E- Abbas,	Indian	00027858	62	Tata Chemicals Limited Tata Sons Limited Tata Power Company Limited ICI India Limited

Flat No. 101, Captain Prakash Pethe Marg, 21/A, Cuffe Parade, Mumbai 400 005 Occupation: Professional Term: Retires By Rotation Date of Birth: December 25, 1945	Rallis India Limited Tata Teleservices Limited Castrol India Limited Tata Technologies Limited Tata Autocomp Systems Limited ABP Private Limited Advanius Therapeutics Private Limited IMACID S.A.

Table of Contents

Sr. No.	Name, Designation, Address, Occupation, Term and Date of Birth	Nationality	DIN	Age	Other Directorships
6.	N N Wadia *Independent, Non-Executive Director* Address: Beach House P Balu Marg, Prabhadevi, Mumbai 400 025 Occupation: Business Term: Retires by rotation Date of Birth: February 15, 1944	Indian	00015731	64	The Bombay Dyeing & Manufacturing Company Limited Wadia BSN India Limited Gherzi Eastern Limited The Bombay Burmah Trading Corporation Limited Tata Steel Limited Britannia Industries Limited Tata Chemicals Limited Atul Limited Go Airlines (India) Private Limited Britannia New Zealand Foods Private Limited Leila Lands Sendirian Berhad. (Malaysia) Naira Holdings Limited (B.V.I.) Strategic Food International Company Llc, Dubai, UAE Strategic Brand Holdings Company Limited (UAE) Al Sallan Food Industries Company, SAOG (Oman) Britannia and Associates (Dubai) Private Company Limited
7.	S M Palia *Independent, Non-Executive Director* Address: 16, Ruchir Bungalows, Judges Bunglows Road, Bodakdev, Vastrapur, Ahmedabad 380 054 Occupation: Professional	Indian	00031145	70	GRUH Finance Limited Saline Area Vitalisation Enterprises Limited Tata Steel Limited Al Champdany Industries Limited The Bombay Dyeing & Manufacturing Company Limited

	Term: Retires by rotation				
	Date of Birth:				
	April 25, 1938				
8.	R A Mashelkar	Indian	00074119	65	Reliance Industries Limited
	Independent, Non-Executive Director				Thermax Limited
					Piramal Lifesciences Limited
	Address: D- 4, Varsha Park, Raghunath Bunglow				Hindustan Unilever Limited
	Baner, Pune 411 045				ICICI Knowledge Park
					GeneMedix Biological Private Limited
	Occupation: Professional				Indigene Pharmaceuticals Private Limited
	Term: Retires by Rotation				KPIT Cummins Infosystems Limited
	Date of Birth:				
	January 1, 1943				
9.	Nasser Munjee	Indian	00010180	55	HDFC Limited
	Independent Director, Non-Executive Director				Voltas Limited
					Cummins India Limited
	Address: Benedict Villa, House no .471, Saudevado, Chorao Island, Tiswadi, Goa 403102				Ambuja Cements Limited
					ABB Limited
					Unichem Laboratories Limited
	Occupation: Professional				Development Credit Bank Limited
	Term: To be appointed at next AGM				Bharti AXA Life Insurance Company Limited
	Date of Birth:				
	November 18, 1952				Tata Chemicals Limited
					Ciba Specility Chemicals (India) Limited
					Indian Railway Finance Corporation
					Apollo Health Street
					The Shipping Corporation of India Limited

97

Table of Contents

Sr. No.	Name, Designation, Address, Occupation, Term and Date of Birth	Nationality	DIN	Age	Other Directorships
10.	Subodh Bhargava *Independent Director, Non-Executive Director* Address: A-15/1, DLF City, Phase-I, Gurgaon 122 002 Occupation: Company Director Term: Retires by Rotation Date of Birth: March 30, 1942	Indian	00035672	66	Wartsila India Limited Samtel Color Limited Rane Engine Valves Limited Carborundum Universal Limited GlaxoSmithKline Consumer Healthcare Limited Batliboi Limited SRF Limited Power Finance Corporation Limited Larsen & Toubro Limited Tata Steel Limited TRF Limited Tata Communications Limited Tata Communications International Limited
11.	Ravi Kant *Non Independent , Executive, Managing Director* Address: A-3, Pallonji Mansion, 43 Cuffe Parade, Near President Hotel Colaba, Mumbai 400 005 Occupation: Professional Term: July 29, 2005 to June 1, 2009 Date of Birth: June 1, 1944	Indian	00016184	64	Tata Cummins Limited TAL Manufacturing Solutions Limited Voltas Limited Tata Industries Limited Tata Marcopolo Motors Limited Tata Daewoo Commercial Vehicle Company Limited (Korea) Hispano Carrocera (Spain) Tata Motors European Technical Centre, PLC (UK) Tata Motors (Thailand) Limited Tata Precision Industries Pte. Limited (Singapore)

					Tata Engineering Services Pte. Limited (Singapore) Tata Motors (SA) Proprietary Limited Fiat India Automobiles Private Limited JaguarLandRover Limited
12.	P M Telang *Non Independent, Executive Director* Address: Flat no 313, Samudra Mahal, Dr. Annie Besant Road, Worli, Mumbai 400 018 Occupation: Professional Term: May 18, 2007 to May 17, 2012 Date of Birth: June 21, 1947	Indian	00012562	61	Automobile Corporation of Goa Limited Tata Cummins Limited Telco Construction Equipment Company Limited TAL Manufacturing Solutions Limited Tata Marcopolo Motors Limited HV Transmissions Limited HV Axles Limited TML Distribution Company Limited Tata Motors (Thailand) Limited Tata Daewoo Commercial Vehicle Company Limited (Korea) Tata Motors (SA) (Proprietary) Limited Nita Company Limited Fiat India Automobiles Private Limited

Table of Contents

Brief Biographies of the Directors

Mr. Ratan N Tata (Chairman): Mr. Ratan N Tata holds a B.Sc. (Architecture) degree from Cornell University, USA and has completed the Advanced Management Program at Harvard University, USA. He joined the Tata Group in 1962 and is the Chairman of the Tata Group of Companies and Tata Sons Limited, the holding company for majority of Tata Companies. As Chairman of Tata Industries Limited since 1981, he is responsible for transforming the company into a Group strategy think-tank and a promoter of new ventures in high technology businesses. He was honoured by the Government of India with the Padma Bhushan in January 2000 and awarded an Honorary Doctorate degree in Business Administration by the Ohio State University. Mr. Tata has been on the Company s Board since August 1981 and has spent more than 13 years in an executive capacity and is actively involved with product development and other business strategies pursued by the Company. One of his achievements include designing and developing India s first indigenous car - the *Indica* which has been recognized as one of the strongest brands to have been created of late.

Mr. N A Soonawala: Mr. N A Soonawala is a commerce graduate from the University of Bombay and a Chartered Accountant from the Institute of Chartered Accountants of India. He has wide exposure in the field of Finance, having worked with ICICI, the World Bank and the International Finance Corporation, Washington. He joined Tata Sons Limited in 1968 and is a director of various Tata Companies and committees. Mr. Soonawala has been on the Board of the Company since May 1989.

Dr. J J Irani: Dr. Jamshed Irani obtained a B.Sc. degree from Science College, Nagpur in 1956 with a Gold Medal in Geology and a M.Sc. (Geology) degree from the Nagpur University in 1958, both with first class. He also obtained M.Met. and Ph.D. degrees from the University of Sheffield, UK, in 1960 and 1963 respectively, with a Gold Medal for the Ph.D. Thesis. In 1993, the University of Sheffield conferred upon him the honorary degree of Doctor of Metallurgy . In 1996, the Royal Academy of Engineering, London elected him as a foreign member and he is amongst the five Indians who have been bestowed with this honour. Dr. Irani was conferred honorary knighthood in 1997 by the Queen of England for his contribution towards strengthening the Indo-British Partnership. He is also on the boards of various Tata companies and has been on the Company s Board as a Tata Steel Nominee since June 1993.

Mr. V R Mehta: Mr. V R Mehta holds a Bachelor of Engineering (Honours) degree and has considerable financial and project evaluation expertise, both at national and international levels. He worked as a senior expert for the Asian Development Bank, Manila and earlier held senior level positions in the Ministries of Railways and Shipping & Transport. He played a key role in financial revamping and rationalization of operations of major ports in India and participated in diplomatic missions and represented the Government in international conferences. Mr. Mehta was the founder managing director of the Dredging Corporation of India. Mr. Mehta has been and continues to be also on the boards of a number of other companies in his individual capacity or representing financial institutions or foreign companies. Mr. Mehta has been on the Board of Company since June 1998 as a representative of a financial institution. He ceased to be an Institutional Director and was appointed as an Additional Director of the Company on October 25, 2005.

Table of Contents

Mr. R Gopalakrishnan: Mr. Gopalakrishnan holds a Bachelor s degree in Science and a B.Tech (Electronics) degree from the IIT, Kharagpur. He is also an executive director of Tata Sons Limited and a member of the group executive office of Tata Sons Limited, besides being on the Boards of various Tata companies. Prior to joining the Tata Group in August 1998, Mr. Gopalakrishnan was the vice chairman of Hindustan Lever Limited. Mr. Gopalakrishnan has been a non-executive Director on the Board of the Company since December 22, 1998.

Mr. Nusli N Wadia: Educated in the UK, Mr. Wadia is the chairman of Bombay Dyeing & Manufacturing Company Limited and heads the Wadia Group. He is also the chairman/trustee of various charitable institutions and non-profit organizations. Mr. Wadia has been on the Company s Board since December 22, 1998.

Mr. S M Palia: Mr S M Palia, a B.Com., LLB., CAIIB and AIB (London) is a Development Banker by profession. He was with IDBI from 1964-1989 during which period he held various responsible positions including that of an executive director. He has also acted as an advisor to Industrial Bank of Yeman, Saana (North Yeman) and Industrial Bank of Sudan, Khartoum (Sudan) under World Bank Assistance programmes. He was also the managing director of Kerala Industrial and Technical Consultancy Organisation Limited, set up to provide consultancy services to micro enterprises and small and medium enterprises. Mr. Palia is on the Boards of various companies in the industrial and financial service sectors and is also actively involved as a trustee in various NGOs and Trusts. He was appointed as a Director of the Company on May 19, 2006.

Dr. R A Mashelkar: Dr. Mashelkar is an eminent chemical engineering scientist and has recently retired from the post of director general from the Council of Scientific & Industrial Research. Dr. Mashelkar is the President of Indian National Science Academy, National Innovation Foundation, Institution of Chemical Engineers, UK and Global Research Alliance, a network of 60,000 scientists from five continents and has been honoured with honorary doctorates from 26 universities, including Universities of London, Salford, Pretoria, Wisconsin and Delhi.
Dr. Mashelkar has also been elected as Fellow/Associate of Royal Society, London, National Academy of Science, USA, US National Academy of Engineering, Royal Academy of Engineering, U.K. and World Academy of Art & Science, USA. Dr. Mashelkar has won over 50 awards and medals at national and international levels, including the JRD Tata Corporate Leadership Award and the Stars of Asia Award (2005).
Dr. Mashelkar through leadership of various organizations/ Government Committees has propagated innovation and intellectual property rights and India s science and technology policies. He is a Padmashri (1991) and Padmabhushan (2000) winner. He was appointed as a Director of the Company on August 28, 2007.

Mr. Nasser Munjee: Mr. Munjee holds a Bachelor s degree from Chicago and a Master s degree from the London School of Economics, UK. His journey in financial sector began with HDFC where he served for over 20 years at various positions including as its executive director. He was the managing director of Infrastructure Development Finance Company Limited till March 2004. Presently he is the chairman of Development Credit Bank since June 2005 and is also on the board of directors of various multinational companies and trusts. Mr. Munjee is a technical advisor on the World Bank-Public Private Partnership Infrastructure and Advisory Fund. He is also associated with several public and private institutions as chairman and member of the board or trustee. He was appointed as a Director of the Company on June 27, 2008.

Mr. Subodh Bhargava: Mr. Subodh Bhargava holds a degree in Mechanical Engineering from the University of Roorkee and retired from Eicher Group of Companies as group chairman and chief executive in March 2000. He was the past president of the Confederation of Indian Industry and the Association of Indian Automobile Manufacturers and the vice president of the Tractor Manufacturers Association. He was also a member of the Insurance Tariff Advisory Committee, the Economic Development Board of the government of Rajasthan. He has held various prominent positions on various Chambers/Associations in the field of research in engineering and technology and technical and management education and is currently associated as a director of several Indian corporates, including Tata Communications Limited and Tata Steel Limited. He was appointed as a Director of the Company on June 27, 2008.

Table of Contents

Mr. Ravi Kant: Mr. Ravi Kant holds a Bachelor of Technology degree from the Indian Institute of Technology, Kharagpur and a Masters in Science from the University of Aston, Birmingham, UK. Mr. Kant has wide and varied experience in the manufacturing and marketing field, particularly in the automobile industry. Prior to joining the Company, he was with Philips India Limited as director of Consumers Electronics business and prior to which with LML Limited as senior executive director (marketing) and Titan Watches Limited as vice president (sales & marketing). Mr. Kant was also employed with Kinetic Engineering Limited and Hawkins Cookers Limited. Mr. Kant has been with the Company since July 2000 as the executive director (commercial vehicle business unit) responsible for manufacturing & marketing of the Commercial Vehicle Business Unit. He has been appointed as Managing Director of the Company effective July 29, 2005.

Mr. P M Telang: Mr. Prakash Telang holds a Bachelor s Degree in Mechanical Engineering and a MBA from IIM, Ahmedabad. Mr. Telang has over three decades of functional expertise in the automotive industry and machinery manufacturing. After spending the first three years of his career with M/s Larsen & Toubro, he joined the Tata Group through the Tata administrative service cadre. He is responsible for product development, manufacturing, sales and marketing functions of the strategic business unit of light & small commercial vehicles. Mr. Telang has been appointed as Executive Director (Commercial Vehicles) of the Company on May 18, 2007.

Shareholding of the Directors of the Company

The following table details the shareholding of the Directors in their personal capacity as at the date of this Letter of Offer.

Name of Directors	Number of Ordinary Shares (Pre-Issue)	Number of Ordinary Shares (Post-Issue)*	Number of A Ordinary Shares (Post-Issue)*
Ratan Tata	65,510	76,428	10,918
J J Irani	1,850	2,158	308
R Gopalkrishnan	3,750	4,375	625
S M Palia	200	233	33
P M Telang	1,120	1,306	186

* *Assuming they subscribe in full to their rights entitlement in the Issue.*

Changes in the Board of Directors during the last three years

Name	Date of Appointment/ Date of Cessation	Reason for change
V Sumantaran	August 24, 2005	Resigned
S M Palia	May 19, 2006	Appointed
Helmut Petri	July 11, 2006	Resigned
P K M Fietzek	July 11, 2006	Resigned
J K Setna	July 11, 2006	Retired
P M Telang (Executive Director)	May 18, 2007	Appointed
S A Naik	July 9, 2007	Retired
R A Mashelkar	August 28, 2007	Appointed
P P Kadle	September 18, 2007	Resigned
Nasser Munjee	June 27, 2008	Appointed
Subodh Bhargava	June 27, 2008	Appointed

Borrowing Powers of our Board

In terms of the Articles of Association of the Company, the Board may, from time to time, at its discretion by a resolution passed at its meeting raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. However, if the moneys sought to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company s bankers in the ordinary course of business) should exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board is required to obtain the consent of the Company in general meeting prior to undertaking such borrowing.

In this regard, our Company has resolved by way of a Resolution dated July 14, 2008 through a postal ballot, that pursuant to the provisions of Section 293(1)(d) of the Companies Act the Board is authorised to borrow moneys (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) from banks, financial institutions, NBFCs etc., from time to time, for the purpose of Company s business in excess of the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs. 200,000 million.

Compensation of the Directors

(A) Executive Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to Managing and whole time Directors. Salary is paid within the range approved by the shareholders. Annual increments effective from April 1, each year, as recommended by the Remuneration Committee are approved by the Board. The ceiling on perquisites and allowances as a percentage of salary is fixed by the Board. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee. The commission is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings in accordance with Sections 198 and 309 of the Companies Act. The specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

The following tables set forth all compensation paid by the Company to the Managing and whole time Directors for the fiscal year ended March 31, 2008.

(In Rs. Million)

Name of the Director	Salary	Perquisites and Allowances	Commission	Total
Ravi Kant	5.2	4.2	21.0	30.4
P P Kadle*	2.0	1.9	9.0	12.9
P M Telang**	2.8	1.8	14.0	18.6

* *P P Kadle resigned from the Board of Directors on September 18, 2007.*

** *Part of the year*

(B) Non-Executive Directors

The remuneration by way of commission to the non-Executive Directors is decided by the Board of Directors and distributed to them based on their contribution and attendance at the Board and certain Committee meetings as well as time spent on operational matters other than at the meetings. The shareholders have at the AGM held on July 24, 2008, approved the payment of remuneration by way of commission to the non-Executive Directors of the Company, a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, for a period of 5 years commencing April 1, 2008. The commission is distributed amongst the Executive Directors in accordance with the directives given by the Board. A sitting fee of Rs. 20,000 for attendance at each meeting of the Board, Audit Committee, Executive Committee and Remuneration Committee and Rs. 5,000 for Investors Grievance Committee, Ethics & Compliance Committee and other committees is paid to its members (excluding Managing and Executive Director). The sitting fees paid/payable to the Non-Executive Directors is excluded whilst calculating the above limits of remuneration in accordance with Section 198 of the Companies Act. The Company also reimburses out-of-pocket expenses to Directors attending meetings held at a city other than the one in which the Directors reside.

Table of Contents

Terms of appointment of the Managing Director, Mr. Ravi Kant

Mr. Ravi Kant was appointed as the Managing Director of the Company pursuant to the shareholders approval at the AGM held on July 29, 2005 for a period from July 29, 2005 to June 1, 2009 pursuant to an agreement dated August 14, 2006. Vide resolution passed at the AGM of the Company held on July 24, 2008 and supplemental agreement dated July 25, 2008 the terms of remuneration of Mr. Ravi Kant have been revised by increasing the limit of his salary from Rs. 0.50 million per month to Rs. 0.65 million per month. Currently, the Board has fixed the salary of Mr. Ravi Kant at Rs. 0.53 million per month.

The perquisites and allowances payable to Mr. Ravi Kant, according to the agreement, would include rent free residential accommodation or house rent, house maintenance and utility allowances aggregating 85% of the basic salary and allowances, leave travel concession, medical allowances, personal accident insurance, club membership fee subject to a maximum of 55% of the basic salary. The perquisites such as hospitalization, transport, telecommunication and leave encashment and contribution to provident fund, superannuation fund or annuity and gratuity funds, as per the rules of the Company are not included in the said limits. He is also entitled to and commission subject to the limits under the Act and incentive remuneration which will not exceed 200% of the salary.

Corporate Governance

There are three Board level Committees in the Company, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Listing Agreement. These are (i) Audit Committee, (ii) Share Transfer and Shareholders /Investors Grievance Committee and (iii) Remuneration Committee. A brief on each Committee, its scope and its composition is given below:

Audit Committee

The Audit Committee consists of:

1. V R Mehta (Chairman);

2. S M Palia; and

3. R A Mashelkar

The Audit Committee functions according to its charter, which is reviewed from time to time, that defines its powers, scope and role in accordance with the Companies Act, Listing Agreements and US regulations applicable to the Company. The major functions of the Audit Committee are, inter alia,

a. Reviewing the quarterly financial statements before submission to the Board, focusing primarily on:

   - Compliance with accounting standards and changes in accounting policies and practices;

   - Major accounting entries involving estimates based on exercise of judgment by Management;

   - Audit Qualifications and significant adjustments arising out of audit;

   - Analysis of the effects of alternative GAAP methods on the financial statements;

Compliance with listing and other legal requirements concerning financial statements;

Review Reports on the management discussion and analysis of financial condition, results of

Operations and the Directors Responsibility Statement;

Table of Contents

Overseeing the Company s financial reporting process and disclosure of its financial information, including earnings press release to ensure that the financial statements are correct, sufficient and credible; and

Disclosures made under the CEO and CFO certification and related party transactions to the Board and Shareholders.

b. Reviewing with the management, external auditor and internal auditor, adequacy of internal control systems and recommending improvements to the management.

c. Recommending the appointment/removal of the statutory auditor, fixing audit fees and approving non-audit/consulting services provided by the statutory auditors firms to the Company and its Subsidiaries; evaluating auditors performance, qualifications and independence.

d. Reviewing the adequacy of internal audit function, coverage and frequency of internal audit, appointment, removal, performance and terms of remuneration of the chief internal auditor.

e. Discussing with the internal auditor and senior management significant internal audit findings and follow-up thereon.

f. Reviewing the findings of any internal investigation into matters involving suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.

g. Discussing with the external auditor before the audit commences, the nature and scope of audit, as well as conduct post-audit discussions to ascertain any area of concern.

h. Reviewing the Company s financial and risk management policies.

i. Reviewing the functioning of the Whistle-Blower and the legal compliance mechanism.

j. Reviewing the financial statements and investments made by Subsidiary companies.

The Audit Committee had met ten times during the Fiscal 2008 and six times till August 31, 2008.

Remuneration Committee

The Remuneration Committee consists of:

1. N N Wadia (Chairman);

2. Ratan N Tata;

3. N A Soonawala; and

4. V R Mehta

The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Director, retirement benefits to be paid to them under the Retirement Benefit Guidelines approved by the Board and deal with matters pertaining to Employees Stock Option Scheme.

The Remuneration Committee had met once during the Fiscal 2008 and once till August 31, 2008.

104

Table of Contents

Investors Grievance Committee

Investor Grievance Committee consists of:

1. S M Palia *(Chairman);*

2. R Gopalakrishnan; and

3. Ravi Kant

The Investors Grievance Committee of the Board is empowered to oversee the redressal of investors complaints pertaining to share/debenture transfers, non-receipt of annual reports, interest/dividend payments, issue of duplicate certificates, transmission (with and without legal representation) of shares and debentures and other miscellaneous complaints. During the period April 1, 2007 to March 31, 2008 the Company received 72 complaints from shareholders/investors. During the first quarter of Fiscal 2009, the Company received 4 complaints from shareholders/investors. As of date no complaints are pending.

The Investors Grievance Committee met two times during the Fiscal 2008 and once till August 31, 2008 in the Fiscal 2009.

Other Committees

The Executive Committee of Board reviews capital and revenue budgets, long-term business strategies and plans, the organizational structure of the Company, real estate and investment transactions, allotment of shares and/or debentures, borrowing and other routine matters. The Executive Committee also discusses the matters pertaining to legal cases, acquisitions and divestment, new business forays and donations.

The Executive Committee of the Board formed a Donations Committee in September 2003 and a Corporate Social Responsibility Committee in January 2006, which meet from time to time to fulfill community and social responsibilities of the Company.

The Nominations Committee of the Board was constituted with the objective of identifying independent directors to be inducted on the Board from time to time and to review the constitution of the Board from time to time.

The Ethics and Compliance Committee of the Board was constituted to formulate policies relating to the implementation of the Tata Code of Conduct for Prevention of Insider Trading (the Code), take on record the monthly reports on dealings in securities by the Specified Persons and decide penal action in respect of violations of the applicable regulations/the Code.

Key Managerial Personnel

The details of the Company s key managerial personnel are as follows:

Name	Age	Designation	Qualifications	Previous Employment	Total Years of Experience	Date of joining	Gross Salary (Rs. million)*
Ravi Kant	64	*Managing Director*	Masc.-Mgmt. Tech-University of Aston, U.K., Batch (Hones.) Metallurgical	Philips India	41	February 1, 1999	31.27
P M Telang	61	*Executive Director (Commercial*	BE (Mechanical), PGDBA	Larsen & Toubro Limited	39	June 1, 1972	20.00

Vehicles)

105

Table of Contents

Name	Age	Designation	Qualifications	Previous Employment	Total Years of Experience	Date of joining	Gross Salary (Rs. million)*
Rajiv Dube	46	*President (Passenger Cars)*	BE (Mechanical), PGDBM	Tata Industries Limited	25	July 1, 1983	12.37
C Ramakrishnan	52	*Chief Financial Officer*	B.Com., CA, ICWA	Balmer Lawie & Company	28	November 27, 1980	11.03
S N Ambardekar	57	*Plant Head (CVBU, Pune)*	BE (Mechanical)		36	September 05, 1972	8.16
S B Borwankar	55	*Head (Jamshedpur - Plant)*	B.Tech (Mechanical)		34	August 02, 1974	6.95
A M Mankad	57	*Head (Car Plant)*	BE (Electrical)	Mahindra & Mahindra Limited	36	April 19, 2005	6.57
U K Mishra	56	*Vice President (ADD and Materials-CVBU)*	B.Sc Engg. (Mechanical), PGDBM		33	November 06, 1974	7.42
S Krishnan	53	*Vice President (Commercial - PCBU)*	B.Sc, DBM, AMBLM (London)	Mahindra & Mahindra Limited	32	July 15, 1996	8.83
P Y Gurav	54	*Vice President (Corp. Finance - A/c and Taxation)*	M.Com, ACA	Finolex Cables Limited	29	November 1, 2001	7.65
S J Tambe	50	*Vice President (Human Resources)*	B.Sc (Bot), MBA, Fellow (IIMA)	Mahindra & Mahindra Limited	23	August 17, 2005	9.43
R Pisharody	52	*Vice President (Sales and Marketing - CVBU)*	B.Tech (Electronics), PGDM (Mktng. & Info Sys)	BP Singapore Pte Limited	29	September 17, 2007	3.10
A Gajendragadkar	45	*Chief Internal Auditor*	BE (Electrical), CA, MMS (Finance)	Accenture India Private Limited	22	September 21, 2004	8.90

* The remuneration of each of the Company s key personnel for year ended March 31, 2008 and is as per the statement pursuant to section 217(2A) of the Act and the Companies (Particulars of Employees) Rules, 1975.

All the above Key Managerial Personnel are permanent employees of the Company.

Table of Contents

Organization Structure of the Company

Shareholding of Key Managerial Personnel in the Company as on September 12, 2008

Name of Key Managerial Personnel	No. of Ordinary Shares held (Pre-Issue)
P M Telang	1,120
C Ramakrishnan	372
S N Ambardekar	289
S B Borwankar	142
A Gajendragadkar	100

Interest of Promoter, Directors and Key Managerial Personnel

Except as stated in Related Party Transactions on page 115 of this Letter of Offer, and to the extent of shareholding in the Company, the Promoter and Tata Companies does not have any other interest in the Company s business.

The Non-Executive Directors of the Company may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a Committee. The Managing Director and other Whole-time Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered by them as officers of the Company. All the directors may also be deemed to be interested to the extent of commission paid to them and Ordinary Shares, if any, already held by them or their dependants and relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Letter of Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Ordinary Shares. The Directors may also be regarded as interested in the Ordinary Shares and A Ordinary Shares, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms or trusts, in which they are interested as directors, members, partners and/or trustees.

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Ordinary Shares held by them or their dependants in the Company, if any. The Company does not have any profit sharing plan for the key managerial personnel.

Table of Contents

Loans availed by key managerial personnel from the Company as on June 30, 2008

Name	Amount Outstanding (In Rs. million)	Rate of Interest p.a.	Nature of Loan
P M Telang	1.1	4%	Company Housing Loan
S B Borwankar	0.3	4%	Company Housing Loan
	0.0*	4%	Car Loan
U K Mishra	0.4	4%	Company Housing Loan
	0.0*	0%	Special Loan
S Krishnan	0.0*	0%	Special Loan

* *Represents amount less than Rs. 50,000.*

Except as stated otherwise in this Letter of Offer, the Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Letter of Offer in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Except as stated otherwise in this Letter of Offer, the Company s Directors and its key managerial personnel have not taken any loan from the Company.

Changes in the Company s Key Managerial Personnel during the last three years

Name	Designation	Date of joining/leaving	Reasons
R T Singh	Vice President (Manufacturing) Jamshedpur	July 20, 2005	Retirement
S J Tambe	Vice President-Human Resources	August 17, 2005	Appointed
V Sumantran	Executive Director (PCBU & ERC)	August 24, 2005	Resignation
A I Rebello	Chief (Tata Motors Finance)	September 1, 2006	Transferred
R K Ghosh	Vice President (Customer Care)	February 25, 2007	Retirement
P M Telang	President CVBU	May 18, 2007	Elevated as Executive Director
Zackria Sait	Vice President (Technical Services)	June 24, 2007	Retirement
S N Ambardekar	Plant Head CVBU	July 1, 2007	Promoted
S Borwankar	Head Jamshedpur Plant	July 1, 2007	Promoted
A P Arya	President H&MCV	July 11, 2007	Transferred
P P Kadle	Executive Director (Finance & Corporate Affairs)	September 18, 2007	Transferred
C Ramakrishnan	Chief Financial Officer	September 18, 2007	Designated as CFO
Ravi Pisharody	Vice President (Sales & Marketing)	September 17, 2007	Appointed
K C Girotra	Vice President (Lucknow Works & FBV)	October 1, 2007	Retirement

108

Table of Contents

Name	Designation	Date of joining/leaving	Reasons
Shyam Mani	Vice President (Sales & Marketing) -CVBU	October 15, 2007	Transferred
R S Thakur	Vice President (Managing Director s Office)	December 28, 2007	Transferred

109

Table of Contents

PROMOTER

The promoter of the Company is Tata Sons Limited.

TATA SONS LIMITED

CIN: U99999MH1917PLC000478

Tata Sons Limited was incorporated as a private limited company under the Indian Companies Act, 1913 on November 8, 1917 and currently its registered office is located at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001. The company became a deemed public company with effect from May 1, 1975. Tata Sons Limited is the principal investment holding company of the Tata Companies and has a significant shareholding in the share capital of major operating companies which it has promoted. Amongst the company s subsidiaries Tata Consultancy Services Limited (TCS), Tata Investment Corporation Limited and Tata Teleservices (Maharashtra) Limited are listed on the stock exchanges in India.

Tata Sons Limited has two operating divisions:

Tata Financial Services (TFS): This division provides financial advisory services related to corporate finance and restructuring, project finance and treasury and portfolio management of operating and investment companies.

Tata Quality Management Services (TQMS): This division is involved in creating awareness of and imparting training in the Tata Business Excellence Model (TBEM) amongst Tata companies. This is done to assist Tata companies to achieve well-defined levels of business excellence using the TBEM framework. The framework encompasses four approaches Assurance, Assessment, Assistance and Award (the JRD QV Award).

Board of Directors

The Board of Directors of Tata Sons Limited consists of:

Sr. No.	Name	Designation
1.	Mr. Ratan N. Tata	Chairman
2.	Mr. N A Soonawala	Vice Chairman
3.	Mr. F K Kavarana	Director
4.	Mr. Syamal Gupta	Director
5.	Dr. J J Irani	Director
6.	Mr. R Gopalakrishnan	Executive Director
7.	Mr. Ishaat Hussain	Finance Director
8.	Mr. R K Krishna Kumar	Director
9.	Mr. A R Gandhi	Executive Director
10.	Mr. Alan Rosling	Executive Director
11.	Mr. Cyrus P. Mistry	Director

Change in the Board of Directors of Tata Sons Limited in the last three years

Name of Director	Date of Appointment	Date of Cessation	Reason
Mr. Cyrus P. Mistry	August 10, 2006		Appointment

110

Table of Contents

Shareholding Pattern

The shareholding pattern of Tata Sons Limited as on August 31, 2008 is as follows:

Name	Shareholding (%)
Charitable Trusts	65.89
Tata Companies	12.86
Other Companies	18.40
Directors	0.83
Individuals	2.02
Total	**100.00**

Financial Performance

The summary audited financial statements for the last three years are as follows:

		(In Rs. Million, except per share data)		
Particulars		**Fiscal 2008**	**Fiscal 2007**	**Fiscal 2006**
Share Capital*	Equity	404.1	404.1	404.1
	Preference	2,747.0	1,979.8	661.0
Reserves		1,55,242.3	121,231.3	92,368.5
Income		4,476.7	38,484.6	18,675.7
Profit after tax (PAT)		37,798.0	33,359.4	16,123.1
Earnings per share (EPS) (Rs)		91,155.0	82,322.0	39,782.0
Book value per share (Rs.)		275,660.0	275,660.0	212,903.0

* *The face value of the company s equity shares is Rs. 1,000 each.*

The shares of Tata Sons Limited are not listed on any stock exchange.

There have been no overdue/defaults to any banks/financial institutions.

Subsidiaries of Tata Sons Limited

S. No.	Name of the Subsidiary
1.	21st Century Infra Tele Private Limited
2.	Ahinsa Realtors Private Limited
3.	APONLINE Limited
4.	C-Edge Technologies Limited
5.	CMC Americas Inc.
6.	CMC Limited
7.	Computational Research Laboratories Limited

8. Concept Marketing and Advertising Limited
9. Custodia De Documentos Interes Limitada
10. Diligenta Limited
11. e-Nxt Financials Limited
12. Ewart Investment Private Limited (Mauritius)
13. Ewart Investments Limited
14. Exegenix Canada Inc.
15. Financial Network Services (Africa) (Pty) Limited
16. Financial Network Services (Beijing) Company Limited

Table of Contents

S. No.	Name of the Subsidiary
17.	Financial Network Services (Europe) plc
18.	Financial Network Services (H.K.) Limited
19.	Financial Network Services Malaysia Sdn Bhd (Under Voluntary Liquidation)
20.	Infiniti Retail Limited
21.	MP Online Limited
22.	Navinya Buildcon Private Limited
23.	Panatone Finvest Limited
24.	Pioneer Infratech Private Limited
25.	PT Financial Network Services
26.	PT Tata Consultancy Services Indonesia
27.	Syscrom S.A.
28.	Tata AG Zug
29.	Tata AIG General Insurance Company Limited
30.	Tata AIG Life Insurance Company Limited
31.	Tata America International Corporation
32.	Tata Asset Management (Mauritius) Private Limited
33.	Tata Asset Management Limited
34.	Tata Business Support Services Limited
35.	Tata Capital Limited
36.	Tata Capital Markets Limited
37.	Tata Consultancy Services (Africa) (PTY) Limited
38.	Tata Consultancy Services (China) Company Limited
39.	Tata Consultancy Services (South Africa) (PTY) Limited
40.	Tata Consultancy Services (Thailand) Limited
41.	Tata Consultancy Services Asia Pacific Pte Limited
42.	Tata Consultancy Services Belgium SA
43.	Tata Consultancy Services BPO Chile SA
44.	Tata Consultancy Services Chile S.A.
45.	Tata Consultancy Services De Espana S.A.
46.	Tata Consultancy Services De Mexico S.A., De C.V.
47.	Tata Consultancy Services Deutschland GmbH
48.	Tata Consultancy Services Do Brasil Ltda
49.	Tata Consultancy Services France SAS
50.	Tata Consultancy Services Japan Limited
51.	Tata Consultancy Services Limited
52.	Tata Consultancy Services Luxembourg S.A

53. Tata Consultancy Services Malaysia Sdn Bhd
54. Tata Consultancy Services Morocco SARL AU
55. Tata Consultancy Services Netherlands BV
56. Tata Consultancy Services Portugal Unipessoal Limitada
57. Tata Consultancy Services Sverige AB
58. Tata Consultancy Services Switzerland Limited
59. Tata Housing Development Company Limited
60. Tata Information Technology (Shanghai) Company Limited
61. Tata Infotech (Singapore) Pte. Limited
62. Tata Infotech Deutschland GmbH
63. Tata International AG, Zug

Table of Contents

S. No.	Name of the Subsidiary
64.	Tata Internet Services Limited
65.	Tata Investment Corporation Limited
66.	Tata Limited, London
67.	Tata Pension Management Limited
68.	Tata Petrodyne Limited
69.	Tata Realty and Infrastructure Limited
70.	Tata Securities Limited
71.	Tata Sky Limited
72.	Tata Teleservices (Maharashtra) Limited
73.	Tata Teleservices Limited
74.	TATASOLUTION CENTER S.A
75.	TCE Consulting Engineers Limited
76.	TCS Argentina S.A.
77.	TCS Financial Management, LLC
78.	TCS Financial Solutions Australia Holdings Pty Limited
79.	TCS Financial Solutions Australia Pty Limited
80.	TCS FNS Pty. Limited
81.	TCS Iberoamerica SA
82.	TCS Inversiones Chile Limitada
83.	TCS Italia SRL
84.	TCS Management Pty Limited
85.	TCS Solution Center S.A.
86.	TRIF Gandhinagar Projects Private Limited
87.	TRIF Hyderabad Projects Private Limited
88.	TRIF Infrastructure Private Limited
89.	TRIF Investment Management Limited
90.	TRIF Kochi Projects Private Limited
91.	TRIF Kolkata Projects Private Limited
92.	TRIF Property Development Private Limited
93.	TRIF Real Estate and Development Private Limited
94.	TRIF Realty Projects Private Limited
95.	TRIF Road Projects Private Limited
96.	TRIF Trivandrum Projects Private Limited
97.	TRIL Airport Developers Limited
98.	TRIL Constructions Limited
99.	TRIL Developers Limited
100.	Wireless TT Infoservices Limited

101. WTI Advanced Technology Limited

Companies with which the Promoter has disassociated in the last three years:

The Promoter has not disassociated itself with any company in the last three years.

Interests of Promoter in the Company

Except as stated in Related Party Transactions on page 115 of this Letter of Offer, and to the extent of shareholding in the Company, the Promoter and Tata Companies do not have any other interest in the Company s business.

Table of Contents

Tata Companies

The Ordinary Shares are held by the Promoter through companies owned/controlled by it and trusts. For further details on the shareholding pattern of Tata Companies and other Tata entities in the Company, see Capital Structure on page 15 of this Draft Letter of Offer.

The ventures forming part of the Tata Companies other than the subsidiaries of Tata Sons Limited disclosed earlier include:

Sr. No.	Name of the Company
1.	Tata Steel Limited
2.	Tata Industries Limited
3.	Tata Investment Corporation of India Limited
4.	Kalimati Investment Company Limited
5.	Tata Chemicals Limited
6.	Ewart Investments Limited
7.	Tata International Limited
8.	Sir Ratan Tata Trust
9.	Sir Dorabji Tata Trust
10.	Tata Tea Limited
11.	Af-Taab Investment Limited
12.	JRD Tata Trust
13.	Tata AIG Life Insurance Company Limited
14.	Simto Investment Company Limited
15.	Lady Tata Memorial Trust

Table of Contents

RELATED PARTY TRANSACTIONS

Related Party Information of Tata Motors Limited on a non-consolidated basis.

A. List of Related Parties and Relationships

Subsidiaries :

Tata Technologies Limited
TAL Manufacturing Solutions Limited
H V Axles Limited
H V Transmissions Limited
Sheba Properties Limited
Concorde Motors (India) Limited (*From October 21, 2004)*
Telco Construction Equipment Company Limited
Tata Daewoo Commercial Vehicle Company Limited *(From March 30, 2004)*
Tata Motors Insurance Services Limited
Tata Motors European Technical Centre Plc *(From September 1, 2005)*
Tata Motors Finance Limited *(Formerly known as TML Financial Services Limited) (From June 1, 2006)*
Tata Marcopolo Motors Limited *(From September 20, 2006)*
Tata Motors (Thailand) Limited
Tata Motors (SA) (Proprietary) Limited *(From December 5, 2007)*
TML Holdings Pte. Limited, Singapore *(From February 4, 2008)*
TML Holdings Limited, UK *(From February 6, 2008)*
TML Distribution Company Limited (*From March 28, 2008*)
Telco Dadajee Dhackjee Limited *(Upto March 31, 2005)*
Suryodaya Capital and Finance (Bombay) Limited *(From December 31, 2004 to March 31, 2005)*

Tata Technologies Investments Pte. Limited, Singapore (from December 7, 2005) *(Liquidated on August 17, 2007)*
Granted Revenue Sdn Bhd *(Formerly known as Tata Technologies Sdn Bhd, Malaysia) (from December 7, 2005 to November 25, 2007)*
INCAT International Plc. *(From October 3, 2005)*
INCAT Limited *(From October 3, 2005)*
INCAT SAS *(From October 3, 2005)*
INCAT GmbH *(From October 3, 2005)*
INCAT Holdings B.V. *(From October 3, 2005)*
Lemmerpoort B.V *(Formerly known as INCAT Engineering Solutions B.V.) (from October 3, 2005)*
INCAT K.K *(From October 3, 2005)*
Tata Technologies iKS Inc *(Formerly known as iKnowledge Solutions Inc.) (from October 3, 2005)*
CADPO Asia Pte. Limited *(From October 3, 2005 to November 7, 2007)*
INCAT Systems Inc (*From October 3, 2005)*
Integrated Systems Technologies de Mexico, S.A. de C.V. *(From October 3, 2005)*
INCAT Solutions of Canada Inc *(From October 3, 2005)*
Cedis Mechanical Engineering GmbH *(From October 3, 2005) (Merged with INCAT GmbH w.e.f. May 15, 2007)*
INCAT (Thailand) Limited *[Formerly known as Tata Technologies (Thailand) Limited] (From December 7, 2005)*
Tata Technologies Pte Limited, Singapore
INCAT Financial Services Inc. *(Merged with INCAT Systems Inc. w.e.f April 1, 2006)* (*From October 3, 2005*)
Tata Technologies Limited, U.S.A.
INCAT Holdings Inc. (*From October 3, 2005*)

Associates :

Tata AutoComp Systems Limited
Tata Cummins Limited
Tata Precision Industries Pte. Limited
Tata Engineering Services Pte. Limited (*Due to Common Key Management Personnel)*
Nita Company Limited
Niskalp Investments and Trading Company Limited *(Upto January 20, 2006)*
Tata Finance Limited *(Upto October 6, 2003)*
Tata International Limited *(Upto February 28, 2005)*

Tata Sons Limited (*Investing Party*)
Hispano Carrocera, S. A *(From March 16, 2005)*
TSR Darashaw Limited *(From April 1, 2005)*
Tata Securities Private Limited *(Upto June 25, 2007)*
Telcon Ecoroad Resurfaces Private Limited
Automobile Corporation of Goa Limited *(From May 21, 2007)*
Concorde Motors Limited *(Upto October 20, 2004)*

Table of Contents

Joint Venture :

Fiat India Automobiles Private Limited *(From December 28, 2007)*

Key Management Personnel :

Mr. Ravi Kant
Mr. P P Kadle *(Upto September 17, 2007)*
Mr. P M Telang *(From May 18, 2007)*
Mr. V Sumantran *(Upto August 24, 2005)*

B. Related Party Transactions

Nature of Transaction	Financial Year (April March)	Subsidiaries	JV/ Associates	Key Management Personnel	Grand Total
			(Rs. in million)		
Purchases of goods	2007-08	1,226.7	22,314.6		23,541.3
	2006-07	601.6	17,608.8		18,210.4
	2005-06	914.2	12,550.3		13,464.5
	2004-05	68.2	9,477.8		9,546.0
	2003-04	61.2	7,116.3		7,177.5
Sale of goods (inclusive of Sales tax)	2007-08	6,132.2	1,292.5		7,424.7
	2006-07	6,044.2	1,145.8		7,190.0
	2005-06	4,339.2	967.0		5,306.2
	2004-05	3,297.4	1,662.6		4,960.0
	2003-04	185.5	3,393.9		3,579.4
Purchase of fixed assets	2007-08	1,113.6	1,600.8		2,714.4
	2006-07	685.5			685.5
	2005-06	503.4	180.0		683.4
	2004-05	420.8	96.1		516.9
	2003-04	183.5			183.5
Purchase of Investments	2007-08	198.4			198.4
	2006-07				
	2005-06				
	2004-05				
	2003-04				
Sale of fixed assets (including transfer of technology in 2007-08)	2007-08	1,826.6			1,826.6
	2006-07	577.0			577.0
	2005-06	0.4			0.4
	2004-05	1.0			1.0
	2003-04	2.6			2.6
Services received	2007-08	11,481.2	612.7	64.6	12,158.5
	2006-07	9,432.6	429.1	45.7	9,907.4
	2005-06	6,454.6	529.6	37.5	7,021.7
	2004-05	5,957.2	348.0	39.3	6,344.5
	2003-04	4,696.1	543.0	33.8	5,272.9
Services rendered	2007-08	659.5	146.2		805.7
	2006-07	415.7	30.0		445.7
	2005-06	367.8	42.4		410.2
	2004-05	331.3	35.5		366.8
	2003-04	301.1	50.0		351.1

116

Table of Contents

Nature of Transaction	Financial Year (April March)	Subsidiaries	JV/ Associates	Key Management Personnel	Grand Total
		(Rs. in million)			
Finance Given (including loans and equity)	2007-08	11,002.4	7,435.0		18,437.4
	2006-07	9,817.9			9,817.9
	2005-06	8,920.6			8,920.6
	2004-05	3,009.9	956.6		3,966.5
	2003-04	3,639.1	1,451.2		5,090.3
Finance taken (including loans and equity)	2007-08	2,312.6			2,312.6
	2006-07	1,459.8			1,459.8
	2005-06	674.5			674.5
	2004-05	445.7			445.7
	2003-04	267.1	272.3		539.4
Interest/Dividend Paid/ (Received) (net)	2007-08	(1,358.0)	857.7		(500.3)
	2006-07	(927.5)	676.0		(251.5)
	2005-06	(546.6)	756.6		210.0
	2004-05	(244.3)	32.8		(211.5)
	2003-04	(110.0)	526.6		416.6
Amount Receivable	As at March 31, 2008	1,192.6	282.7		1,475.3
	As at March 31, 2007	1,050.4	87.6		1,138.0
	As at March 31, 2006	133.7	101.5		235.2
	As at March 31, 2005	403.3	156.4		559.7
	As at March 31, 2004	471.4	168.8		640.2
Bills discounted (in respect of amount receivable)	As at March 31, 2008				
	As at March 31, 2007				
	As at March 31, 2006		11.9		11.9
	As at March 31, 2005		101.8		101.8
	As at March 31, 2004				
Provision for doubtful debts	As at March 31, 2008				
	As at March 31, 2007				
	As at March 31, 2006				
	As at March 31, 2005				
	As at March 31, 2004		0.1		0.1
Amount Payable	As at March 31, 2008	1,723.7	1,689.1		3,412.8
	As at March 31, 2007	1,308.1	1,145.7		2,453.8
	As at March 31, 2006	545.8	612.6		1,158.4
	As at March 31, 2005	208.9	506.6		715.5
	As at March 31, 2004	123.5	475.3		598.8
Amount Receivable (in respect of Loans, Interest & Dividend)	As at March 31, 2008	1,015.1	2,060.8	2.7	3,078.6
	As at March 31, 2007	2,621.4	412.9	2.8	3,037.1
	As at March 31, 2006	587.9	394.7	3.0	985.6
	As at March 31, 2005	277.5	396.6	3.2	677.3
	As at March 31, 2004	590.4	135.0	3.4	728.8

Table of Contents

Nature of Transaction	Financial Year (April March)	Subsidiaries	JV/ Associates	Key Management Personnel	Grand Total
		(Rs. in million)			
Amount Payable (in respect of Loans, Interest & Dividend)	As at March 31, 2008	575.0			575.0
	As at March 31, 2007	195.8			195.8
	As at March 31, 2006				
	As at March 31, 2005				
	As at March 31, 2004				
Guarantees and collateral given	As at March 31, 2008				
	As at March 31, 2007				
	As at March 31, 2006				
	As at March 31, 2005				
	As at March 31, 2004	2,249.1	1,735.4		3,984.5

Table of Contents

AUDITOR S REPORT

To,

The Board of Directors,

Tata Motors Limited,

Bombay House,

24, Homi Mody Street,

Mumbai 400 001,

India.

Dear Sirs,

1. We have examined the attached financial information of Tata Motors Limited (the Company), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B of Part II of Schedule II of the Companies Act, 1956 (the Act) and the Securities and Exchange Board of India (SEBI) - (Disclosure and Investor Protection) Guidelines, 2000 as amended till August 28, 2008 (the SEBI Guidelines) issued by SEBI under Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications thereto and in terms of our engagement agreed upon with the Company in accordance with our engagement letter dated July 3, 2008 in connection with the proposed simultaneous but unlinked issue of Ordinary Shares and A Ordinary Shares on a Rights basis (Rights Issue).

2. **Financial Information as per Audited Financial Statements**

We have examined the attached Summary Statement of Assets and Liabilities, as restated of Tata Motors Limited as at March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure I) and the attached Summary Statement of Profit and Losses, as restated of Tata Motors Limited (Annexure II) for each of the years ended March 31, 2008, 2007, 2006, 2005 and 2004 together referred to herein as Non-consolidated Restated Summary Statements . These Non-consolidated Restated Summary Statements have been extracted from the financial statements of Tata Motors Limited as at and for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 and have been approved/ adopted by the Board of Directors/ Members for those respective years. Audit for the financial years ended March 31, 2005 and 2004 was conducted by Messrs A. F. Ferguson & Co. (AFF) and Messrs S. B. Billimoria & Co., (SBB) (AFF together with SBB, the Erstwhile Auditors) and our opinion in so far as they relate to the amounts included in respect of these years are based solely on the reports submitted by them. The financial statements of the Company as at and for the year ended March 31, 2008, 2007 and 2006 have been audited by us. Based on our examination of these Non-consolidated Restated Summary Statements, we state that:

i. The Non-consolidated Restated Summary Statements have to be read in conjunction with the Significant Accounting Policies and Notes to the Summary Statements of Assets and Liabilities, Summary Statement of Profit and Loss and Cash Flow Statement, as restated of Tata Motors Limited given in Annexure IV to this report.

ii. The restated profits have been arrived after adjusting for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

iii. The restated profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate and are described under note [B] appearing in Annexure IV to this report;

iv. There are no extra ordinary items that need to be disclosed separately in the Non-consolidated Restated Summary Statements.

v. There are no qualifications in the auditors report on the financial statements that require adjustments to the Non-consolidated Restated Summary Statements.

3. **Other Financial Information**

We have also examined the following financial information relating to the Company as at and for the financial years ended March 31, 2008, 2007, 2006, 2005 and 2004 approved by the Board of Directors and annexed to this report:

a. Statement of Cash Flows, as restated for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure III);

b. Significant Accounting Policies adopted by the Company and notes to the Restated Summary Statements and Cash Flow Statement (Annexure IV);

c. Details of Secured and Unsecured Loans as at March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure V)

d. Details of Sundry Debtors as at March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure VI)

e. Details of Loans and Advances as at March 31, 2008, 2007, 2006, 2005 and 2004, (Annexure VII)

f. Details of Investments as at March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure VIII)

g. Details of Deferred Tax as at March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure IX)

h. Details of Dividend and Other Income for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure X)

i. Details of Dividends Paid for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure XI)

j. Statement of Tax Shelter for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure XII)

k. Accounting Ratios relating to earnings per share, net asset value and return on net worth (Annexure XIII)

l. Capitalisation Statement as at March 31, 2008 (Annexure XIV)

Table of Contents

m. Related Party Information as at and for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 (Annexure XV)

4. Based on our examination of the financial information of the Company attached to this report, we state that in our opinion, the Non-consolidated Restated Summary Statements and Other Financial Information mentioned above, as at and for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 have been prepared in accordance with Paragraph B of Part II of Schedule II of the Act and the SEBI Guidelines.

5. This report should not, in any way, be construed as a reissuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

6. This report is intended solely for use of the management and for inclusion in the Letter of Offer, in connection with the proposed simultaneous but unlinked issue of Ordinary Shares and A Ordinary Shares on a Rights basis, to the existing shareholders of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells

Chartered Accountants

M. S. Dharmadhikari

Partner

(Membership No. 30802)

Place: Mumbai

Dated: September 15, 2008

F-2

Table of Contents

Annexure I

Summary Statement of Assets and Liabilities, as restated of Tata Motors Limited

	Particulars	2008	2007	As at March 31, 2006 (Rs. in million)	2005	2004
A	**Fixed Assets**					
	[Refer Annexure IV, C-(13)]					
	Gross Block	108,447.0	87,896.7	79,715.5	66,119.5	59,854.0
	Less: Depreciation	54,294.2	48,676.0	43,899.5	34,531.5	30,236.9
	Net Block	54,152.8	39,220.7	35,816.0	31,588.0	29,617.1
	Less: Revaluation Reserve					
	[Refer Annexure IV, C-(3) (d)]	255.1	259.5	263.9		
	Net Block after adjustment for Revaluation Reserve	53,897.7	38,961.2	35,552.1	31,588.0	29,617.1
	Capital Work-in-Progress	50,708.8	25,192.4	9,511.9	5,388.4	2,860.9
	Total	**104,606.5**	**64,153.6**	**45,064.0**	**36,976.4**	**32,478.0**
B	**Investments**	**49,102.7**	**24,770.0**	**20,151.5**	**29,120.6**	**30,814.4**
C	**Current Assets, Loans and Advances**					
	Interest accrued on investments	8.6	59.4	61.6	61.2	0.3
	Inventories	24,218.3	25,009.5	20,122.4	16,013.6	11,474.4
	Sundry Debtors	11,307.3	7,821.8	7,166.0	7,985.8	6,077.6
	Cash and Bank Balances	23,973.1	8,267.6	11,194.3	20,050.4	7,704.9
	Loans and Advances	44,384.3	63,884.0	57,914.5	27,226.7	11,412.1
	Total	**103,891.6**	**105,042.3**	**96,458.8**	**71,337.7**	**36,669.3**
D	**Liabilities and Provisions**					
	Secured Loans	24,619.9	20,220.4	8,227.6	4,898.1	9,426.5
	Unsecured Loans	38,185.3	19,871.0	21,140.8	20,056.1	3,171.2
	Deferred Tax Liability (Net)	8,919.4	6,985.7	5,118.0	4,516.9	4,950.8
	Current Liabilities	86,775.1	63,636.8	58,937.4	54,747.7	42,254.2
	Provisions	19,894.3	13,643.2	12,390.5	11,604.8	4,793.5
	Total	**178,394.0**	**124,357.1**	**105,814.3**	**95,823.6**	**64,596.2**
E	**Net Worth (A + B + C - D)**	**79,206.8**	**69,608.8**	**55,860.0**	**41,611.1**	**35,365.5**
F	**Represented by**					
	Share Capital	3,855.4	3,854.1	3,828.7	3,617.9	3,568.3
	Reserves and Surplus	75,667.0	66,115.1	52,436.4	38,174.8	32,019.1
	Less: Revaluation Reserve	255.1	259.5	263.9		
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	60.5	100.9	141.2	181.6	221.9
	Net Worth	**79,206.8**	**69,608.8**	**55,860.0**	**41,611.1**	**35,365.5**

The accompanying Significant Accounting Policies and Notes (Annexure IV) are an integral part of this statement.

Table of Contents

Annexure II

Summary Statement of Profit and Losses, as restated of Tata Motors Limited

Particulars	2008	2007	2006	2005	2004
	For the Year Ended March 31, (Rs. in million)				
Income					
Sale of products and other income from operations [Refer Annexure IV, C-(10)]	330,939.3	318,194.8	240,207.7	205,279.6	154,573.4
Less: Excise Duty	43,631.1	43,494.5	33,479.4	30,359.8	22,984.7
Net Sales	287,308.2	274,700.3	206,728.3	174,919.8	131,588.7
Dividend and other income	4,831.8	2,451.9	2,987.7	1,660.9	589.0
Total	**292,140.0**	**277,152.2**	**209,716.0**	**176,580.7**	**132,177.7**
Expenditure					
Consumption of raw materials, components and Purchase of products for sale	201,901.9	193,749.3	142,638.6	119,294.8	83,365.1
Processing charges	8,514.3	8,237.9	6,257.0	5,556.6	3,885.9
Payments to and provisions for employees	15,445.7	13,680.9	11,471.7	10,435.2	8,870.6
Expenses for manufacture, administration and selling	42,808.4	35,827.9	25,870.1	20,934.0	17,403.2
Changes in Stock-in-trade and Work-in-progress	404.8	(3,496.8)	(2,569.1)	(1,440.0)	1,419.8
Expenditure transferred to Capital and Other Accounts	(11,314.0)	(5,770.5)	(3,088.5)	(2,181.3)	(1,338.9)
Total	**257,761.1**	**242,228.7**	**180,579.8**	**152,599.3**	**113,605.7**
Profit before Depreciation, Interest, Exceptional Items and Tax	**34,378.9**	**34,923.5**	**29,136.2**	**23,981.4**	**18,572.0**
Product development expenditure	643.5	850.2	737.8	671.2	516.4
Depreciation and amortisation	6,523.1	5,862.9	5,209.4	4,501.6	3,826.0
Interest and Discounting charges (net of interest income and interest capitalised) [Refer Annexure IV, C-(11)]	2,823.7	3,130.7	2,263.5	1,541.5	1,612.6
Profit before Exceptional Items and Tax	**24,388.6**	**25,079.7**	**20,925.5**	**17,267.1**	**12,617.0**
Exceptional Items					
Exchange gain / (loss) [(net) on revaluation of foreign currency borrowings, deposits and loans given]	1,376.1	652.1	(391.7)	(748.1)	306.4
Profit before Tax	**25,764.7**	**25,731.8**	**20,533.8**	**16,519.0**	**12,923.4**
Tax Expense [Refer Annexure IV, C-(12) (i)]	(5,475.5)	(6,597.2)	(5,245.0)	(4,149.5)	(4,820.0)
Net Profit after Tax (Before Adjustments)	**20,289.2**	**19,134.6**	**15,288.8**	**12,369.5**	**8,103.4**
Effect of changes in Significant Accounting Policies:					
Adjustments to Profit before Tax	(105.0)	320.3	301.5	(95.5)	240.7
Tax on Adjustments [Refer Annexure IV, C-(12) (ii)]	35.6	(47.4)	(101.4)	24.6	(119.1)
Adjusted Net Profit after Tax, as restated (C/F)	**20,219.8**	**19,407.5**	**15,488.9**	**12,298.6**	**8,225.0**

Table of Contents

Particulars	**For the Year Ended March 31, 2008**	**2007**	**2006**	**2005**	**2004**
			(Rs. in million)		
Balance brought forward from previous year	10,301.9	7,658.3	5,546.6	3,419.5	877.0
Less: Arrears of preference dividend pertaining to erstwhile Tata Finance Ltd. (including tax)			199.4		
Amount available for Appropriation, as restated	**30,521.7**	**27,065.8**	**20,836.1**	**15,718.1**	**9,102.0**
Appropriations					
Interim Dividend					1,399.5
Tax on Interim Dividend					179.3
Proposed Dividend	5,784.3	5,780.7	4,979.4	4,521.9	1,421.6
Tax on Proposed Dividend	812.5	982.5	698.4	634.2	182.1
Residual dividend paid for F Y 2003-04 (including tax)				15.4	
Residual dividend paid for F Y 2005-06 (including tax)		0.7			
General Reserve	10,000.0	10,000.0	7,500.0	5,000.0	2,500.0
Balance carried to Balance Sheet, as restated	13,924.9	10,301.9	7,658.3	5,546.6	3,419.5
Total	**30,521.7**	**27,065.8**	**20,836.1**	**15,718.1**	**9,102.0**

Note:

The accompanying Significant Accounting Policies and Notes are an integral part of this statement. Please refer Annexure IV, B, Significant Changes in Accounting Policies for which effects have been given in the above statement.

F-5

Table of Contents

Annexure III

Statement of Cash Flows, as restated of Tata Motors Limited

Particulars		2008	2007	2006	2005	2004
		For the year ended March 31, (Rs. in million)				
A.	**Cash flow from Operating Activities**					
	Adjusted Net Profit after tax	20,219.8	19,407.5	15,488.9	12,298.6	8,225.0
	Adjustments for:					
	Depreciation (including Lease Equalisation adjusted in income)	6,606.6	5,655.1	5,120.5	4,490.3	3,826.0
	(Profit) / Loss on sale of assets (net)	(205.6)	(146.4)	(56.0)	(0.3)	87.3
	Profit on sale of investments (net)	(1,686.2)	(354.8)	(1,776.4)	(479.4)	(138.2)
	Income from transfer of Technology	(1,694.0)				
	(Reversal of provision) / Provision for diminution in value of investments (net)	(629.3)	10.9	(96.9)	96.7	483.0
	Reversal of provision for inter corporate deposits (net)	(7.7)				
	Gain on transfer of activity relating to financing of Construction Equipment	(300.0)				
	Wealth tax	(3.0)	6.5	4.3	5.5	5.5
	Tax expense	5,439.9	6,644.6	5,346.4	4,124.9	4,939.1
	Interest and discounting charges (net of dividend)	307.4	1,033.6	1,148.8	360.0	1,161.8
	Exchange differences	(486.8)	(772.0)	326.5	(88.4)	(310.6)
	Employee Separation Cost	40.4	40.3	40.4	40.3	45.6
	Operating Profit before Working Capital changes	**27,601.5**	**31,525.3**	**25,546.5**	**20,848.2**	**18,324.5**
	Adjustments for:					
	Trade and other receivables	(4,908.7)	(3,773.8)	(3,304.1)	(1,275.7)	38.4
	Inventories	791.2	(4,887.1)	(4,108.8)	(4,519.3)	118.5
	Trade and other payables	20,763.2	5,921.9	1,771.8	12,182.3	11,640.2
		16,645.7	(2,739.0)	(5,641.1)	6,387.3	11,797.1
	Vehicle loans and hire purchase receivables	20,468.0	(1,781.1)	(17,730.6)	(10,658.8)	(2,643.1)
	Miscellaneous expenditure (to the extent not written off or adjusted) incurred during the year					(267.5)
		37,113.7	**(4,520.1)**	**(23,371.7)**	**(4,271.5)**	**8,886.5**
	Cash generated from operations	**64,715.2**	**27,005.2**	**2,174.8**	**16,576.7**	**27,211.0**
	Direct taxes refund / (paid) (net)	(2,970.2)	(4,903.9)	(4,385.1)	(4,071.8)	5.7
	Net Cash generated from / (used in) Operating Activities	**61,745.0**	**22,101.3**	**(2,210.3)**	**12,504.9**	**27,216.7**
B.	**Cash Flow from Investing Activities**					
	Purchase of fixed assets	(44,112.6)	(24,611.9)	(11,234.9)	(8,174.7)	(2,889.7)
	Sale of fixed assets	393.2	951.5	140.4	38.2	155.8
	Proceeds from transfer of Technology	1,694.0				
	Proceeds from transfer of activity relating to financing of Construction Equipment	2,106.1				
	Loans to associates and subsidiaries	(533.4)		(77.4)	(5,096.6)	
	Advance against investments in subsidiary and associate	(0.5)				(246.7)
	Investments in subsidiary companies	(6,644.4)	(5,616.4)	(2,066.5)	(1,245.2)	(2,800.4)
	Investments in associate companies	(919.1)			(233.4)	
	Investments in joint venture	(6,015.9)				
	Investments in Mutual Fund (made) / sold (net)	(6,827.2)	1,371.7	8,486.0	4,912.4	(14,909.5)

Decrease / (Increase) in Investments in retained interests in securitisation transactions	142.6	(286.6)	914.7	595.8	(524.6)

Table of Contents

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
Investments others	(4,212.6)	(67.5)	(300.0)	(3,146.3)	(353.1)
Refund of acquisition tax				42.9	
Refund from escrow account			33.4		
Sale of investments in subsidiary companies	1,642.5		2,065.9		250.0
Sale of investments in associate company	183.9				
Sale / redemption of investments others	1,063.7	345.0	130.2	1,150.3	143.1
Interest received	1,281.8	412.0	791.7	466.5	405.6
Dividend / Income on investments received	1,446.7	2,076.3	1,081.0	1,181.5	450.8
Receipt of Long Term Inter-corporate deposits	269.2				
Decrease / (Increase) in short term Inter-corporate deposits	1,823.4	(2,625.1)	24.9	(57.1)	(111.9)
Net Cash used in Investing Activities	**(57,218.6)**	**(28,051.0)**	**(10.6)**	**(9,565.7)**	**(20,430.6)**
C. Cash Flow from Financing Activities					
Proceeds from issue of Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS) (net of issue expenses)	19,699.9		4,449.9	17,315.0	4,491.4
Stamp duty on FCCN conversion	(0.1)	(0.9)	(3.7)		
Premium on redemption of debentures				(118.6)	(371.4)
Proceeds from long term borrowings	28,277.0	17,839.2	10.0	985.4	4,477.0
Repayment of long term borrowings	(28,312.4)	(8,142.6)	(5,618.1)	(4,993.6)	(7,122.0)
Payment of premium on long term forward contracts		(30.7)			
Increase / (Decrease) in short term loans (net)	4,054.8	2,738.0	847.7	(547.7)	27.4
Proceeds from issue of shares				718.1	2,342.1
Dividend paid (including Dividend distribution tax)	(6,749.1)	(5,667.0)	(5,141.6)	(1,653.9)	(2,986.1)
Interest paid [Note (i)]	(5,645.5)	(3,700.2)	(3,096.9)	(2,229.1)	(2,367.5)
Net Cash from Financing Activities	**11,324.6**	**3,035.8**	**(8,552.7)**	**9,475.6**	**(1,509.1)**
Net Increase / (Decrease) in Cash and cash equivalents (A + B + C)	**15,851.0**	**(2,913.9)**	**(10,773.6)**	**12,414.8**	**5,277.0**
Cash and cash equivalents (Opening Balance)	**8,267.6**	**11,194.3**	**20,050.4**	**7,704.9**	**2,453.5**
Cash and bank balance taken over on amalgamation of Tata Finance Ltd, Telco Dadajee Dhackjee Ltd and on merger of spare parts division of Tata Motors Insurance Services Ltd (formerly known as Concorde Motors Ltd)			1,946.5	6.3	
Less: Exchange difference on FCCN / CARS proceeds kept outside India and on foreign currency bank balances	(145.5)	(12.8)	(29.0)	(75.6)	(25.6)
Cash and cash equivalents (Closing Balance) [Note (ii)]	**23,973.1**	**8,267.6**	**11,194.3**	**20,050.4**	**7,704.9**
Notes:					
(i) Including discounting charges paid	2,760.9	1,619.3	1,677.4	1,465.1	1,132.0
(ii) Breakup of Cash and Cash Equivalents:					
(a) Cash on hand	20.0	27.6	68.0	13.0	9.7
(b) Current Accounts with Scheduled Banks	7,481.4	5,330.2	3,208.6	3,439.6	4,715.9
(c) Short Term Deposits with Scheduled Banks *	11,225.8	1.8	5,089.0	15,841.9	2,405.0
(d) Margin Money / Cash Collateral	5,245.9	2,908.0	2,828.7	755.9	574.3
	23,973.1	**8,267.6**	**11,194.3**	**20,050.4**	**7,704.9**
* Includes unutilised proceeds from FCCN / CARS issue including interest thereon	11,224.0		4,407.2	11,568.5	541.0

F-7

Table of Contents

ANNEXURE IV

Significant Accounting Policies and Notes to the Summary Statement of Assets and Liabilities, Summary Statement of Profit and Losses and Cash Flow Statement, as restated of Tata Motors Limited

A. Significant Accounting Policies:

(a) **Revenue Recognition**
The Company recognises revenue on the sale of products when the products are delivered to the dealer / customer or when delivered to the carrier for export sales, which is when risks and rewards of ownership pass to the dealer / customer.

Sales are net of discount and inclusive of income from services, excise duty, transfer of technology relating to automotive products, export and other incentives and exchange fluctuations relating to export receivables.

(b) **Depreciation**

(i) Depreciation is provided on straight line basis (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in the case of :

Leasehold Land amortised over the period of the lease

Technical Know-how at 16.67% (SLM)

Laptops at 23.75% (SLM)

Cars at 23.75% (SLM)

Assets acquired prior to April 1, 1975 on Written Down Value basis at rates specified in Schedule XIV to the Companies Act, 1956.

Capital assets, the ownership of which does not vest in the Company, other than leased assets, are depreciated over the estimated period of their utility or five years, whichever is less.

Software in excess of Rs. 25,000 is amortised over a period of sixty months or on the basis of estimated useful life whichever is lower.

(ii) Assets given on lease as on March 31, 2000, acquired upon amalgamation of Tata Finance Ltd., are depreciated at rates specified in Schedule XIV to the Companies Act, 1956. The difference between the depreciation charge as computed using the Internal Rate of Return (IRR) implicit in the lease, to ensure capital recovery over the primary lease period, and the charge as disclosed for the year, is reflected in the lease equalisation account.

(iii) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life.

(c) **Fixed Assets**

(i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortisation. All costs relating to the acquisition and installation of Fixed assets are capitalised and include financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets, upto the date the asset / plant is ready for intended use.

(ii) The product development cost incurred on new vehicle platform, engines, transmission and new products are recognised as intangible assets [included in the fixed assets] and are amortised over a period of 36 months to 120 months or on the basis of actual production to planned production volume over such period after commencement of the commercial production of the underlying product.

(iii) Software not exceeding Rs. 25,000 and product development costs relating to minor product enhancements, facelifts and upgrades are charged off to the profit and loss account as and when incurred.

(d) **Leases**

Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases, except for those stated in b (ii) above, are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

Table of Contents

(e) **Transactions in Foreign Currencies**
Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise, except in respect of liabilities for the acquisition of Fixed Assets from a country outside India and liabilities incurred prior to April 1, 2004, where such exchange difference is adjusted in the carrying cost of fixed assets.

Premium or discount on forward contracts is amortised over the life of such contracts and is recognised as income or expense, except in respect of liabilities for the acquisition of Fixed Assets incurred prior to April 1, 2004, where such amortisation is adjusted to carrying cost of Fixed Assets. Foreign currency options are stated at fair value as at year end.

(f) **Product Warranty Expenses**
The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

(g) **Income on Vehicle Loan / Hire-Purchase Income / Finance Income from Lease**
Interest income from hire purchase and loan contracts and finance income in respect of vehicles and income from plant given on lease, are accounted for by using the Internal Rate of Return method. Consequently, a constant rate of return on the net outstanding amount is accrued over the period of contract. The Company provides an allowance for hire purchase and loan receivables that are in arrears for more than 11 months, to the extent of an amount equivalent to the outstanding principal and amounts due but unpaid. In respect of loan contracts that are in arrears for more than 6 months but not more than 11 months, allowance is provided to the extent of 10% of the outstanding and amount due but unpaid.

(h) **Sale of Vehicle Loans**
The Company sells Vehicle Loans to Special Purpose Entities (SPE) / direct assignments in securitisation transactions. Recourse is in the form of the Company s investment in subordinated securities issued by these special purpose entities, cash collateral and bank guarantees.

The loans are derecognised in the balance sheet when they are sold and consideration has been received by the Company. Sales and transfers that do not meet the criteria for surrender of control are accounted for as secured borrowings.

Gains or losses from the sale of loans are recognised in the period the sale occurs based on the relative fair value of the portion sold and the portion allocated to retained interests.

(j) **Inventories**
Inventories of raw materials and components, work-in-progress and stock-in-trade are valued at the lower of cost and net realisable value.

Cost is ascertained on a moving weighted average / monthly moving weighted average basis. The cost of work-in-progress and finished goods is determined on full absorption cost basis.

(k) **Employee Benefits**

(i) **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) **Superannuation**

The Company has two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. The Company accounts for the liability for superannuation benefits payable in future under the plan based on an independent actuarial valuation.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

Table of Contents

The Company maintains a separate irrevocable trust for employees covered and entitled to benefits. The Company contributes up to 15% of the eligible employees salary to the trust every year. The Company recognises such contributions as an expense when incurred. The Company has no further obligation beyond this contribution.

(iii) **Bhavishya Kalyan Yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan accrue to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the Company s Medical Board. The monthly payment to dependents of the deceased / disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is higher. The Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation.

(iv) **Post-retirement Medicare Scheme**

Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The liability for post-retirement medical scheme is based on an independent actuarial valuation.

(v) **Provident fund**

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees salary (currently 12% of employees salary). The contributions as specified under the law are paid to the provident fund and pension fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.

(vi) **Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(l) **Investments**

Long term investments are stated at cost less other than temporary diminution in value, if any. Current investments comprising investments in mutual funds are stated at lower of cost and fair value, determined on a portfolio basis.

(m) **Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax includes Fringe benefit tax.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

(n) **Redemption premium / discount on Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS)**

Premium payable on redemption of FCCN / CARS as per the terms of issue is provided fully in the year of issue by adjusting against the Securities Premium Account (SPA) (net of deferred tax). Any changes to this premium payable on account of conversion or exchange fluctuation is also adjusted in the SPA (net of deferred tax). Discount on redemption of FCCN, if any, will be recognised on redemption.

(o) **Business Segments**

The Company is engaged mainly in the business of automobile products consisting of all types of commercial and passenger vehicles including financing of the vehicles sold by the Company. These, in the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, are considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. Geographical Segment.

Table of Contents

(p) **Miscellaneous Expenditure (to the extent not written off or adjusted)**
Cost under individual Employee Separation Schemes are amortised over periods between 24 and 84 months depending upon the estimated future benefit.

B. Significant Changes in Accounting Policies:

(a) From the year 2003-04, consequent to the Accounting Standard on Intangible Assets (AS 26) becoming applicable, expenditure on product development which was earlier classified as deferred revenue expenditure and amortised on systematic basis, is being accounted in accordance with the said Standard. Accordingly,

(i) Product development cost on new vehicle platforms, variants on existing platforms and new vehicle aggregates are recognised as Intangible Assets and included under Fixed Assets.

(ii) Product development expenditure relating to minor product enhancement, facelifts, upgrades etc., (including cost of incomplete development) are being charged off to Profit and Loss Account.

(b) (i) From the year 2004-05, premium payable on redemption of FCCN / CARS has been fully provided in the year of issuance, in view of the Accounting Standard - AS 29 Provisions, Contingent Liabilities and Contingent Assets becoming applicable, as against the earlier practice of providing such premium on a pro-rata basis over the maturity period of such instrument. As per the policy followed by the Company, such premium is debited to Securities Premium Account (SPA). For the purpose of these statements, the premium payable has been fully provided in the year of issuance for earlier years, against SPA. This adjustment has no effect on Profit and Loss Account.

(ii) Consequent to the clarification issued by The Institute of Chartered Accountants of India, premium payable on redemption of FCCN/ CARS is recognised net of tax in SPA. The effect of the clarification has been accounted in respective years.

(c) In the year 2006-07, consequent to revision of Accounting Standard - AS 15 Employee Benefits , the Company has adopted the revised accounting standard effective April 1, 2006. The transitional impact upto March 31, 2006 which was adjusted to General Reserve as per the revised AS 15, has been reversed to the respective earlier years.

(d) Consequent to the notification of the Companies (Accounting Standards) Rules, 2006, with effect from April 1, 2007, the foreign exchange differences in respect of liabilities for the acquisition of imported assets are recognised in the profit and loss account against the earlier requirement of adjusting these to the carrying cost of such fixed assets except for such differences in respect of liabilities incurred prior to April 1, 2004, accordingly these exchange differences, which were earlier included in Fixed Assets have been recognised in the Profit and Loss Account in respective years.

(e) In the year 2007-08, the Company has changed the amortisation period having regard to the nature of the new vehicle platform / products under development and accordingly new vehicle platforms and products are being amortised over a period of 36 months to 120 months against the amortisation period of 36 months followed in the previous years. The effect of this policy has been adjusted to the respective earlier years.

(f) Effective from April 1, 2008, the Company has applied hedge accounting principles in respect of forward exchange contracts for highly probable forecasted transactions as set out in Accounting Standard (AS) 30 Financial Instruments: Recognition and

Measurement. Accordingly, all such contracts outstanding as on March 31, 2008 are marked to market.

Summary of the effect of changes in significant accounting policies and other changes credited / (debited) to the Profit and Loss Account:

	Particulars	2008	2007	2006	2005	2004
				(Rs. in million)		
(i)	Product Development Expenditure (Note B (a))					300.6
(ii)	Employee benefits (Note B (c))			180.5	(79.1)	(6.0)
(iii)	Exchange difference - Fixed Assets (Note B (d))		181.7			
(iv)	Amortisation of product development cost (net) (Note B (e))	(128.4)	170.0	104.3	11.3	
(v)	Valuation of forward contracts at marked to market as per AS 30 (Note B f))	23.4	(31.4)	16.7	(27.7)	(84.1)
(vi)	Short / excess debit / credit prior year					30.2
		(105.0)	**320.3**	**301.5**	**(95.5)**	**240.7**
	Tax effect on adjustments	**35.6**	**(47.4)**	**(101.4)**	**24.6**	**(119.1)**

F-11

Table of Contents

Deferred tax effect as per (Note B (b) (ii)) credited / (debited) in respective years to the Reserves and Surplus:

Particulars	2008	2007	2006	2005	2004
		(Rs. in million)			
Deferred tax on Premium (including exchange difference) on Redemption of FCCN	(74.8)	(37.5)	15.4	926.6	61.6

Summary of the effect of changes in significant accounting policies and other changes credited / (debited) to the Reserves and Surplus as on March 31, 2003:

	Particulars	Impact prior to April 1, 2003 (Rs. in million)
(i)	Product Development Expenditure (Note B (a))	(300.6)
(ii)	Employee benefits (Note B (c))	(309.4)
(iii)	Short / excess debit / credit prior year	(30.2)
		(640.2)
	Tax effect on adjustments	**280.1**

C. Notes :

(1) The Summary Statement of Profit and Losses from the year ending March 31, 2006 includes the result of amalgamated / merged entities as explained in Note (2) and (3), below and hence the Profit and Losses for the earlier periods are not comparable to that extent.

(2) **Amalgamation of Tata Finance Ltd. (TFL) :**

In terms of the Scheme of Amalgamation (Scheme) sanctioned by order dated June 28, 2005, of Hon ble High Court of Judicature at Mumbai, Tata Finance Ltd. (TFL) whose core business was providing finance for commercial vehicles, passenger cars and construction equipments was amalgamated with the Company with effect from April 1, 2005. Principal terms of the amalgamation were as follows:

(a) the assets, liabilities, rights and obligations of TFL were vested in the Company with effect from April 1, 2005 and were recorded at their respective carrying values under the pooling of interest method of accounting for amalgamation after making adjustments to ensure uniform set of accounting policies as stated in (c) below.

(b) 14,504,949 Equity Shares of Rs.10 each of the Company were issued as fully paid-up to the holders of 181,311,857 Equity Shares of TFL, in the ratio of 8 Shares of the Company of Rs.10 each for every 100 Shares of TFL of Rs.10 each, without payment being received in cash.

(c) the debit balance of Rs. 1,047.5 million remaining in the Profit and Loss Account of TFL was transferred to General Reserves and an amount of Rs. 204.7 million (net of deferred tax) was adjusted to the General Reserves to ensure uniform set of accounting policies, in respect of some of the items of TFL.

(d) the reserves of TFL were incorporated in the Company s books of account as reduced by Rs. 599.3 million towards cost of investments of the Company in the Equity Shares of TFL.

(e) the Preference Share Capital of TFL of Rs. 1,500.0 million was fully adjusted against the investments of the Company in the said Capital.

(f) the difference of Rs. 1,853.0 million between the amounts recorded as Equity Share Capital to be issued to TFL shareholders and the amount of the Equity Share Capital of TFL was credited to the General Reserve of the Company.

(g) Arrears of dividend on cumulative preference shares of TFL was provided from the brought forward profits of the Company.

(3) **Amalgamation of Telco Dadajee Dhackjee Ltd (TDDL) and Suryodaya Capital Finance (Bombay) Ltd (SCFL) :**

In terms of the Scheme of Amalgamation (Scheme) sanctioned by Order dated June 29, 2005, of Hon ble High Court of Judicature at Mumbai, Telco Dadajee Dhackjee Ltd (TDDL) and Suryodaya Capital Finance (Bombay) Ltd (SCFL), both 100% subsidiaries of the Company as on March 31, 2005, were amalgamated with the Company with effect from April 1, 2005. In accordance with the said Scheme:

(a) the assets, liabilities, rights and obligations of TDDL and SCFL were vested in the Company with effect from April 1, 2005 and were recorded at their respective carrying values under the pooling of interest method of accounting for amalgamation after making adjustments to ensure uniform set of accounting policies as stated in (b) below.

F-12

Table of Contents

(b) the credit balance of Rs. 6.6 million remaining in the Profit and Loss Account of TDDL and the debit balance of Rs. 0.1 million of SCFL was transferred to General Reserves of the Company and an amount of Rs. 0.8 million was adjusted to the General Reserves to ensure uniform set of accounting policies, in respect of some of the items of TDDL.

(c) the paid up share capital of TDDL and SCFL of Rs. 6.5 million and Rs. 0.5 million respectively were adjusted against the cost of investment of the Company in the equity share capital of TDDL and SCFL respectively, and the balance cost of investment of Rs. 446.1 million and Rs. 7.7 million of the Company in the equity share capital of TDDL and SCFL respectively, were adjusted against the reserves of the Company as under :

Securities Premium Rs. 115.6 million (TDDL)

General Reserves Rs. 338.2 million

(d) the Special Reserve (created pursuant to section 45 IC of the RBI Act, 1934) of Rs. 12.7 million and the Revaluation Reserve of Rs. 268.2 million were recorded in the Company s books in the same form.

(4) Effective November 1, 2004, the spares part division of Tata Motors Insurance Services Ltd (formerly known as Concorde Motors Ltd) was merged with the Company.

(5) In the year 2005-06, the Company diluted its shareholding in its subsidiary Telco Construction Equipment Company Ltd (TELCON) from 79.75% to 59.75%. As a result of this transaction, the Company earned a profit of Rs. 1,643.0 million.

(6) During the year 2007-08, the Company sold 15% of its shareholding in its subsidiaries HV Axles Ltd and HV Transmissions Ltd, thereby reducing its stake in these subsidiaries from 100% to 85%. As a result of these transactions, the Company earned a profit of Rs. 1,387.5 million.

(7) In the year 2003-04, the Company acquired Tata Daewoo Commercial Vehicle Ltd (Formerly known as Daewoo Commercial Vehicle Co. Ltd) (TDCV), South Korea. The Company purchased equity shares for KRW 60.3 billion (Rs.2,530.4 million, including other expenses of Rs. 201.0 million incurred for acquisition, as at March 31, 2004). TDCV is engaged in the manufacture, sale and distribution of commercial vehicles. The financial statements of the TDCV have been combined as per AS 21 in the consolidated financial statements.

(8) Pursuant to the joint venture agreement entered into with Fiat Group Automobiles S.p.A., Italy and Fiat India Automobiles Private Limited (FIAPL) for establishment of joint venture to manufacture passenger cars, engines and transmissions at Ranjangaon in India, the Company invested Rs. 4,420.9 million on December 28, 2007 representing 49% of the equity shareholding in FIAPL. Subsequently in March 2008, the Company has subscribed to 50% of the additional equity shares, issued by FIAPL, for Rs.1,595.0 million, thereby increasing its equity shareholding in FIAPL to 49.48% as at March 31, 2008. The financial statements of the joint venture have been combined as per AS 27 in the consolidated financial statements.

		As at March 31, 2008 (Rs. in million)
(9) a)	Claims against the Company not acknowledged as debts-	
	(i) Sales Tax - Gross	2,779.5
	- Net of Tax	1,834.7
	(ii) Excise Duty - Gross	593.7

	- Net of Tax	391.9
	(iii) Others - Gross	1,006.9
	- Net of Tax	664.7
	(iv) Provision not made for income tax in dispute (exclusive of the effect of similar matters in respect of assessments remaining to be completed) in respect of matters :	
	(a) Decided in Company s favour by Appellate authorities and for which department is in further appeal	999.0
	(b) Pending before Appellate authorities in respect of which the Company is in appeal and expects to succeed, based on decision in earlier assessment years (net of consequential relief in subsequent years)	1,528.8
	(c) Pending in appeal /other matters	1,895.1
b)	The claims/liabilities in respect of excise duty, sales tax and other matters where the issues were decided in favour of the Company for which department is in further appeal	302.7

F-13

Table of Contents

	As at March 31, 2008 (Rs. in million)
c) Other money for which the Company in contingently liable-	
(i) In respect of bills discounted and export sales on deferred credit	5,350.6
(ii) The Company has given guarantee for liability in respect of receivables assigned by way of securitisation	8,750.1
(iii) Cash Margin/collateral	5,153.6
(iv) In respect of retained interest on securitisation transactions	626.5
(v) In respect of subordinate receivables	407.4
(vi) Others	141.8
d) Estimated amount of contracts remaining to be executed on capital account and not provided for	29,810.6

(10) **Sale of Products and other income from operations:**

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
(a) Sale of Products/ Services					
(i) Manufactured goods	324,157.2	310,222.4	234,509.4	202,663.8	152,133.4
(ii) Traded goods	1,061.1	424.6	78.0		
(b) Income from Hire Purchase/ Loan contracts (including income from securitisation)	3,632.0	5,465.1	4,326.7	1,594.7	1,399.5
(c) Miscellaneous Income	2,089.0	2,082.7	1,293.6	1,021.1	1,040.5
	330,939.3	**318,194.8**	**240,207.7**	**205,279.6**	**154,573.4**

(11) **Interest and Discounting Charges:**

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
(a) Gross interest and discounting charges	5,415.6	3,898.6	2,964.9	2,207.7	2,066.5
(b) Interest income / Interest capitalised	(2,591.9)	(767.9)	(701.4)	(666.2)	(453.9)
	2,823.7	**3,130.7**	**2,263.5**	**1,541.5**	**1,612.6**

(12) (i) **Tax Expense:**

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
(a) Current Tax (net of credit for Minimum Alternate Tax for 2007-08)	1,390.1	4,760.0	3,633.5	3,638.2	960.0
(b) Fringe Benefit Tax	70.0	65.0	190.0		
(c) Deferred Tax	4,015.4	1,772.2	1,421.5	511.3	3,860.0
	5,475.5	**6,597.2**	**5,245.0**	**4,149.5**	**4,820.0**

(ii) **Tax on Adjustments:**

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
(a) Current Tax (net of credit for Minimum Alternate Tax for 2007-08)	(5.5)	(10.6)	57.4	(6.0)	18.5

(b)	Deferred Tax	(30.1)	58.0	44.0	(18.6)	100.6
		(35.6)	**47.4**	**101.4**	**(24.6)**	**119.1**

Table of Contents

(13) **Fixed Assets include Product Development Cost:**

Particulars	2008	2007	2006	2005	2004
	For the year ended March 31, (Rs. in million)				
Gross block	3,037.4	1,699.9	1,539.8	1,106.9	630.4
Less: Depreciation	1,501.6	1,082.6	775.9	538.6	440.5
Net Block	1,535.8	617.3	763.9	568.3	189.9
Capital Work in Progress	17,058.6	8,939.8	3,746.7	1,713.8	1,064.8
	18,594.4	**9,557.1**	**4,510.6**	**2,282.1**	**1,254.7**

(14) **Current Liabilities and Provisions:**

Current Liabilities:

Particulars	2008	2007	2006	2005	2004
	As at March 31, (Rs. in million)				
(a) Acceptances	37,385.1	20,038.0	26,973.8	28,072.8	15,843.3
(b) Sundry creditors	46,634.9	40,799.4	28,319.1	22,697.3	22,781.6
(c) Advance and progress payments	2,355.3	2,436.8	3,340.7	3,716.1	3,354.8
(d) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956, not due	112.3	108.4	113.0	65.6	114.1
(e) Interest / commitment charges accrued on loans but not due	287.5	254.2	190.8	195.9	160.4
	86,775.1	**63,636.8**	**58,937.4**	**54,747.7**	**42,254.2**

Provisions:

Particulars	2008	2007	2006	2005	2004
	As at March 31, (Rs. in million)				
(a) Proposed dividend and tax on Proposed Dividend	6,596.8	6,763.2	5,677.8	5,156.1	1,603.7
(b) Provision for retirement and other employee benefit schemes	2,860.0	2,550.0	2,051.8	1,780.1	1,424.1
(c) Provision for Product Warranty	1,559.1	1,487.5	1,374.9	1,582.6	1,428.7
(d) Provision for Premium on redemption of Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS)	8,878.4	2,842.5	2,982.0	2,936.0	187.0
(e) Others			304.0	150.0	150.0
	19,894.3	**13,643.2**	**12,390.5**	**11,604.8**	**4,793.5**

(15) The figures disclosed in the Financial Statements are extracted from the audited financial statements for the year ended March 31, 2008, March 31, 2007, March 31, 2006, March 31, 2005 and March 31, 2004, approved by the Board of Directors on May 28, 2008, May 18, 2007, May 19, 2006, May 17, 2005 and May 19, 2004 respectively. The auditors Messrs Deloitte Haskins & Sells for the year ended March 31, 2008, March 31, 2007 and March 31, 2006 and the joint auditors Messrs A F Ferguson & Co. and Messrs S B Billimoria & Co. for the year ended March 31, 2005 and March 31, 2004 have issued their opinion dated May 28, 2008, May 18, 2007, May 19, 2006, May 17, 2005 and May 19, 2004 respectively. Any event subsequent to the said dates has not been considered / adjusted in those periods.

F-15

Table of Contents

Annexure V

Secured Loans of Tata Motors Limited

Particulars	2008	2007	2006	2005	2004
			As at March 31, (Rs. in million)		
(a) Privately placed Non-Convertible Debentures :					
(i) 12.25% Non-Convertible Debentures (2004)					100.0
(ii) 14.75% Non-Convertible Debentures (2008)	705.0	705.0	705.0	705.0	805.0
(iii) 14.30% Non-Convertible Debentures (2008)					250.0
(iv) 13.50% Non-Convertible Debentures (2005)				70.0	120.0
(v) Floating Rate Non-Convertible Debentures (2007) @		50.0	50.0	50.0	350.0
(vi) Secured Rated Redeemable Non-Convertible Debentures	1,000.0				
(b) Loan from International Finance Corporation (US $ 50 million) *				2,187.5	2,187.5
(c) Loan from Housing Development Finance Corporation Ltd				30.1	63.6
(d) Term Loan from State Bank of India #					2,859.8
(e) Loan from Technology Development Board		60.0	180.0	230.0	290.0
(f) Sales Tax Deferment Loan	484.5	732.8	869.8	1,106.1	1,359.8
(g) From Banks :					
(i) Buyers line of credit	8,498.0	4,312.6			
(ii) Loans, Cash credit and Overdraft Accounts	13,932.4	14,360.0	6,422.8	519.4	1,040.8
	24,619.9	**20,220.4**	**8,227.6**	**4,898.1**	**9,426.5**

@ At 1 year Government Securities Benchmark semi-annual rate + 140 basis points

* at 6 month LIBOR + 150 basis points

includes Rs. 1,859.8 million in foreign currency as at March 31, 2004

Unsecured Loans of Tata Motors Limited

Particulars	2008	2007	2006	2005	2004
			As at March 31, (Rs. in million)		
(a) Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS)	36,610.3	17,646.9	19,046.2	17,962.0	1,053.5
(b) Long term loans in foreign currency - others		2,028.3	2,091.0	2,092.4	2,114.8
(c) Loan from others			3.6	1.7	2.9
(d) Commercial papers	1,000.0				
(e) Short term loans from subsidiaries	575.0	195.8			
	38,185.3	**19,871.0**	**21,140.8**	**20,056.1**	**3,171.2**

Table of Contents

Annexure V

Details of Loans taken and Assets charged as securities of Tata Motors Limited

Particulars	Date of agreement	Amount outstanding as at March 31, 2008 (Rs. in million)	Rate of Interest	Repayment Terms	Security
14.75% Non Convertible Debentures	October 12, 1998	705.0	14.75%	October 11, 2008 (At par)	Secured by a pari passu charge by way of equitable mortgage of immovable properties and fixed assets in or attached thereto, both present and future, and a first charge on all other assets save and except stocks and book debts, present and future, the Export Showroom at Shivsagar Estate, Worli, Mumbai; Lloyds Showroom and basement at Prabhadevi, Mumbai, plot of land with structures at Mahim, Mumbai; the Company s residential flats at Mumbai, Pune and Jamshedpur and the Company s freehold land admeasuring 4245 sq. mtrs. approximately, situated at village Mouje - Naupada in Thane District.
Secured Rated Redeemable Non-Convertible Debentures	March 31, 2008	1,000.0	Daily MIBOR	Daily Put-Call (At par)	Secured by a pari passu charge by way of equitable English mortgage of the Company s lands, freehold and leasehold, together with immovable properties, plant and machinery and other movable fixed assets in or attached thereto, both present and future, situated at Chinchwad, Pimpri, Chikhali and Waghire in Pune District and village Mouje - Naupada in Thane District in the State of Maharashtra save and except Exports Showroom at Shivsagar Estate, Worli, Mumbai; the residential flats of the Company; the Lloyds Showroom and Basement at Prabhadevi, Mumbai; the plot of land with structures at Mahim, Mumbai; the Company s works situated at Lucknow, Dharwad, Jamshedpur, Pantnagar and Singur; and movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, situated at Indica car plant at Chikhali, Pune.
Sales tax Deferment Loan	Various dates	484.5	Interest free	Various dates	Secured by a residual charge on the immovable and movable properties at Lucknow.

Table of Contents

Particulars	Date of agreement	Amount outstanding as at March 31, 2008 (Rs. in million)	Rate of Interest	Repayment Terms	Security
Loan from Banks :					
State Bank of India - FCNR(B) Loan	March 17, 2008	1,003.1	6 Months LIBOR +450 bps	Payable on 17.09.08	These are secured by hypothecation of existing current assets of the Company viz. stock of raw materials, stock in process, semi finished goods, stores and spares not relating to Plant and Machinery (consumable stores and spares), bills receivable and book debts including receivable from Hire Purchase / Leasing and all other movable current assets except Cash and Bank Balances, Loans and Advances of the Company both present and future.
Buyers Line of Credit (Capex)	Various dates	8,498.0	LIBOR linked floating Interest Rate	Payable with in 3 years from date of drawdown and will be repaid by year 2010-11	
Buyers Line of Credit (Revenue)	Various dates	316.9	LIBOR linked floating Interest Rate	Payable with in one year of drawdown	
Working Capital Demand Loans	Various dates	8,250.0	7.5 % to 10 %	Payable on Demand	
Cash Credit, Packing Credit and Over Draft accounts	Various dates	4,362.4	10 % to 11 %	Payable on Demand	
		24,619.9			
Unsecured Loans:					
Inter Corporate Deposits	Various dates	575.0	7.50%	Daily Put-Call	N.A
Commercial Papers	July 20, 2007	1,000.0	7.95%	Payable after one year on July 18, 2008	N.A
Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS)*	Various dates	36,610.3	Various rates	Various dates	N.A
		38,185.3			

* Refer Note on the next page explaining the terms and other details of FCCN and CARS outstanding as on March 31, 2008.

Table of Contents

Terms of issue of Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS) :

The Company issued FCCN and CARS which are convertible into Ordinary Shares or ADRs. Additionally, CARS can be converted into Qualifying Securities* in case there has been a Qualifying Issue as per the terms of Issue. The particulars, terms of issue and the status of conversion as at March 31, 2008 are given below :

Issue	1% FCCN (due 2008)	0% FCCN (due 2009)	1% FCCN (due 2011)	0% FCCN (due 2011)	0% CARS (due 2012)
Issued on	July 31, 2003	April 27, 2004	April 27, 2004	March 20, 2006	July 11, 2007
Issue Amount (INR amount at the time of the issue)	US $ 100 million (Rs. 4,615.6 million)	US $ 100 million (Rs. 4,385.0 million)	US $ 300 million (Rs.13,155.0 million)	JP ¥ 11,760 million (Rs.4,500.3 million)	US $ 490 million (Rs. 19,927.1 million)
Face Value	US $ 1000	US $ 1000	US $ 1000	JP ¥ 10,000,000	US $ 100,000
Conversion Price per share at fixed exchange rate (Note 1)	Rs. 250.745 US $ 1 = Rs.46.16	Rs. 573.106 US $ 1 = Rs.43.85	Rs. 780.400 US $ 1 = Rs. 43.85	Rs. 1001.39 Rs.1 = JP ¥ 2.66	Rs. 960.96 US $ 1 = Rs. 40.59
Exercise Period	after September 11, 2003 and upto July 1, 2008	June 7, 2004 to March 28, 2009	June 7, 2004 to March 28, 2011	May 2, 2006 to February 19, 2011	October 11, 2011 to June 12, 2012
Early redemption at the option of the Company subject to certain conditions	on or after July 31, 2006	on or after April 27, 2005 (in whole but not in part)	Not Applicable	i) after March 20, 2009 but prior to February 8, 2011 (in whole or in part) subject to certain conditions or ii) any time (in whole but not in part) in the event of certain changes affecting taxation in India	after October 11, 2011 at our option (in whole but not in part)
Redeemable on	July 31, 2008	April 27, 2009	April 27, 2011	March 21, 2011	July 12, 2012
Redemption percentage of the Principal Amount	116.824%	95.111%	121.781%	99.253%	131.820%
Amount converted	US $ 99.94 million	US $ 95.59 million	Nil	Nil	Nil
Aggregate conversion into Shares / ADSs	1,83,98,095	73,13,842			
Notes Outstanding as at March 31, 2008 (Note 2)	60	4,410	3,00,000	1,176	4,900

Aggregate amount of shares that could be issued on conversion of outstanding notes	11,045	3,37,422	1,68,56,740	44,14,916	2,06,97,115

* Qualifying Securities holders will have no or differential voting rights in comparison to the existing shareholders and will have no rights to withdraw the underlying Shares except upon certain conditions as per the terms of issue.

Notes:

1 Pursuant to this rights issuance and anti dilution provisions in the terms of issue, the holders of FCCN/CARS will be entitled, to additional shares / ADSs / qualified securities upon exercise of conversion option.

2 Balance 60 notes of 1% FCCN due 2008 have been fully redeemed, subsequent to March 31, 2008.

Table of Contents

Annexure VI

Statement showing Agewise Analysis of Sundry Debtors of Tata Motors Limited

	As at March 31				
Particulars	**2008**	**2007**	**2006**	**2005**	**2004**
&nb					