TATA MOTORS LTD/FI
Form 20-F
September 30, 2008
Table of Contents

As filed with the Securities and Exchange Commission on September 30, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2008

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report ______

Commission file number: 001-32294

TATA MOTORS LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant s name into English)

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

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

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value Rs.10 per share *	The New York Stock Exchange, Inc

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

None

(Title of Class)

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

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report. - 385,503,954 Ordinary Shares, including 48,912,955 Ordinary Shares represented by 48,912,955 American Depositary Shares outstanding as of March 31, 2008.

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

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

U.S. GAAP x

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

Other ¨

Indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ Item 18 x

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

* Not for trading, but only in connection with listed American Depositary Shares, each representing one share of common stock.

Table of Contents

In this annual report

References to we , our and us are to Tata Motors Limited and its consolidated subsidiaries, except as the context otherwise requires;

References to dollar , and US$ are to the lawful currency of the United States of America, and references to rupees and Rs. are to the lawful currency of India;

References to US GAAP are to accounting principles generally accepted in the United States, and references to Indian GAAP are to accounting principles generally accepted in India;

References to an ADS are to an American Depositary Share, each of which represents one of our Ordinary Shares of Rs. 10/- each, and references to an ADR are to an American Depositary Receipt evidencing one or more ADSs;

References to light commercial vehicles, or LCVs, medium commercial vehicles, or MCVs, and heavy commercial vehicles, or HCVs, refer to vehicles that have gross vehicle weight, or GVW, of up to 7.5 metric tonnes, between 7.5 and 16.2 metric tonnes, and over 16.2 metric tonnes, respectively;

References to passenger cars refer to vehicles that have a seating capacity of up to six persons, excluding the driver, and is further classified into the following market segments: mini-cars which have a length of up to 3,400 mm; compact cars which have a length between 3,401mm and 4,000mm; mid-size cars which have length of between 4,001mm and 4,500mm; executive cars which have a length between 4,501mm and 4,700mm; and premium all-terrain vehicles and luxury performance cars which have a length between 4,701 and 5,000mm, and above 5,001mm, respectively.

References to utility vehicles, or UVs, and multi-purpose vehicles, or MPVs, refer to vehicles that have a seating capacity of seven to twelve persons, excluding the driver, and van-type vehicles that have a seating capacity of seven to twelve persons, excluding the driver, respectively.

Unless otherwise stated, comparative and empirical industry data in this annual report have been derived from published reports of the Society of Indian Automobile Manufacturers, or SIAM;

References to a particular fiscal year, such as fiscal 2008 , are to our fiscal year ended on March 31 of that year;

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

Millimeters or mm are equal to 1/1000 of a meter. A meter is equal to approximately 39.37 inches and a millimeter is equal to approximately 0.039 inch; and

Kilograms or kg are each equal to approximately 2.2 pounds, and metric tonnes are equal to 1,000 kilograms or approximately 2,200 pounds.

Litres are equivalent to 61.02 cubic inches of volume, or approximately 1.057 U.S. quarts of liquid measure.

Revenues refers to Total Revenue net of excise duty unless stated otherwise.

Special Note Regarding Forward-looking Statements

All statements contained in this annual report that are not statements of historical fact constitute forward-looking statements . Generally, these statements can be identified by the use of forward-looking terms such as anticipate , believe , can , could , estimate , expect , intend , may will and would or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this annual report regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this annual report (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements or other projections. Although we are a reporting company and will have ongoing disclosure obligations under U.S. federal securities laws, we are not undertaking to publicly update or revise any statements in this annual report, whether as a result of new information, future events or otherwise.

Table of Contents

The risks and factors that could cause our actual results, performances and achievements to be materially different from the forward-looking statements set out in Item 3.D and elsewhere in this annual report include, among others:

- general political, social and economic conditions, and the competitive environment in India and other markets in which we operate and sell our products;
- fluctuations in the currency exchange rate of the rupee to the dollar and other currencies;
- accidents and natural disasters;
- terms on which we finance our working capital and capital and product development expenditures and investment requirements;
- implementation of new projects, including mergers and acquisitions, planned by management;
- contractual arrangements with suppliers;
- government policies including those specifically regarding the automotive industry, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;
- significant movements in the prices of key inputs such as steel, aluminum, rubber and plastics; and
- other factors beyond our control.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data.

The following table sets forth selected financial data including selected historical financial information as of and for each of the fiscal years ended March 31, 2004, 2005, 2006, 2007 and 2008 in accordance with accounting principles generally accepted in the United States, or US GAAP.

The selected US GAAP consolidated financial data as of March 31, 2007 and 2008 and for each of the fiscal years ended March 31, 2006, 2007 and 2008 are derived from our audited US GAAP consolidated financial statements included in this annual report together with the report of Deloitte Haskins & Sells, independent auditors, who have reported that they carried out their audit in accordance with standards of the Public Company Accounting Oversight Board (United States). The selected US GAAP consolidated financial data as of March 31, 2004, 2005 and 2006 and for the fiscal years ended March 31, 2004 and 2005 are derived from our audited US GAAP consolidated financial statements not included in this annual report.

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

Table of Contents

Selected Financial Data Prepared in Accordance with US GAAP

	For the year ended March 31,					
	2004	2005	2006	2007	2008	2008 (In US $ millions, except Share and per share amounts)
	(in Rs. millions, except share and per share amounts)					
Gross Sales	162,176.6	228,549.4	272,350.8	370,709.1	400,144.0	9,998.6
Less: Excise Duty	23,883.2	31,771.0	35,465.0	46,227.9	47,356.0	1,183.3
Net Sales	138,293.4	196,778.4	236,885.8	324,481.2	352,788.0	8,815.3
Finance revenues	1,402.3	1,608.6	3,728.7	7,043.4	12,442.6	310.9
Total revenues	139,695.7	198,387.0	240,614.5	331,524.6	365,230.6	9,126.2
Cost of sales	108,159.6	156,906.7	189,318.7	263,449.7	287,895.6	7,193.8
Operating Expenses						
Selling, general and administrative	15,276.9	20,144.9	26,586.2	35,623.3	43,731.4	1,092.7
Research and development	1,282.0	2,532.4	4,663.0	6,018.1	9,906.4	247.5
Employee separation compensation	386.3	11.5	4.2	2.6	3.1	0.1
Total operating expenses	16,945.2	22,688.8	31,253.4	41,644.0	53,640.9	1,340.3
Operating income	14,590.9	18,791.5	20,042.4	26,430.9	23,694.1	592.1
Non-operating (expense) income						
Gain on shares issued by subsidiary			86.5	30.4	70.9	1.8
Gain on sale of equity interest in a subsidiary			1,532.1		1,254.7	31.4
Other non-operating income, net	1,773.2	1,821.6	1,882.6	4,745.4	5,104.7	127.6
Interest income	349.6	761.6	662.8	598.3	1,690.8	42.2
Interest expense	(2,684.3)	(2,993.3)	(3,717.8)	(5,413.8)	(10,507.2)	(262.5)
Total non-operating (expense) income	(561.5)	(410.1)	446.2	(39.7)	(2,386.1)	(59.5)
Income before equity in affiliates, minority interest and income taxes	14,029.4	18,381.4	20,488.6	26,391.2	21,308.0	532.6
Income tax expense	(5,264.0)	(5,099.9)	(5,618.3)	(8,113.0)	(5,898.8)	(147.4)
Minority interest, net of tax	(228.9)	(365.7)	(331.1)	(718.5)	(1,148.1)	(28.7)
Equity in net income of affiliates, net of tax	363.4	340.4	471.4	551.9	(55.2)	(1.4)
Net Income	8,899.9	13,256.2	15,010.6	18,111.6	14,205.9	355.1

Weighted average equity shares outstanding:												
Basic		328,306,904		359,837,353		373,268,040		384,544,205		385,438,663		385,438,663
Diluted		363,123,828		388,849,716		399,310,236		407,166,995		407,167,207		407,167,207
Earnings per share:												
Basic	Rs.	27.1	Rs.	36.8	Rs.	40.2	Rs.	47.1	Rs.	36.9	US $	0.9
Diluted	Rs.	25.3	Rs.	34.9	Rs.	38.7	Rs.	45.4	Rs.	35.8	US $	0.9
Cash dividend per Equity Share	Rs.	8.0	Rs.	4.0	Rs.	12.5	Rs.	13.0	Rs.	15.0	US $	0.4

	As of March 31,					
	2004	**2005**	**2006**	**2007**	**2008**	**2008**
	(in Rs. millions, except number of shares)					**(in US$ millions except number of shares)**
Balance Sheet Data						
Total Assets	113,875.4	159,245.4	202,158.2	271,015.4	369,279.3	9,227.3
Long term debt, net of current portion	10,804.1	25,632.7	27,203.3	40,235.1	58,792.8	1469.1
Total shareholders equity	37,377.6	56,409.2	81,015.8	91,368.9	105,264.1	2,630.3
Number of Equity shares outstanding	352,958,130	361,751,751	382,834,131	385,373,885	385,503,954	385,503,954

Table of Contents

Exchange Rate Information

For convenience, some of the financial amounts presented in this annual report have been translated from rupee amounts into dollar amounts at the rate of Rs.40.02 = US $ 1.00, the noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York as on March 31, 2008, the date of our most recent balance sheet included in this annual report. However, such translations do not imply that the rupee amounts have been, could have been or could be converted into dollars at that or any other rate.

The following table sets forth, for the fiscal years ended March 31, 2004, 2005, 2006, 2007 and 2008, information with respect to the exchange rate between the rupee and the dollar (in rupees per dollar) based on the average of the cable transfer buying and selling rupee / dollar exchange rates quoted by the Federal Reserve Bank of New York.

Fiscal year ended March 31,	Period End	Period Average	High	Low
2008	40.02	40.13	43.05	38.48
2007	43.10	45.06	46.83	42.78
2006	44.48	44.17	46.26	43.05
2005	43.62	44.86	46.45	43.27
2004	43.40	45.98	47.46	43.40

The following table sets forth information with respect to the exchange rate between the rupee and the dollar (in rupees per dollar) for the previous six months based on the noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York.

Month	Period End	Period Average	High	Low
Aug 2008	43.25	42.90	43.74	42.01
July 2008	42.47	42.70	43.29	41.10
June 2008	42.93	42.76	42.97	42.38
May 2008	42.15	42.00	42.93	40.45
April 2008	40.45	39.96	40.45	39.73
March 2008	40.02	40.14	40.46	39.76

Source: Federal Reserve Bank of New York

As of September 26, 2008, the rupee / dollar noon buying rate quoted by the Federal Reserve Bank of New York was Rs.46.48 per US$1.00.

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

This section describes the risks that we currently believe may materially affect our business. The factors below should be considered in connection with any forward-looking statements in this annual report and the cautionary statements on page ii. The risks below are not the only ones we face some risks may be unknown to us, and some risks that we do not currently believe to be material could later turn out to be material. Although we will be making all reasonable efforts to mitigate or minimize these risks, one or more of a combination of these risks could materially impact our business, revenues, sales, net assets, results of operations, liquidity and capital resources.

3

Table of Contents

Risk associated with Our Business and the Automotive Industry.

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, easy availability of credit, increase in disposable income among Indian consumers, interest rates, freight rates and fuel prices. The automotive industry in general is cyclical and economic slowdowns in the past 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. Lack of vehicle finance availability, increase in interest rates and/or increases in fuel prices are examples of developments that 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.

In addition to India, we also have automotive operations in South Korea and recently commenced operations in Thailand. Furthermore, we acquired the Jaguar and Land Rover business, which has operations in over 165 countries, from Ford Motor Company on June 2, 2008. See Recent Developments   Acquisition of the Jaguar Land Rover Business   for more information. The worldwide automotive industry is affected significantly by general economic conditions, including the cost of purchasing and operating a vehicle and the availability and cost of credit and fuel (among other factors), over which automobile manufacturers have little control. Should industry demand soften beyond our expectations because of slowing or negative economic growth in key markets in which we operate, our results of operations and financial condition could be substantially adversely affected.

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 and hence we are sensitive to fluctuations in foreign currency exchange rates. We have experienced and expect to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities due to currency fluctuations. Although we engage in currency hedging in order to decrease our foreign exchange exposure, a weakening of the rupee against the dollar or other major foreign currencies may have an adverse effect on our cost of borrowing and consequently may increase our financing costs, which could have a significant adverse impact on our results of operations.

Additionally, the results of Jaguar Land Rover are impacted by fluctuations in the value of the British Pound against the dollar and other currencies of key countries where Jaguar Land Rover has operations.

Any depreciation in the value of the rupee against the dollar or other major foreign currencies may lead to adverse effects on our financial condition and results of operations during the current fiscal year and in the future periods, partly due to an increase in our non-rupee denominated debt.

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 created 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. Consequently, domestic competition is likely to further intensify in the future. There can be no assurance that we will be able to implement our future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

As a result of our international growth strategy, we also face significant competition from foreign 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, customer service and financing terms. There can be no assurance that we will be able to compete successfully in the global automotive industry in the future.

Our future success depends on our ability to satisfy changing customer demands by offering innovative products in a timely manner and maintaining such products   competitiveness.

In the competitive automotive industry, our competitors can gain significant advantage if they are able to offer products satisfying customer needs earlier than we are able to, which could adversely impact our sales and results of operations. Unanticipated

Table of Contents

delays in implementing the introduction of new products or in expansion plans resulting in delays in capacity enhancements and / or new product launches and cost overruns could adversely impact our results of operations. In addition, there can be no assurance that the market acceptance of our future products will meet our expectations, in which case we could be unable to realize the intended economic benefits of our investments and our results of operations may be adversely affected.

The plant under construction at Singur for manufacture of *Tata Nano* 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.

We are subject to risks associated with product liability, warranty and recall.

We are subject to risks and costs associated with product liability, warranty and recall should we supply defective products, parts, or related after-sales services, which could generate adverse publicity and adversely affect our business, results of operations and financial condition. Such events could also require us to expend considerable resources in correcting these problems and could adversely affect demand for our products.

We are subject to risk associated with our automobile financing business.

We are subject to the risk associated with our automobile financing business. Any defaults by our customers or inability to repay installments as due could adversely affect our business, results of operations and cash flows. In addition, any downgrades in our credit ratings may increase our borrowing costs and restrict our access to the debt markets. Over time, and particularly in the event of any credit rating 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.

Underperformance of our distribution channels and supply chains may adversely affect our sales and results of operations.

Our products are sold and serviced through a network of authorised dealers and service centers across India, and a network of distributors and local dealers in international markets. We monitor the performance of our dealers and distributors and provide them with support to enable them to perform to our expectations. There can be no assurance, however, that our expectations will be met 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 these 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. 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.

Increases in input prices may have a material adverse impact on our result of operations.

In fiscal 2006, 2007 and 2008, consumption of raw materials, components and aggregates constituted approximately 79.3%, 78.8% and 77.7%, respectively, of our cost of sales. Prices of commodity items used in manufacturing automobiles, including steel, rubber, copper, and zinc have significantly increased over the last two years. While we have been pursuing cost reduction programs and product price increases to partially offset these input price increases, there can be no assurance that we will be able to recover any future cost increases in commodity products through cost-saving measures elsewhere or that we will be able to sufficiently increase the selling prices of our products, which could materially and adversely impact our sales and results of operations. In addition, because of intense price competition and our high level of fixed costs, we may not be able to adequately address changes in commodity prices even if they are foreseeable. Substantial changes in these prices could have a substantial adverse effect on our financial condition and results of operations.

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

The performance of our subsidiaries and affiliates may adversely affect our results of operations.

We have made and may continue to make capital commitments to our subsidiaries and affiliates, and if the business and operations of subsidiaries and affiliates, to whom we make capital commitments, deteriorate, the value of our investments may be adversely affected.

5

Table of Contents

We are subject to risks associated with growing our business through mergers and acquisitions.

We have, in the past, grown in part through acquisitions such as Tata Daewoo Commercial Vehicle Company Limited, or TDCV. See Recent Developments Acquisition of the Jaguar Land Rover Business . 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.

We may be adversely affected by labor 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 labor unions and are covered by our wage agreements with those labor unions which have different tenures at different locations. In general, we consider our labor relations with all of our employees to be good. However, we may in the future be subject to labor unrest, which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, financial condition or results of operations may be adversely affected.

Any inability to manage our growing international business may adversely affect 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.

If we are unable to manage risks related to our expansion and growth in other parts of the world, our business, results of operations and financial condition could be adversely affected.

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

We acquired the Jaguar Land Rover business from Ford Motor Company on June 2, 2008. See Recent Developments Acquisition of the Jaguar Land Rover Business .

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 scale, scope and nature of the integration required in connection with the acquisition present significant challenges, and we may be unable to effectively integrate various subsidiaries, divisions and facilities which comprise Jaguar Land Rover on the expected schedule. In particular, 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 include, among other things:

- difficulties in effectively managing, developing and overseeing the operations of Jaguar Land Rover, including its financial requirements, if any, information systems, policies and procedures;
- unforeseen contingent risks or latent liabilities relating to the acquisition that may become apparent in the future;

difficulties in managing a much larger business; and

Table of Contents

- loss of key personnel.

Furthermore, the acquisition may also expose us to uncertainties and risks, including uncertainties and risks associated with:

- the cooperation between Jaguar Land Rover and Ford in areas such as engine supplies, design and development and agreed transition services;
- the selection of financial services partners to provide financing for Jaguar Land Rover dealers and customers particularly in the United States;
- the possible deficit in Jaguar Land Rover s pension plans;
- the diversion of financial or other resources from our existing businesses

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

We may fail to raise sufficient capital under our Long Term Funding Plans and our proposed repayment of the bridge loan facility may be delayed, any of which could adversely affect our future business performance and financial condition.

As described in more detail in Recent Developments Proposed Repayment of Bridge Financing Facility by Way of Long Term Funding Plans our shareholders have approved our Long Term Funding Plan proposals as presented and reviewed by the Board of Directors.

The execution of our refinancing plan is subject to a variety of uncertainties including, among other things, the amount of capital that other entities may seek to raise in the capital markets, receipt of regulatory or corporate approvals that are necessary, market conditions, foreign exchange movements, and other conditions that may affect investor demand for the Company s securities, the liquidity of the capital markets and the Company s financial condition and results of operations. As a result, the Company may not be able to raise this additional equity on terms or with a structure that is favorable to the Company, if at all.

We cannot assure you that any of the conditions for the Long Term Funding Plans will be satisfied, or that any of the conditions will be satisfied in the timeframe that we expect. If we or any other relevant parties are unable to satisfy any of the conditions for our Long Term Funding Plans or satisfy these conditions in the timeframe that we expect, we may not be able to repay our bridge financing facility in the timeframe that we expect, which could materially adversely affect our future business performance and financial condition.

Political and Regulatory Risks.

India s obligations under the World Trade Organisation Agreement.

India s obligation under its World Trade Organization agreement could lower the present level of tariffs on import 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.

Environmental, Fiscal and Other Governmental regulations.

As an automobile company, we are subjected to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by our production facilities. These regulations are likely to become more stringent and compliance costs may significantly impact our future results of operations. In particular, Jaguar Land Rover has significant operations in the U.S. 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. 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.

7

Table of Contents

Imposition of any additional taxes and levies by the Indian government designed to limit the use of automobiles could adversely affect the demand for our products and our results of operations.

Changes in corporate and other taxation policies as well as change in export and other incentives given by the Central government and government at state level could also adversely affect our results of operations. Regulations in the areas of investments, taxes and levies may also have an impact on Indian securities, including our shares and ADSs.

We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labor strikes.

Our products are exported to a number of geographical markets and we plan to expand our international operations further in the future. Consequently, we are subject to various risks associated with conducting our business outside India and our operations may be subject to political instability within and outside India, wars, terrorism, regional and/or multinational conflicts, natural disasters, fuel shortages, epidemics and labor strikes. Any significant or prolonged disruptions or delays in our operations related to these risks could adversely impact our results of operations.

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 Sarbanes-Oxley Act of 2002 and new Securities and Exchange Commission (SEC) regulations, Securities and Exchange Board of India (SEBI) regulations, New York Stock Exchange (NYSE) 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.

In connection with our Annual Report on Form 20-F for fiscal 2008, we assessed internal controls over financial reporting, and determined that internal controls were effective. We will undertake assessments of internal controls over financial reporting in connection with each annual report. 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 associated with Investments in an Indian Company.

Political changes in the Government in India could delay and/or affect the further liberalization of the Indian economy and adversely affect economic conditions in India generally and our business in particular.

Most of our manufacturing and sales and distribution facilities are located in India, and in fiscal 2006, 2007 and 2008, approximately 82.4%, 80.7% and 80.4% respectively, of our revenues were derived from sales within India. Our business, and the market price and liquidity of our ADSs and shares, may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant. Consequent to an election in April and May 2004, there was a change in government. While the current coalition government has already committed to a common minimum agenda, there can be no assurance that there will not be changes in the economic reform, and specific laws and policies affecting automotive companies, foreign investment, currency exchange and investment regulations governing India s capital markets that could negatively affect us. Uncertainty regarding possible policy changes immediately after elections has in the past resulted in significant volatility in price and trading volumes of securities of Indian companies. A significant change in India s economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

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

India has from time to time experienced social and civil unrest and hostilities, including terrorist attacks and riots and armed conflict with neighboring countries. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our ADSs and shares, and on the market for our vehicles.

Table of Contents

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, which include regulations applicable to our Board of Directors, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors fiduciary duties and liabilities, and shareholders rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders rights under Indian law may not be as extensive as shareholders rights under the laws of other countries or jurisdictions, including the United States. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in another jurisdiction.

The market value of your investment may fluctuate due to the volatility of the Indian securities market.

The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of their listed securities. The Indian stock exchanges, including the Bombay Stock Exchange Limited (BSE), have experienced problems that, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our shares. These problems in the past included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. 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.

There may be a different level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than in the United States. The Securities and Exchange Board of India (SEBI) received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

Investors may have difficulty enforcing judgments against us or our management.

We are a limited liability company incorporated under the laws of India. Substantially all of our directors and executive officers named in this annual report are residents of India and all or substantial portion of our assets and the assets of these directors and executive officers are located in India. As a result, investors may find it difficult to (i) effect service of process upon us or these directors and executive officers in jurisdictions outside of India, (ii) enforce court judgments obtained outside of India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers, (iii) enforce, in an Indian court, court judgments obtained outside of India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers, and (iv) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities, including those based upon the U.S. federal securities laws, against us or these directors and executive officers.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided under Section 13 of the Code of Civil Procedure, 1908, or the Civil Code.

Section 13 and Section 44A of the Civil Code provide that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where Indian law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Government of India to be a reciprocating territory for the purpose of Section 44A of the Civil Code. Accordingly, a judgment of a court in the United States may be enforced only by a suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign

9

judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (RBI) to execute such a judgment or to repatriate outside India any amount recovered.

Risks associated with our Shares and ADSs.

Fluctuations in the exchange rate between the rupee and the dollar may have a material adverse effect on the market value of the ADSs and the shares, independent of our operating results.

Fluctuations in the exchange rate between the rupee and the dollar will affect, among others things, the dollar equivalents of the price of the shares in rupees as quoted on the Indian stock exchanges and, as a result, may affect the market price of the ADSs. Such fluctuations will also affect the dollar equivalent of any cash dividends in rupees received on the shares represented by the ADSs and the dollar equivalent of the proceeds in rupees of a sale of shares in India.

The exchange rate between the rupee and the dollar has changed substantially in the last two decades and may substantially fluctuate in the future. The value of the rupee against the dollar was Rs.46.48 = US$ 1.00 as of September 26, 2008.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Although holders of ADSs have a right to receive any dividends declared in respect of shares underlying the ADSs, they cannot exercise voting or other direct rights as a shareholder with respect to the shares underlying the ADSs evidenced by ADRs. Citibank, N.A., as depositary is the registered shareholder of the deposited shares underlying our ADSs, and therefore only Citibank, N.A. can exercise the rights of shareholders in connection with the deposited shares. Only if requested by us, the depositary will notify holders of ADSs of upcoming votes and arrange to deliver our voting materials to holders of ADSs. The depositary will try, in so far as practicable, subject to Indian laws and the provisions of our Articles of Association, to vote or have its agents vote the deposited securities as instructed by the holders of ADSs. If the depositary receives voting instructions in time from a holder of ADSs which fail to specify the manner in which the depositary is to vote the shares underlying such holder s ADSs, such holder will be deemed to have instructed the depositary to vote in favor of the items set forth in such voting instructions. If the depositary has not received timely instructions from a holder of ADSs, the holder shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by us, the depositary is required to represent all shares underlying ADSs, regardless whether timely instructions have been received from the holders of such ADSs, for the sole purpose of establishing a quorum at a meeting of shareholders. Additionally, in your capacity as an ADS holder, you will not be able to bring a derivative action, examine our accounting books and records, or exercise appraisal rights. Registered holders of our shares withdrawn from the depositary arrangements will be entitled to vote and exercise other direct shareholder rights in accordance with Indian law. However, a holder may not know about a meeting sufficiently in advance to withdraw the underlying shares in time. Furthermore, a holder of ADSs may not receive voting materials, if we do not instruct the depositary to distribute such materials, or may not receive such voting materials in time to instruct the depositary to vote.

Further, pursuant to Indian regulations, we are required to offer our shareholders pre-emptive rights to subscribe for proportionate number of shares to maintain their existing ownership percentages prior to the issue of new shares. These rights may be waived by a resolution passed by at least 75% of our shareholders present and voting at a general meeting. Holders of ADSs may be unable to exercise pre-emptive rights for subscribing to these new shares unless a registration statement under the Securities Act is effective or an exemption from the registration requirements is available to us. Our decision to file a registration statement would be based on the costs, timing, potential liabilities and the perceived benefits associated with any such registration statement and we do not commit that we would file such a registration statement. If any issue of securities is made to our shareholders in the future, such securities may also be issued to the Depositary, which may sell such securities in the Indian securities market for the benefit of the holders of ADSs. There can be no assurance as to the value, if any, the Depositary would receive upon the sale of these rights/securities. To the extent that holders of ADSs are unable to exercise pre-emptive rights, their proportionate interest in us would be reduced.

As a result of Indian Government regulation of foreign ownership the price of the ADSs could decline.

Foreign ownership of Indian securities is regulated and is partially restricted. In addition, there are restrictions on the deposit of shares into our ADS facilities. ADSs issued by companies in certain emerging markets, including India, may trade at a discount to the underlying equity shares, in part because of the restrictions on foreign ownership of the underlying equity shares and in part because ADSs are sometimes perceived to offer less liquidity than underlying shares which can be traded freely in local markets by both local and international investors. See Item 10.D Exchange Controls . The ADSs could trade at a discount to the market price of the underlying shares.

Table of Contents

Item 4. Information on the Company.
A. History and Development of the Company.

We were incorporated on September 1, 1945 as a public limited liability company under the Indian Companies Act VII of 1913 as Tata Locomotive and Engineering Company Limited. Our name was changed to Tata Engineering and Locomotive Company Limited on September 24, 1960 and to Tata Motors Limited on July 29, 2003. We commenced operations as a steam locomotive manufacturer. This business was discontinued in 1971. Since 1954, we have been manufacturing automotive vehicles. This business commenced with the manufacture of commercial vehicles under financial and technical collaboration with Daimler-Benz AG (now Daimler AG) of Germany. This agreement ended in 1969. We produced only commercial vehicles until 1991, when we started producing passenger vehicles as well.

We are India s largest automobile manufacturer by revenue, the largest commercial vehicle manufacturer and among the top three passenger vehicle manufacturer in terms of units sold in India during fiscal 2008. We are also the world s fourth largest truck manufacturer and the second largest bus manufacturer in the above 6 ton category. We have a broad portfolio of automotive products, ranging from sub 1 ton to 49 ton gross vehicle weight, or GVW, trucks (including pickup trucks) and from small, medium, and large buses and coaches to passenger cars and utility vehicles.

We have a substantial presence in India. We estimate that more than four million vehicles produced by us are currently being operated in India.

We produce a wide range of automotive products, including:

- ***Passenger Cars***. Our passenger cars 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, first launched in 2004. These passenger cars are manufactured in gasoline and diesel engine versions. We have expanded our car lines by introducing several variants to suit different customer preferences. For example, the Indica gasoline variant, Xeta, is available also with a dual fuel (petrol and liquified petroleum gas, or LPG) engine. On August 23,2008 we launched the new generation of the Indica, the Indica Vista.

- ***Utility Vehicles***. We manufacture a number of utility vehicles, or UVs, including the Sumo, first launched in 1994, and the sports utility vehicle or SUV, Tata Safari, first launched in 1998. Both the Sumo and the Safari have various variants to meet different consumer preferences. In October 2007, a new Safari DICOR 2.2 VTT range, powered by a new 2.2 L Direct Injection Common Rail (DICOR) engine was launched. In February 2008, we launched the Sumo Grande, an SUV with the comforts of a family car.

- ***Light Commercial Vehicles***. We manufacture a variety of light commercial vehicles, or LCVs, including pickup trucks, trucks and buses with 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, a passenger variant for commercial transportation developed on the Ace platform, and the Winger, both of which were launched in fiscal 2008.

- ***Medium and Heavy Commercial Vehicles***. We manufacture a variety of medium and heavy commercial vehicles, or M&HCVs, which include trucks, buses, dumpers and multi-axled vehicles with GVW of between 9 tons to 49 tons. In addition, through Tata Daewoo Commercial Vehicle Company Limited, or 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 acquired the Jaguar Land Rover business from Ford Motor Company and we now produce Jaguar luxury performance cars and Land Rover premium all terrain vehicles through our Jaguar Land Rover business. See Recent Developments Acquisition of the Jaguar Land Rover Business for more details.

In India, our manufacturing base is spread across Jamshedpur (in eastern India), Pune (in western India), Lucknow and Pantnagar (in northern India), supported by a nation-wide dealership, sales, services and spare parts network comprising over 2,000 individual locations. We are in the process of establishing another two facilities, one each at Singur (East) and Dharwad (South). We have a widespread sales and distribution network across India with over 1,500 sales outlets for our commercial vehicle and passenger vehicle businesses. See Item 5B Operating and Financial Review and Prospects Recent Developments Capacity Expansion Plans at Singur for more information .

In September 2004, we became the first company from India s engineering sector to be listed on the New York Stock Exchange.

Table of Contents

We have expanded our international operations through mergers and acquisitions and in India we have made strategic alliances involving non-Indian companies.

- In 2004, we acquired the Daewoo Commercial Vehicles Company (renamed as Tata Daewoo Commercial Vehicle Company Limited), South Korea s second largest truck maker. TDCV has launched several new products, such as the Tata Novus in M&HCV category.

- In fiscal 2005, we acquired a 21% stake in Hispano Carrocera S.A., or Hispano, a well-known Spanish bus and coach manufacturer with an option to acquire the remaining stake. Hispano s operations are being expanded into other markets.

- We have also been distributing and marketing Fiat branded cars in India since March 2006. Consequent to signing of a memorandum of understanding in 2006, we concluded an industrial joint venture with Fiat Group Automobiles in December 2007, located at Ranjangaon in Maharashtra to manufacture passenger cars, engines and transmissions for the Indian and overseas markets. Established in April 2008, the plant currently manufactures the Fiat Palio, and the engines and transmissions.

- In May 2006, we entered into a joint venture agreement with Brazil-based Marcopolo S.A., or Marcopolo, a global leader in body-building for buses and coaches, to manufacture and assemble fully-built buses and coaches in India, wherein we have a 51% ownership, the balance being held by Marcopolo.

- In December 2006, we entered into a joint venture agreement with Thonburi Automotive Assembly Plant Co Ltd., Thailand, or Thonburi, to manufacture pick ups in Thailand. We own 70% of the joint venture called Tata Motors (Thailand) Limited, or TMTL, while Thonburi owns the remaining 30%. The joint venture will facilitate our efforts to address the Thailand market, which is a major market for pickup trucks, and other potential markets in that region. While TMTL has begun setting up operations in the FY 2007-08, the manufacturing of vehicles began only during March 08.

- In June 2008 we acquired the Jaguar Land Rover business from Ford Motor Company which consisted of three major vehicle manufacturing plants, two advanced design centres, 26 national sales companies, intellectual property rights, perpetual royalty free licenses and a minimum capital allowance of approximately US$ 1.1 billion See Recent Developments Acquisition of the Jaguar Land Rover Business for more details.

We are also expanding our international export operations, which have been ongoing since 1961. Our commercial and passenger vehicles are being marketed in several countries in Europe, Africa, the Middle East, Australia, South East Asia and South Asia. During fiscal 2008, Tata Motors (SA) Proprietary Limited (TMSA), a joint venture company in which we hold 60% with the remaining 40% being held by Tata Africa Holdings (SA) (Pty.) Limited, was formed for the manufacture and assembly operations of our LCVs and passenger cars in South Africa. TMSA has not yet started operations.

We believe that the foundation of our growth over the last 50 years has been a deep understanding of economic stimuli and customer needs, and the ability to translate them into customer desired products though leading edge research and development. 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 Tata Motors European Technical Centre PLC, or 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.

Through our subsidiary 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.

Tata Technologies Limited, or TTL, our 82.83% owned subsidiary, provides through its operating companies, INCAT and Tata Technologies iKS, specialized engineering & design services, product lifecycle management and product-centric IT services to leading global manufacturers. TTL s customers are among the world s premier automotive, aerospace and consumer durable manufacturers. TTL had 13 subsidiary companies as at March 31, 2008. A few of these subsidiaries are being wound-up, liquidated or merged as also various restructuring initiatives are being taken with the objective of bringing in operating efficiencies by sharpening focus on its services and product business, fixing territorial responsibility for top and bottom line growth and establishing a global delivery centre supporting the overall business. The consolidated revenue for TTL was Rs. 9,071 million in fiscal 2008, an increase of 11.9% from Rs. 8,107 million in fiscal 2007, due to augmented relationships with existing global automotive and aerospace customers and the acquisition of new customers.

Table of Contents

Telco Construction Equipment Company Ltd, or Telcon, is engaged in the business of manufacturing and sale of construction equipment and and providing related supporting services. We own 60% of Telcon, with the remaining 40% being held by Hitachi Construction Machinery Company Limited, (HCM) Japan. 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. These acquisitions are expected to further strengthen the company s product capabilities.

TML Distribution Company Limited or TDCL, our wholly-owned subsidiary, was incorporated on March 28, 2008. TDCL will be engaged in the business of dealing and providing logistics support for distribution of our products throughout India. TDCL has commenced operations from August 2008.

Our subsidiary Tata AutoComp Systems Limited, or TACO, is a holding company for promoting foreign joint ventures in automotive components and systems and is also engaged in engineering services, supply chain management and after-market operations. TACO s customers include leading domestic original equipment manufacturers and certain global original equipment manufacturers and suppliers. In June 2008, we sold 24% of our equity interest in TACO to Tata Capital, a company promoted by Tata Sons. Consequent to this sale, the company s holding in TACO has been reduced to 26%.

Our wholly-owned subsidiary, Tata Motors Finance Limited, or TMFL, was incorporated on June 1, 2006 with the objective of becoming a preferred financing provider for our dealer s customers by capturing customer spending over the vehicle life-cycle and by extending value added products, related to vehicles sold by us. TMFL is registered with the RBI as a Systemically Important Non-Deposit Taking Non-Banking Financial Company and is classified as an Asset Finance Company under the RBI s regulation on Non-Banking Finance Companies. For the year ended March 31, 2008, TMFL made disbursements of approximately Rs.76,160 million.

Our wholly-owned subsidiary, Tata Motors Insurance Services Limited, now known as Tata Motors Insurance Broking and Advisory Services Limited, or TMIBASL, undertakes the business of insurance and reinsurance broking. TMIBASL has received in May 2008 requisite approval from the Insurance Regulatory and Development Authority in India to commence this business.

As of March 31, 2008, our operations included 41 consolidated subsidiaries and 20 equity method affiliates, in respect of which we exercise significant influence.

Tata Incorporated serves as our authorized United States representative. The address of Tata Incorporated is 3 Park Avenue, 27th Floor, New York, NY 10016, United States of America.

Our Registered Office is located at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India and our telephone number is +91-22-6665-8282 and our website address is www.tatamotors.com. Our website does not constitute a part of this annual report.

B. Business Overview.

Our business segments are (i) automotive operations and (ii) all other operations. Our automotive operations business segment includes the design, manufacture, assembly, sale and service of commercial and passenger vehicles, spare parts, components and accessories as well as financing our vehicles. Our other operations business segment includes information technology, or IT services, construction equipment manufacturing, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for certain applications and investment business.

We sold 589,428 and 597,148 vehicles in fiscal 2007 and 2008 respectively. Out of this, 526,806 and 530,547 units were sold in India in fiscal 2007 and 2008 respectively. Our share in the Indian four-wheeler automotive vehicle market (i.e., automobile vehicles other than two and three wheeler categories) declined from 28.6% in fiscal 2007 to 26.1% in fiscal 2008 mainly on account of a mature product portfolio in passenger vehicles, availability constraints in some parts/components in commercial vehicles during the early part of the year, and loss of market share in the M&HCV passenger carrier segment due to bunching of competitive orders in the first half of the year. The following table sets forth our market share in various categories in the Indian market:

Category	Fiscal 2006	Fiscal 2007	Fiscal 2008
Passenger Cars	17.2%	16.7%	14.1%
Utility Vehicles	19.6%	22.1%	20.0%

Light Commercial Vehicles	60.1%	65.4%	64.3%
Medium and Heavy Commercial Vehicles	62.0%	62.9%	61.3%
Total Four - Wheel Vehicles	27.1%	28.6%	26.1%

Table of Contents

A geographical breakdown of our revenues is set forth in Item 5.A   Operating Results   Geographical breakdown .

We had approximately 36,364 permanent employees, including approximately 13,134 permanent employees at our consolidated subsidiaries, as of March 31, 2008.

The Indian Automotive Market

India s 50-year old automotive industry has a prominent place in the Indian economy. With its integral relationship to several key segments of the Indian economy, the Indian automobile industry affects many of its other important sectors and is one of the main drivers of India s economic growth. 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 two million and ten million people respectively.

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. Today, as part of a broader move to liberalize its economy, India has opened up the sector to foreign direct investments and has since progressively relaxed trade barriers. Since the liberalization of the Indian auto sector the industry has experienced rapid development. Today, India is the world s second largest manufacturer of two wheelers, fifth largest manufacturer of commercial vehicles and the largest manufacturer of tractors in the world. India is also among a few countries in the world that have indigenously developed a passenger car and also world s least expensive small car.

The Society of Indian Automobile Manufacturers, or SIAM, currently represents 38 leading vehicle and vehicular engine manufacturers. India s auto market is one of the most competitive among the global markets, as comparatively lower costs have made it an attractive assembly ground for overseas manufacturers.

During fiscal 2008, the Indian automobile industry production declined by 2.3% following a growth of 13.9% in fiscal 2007. Of the nearly 10.8 million vehicles produced, nearly 74% were two wheelers and 4.6% were three wheelers. 1.8 million passenger vehicles, utility vehicles and multi purpose vans were produced in fiscal 2008, representing about 16.2% of vehicles produced. In addition, nearly 0.55 million commercial vehicles were manufactured, constituting about 5% of total vehicle production. Presently, car penetration in India is low at an estimated 7 cars per 1,000 persons, and that number is expected to increase in coming years.

During fiscal 2008, nearly 9.6 million automobiles were sold in India, a decline of 4.7% over the previous fiscal year, and over 1.2 million automobiles were exported from India, an increase of 22.4% over the previous fiscal. In fiscal 2008, the automobile demand was impacted by lack of finance availability, high interest rates, low consumer confidence and low economic growth. Additionally rising input costs and retail incentives put pressure on industry margins.

Domestic passenger vehicle sales surpassed last year s all time high of with sales of over 1.5 million units in fiscal 2008. The growth of 11.3% was driven by launch of new products and interventions in existing products. The segment was favorably impacted by a reduction of the excise duty on small cars in March 2008 (from 16% to 12% for cars of up to 4 meters in length and with engine displacement of less than 1200cc for gasoline and 1500cc for diesel engines). Total passenger vehicle exports were over 216, 138 units, a growth of 9.6% over the previous fiscal year.

With a sale of 0.49 million units , the domestic commercial vehicle sales also crossed last year s all-time high sales of over 0.46 million units, albeit representing a moderate growth rate of 6.9% from fiscal 2007. This moderation in growth is attributable to a combination of macro economic factors and structural factors such as high interest rates, availability of finance, rise in fuel prices.

Our Strategy

We believe that we have established a strong position in the Indian automobile industry by launching new products, investing in research and development and maintaining our financial strength. We have also benefited from the expansion of our manufacturing and distribution network. 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 through organic as well as inorganic means. Our strategy to achieve these goals consists of the following elements:

Leveraging our capabilities: We have an extensive range of products in commercial vehicles (for both goods and passenger transport) as well as passenger vehicles. We have plans to leverage this broad product base further with our strong brand recognition in India, our understanding of local consumer preferences, well developed in-house engineering capabilities and extensive distribution network.

14

Table of Contents

We believe that our in-house research and development capabilities, our subsidiary TDCV in South Korea, our association with Hispano in Spain, our joint ventures with Marcopolo of Brazil in India and with Thonburi in Thailand, our relationship with Fiat and our most recent acquisition of the Jaguar Land Rover business will enable us to expand our product range and extend our geographical reach. 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 a record time of 22 months since its launch. In fiscal 2008 we launched the Magic, a passenger variant from the same platform, to tap into 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 Indica within 25 months of 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 Tata Indigo range by launching the Tata Indigo XL the country s first stretched sedan concept. In 2008 we also introduced the Indigo XL Classic variant and the Indigo CS (Compact Sedan). We have also developed the Nano, a low cost car and we believe that there will be significant demand for this vehicle in the Indian market. In August 2008, we launched the new generation of the Indica, the Indica Vista.

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 globally recognized brands and has diversified our business across markets and product segments. We will continue to seek to build upon the internationally recognized brands of Jaguar 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 to reduce the impact of cyclicality.

Expanding our international business: We believe that expanding our operations into other select geographic areas, both through organic and inorganic means, may also reduce the impact of cyclicality in the Indian market as the cyclicality of these markets may not coincide with the cyclicality of the Indian market. This strategy also provides us an opportunity to grow in markets with similar characteristics to the Indian market. Our international business strategy has already resulted in the continuous growth of our international operations over the previous three fiscal years. For example, we have consolidated our position in the Ukraine to become the largest competitor in the light bus market under seven meters and the second largest competitor in the seven ton GVW light truck segment, in terms of unit sales. TDCV continues to be the largest exporter of heavy commercial vehicles out of South Korea. Additionally our acquisition of Jaguar Land Rover would also significantly expand our geographical presence. 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.

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.

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.

Continuing focus on high quality and enhancing customer satisfaction: One of our principal goals is to achieve international quality standards for our products and services 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

15

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, or Tata Sons, 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, markets and human resources to be translated to 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 (BSC) 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 have adopted various processes to enhance the skills and competencies of our employees. We have also enhanced our performance management system, with appropriate mechanisms to recognize talent and sustain our leadership base. We believe these will enhance our way of doing business, given the dynamic and demanding global business environment.

Customer financing: 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. Further, with the lack of sufficient finance availability to vehicles currently in the Indian market, our captive finance business is expected to play a significant role to fill the gap created by other banks and Non Banking Financial Companies while we will continue to focus on expanding our vehicle financing activities through our 100% subsidiary, Tata Motors Finance Limited, or TMFL.

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. Our research and development resources, which include those at our subsidiaries, like TMETC, TDCV, TTL and Hispano together with the two advanced engineering and design centers of Jaguar Land Rover we recently acquired, further increase our capabilities in product design, manufacturing and quality control. See Recent Developments Acquisition of the Jaguar Land Rover Business for more details. We consider technological leadership to be a significant factor in continued success, and therefore intend to continue to devote significant resources to upgrade our technological base.

Maintaining financial strength: Our cash flow from operating activities in fiscal 2006, 2007 and 2008 was Rs. 5,666 million, Rs.17,498 million and Rs.35,484 million respectively. The improved position in our operating cash flows is primarily a result of volume growth, implementation of cost reduction programs, and prudent working capital management. We have established processes for project evaluation and capital investment decisions with an objective to enhance our long term profitability.

Leveraging unified Tata brand equity: 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 Sons promoted entities. 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.

Automotive Operations

The revenues from our automotive operations were Rs.307,113 million and Rs.331,967 million in fiscal 2007 and 2008, respectively. Our main market is the Indian market, which accounted for 89.4% and 88.8% of our total unit sales in fiscal 2007 and 2008, respectively.

16

Table of Contents

Our total sales (including international business sales) for fiscal 2006, 2007 and 2008 are set forth in the table below:

Category	Fiscal 2006		Fiscal 2007		Fiscal 2008	
	Units	%	Units	%	Units	%
Passenger Cars	169,310	36.8%	196,733	33.4%	182,292	30.5%
Utility Vehicles	39,797	8.7%	49,308	8.4%	50,129	8.4%
Light Commercial Vehicles	108,020	23.5%	149,242	25.3%	173,409	29.1%
Medium and Heavy Commercial Vehicles	142,736	31.0%	194,145	32.9%	191,318	32.0%
Total	**459,863**	**100.0%**	**589,428**	**100.0%**	**597,148**	**100.0%**

Our performance in various categories of the Indian market is described below:

Passenger cars: Amidst moderation in economic growth, a high interest rate regime and tightening of liquidity, the passenger car industry grew by 11.9% in the fiscal 2008, led mainly by new product launches and product interventions in existing products.

The small car category, which consists of mini and compact cars, constitutes nearly 60% of total domestic passenger car sales in India. In fiscal 2008, the 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, driven by new product launches. The Indica, which faced a challenging environment in fiscal 2008 primarily on account of new product launches by our competitors, posted a decline of 6.4% in sales to 135,425 units in fiscal 2008. 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 Indica s market share declined from 17.4% in fiscal 2007 to 14.6% in fiscal 2008 in the small car category. Despite the challenging environment in fiscal 2008, the Indica held its position as the second best seller in the industry and continues to stand out among the Most Trusted Brands in the annual survey by a prestigious business daily in India. On August 23, 2008, we launched the next generation Indica, the Indica Vista. The new generation car has completely new interiors and a contemporary body with improved interior space and comfort. The Vista 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. We believe the 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, which are both derived from the Indica platform. The entry mid-size car category which has witnessed declining volume growth in the last two fiscal years, grew by 10.2% in fiscal 2008, aided by new product launches. With sales of 31,409 vehicles, the Indigo range continued to be the best seller in the entry mid-size car category in its sixth year of launch with a market share of 32.4% in fiscal 2008. During the year, we introduced the Indigo XL Classic variant and the Indigo CS, a sub-4 meter sedan that has the foot print and price point of a hatchback (owing to the lower excise duty) and the appeal of the sedan.

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 3,248 Fiat cars. The joint dealer network has also been expanded from 44 in fiscal 2007 to 65 as of March 2008.

Utility Vehicles: We sold 47,530 units in our UV category in the Indian domestic market in fiscal 2008, a decline 0.8% as compared to 47,892 units sold in fiscal 2007. 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.In fiscal 2008, the new and improved Safari DICOR enabled the brand to achieve its highest ever sale in fiscal 2008. Our overall market share in the utility vehicle category stood at 20.0% for fiscal 2008, a decline of 2.1% from fiscal 2007.

Light Commercial Vehicles (including pick-ups): Our range of LCVs includes small commercial vehicles, pickup trucks, trucks and commercial passenger carriers up to 7.5 GVW. 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. 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 Compressed Natural Gas or CNG variant of the Ace, the Tata Cargo Panel Van, Xenon XT, a lifestyle pickup truck, and the Tata 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 65.4% and 64.3% in fiscal 2007 and fiscal 2008 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 M&HCV category was 62.9% and 61.3% in fiscal 2007 and 2008 respectively. Our domestic sales in the M&HCV segment experienced a decline of 4.2% to 165,619 units in fiscal 2008 as compared to 172,842 units in fiscal 2007. 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 in fiscal 2007, 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 our components and aggregates supply chain.

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 a prestigious order from the Delhi Transport Corporation for 500 low-floor CNG propelled buses, the supply of which commenced during fiscal 2008.

Sales and Distribution of Vehicles:

Our sales and distribution network in India as of March 2008 comprised over 1,500 sales outlets for our passenger and commercial vehicle business. In line with our growth strategy, we formed a 100% subsidiary, TML Distribution Company, or TMLD, to act as a dedicated logistics management company to support the sales and distribution operations of our vehicles in India. We believe this will improve the efficiency of our selling and distribution operations and processes.

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 throughout India. TMLD 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.

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 one of the largest deployments of that system in the Indian 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.

Through our vehicle financing division and wholly owned subsidiary, Tata Motors Finance Limited, or TMFL we also provide financing services to purchasers of our vehicles through our independent dealers, who act as our agents, and through our branch network. During fiscal 2007 and 2008, approximately 31% and 34%, respectively, of our vehicle unit sales in India were made through financing arrangements where our captive vehicle financing divisions provided the credit. Total vehicle finance receivables outstanding as at March 31, 2007 and 2008 amounted to Rs.83,588 million and Rs.76,325 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. We believe that the reach of our sales, service and maintenance network provides us with a significant advantage over our competitors.

We also market our commercial and passenger vehicles in several countries in Europe, Africa, the Middle East, Australia, South East Asia and South Asia.

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 is 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 competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. Hence competition is likely to further intensify in the future.

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, local climate and they comply with applicable environmental regulations currently in effect. We also offer a wide range of optional configurations to meet the specific needs of our customers. We intend to strengthen our product portfolio in order to meet the increasing customer expectation of owning world class products.

Seasonality:

Demand for our vehicles in the Indian market is subject to seasonal variations. Demand generally peaks between January and March, although there is a decrease in demand 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.

Exports:

We are expanding our export operations, which have been ongoing since 1961.Our exports of vehicles manufactured in India increased by 2.2% in fiscal 2008 to 54,648 units from 53,474 units in fiscal 2007. We market our commercial and passenger vehicles in several countries in Europe, Africa, the Middle East, Australia, South East Asia and South Asia.

In fiscal 2008, our top five export destinations from India -South Africa, Sri Lanka, Nepal, Ukraine and Turkey, accounted for approximately 60% and 84% of our exports of commercial vehicles and passenger vehicle units respectively. Our exports to South Africa were adversely impacted during fiscal 2008 due to adverse changes in the macro economic factors in that market. Even so, South Africa remains our largest export market, with about 14.5% share of our total export units. Other key markets were the Middle East, western Africa and western Europe. 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.

We have a network of distributors in almost all of the countries where we export our vehicles, who work with us in appointing a local dealer for sales and servicing our product in various regions. We have also stationed overseas resident sales and service representatives in various countries to oversee our operations in their respective territories.

Tata Daewoo Commercial Vehicle Co. Ltd., Korea: TDCV recorded 38.6% growth in its overall vehicle sales to 11,899 units in fiscal 2008 from 8,588 units in the previous fiscal year, before inter-segmental elimination. In South Korea, TDCV registered a market share of 33.5% in the M&HCV category, a gain of 740 basis points from 26.1% in fiscal 2007. TDCV exported 3,312 units including CKDs in fiscal 2008, representing a growth of 14% compared to fiscal 2007.

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.

The management initiatives and business processes of Tata Sons and the Tata Sons promoted entities have also been implemented at TDCV. Relations between the management and the labor union of TDCV continue to be cordial.

Hispano Carrocera, S.A. Spain: We believe that our subsidiary Hispano, with its design and development capabilities in manufacturing bodies for high-end buses, will complement our current range of light and medium commercial passenger carriers. We believe that this investment will also help to increase our presence in the international bus market. We own the brand rights of Hispano. Hispano reported sale of 259 units in fiscal 2008. The volume decline from 560 units in fiscal 2007 was mainly on account of general economic downturn which has resulted in a slow-down of the bus market and increasing competition from original equipment manufacturers, or OEMs.

Research and Development:

Our research and development activities focus on product development, environmental technologies and vehicle safety through our Engineering Research Centre, or ERC, established in 1966, which is one of the few government recognized in-house automotive research and development centers in India.

During fiscal 2006, we established our wholly-owned subsidiary, TMETC, in the United Kingdom to augment the abilities of our Engineering Research Centre. We believe that TMETC provides us with access to leading-edge technologies and supports the product development activities which we currently plan to undertake for the future in order to sustain and enhance our position in the increasingly competitive global markets.

One of the most significant achievements of our ERC has been the design and development of our compact car the Indica, which is India s only indigenously developed compact car. ERC also designed our mid-size car the Indigo, which was launched in 2002 and has been the market leader in the entry mid-size market category in India. 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 Nano in the Indian market.

Our acquisition of TDCV provided us with a significant advantage in the development process of our planned 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 and compressed air and electric cars. We currently have over 40 staff buses running

Table of Contents

on bio-diesel at one of our manufacturing plants. We are pursuing alternative fuel options such as ethanol blending for our products 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.

We have a modern crash test facility for testing our new products for passenger safety. We have 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. We have aligned our end-to-end digital product development objectives and infrastructure with our business goals and have made significant investments to enhance the digital product development capabilities especially in the areas of product development through Computer Aided Design/Computer Aided Manufacturing/Computer Aided Engineering/Knowledge Based Engineering/Product Data Management.

Over the years, we have devoted significant resources towards our research and development activities. Our total expenditure on research and development during fiscal years 2006, 2007 and 2008 was Rs.4,663 million, Rs.6,018 million and Rs.9,906 million respectively.

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. See Item 4.C Organizational Structure . 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.

20

Components and Raw Materials

The principal raw materials and components required by us for use in our vehicles are steel sheets and plates, castings, forgings and items such as tyres, batteries, electrical items and rubber and plastic parts. 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, consumables (paints, oils, thinner, welding consumables, chemicals, adhesives and sealants) and fuels. We also require aggregates like axles, engines, gear boxes and cabs for our vehicles, which are manufactured either by ourselves or by our subsidiaries and affiliates.

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.

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. Further, we have 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 an extensive supply chain for procuring various components. We also outsource many of the 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 Ltd., or TACO, in which now we have 26% ownership stake, 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 include: Tata Johnson Controls Limited for seats, Knorr Bremse CV Systems for commercial vehicle air brakes, Tata Yazaki Autocomp Limited for wiring harnesses, JBM Sangwoo Limited for pressed components and Tata Toyo Radiators Limited for radiator assemblies. These joint ventures supply components for our products.

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 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:

Table of Contents

	Value of Raw Material and Components Consumption For the Fiscal Year Ended March 31,					
	2006		2007		2008	
Description	Rs millions	%	Rs millions	%	Rs millions	%
Imported (at rupee cost)	11,418	7.6	14,769	7.1	19,214	8.6
Indigenously obtained	138,682	92.4	192,756	92.9	204,419	91.4
Total	150,100	100.0	207,525	100.0	223,633	100.0

Capital and Product Development Expenditures:

Our capital expenditure aggregated to Rs.10,734 million, Rs.25,277 million and Rs.42,707 million during fiscal 2006, 2007 and 2008, respectively. Our capital expenditure during the past three fiscal years has been related mostly to new product development and capacity expansion for new and existing products to meet the market demand and investments towards improving quality, reliability and productivity that are aimed at operational efficiency.

We intend to continue to invest in our business units and research and development over the next several years for improving 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 the select international markets.

As a part of this future growth strategy, we plan to make investments in product development, capital expenditure in capacity enhancement, plant renewal and modernization and to pursue other growth opportunities. Our subsidiaries also have their 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. In fiscal 2006, we obtained a resolution from our shareholders permitting the Board to raise a maximum of Rs.30 billion in equity or equity-related instruments to fund capital expenditure. In July 2008, we obtained our shareholders consent to a resolution to increase our borrowing limit from Rs.120 billion to Rs.200 billion.

Other Operations

In addition to our automotive operations, we are also involved in various other business activities, of which information technology services and construction equipment manufacturing are the main activities. Net revenues from these activities totaled to Rs.27,017 million and Rs.37,148 million in fiscal 2007 and 2008, respectively, representing nearly 8.1% and 10.2% of our total revenues before inter-segment elimination in fiscal 2007 and fiscal 2008, respectively.

Information Technology Services:

Tata Technologies Limited, or TTL, is our 82.83% 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. TTL responds to customers needs through its subsidiary companies and through its three offshore development centers. TTL s customers include automobile, aerospace and consumer durable manufacturers. TTL has 13 subsidiary companies as at March 31, 2008.

INCAT is a leading independent provider of engineering and design services, product and 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 global leader in engineering knowledge transformation technology. For over 15 years, iKS has enabled engineering knowledge transformation through i get it, the only web application in the world offering 100,000 hours of engineering knowledge for AutoCAD, INVENTOR, Solid Works, Solid Edge, UG/NX, Teamcenter, COSMOS Works and CATIA on a single delivery platform application.

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22

Table of Contents

The consolidated revenue for the TTL Group was Rs. 9,071 million in fiscal 2008, an increase of 11.9% against Rs.8,107 million in the previous year. due to augmented relationships with existing global automotive and aerospace customers and the acquisition of new customers.

Construction Equipment:

Telco Construction Equipment Company Limited, or 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. With the increase in economic activity especially in the infrastructure sector, Telcon recorded its best performance to date, having sold 7,698 machines in fiscal 2008 as compared to 5,360 machines sold in fiscal 2007, and a net revenue of Rs.24,146 million in fiscal 2008 compared to Rs.16,058 million in fiscal 2007. In April 2008, Telcon acquired 79% and 60% shares of two Spanish Companies, Serviplem S.A and Comoplesa Lebrero S.A, respectively. These acquisitions provide Telcon with the opportunity to enter the concrete value chain and participate in two important growth economies   India and China.

Government Regulations

Emission and Safety:

In 1992, the government of India issued emission and safety standards, which were further tightened in April 1996 under the Indian Motor Vehicle Act. Currently Bharat Stage III norms (equivalent to Euro III norms) are in force for four wheelers in 11 cities in India and Bharat Stage II norms (equivalent to Euro II norms) are in force in rest of India. Our vehicles comply with these norms. The next change in emission regulations is currently expected to be implemented by fiscal 2010, when the 11 major cities currently subject to Bharat Stage III norms are expected to move to Bharat Stage IV norms (equivalent to Euro IV norms) and the rest of India to Bharat Stage III norms.

The vehicles manufactured by TDCV comply with the emission regulatory requirements in South Korea and also of countries where its vehicles are exported. Our vehicle exports to Europe comply with Euro IV norms, and we believe our vehicles also comply with the various safety regulations in effect in the other international markets we operate in. We are also working on meeting all the regulations which we believe are likely to come into force in various markets in future.

The Indian automobile industry is progressively harmonizing its safety regulations with international standards in order to facilitate sustained growth of the Indian automobile industry as well as to make India a large exporter of automobiles.

India has a well established regulatory framework administered by the Indian Ministry of Shipping, Road Transport and Highways. The ministry issues notifications under the Central Motor Vehicles Rules and the Motor Vehicles Act. Chapter V of the Central Motor Vehicles Rules, 1989 deals with construction, equipment and maintenance of vehicles. Vehicles being manufactured in the country have to comply with relevant Indian standards and automotive industry standards. The Indian Ministry of Shipping, Road Transport and Highways finalized a road map on automobile safety standards in January 2002. The road map is based on current traffic conditions, traffic density, driving habits and road user behavior in India and is generally aimed at increasing safety requirements for vehicles under consideration for Indian markets.

Our manufacturing plants have received/are in the process of obtaining the Indian government s environmental clearances required for our operations. We are fully committed to our role as a responsible corporate citizen with respect to reducing environmental pollution. We treat the effluents at our plants and have made significant investments in lowering the emissions from our products.

Excise Duty:

In the Indian Union Budget for fiscal 2007, the Government of India reduced the Excise duty on small cars from 24% to 16%. Small car are defined to mean cars of length not exceeding 4,000 mm and with an engine capacity not exceeding 1,500 cc for cars with diesel engines and not exceeding 1,200 cc for cars with gasoline engines.

In the recent Indian Union Budget 2008-09, the government further reduced the excise duty on small cars from 16% to 12% and on motor vehicles for transport of more than 13 persons, including the driver, from 16% to 12%. Excise duty on chassis fitted with engines for such vehicles is also reduced from 16% + Rs.10,000 per chassis to 12% + Rs.10,000 per chassis . Additionally the general excise duty has been reduced from 16% to 14% which reduces the excise duty on trucks by 2% and the excise duty on Safari, SUVs and UVs is 24% + Rs 20,000.

Table of Contents

Import Regulations and Duties:

Automobiles and automotive components can, generally, be imported into India without a license from the Indian government subject to their meeting Indian standards and regulations as specified by designated testing agencies. Recent government liberalization policies have led to a reduction in import duties on vehicles and certain automotive parts. As a result, cars, UVs and SUVs in completely built up, or CBU, condition can be imported at 60% Basic Customs duty, whereas, commercial vehicles and components can be imported at Basic Customs Duty ranging from at 10% to at 7.5% (for engine component).

In addition, vehicle and component imports are also subject to countervailing duty which is equivalent to Excise Duty indicated above plus an additional Customs duty at 4%, NCCD at 1% (only for vehicles), Educational Cess at 2%, Higher Education Cess at 1%, Vehicle Cess (only in case of vehicles) at 0.125%.

Valued Added Tax:

Value Added Tax (VAT) has been implemented throughout India . VAT enables set-off from sales tax paid on inputs by traders and manufacturers against the sales tax collected by them on behalf of the government, thereby eliminating the cascading effect of taxation. Two main brackets of 4% and 12.5%, along with special brackets of 0%, 1% and 20%, have been announced for various categories of goods and commodities sold in the country. Central Sales Tax, however, continues to exist, although it is proposed to be abolished in a phased manner. Since its implementation, VAT has had a positive impact on us. Prior to the implementation of VAT, sales tax formed part of our total cost of material. However, following the implementation of VAT, because VAT paid on inputs can be set off against tax paid on outputs, a savings on our sales tax component results.

In the Indian Union Budget of 2008-09, the Government of India reduced the Central Sales Tax rate from the current rate of 3% to 2%.

Insurance Coverage:

The Indian insurance industry is predominantly state-owned and insurance tariffs are regulated by the Indian Insurance Regulatory and Development Authority. We have insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations (including business interruptions) and which we believe 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.

Legal Proceedings

In the normal course of business, we face claims and assertions by various parties. We assess such claims and assertions and monitor the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. We record a liability for any claims where a potential loss is probable and capable of being estimated, and disclose such matters in our financial statements, if material. For potential losses which are considered reasonably possible, but not probable, we provide disclosure in the financial statements, but do not record a liability in our accounts unless the loss becomes probable. Certain claims that are above Rs.50 million in value are described in Note 23 to our consolidated financial statements included in this annual report. In respect of claims against us below Rs.50 million, the majority of cases pertain to motor accident claims (involving vehicles that were damaged in accidents while being transferred from our manufacturing plants to regional sales offices) and consumer complaints. Some of these cases relate to replacement of parts of vehicles and/or compensation for deficiency in services provided by us or our dealers. There are some indirect tax , labour and other civil cases as well which fall under this category.

We believe that none of the contingencies, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flows.

C. Organizational Structure.

Tata Sons Limited, or Tata Sons, is a principal holding company that has equity holdings in a range of businesses. The various companies promoted by Tata Sons, including us, are based substantially in India and had combined revenues of approximately US $ 62.5 billion for fiscal 2008.

The operations of Tata Sons promoted entities are highly diversified and can be categorized under seven business sectors, namely, engineering, materials, energy, chemicals, consumer products, services, communications and information systems. These companies do not constitute a group under Indian Law.

Table of Contents

Tata Sons has its origins in the trading business founded by Jamsetji Tata in 1874 that was developed and expanded in furtherance of his ideals by his two sons, Sir Dorabji Tata and Sir Ratan Tata, following their father s death in 1904. The family interests subsequently vested largely in the Sir Ratan Tata Trust, the Sir Dorabji Tata Trust and other related trusts. These trusts were established for philanthropic and charitable purposes and together own a substantial majority of the shares of Tata Sons Limited.

By 1970, the operations of Tata Sons promoted entities had expanded to encompass a number of major industrial and commercial enterprises including The Indian Hotels Company Limited (1902), The Tata Steel Limited (Tata Steel) (1907), The Tata Power Company Limited (1910), Tata Chemicals Limited (1939), Tata Motors Limited (1945), Voltas Limited (1954), and Tata Tea Limited (1962). Tata Sons also promoted India s first airline, Tata Airlines, which later became Air India (India s national carrier), as well as India s largest general insurance company, New India Assurance Company Limited, both of which were subsequently taken over by the Government as part of the Government s nationalization program. Tata Consultancy Services Limited (TCS) is Asia s leading software services provider and the first Indian software firm to exceed sales of US$ 4 billion. In 1999, Tata Sons has also invested in several telephony and telecommunication ventures, including acquiring a portion of the Indian Government s equity stake in the state owned Tata Communications Limited (formerly known as Videsh Sanchar Nigam Limited (VSNL)).

We have for many years been a licensed user of the Tata brand owned by Tata Sons Limited, and thus have both gained from the use of the Tata brand as well as helped to sustain its brand equity. Tata Sons along with the Tata Sons promoted entities instituted a corporate identity program to re-position itself to compete in a global environment. A substantial ongoing investment and recurring expenditure is planned to develop and promote a strong, well-recognized and common brand equity, which is intended to represent for the consumer a level of quality, service and reliability associated with products and services offered by the Tata Sons promoted entities.

Each Tata Sons promoted consenting entities have to pay a subscription fee to participate in and gain from the Tata brand identity. We believe that we benefit from the association with the Tata Brand identity and, accordingly, the Company and its certain subsidiaries have agreed to pay an annual subscription fee to Tata Sons Limited which is equal to 0.15%-0.25% of annual net income (defined as net revenues exclusive of excise duties and other governmental taxes and non-operating income), subject to a ceiling of 5% of annual profit before tax (defined as profit after interest and depreciation but before income tax). Tata Son also has lowered in the past the subscription fee, considering its requirement of outlay for activities related to brand promotion and protection. For the fiscal years ended March 31, 2006, 2007 and 2008, Tata Motors on a standalone basis paid an amount less than 0.25% of its annual net income as per Indian GAAP. Pursuant to our licensing agreement with Tata Sons Limited, we have also undertaken certain obligations for the promotion and protection of the new Tata brand identity licensed to us under the agreement. The agreement 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. Because we are one of the largest companies promoted by Tata Sons and further because we believe that our growing international reputation brings benefits to the Tata brand, we consider it very unlikely that we would ever be unable to use the Tata brand in relation to our products and services.

The Tata Sons promoted entities have sought to continue to follow the ideals, values and principles of ethics, integrity and fair business practices originally established by the founder of Tata Sons, Mr. Jamsetji Tata, and his successors. To further protect and enhance the Tata brand equity, these values and principles have been articulated in the Tata code of conduct, which has been adopted by most of the Tata Companies that have access to the larger resources and services of the Tata Sons promoted entities. These companies have endeavored to maintain high standards of management efficiency and to promote the commercial success of Indian enterprises. The Tata Sons promoted entities have also made significant contributions towards national causes through promotion of public institutions in the field of science, such as the Indian Institute of Science and the Tata Institute of Fundamental Research, and in the field of social services through the Tata Institute of Social Sciences, the Tata Memorial Hospital and the National Center of the Performing Arts. Tata trusts are among the largest charitable foundations in the country.

A large number of the Tata Sons promoted entities hold shares in one another and some of our directors hold directorships on the boards of Tata Sons and/or Tata Sons promoted entities. However, there are no voting agreements, material supply or purchase agreements or any other relationships or agreements that have the effect of tying us together with other Tata Sons promoted entities at management, financial or operational levels. With the exception of Tata Steel Limited, which under our Articles of Association has the right to appoint one director to the Board, Tata Sons Limited and its subsidiaries do not have any special contractual or other power to appoint our directors or management beyond the voting power of their shareholdings in us. Except as set forth in the tables below under the heading Subsidiaries and Affiliates and except for an approximately 12.40% stake in Tata Industries Limited, our shareholdings in other the Tata Sons promoted entities are generally insignificant as a percentage of their respective outstanding shares or in terms of the amount of our investment or the market value of our shares of those companies.

Table of Contents

Subsidiaries and Affiliates

We have the following consolidated subsidiaries and equity method affiliates as of March 31, 2008.

Name of the Subsidiary Company		Country of incorporation	% of holding
1	Sheba Properties Ltd.	India	100.00
2	Concorde Motors (India) Ltd.	India	100.00
3	HV Axles Ltd.	India	85.00
4	HV Transmissions Ltd.	India	85.00
5	TAL Manufacturing Solutions Ltd.	India	100.00
6	Tata Motors Insurance Services Ltd. [5]	India	100.00
7	Tata Daewoo Commercial Vehicle Co. Ltd.	South Korea	100.00
8	Tata Motors European Technical Centre plc	UK	100.00
9	Tata Technologies Ltd. and its 13 subsidiaries	India[1]	82.83[2]
10	Telco Construction Equipment Co. Ltd.	India	60.00
11	Tata AutoComp Systems Ltd. and its 8 subsidiaries	India[3]	54.70[4]
12	Tata Precision Industries Pte. Ltd., Singapore and its subsidiary	Singapore	51.07
13	Tata Motors Finance Ltd	India	100.00
14	Tata Motors (Thailand) Ltd.	Thailand	70.00
15	Hispano Carrocera S.A. and its subsidiary[6]	Spain	21.00
16	TML Holdings PTE Ltd and its subsidiary[7]	Singapore	100.00
17	Tata Motors (SA) (Proprietary) Ltd.	South Africa	60.00
18	TML Distribution Company Ltd.	India	100.00

1 *The subsidiaries are based in many countries abroad.*
2 *The holdings in these subsidiaries range between 82.83% to 82.93%, and one of the subsidiary was under liquidation as at March 31, 2008.*
3 *The subsidiaries are based in India, Mauritius, China and Germany.*
4 *The holdings in these subsidiaries range between 27.36% to 54.70%.*
5 *The name of the subsidiary has subsequently been changed to Tata Motors Insurance Broking & Advisory Services Limited.*
6 *The subsidiary is based in Morocco.*
7 *The subsidiary is based in United Kingdom*

Name of the Affiliate Company		Country of incorporation	% of holding
1	Tata Cummins Ltd.	India	50.00
2	TSR Darashaw Ltd.	India	26.00
3	Nita Co. Ltd.	Bangladesh	40.00
4	Fiat India Automobiles Pvt Limited	India	49.48
5	Affiliates of Tata AutoComp Systems Ltd.	India	27.36[1]
6	Telcon Ecoroad Resurfaces Pvt Ltd.[2]	India	24.60
7	Tata Marcopolo Motors Ltd.	India	51.00
8	Automobile Corporation of Goa Ltd.	India	37.80

1 *Except for two affiliates wherein the holding is 24.0% and 14.22%.*
2 *Is an affiliate of Telco Construction Equipment Co. Ltd.*

D. Property, Plants and Equipment.

Facilities:

We currently operate four principal automotive manufacturing facilities in India. 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. During fiscal 2007, we commenced the construction of our fourth manufacturing plant in Uttarakhand, which commenced 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 setting up a plant in Singur in West Bengal, for the

manufacture of the Nano, and in Dharwad in Karnataka, for the manufacture of Tata Marcopolo buses under our joint venture with

Table of Contents

Marcopolo. See Recent Developments Capacity Expansion Plans for more details. We have also set up research and development facilities in the United Kingdom.

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

The manufacturing facilities of Tata AutoComp Systems Ltd. and its subsidiaries are located at various locations in and around the city of Pune in the State of Maharashtra in India and also in Germany. The manufacturing facilities of Telcon are located at Jamshedpur in the State of Jharkhand in eastern India and at Dharwad in the State of Karnataka in Southern India.

Fiat India Automobiles Private Limited, our joint venture with Fiat Group Automobiles S.p.A, has its manufacturing facility located at Ranjangaon, Maharashtra. The plant would be used for the manufacture of Tata and Fiat branded cars as well as engines and transmissions for use by both the partners.

Tata Motors (Thailand) Limited is our 70:30 joint venture with Thonburi Automotive Assembly Plant Co Ltd 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 780,960 units annually. In addition, we also have vehicle production capacity of 20,000 units annually in South Korea through the manufacturing facilities of TDCV.

The following table shows our installed capacity as of March 31, 2008, and production levels by plant and product type in fiscal 2006, 2007 and 2008:

	Fiscal Year ended March 31,			
	Installed	Production (Units)		
	Capacity(1)	2006	2007	2008
Jamshedpur				
Medium and Heavy Commercial Vehicles	102,000	69,891	98,227	95,145
Pune				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles, Passenger Cars	565,000	366,468	458,324	436,177
Lucknow				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles	30,000	19,963	28,235	26,900
Pantnagar				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles	75,000			23,136
Jamshedpur & Dharwad				
Construction Equipment	8,960	3,515	5,167	7,364
Republic of Korea				
Gunsan				
Medium & Heavy Commercial Vehicles	20,000	5,663	8,543	11,821

(1) On double shift basis including capacity for manufacture of replacement parts as of March 31, 2008.

Properties:

We produce vehicles and related components and carry out other businesses through various manufacturing facilities. In addition to our manufacturing facilities, our properties include sales offices and other sales facilities in major cities, repair service facilities, and research and development facilities.

The following table sets forth information, with respect to our principal facilities, a substantial portion of which are owned by us as of March 31, 2008. The remaining facilities are on leased premises.

Table of Contents

Location	Facility or Subsidiary Name	Principal Products or Functions
India		
In the State of Maharashtra		
Pune (Pimpri, Chinchwad, Chikhali, Maval)	Tata Motors Ltd.	Automotive vehicles, components & R&D
Pune (Chinchwad)	TAL Manufacturing Solutions Ltd	Factory automation equipment and services
Pune (Hinjewadi)	Tata Technologies Limited	Software consultancy and services
Mumbai	Concorde Motors (India) Limited	Automobile sales & service
Pune (Damle Path, Hinjewadi, Bhosari, Chakan and Pirangut)	Tata AutoComp Systems Limited and its subsidiaries	Auto components and engineering design
In the State of Jharkhand		
Jamshedpur	Tata Motors Ltd.	Automotive vehicles, components & R&D
Jamshedpur	HV Axles Ltd.	Axles for M&HCVs
Jamshedpur	HV Transmissions Ltd.	Transmissions for M&HCVs
Jamshedpur	Telco Construction Equipment Company Limited	Construction equipment
In the State of Uttar Pradesh		
Lucknow	Tata Motors Ltd.	Automotive vehicles & R&D
In the State of Karnataka		
Dharwad	Telco Construction Equipment Company Limited	Construction equipment
	Tata Motors Limited	Spare parts and warehousing
Bangalore	Concorde Motors (India) Ltd.	Automobile sales and service
In the State of Uttarakhand		
Pantnagar*	Tata Motors Limited	Automotive vehicles & components
In the State of West Bengal		
Singur*	Tata Motors Ltd.	Under construction for manufacture of Nano
Rest of India		
Gujarat (Halol, Village Khakharia)	Tata AutoComp Systems Limited and its Subsidiaries	Auto components and engineering design
Hyderabad & Chennai	Concorde Motors (India) Ltd.	Automobile sales and service
Various other properties in India	Tata AutoComp Systems Ltd.	Auto components
	Tata Motors Limited	Vehicle financing business (office/ residential)
Outside India		
Singapore	Tata Precision Industries Pte. Ltd. / Tata Engineering Services Pte. Ltd.	Precision equipment and computer and peripherals warehousing
Republic of Korea	Tata Daewoo Commercial Vehicle Co. Ltd.	Automotive vehicles, components & R&D
Thailand	Tata Motors (Thailand) Ltd.	Pick-up trucks
	INCAT (Thailand) Ltd.	Software consultancy and services
United Kingdom	Tata Motors European Technical Centre	Software consultancy and services
Spain	Hispano Carrocera S.A.	Buses and bus body
Rest of the world	INCAT Group of Companies	Software consultancy and services

* Land at these locations have been taken under operating lease.

Substantially all of our owned properties are subject to mortgages in favor of secured lenders and debenture trustees for the benefit of secured debenture holders. A significant portion of our property, plant and equipment is pledged as collateral securing indebtedness incurred by us. We believe that there are no material environmental issues that may affect our utilization of these assets.

We consider all our principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of our operations.

Table of Contents

Item 4A. Unresolved Staff Comments.
None.

Item 5. Operating and Financial Review and Prospects.
You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements prepared in conformity with US GAAP and information included in this annual report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, those set forth in Item 3.D and elsewhere in this annual report.

A. Operating Results.

Overview

In fiscal 2008, total gross revenues including finance revenues increased by 9.2% to Rs.412,587 million from Rs.377,753 million in fiscal 2007. We recorded a net income of Rs.14,206 million in fiscal 2008 from Rs.18,112 million in fiscal 2007, a decrease of 21.6%.

Automotive operations.

Automotive operations is our most significant segment, accounting for 91.9% and 89.9% respectively, of our total revenues before inter-segment eliminations and 89.5% and 78.1% respectively, of our operating income before inter-segment eliminations for fiscal 2007 and 2008. India is the most significant market for us, accounting for 89.4% and 88.8% of vehicle unit sales for fiscal 2007 and 2008, respectively, though we continue to focus on increasing the importance of our international operations. Our revenues from automotive operations increased 8.1% to Rs.331,967 million in fiscal 2008 compared to Rs. 307,113 million in fiscal 2007.

Our automotive operations includes:

- All activities relating to development, design, manufacture, assembly and sale of M&HCVs, LCVs, passenger cars and utility vehicles as well as related spare parts and accessories,
- Automotive component business, both captive and non-captive,
- Distribution and service of vehicles, and
- Financing of our vehicles.

The leading drivers of automotive business in India include GDP growth, industrial and infrastructure growth, increase in urbanization and personal disposable incomes. GDP growth, led by growth in industrial and agricultural sectors, is key to freight generation in the economy, which in turn drives the demand for the commercial vehicles, especially the goods carriers. Also, the ongoing road development programs in India, such as golden quadrilateral and the cross country road corridors, which are designed to connect not only the major cities of the country, but also the rural and interior parts of the country, are expected to improve the efficiency of both goods and passenger movement across the country through improved turnaround time, fuel efficiency and better logistic solutions. Also, the road development programs are expected to lead to a hub and spoke model of distribution, which in turn is expected to result in a structural shift in the commercial vehicle industry by moving the demand towards heavy and light commercial vehicles which cater to long-haul and end destination distribution respectively. Additionally, improved road infrastructure would also increase propensity to travel thus driving demand for passenger transportation.

Government regulations relating to emission norms, safety standards, scrapping of vehicles beyond a specified age, overloading and private participation in passenger transport and other areas impact the demand for commercial vehicles in the country.

Our presence across the major four wheel auto product categories, our low cost design and manufacturing capabilities and our expansive distribution and service network facilitate our market leadership in the auto industry in the country. Also, we are working towards the development of new products, in most segments of commercial vehicles and development of new platforms for mid size car and utility vehicle to compete effectively in the challenging competitive environment. Following the encouraging response to the ACE, which has created a niche for itself in the below-1 ton category of the commercial vehicle industry since the launch in May 2005, we have developed the Magic, a new passenger carrier on the same platform, to tap the potential of mass passenger transport in rural and urban regions. We have also developed the Tata Winger for intra-city and long-distance transportation needs. The Magic and Winger were launched in fiscal 2008. The successful introduction of such products has helped us to become the market leader in the LCV category in India.

Our subsidiary, TDCV, is not only helping us strengthen our position in the international markets but is also improving our technological capability in design and development of new products in commercial vehicle category. Further, the launch of medium commercial vehicles in the Korean market by TDCV has helped us to further consolidate our position in the South Korean market. Our joint venture in India with Marcopolo of Brazil, our 21% stake in Hispano and our 37.80% stake in our Indian associate company, Automobile Corporation of Goa, or ACGL, are expected to enhance our leadership position in the bus market through better technological capabilities in bus body building. Our joint venture with Fiat to manufacture passenger cars, engines and transmissions would provide us with access to world class car engine technology and is expected to help us to further strengthen our position in the passenger vehicle category. Further, TMETC provides us with design engineering support and development services, complementing and strengthening our skill sets.

Capacity utilization of our automotive facilities in India declined to 75.3% in fiscal 2008 from 85.7% in fiscal 2007, due to lower growth in sales coupled with new capacities, mainly Uttarakhand. The capacity utilization levels at TDCV increased from 42.7% in fiscal 2007 to 59.1% in fiscal 2008, The vehicle capacity utilization of our total automotive operations, including TDCV operations, declined to 74.9% in fiscal 2008 from 84.5% in fiscal 2007.

Our vehicle sales increased 1.3% to 597,148 units in fiscal 2008 from 589,482 units in fiscal 2007. In fiscal 2008, our market share of all four-wheel vehicles sold in India decreased marginally to 26.1% from 28.6% in fiscal 2007. During fiscal 2008, nearly 9.6 million automobiles were sold in India, a decline of 4.7% over the previous fiscal year, and 1.2 million automobiles were exported from India, an increase of 22.4% over the previous fiscal year. The Indian automotive industry including exports, declined 2.2% in fiscal 2008 partially due to the unavailability of vehicle credit, high interest rate and slower economic growth.

Our overall sales in international markets increased 6.4% to 66,601 units in fiscal 2008 as compared to 62,622 units in fiscal 2007. This was driven by sustained efforts towards a focused entry in to new export markets and also strengthening of our presence in existing markets. Key export markets for our automotive operations were south Africa, west Asia, Europe and south-east Asia. With a view to address the large pickup market of Thailand, we established a joint venture in that market with majority stake retained by us, which began operation towards the close of fiscal 2008 through launch of our new pick-up truck Xenon in that market. The company has also received approval from the government of Thailand for the Eco car project in Thailand.

The auto-component business, which caters to both captive and external demand is expected to benefit from the growth in the automobile business in the country. During fiscal 2008 we transferred the intellectual property rights relating to the design of axles and transmissions to our captive auto component subsidiaries, HV Axles Ltd., HV Transmission Ltd and divested 15% of our equity stake in each of these subsidiaries so as to assist them in building their capabilities and diversify their customer base. These subsidiaries are expected to improve their revenues and profitability through internal growth, and we may consider opportunities to grow through mergers and acquisitions. In a recent development, 24% stake in our subsidiary company TACO was sold by us.

Tata Motors Finance Limited, or TMFL, was incorporated on June 1, 2006 as a wholly-owned subsidiary to support our vehicle financing and related activities. We seek to offer complete vehicle financing solutions in line with global best practices in the auto industry and we believe this business will provide a hedge against the cyclicality of the automotive business in India together with enabling us to capture the life cycle value of the product.

Interest rate movements in the economy have a significant impact on vehicle financing operations. Despite an increase in interest rates during the latter half of fiscal 2008, our vehicle-financing registered a strong growth on the back of an increased focus in the business and aided us to combat the lack of sufficient vehicle credit availability in the Indian market.

Other Operations.

Our revenue from other operations was Rs.37,148 million in fiscal 2008, an increase of 37.5% from Rs.27,017 million in fiscal 2007. These revenues represent 8.1% and 10.1% of our total revenues, before inter-segment eliminations and 10.5% and 21.9% of our operating income in fiscal 2007 and 2008, respectively.

Geographical breakdown.

On a geographical basis, revenues from sales in India increased by 9.8% to Rs. 293,719 million in fiscal 2008 from Rs.267,419 million in fiscal 2007.

Table of Contents

Our share of revenues earned from outside India has increased steadily over the last six years from 5.4% in fiscal 2003 to 19.6% in fiscal 2008, mainly as a result of our strategy to increase exports of our vehicles to new and existing markets in significant numbers and improved performance of our subsidiary in South Korea, TDCV. Successful operations of INCAT and its subsidiaries following acquisitions by TTL also facilitated a significant increase in our sales to international market. In future years, we expect that the proportion of our revenues earned from markets outside of India will increase significantly due to our acquisition of the Jaguar Land Rover business. See Recent Developments Acquisition of the Jaguar Land Rover Business for more information.

The following table sets forth our revenue from our Indian and international operations:

	Fiscal 2006		Fiscal 2007		Fiscal 2008	
Revenue	**Rs in million**	**Rs in million**	**Rs in million**	**Percentage**	**Rs in million**	**Percentage**
Within India	198,172	82.4%	267,419	80.7%	293,719	80.4%
Outside India	42,443	17.6%	64,106	19.3%	71,512	19.6%
Total	240,615		331,525		365,231	

The revenue from our exports has been increasing in the last three years as our products are increasingly finding acceptance in key markets such as South Africa, Turkey, Sri Lanka and Russia. We have been pursuing growth in various geographic areas through organic and inorganic means in our automotive and other business operations.

Vehicles manufactured by us, in India almost exclusively use components produced in India. Many of these components, including engines, transmissions and axles, are produced by us or our subsidiaries and affiliates, and the remaining parts are procured from various suppliers through our extensive supply chain. We import a limited number of specialized parts and components for our vehicles, as well as specialized grades of steel.

Our South Korean vehicles are assembled primarily from aggregates and components manufactured in South Korea. However, some major aggregates are sourced from the United States and various European component suppliers.

Significant Factors Influencing Our Results of Operations.

Our results of operations are dependent on a number of factors, including:

General economic conditions. We, similar to the rest of the automotive industry, are substantially affected by general economic conditions. See Item 3.D Risk Factors Risks associated with Our Business and the Automotive Industry . General economic conditions, particularly in India, could have a significant adverse impact on our sales and results of operations.

Interest rates and availability of credit for vehicle purchases. While interest rates in India steadily declined from the beginning of fiscal 2001 and credit finance for vehicle purchases became more widely available, interest rates in India began to increase since second half of fiscal 2006 and increased further during the latter part of fiscal 2007 and through fiscal 2008. For further discussion of our credit support programs, see Item 4.B Business Overview Automotive Operations Sales and Distribution of Vehicles .

Excise duty and sales tax rates. For a detailed discussion regarding tax rates applicable to us, please see Item 4.B Business Overview Government Regulations Excise Duty .

Our competitive position in the market. For a detailed discussion regarding our competitive position, see Item 4.B Business Overview Automotive Operations Competition .

Cyclicality. Our results of operations are also dependent on the cyclicality in demand in the automotive market, new government regulations, and, to a limited extent, to fluctuations in foreign currency rates.

Environmental Regulations. There has been a greater emphasis on the emission and safety norms for the automobile industry by governments in the various countries in which we operate. Compliance with these norms will have a significant bearing on the costs and product life cycles in the automotive industry. For further details with respect to these regulations, please see Item 4.B Business Overview Government Regulations Emission and Safety .

Table of Contents

Foreign Currency Rates. We are sensitive to fluctuations in foreign currency rates with respect to our import and export activities. Our consolidated financial results are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. We have experienced and expect exchange losses / gains on our foreign currency denominated borrowings. Changes in foreign currency exchange rates may positively or negatively affect our revenues, results of operations and net income.

To the extent that our financial results for a particular period will be affected by changes in the prevailing exchange rates at the end of the period, such fluctuations may have a substantial impact on comparisons with prior periods. However, the translation effect is a reporting consideration and does not impact our underlying results of operations.

Transaction risk is the risk that the currency structure of our costs and liabilities will deviate from the currency structure of sales proceeds and assets. Transaction risk relates primarily to sales proceeds from our automotive business segment exports sales produced in India. However, we enter into commercial borrowings and other hedging instruments to address some of these transaction risks. These instruments enable us to reduce, but not eliminate, the impact of fluctuations in foreign currency rates. Please see Item 11. Quantitative and Qualitative Disclosures About Market Risk for further detail.

Results of Operations.

The Indian economy remained in high growth phase but witnessed moderation in GDP growth to 9% in fiscal 2008 as compared to over 9% growth achieved in the previous two years. Substantial reduction in the availability of finance, high interest rates and low consumer confidence hindered growth in the automobile industry in fiscal 2008.

In fiscal 2008, we sold 597,148 units as compared to 589,428 units in fiscal 2007, representing an increase of 1.3% Our domestic market share in the four wheel vehicle market in India was 26.1% in fiscal 2008, as compared to 28.6% in fiscal 2007. The volumes in the international business grew 6.4% to 66,601 units sold in fiscal 2008 compared to 62,622 units sold in fiscal 2007.

In India, we achieved all time high commercial vehicle sales of 312,935 vehicles in fiscal 2008, an increase of 4.2% over fiscal 2007. The M&HCV segment witnessed a decline in fiscal 2008, partially due to a levelling off of the one-time surge in demand we experienced in fiscal 2007, 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 our components and aggregates supply chain. 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 a prestigious order from the Delhi Transport Corporation for 500 low-floor CNG propelled buses, the supply of which commenced during fiscal 2008.

Our growth in the LCV segment was mainly led by the sales of Ace and the new commercial passenger carriers Winger and Magic.

After six years of consecutive growth, our passenger vehicle sales decreased marginally by 4.6% to 217,612 vehicles, including sale of Fiat branded cars. Between the Tata and Fiat branded vehicles, we had a 14.2% share in the passenger vehicle market in India and maintained our position among the top three manufacturers in the Indian passenger vehicle market.

During the year, we launched the Indigo sedan and Indica with the Direct Injection Common Rail (DICOR) and Sumo Grande to an encouraging response. We also rolled out the one millionth passenger car off the Indica platform at our manufacturing plant in Pune, in its ninth year since the commencement of production of the Indica in January 1999. In August 2008, we launched the new generation of India s first and only fully indigenous car, the Indica Vista.

Under the joint venture with Marcopolo, a leading bus body manufacturing company from Brazil, we have begun the construction of the manufacturing facility at Karnataka, India to manufacture and assemble fully-built buses and coaches in India which we currently expect will enable us to improve production and technological capabilities in bus body building. The initial batch of vehicles under the joint venture has been supplied from our current manufacturing facility at Lucknow, India.

Following the formation of the joint venture with Thonburi Automotive Assembly Plant Co., or Thonburi, in which we own 70% equity stake, to manufacture pickup trucks in Thailand, we launched the Tata Xenon, with a 2.2-litre common-rail engine, to an encouraging response.

Table of Contents

In June 2008, we also completed our acquisition of the Jaguar Land Rover business. See Recent Developments Acquisition of the Jaguar Land Rover Business for further details.

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

	Percentage of Total Revenues			Percentage Change	
	Fiscal 2006	Fiscal 2007	Fiscal 2008	2006 to 2007	2007 to 2008
Total Revenues	100%	100%	100%	37.8	10.2
Cost of sales	78.7	79.5	78.8	39.2	9.3
Selling, general and administrative expenses	11.0	10.7	12.0	34.0	22.8
Research and development expenses	1.9	1.8	2.7	29.1	64.6
Total operating expenses	13.0	12.5	14.7	33.2	28.8
Operating income	8.3	8.0	6.5	31.9	-10.4
Non-operating income	1.5	1.4	1.8	*36.4	*34.6
Interest income	0.3	0.2	0.5	-9.7	182.6
Interest expense	-1.5	-1.6	-2.9	45.6	94.1
Income before tax	8.5	8.0	5.8	28.8	-19.3
Income tax expense	-2.3	-2.4	-1.6	44.4	-27.3
Net income	6.2	5.5	3.9	20.7	-21.6
Cost of sales to Net sales (in %)	79.9	81.1	81.6	37.0	8.7

* Includes gain on shares issued by subsidiary companies and gain on sale of equity interest in subsidiary companies with respect to fiscal 2006 and 2008

The following table sets forth selected data regarding our automotive operations for the periods indicated and the percentage change from period to period.

				Percentage Change	
	Fiscal 2006	Fiscal 2007	Fiscal 2008	2006 to 2007	2007 to 2008
Total Revenues (Rs.Millions)	224,753	307,113	331,967	36.6	8.1
Net Income (Rs.Millions)	14,861	17,249	13,105	16.1	-24.0
Net margin (%)	6.6	5.6	4.0		
India (Unit Sales)	403,906	526,806	530,547	30.4	0.7
Outside India (Unit Sales)	55,957	62,622	66,601	11.9	6.4
Market Share in India (%)	27.1	28.6	26.1		

The following table sets forth selected data regarding our other operations for the periods indicated and the percentage change from period to period.

				Percentage Change	
	Fiscal 2006	Fiscal 2007	Fiscal 2008	2006 to 2007	2007 to 2008
Total Revenues (Rs.Millions)	18,061	27,017	37,148	49.6	37.5
Net Income (Rs.Millions)	385	1,064	1,841	176.4	73.0
Net margin (%)	2.1	3.9	5.0		

Cost Reduction:

We have been maintaining our cost advantage vis-à-vis foreign manufacturers who have entered the Indian market, by aggressively pursuing a number of cost reduction initiatives, including the following:-

Outsourcing and procurement of major aggregates and sub-assemblies from approved vendors.

Procurement of parts and consumables by e-sourcing and reverse auctions.

Sourcing of raw materials and components from global sources.

Table of Contents

Value engineering and the use of alternate and new materials.

Adopting target costs, productivity and process improvements and rationalizing of our vendor base.

In the recent past, various input materials have shown significant escalation in price globally that may impact profitability of our operations. While we endeaour to offset the input cost pressure through various cost reduction initiatives mentioned above, we may be unable to fully mitigate the impact. In the coming years, the globalization of the auto component industry in India may give us an opportunity to get international quality components at local prices. The opening of the Indian economy may also give us an opportunity to establish a global supply chain for meeting our cost and quality targets.

Fiscal 2008 Compared to Fiscal 2007

Revenues.

Our total consolidated gross revenues including finance revenues was Rs. 412,587 million in fiscal 2008, an increase of Rs.34,834 million , or 9.2%, from Rs.377,753 million in fiscal 2007. The growth was driven by an increase in total vehicle volumes of 1.3%, improved realization per vehicle, and continued growth in our vehicle financing activity which resulted in a 8.1% increase in revenues from automotive operations. Further, growth in revenues of our key non-automotive subsidiaries, namely Telcon, which registered a 50.4% increase in its revenues and TTL which registered a 11.9% increase in its revenues during fiscal 2008.

Revenues from the domestic market for fiscal 2008 increased by 9.8% to Rs. 293,719 million in fiscal 2008 from Rs.267,419 million in fiscal 2007. Revenues from markets outside India increased by 11.6% to Rs.71,512 million in fiscal 2008 from Rs.64,106 million in fiscal 2007. This has been driven by our continued focus on improving our presence in international markets, through expansion of both our automotive and non-automotive businesses. We seek to continue to grow the proportion of revenues we derive from our international operations.

The following is a discussion of our revenues for each of our business segments.

Revenues from Automotive Operations.

Automotive operations constitute the largest proportion of our total revenues. Revenues from automotive operations increased by Rs. 24,854 million to Rs. 331,967 million, or 8.1%, from Rs. 307,113 million in fiscal 2007. This increase was primarily due to:

0.7% increase in domestic vehicle unit sales in India;

Price increase in our vehicles;

6.4% increase in international sales of vehicles; and

77% increase in automotive financing revenues;

Domestic sales of vehicles produced by us during fiscal 2008 grew by 0.4% in a challenging market environment. While our commercial vehicle sales witnessed a growth of 4.2% supported largely by sales of Ace, Winger and Magic, our passenger vehicle sales declined, primarily due to new product launches by our competitors. In order to cater to requirements of customers in sectors such as mining, construction, logistics and road-works, we introduced a new range of M&HCVs during fiscal 2008, including multi-axle trucks, heavy-duty trucks, tractor- trailers, tippers and fully-built solutions such as tip-trailers and load bodies. The new and improved Safari, launched in October 2007, enabled Tata Safari brand to achieve its highest sales in fiscal 2008.

International sales continued to grow during fiscal 2008 as a result of company s focused initiatives to improve business in key markets such as SAARC, Africa etc as well as the growth in sales of MCVs in the South Korean market by TDCV.

Continued focus on the Auto Financing business facilitated increased growth of this business. Tata Motors Finance , or TMF, the brand name under which our vehicle financing division and our wholly-owned subsidiary, Tata Motors Finance Limited, operate, financed 33.6% of our domestic sales in fiscal 2008 as compared to 31.4% of our vehicles sold in the domestic market in fiscal 2007.

34

Table of Contents

Revenues from Other Operations.

Revenues from our other operations increased by Rs.10,131 million or 37.5% to Rs.37,148 million in fiscal 2008 compared to Rs.27,017 million in fiscal 2007, mainly due to an increase in revenues of our significant non-automotive subsidiaries. In fiscal 2008, revenues of TTL and Telcon increased by 11.9% and 50.4%, respectively. Telcon continues to be the market leader in the excavator segment with a market share of 53% in India. Telcon s market share in the wheel loader and backhoe loader segment in India also improved from 10% in fiscal 2007 to 11.5% in fiscal 2008. Through the INCAT acquisition, TTL has gained access to various international clients for both its onsite business as well as the opportunity to expand its offshore business.

Cost of Sales and Operating Expenses

Cost of sales as a percentage of net sales has increased to 81.6% during fiscal 2008 from 81.1% for the fiscal 2007. The increase reflects primarily the combined impact of an increase in input prices, other increases in input costs and increase in the depreciation expenses relating to production equipment and factory overheads. The cost increases were partially offset by increased price realizations and cost reductions pursuant to our continued cost cutting efforts.

Selling, general and administrative (SGA) expenses as a percentage of total revenues increased to 12.0% during fiscal 2008 compared with 10.7% during fiscal 2007. SGA expenses increased by Rs.8,108 million to Rs.43,731 million in fiscal 2008 from Rs.35,623 million in fiscal 2007. This increase was partially due to an increase of Rs.981 million in outward shipping expenses along with publicity and advertising expenses during fiscal 2008. Further consequent to increase in the vehicle financing activity the SGA expenses have gone up.

Research and development expenses increased by 64.6% from Rs.6,018 million in fiscal 2007 to Rs.9,906 million in fiscal 2008, primarily as a result of our ongoing initiative towards design and development of new vehicle models across various product categories such as the Nano and the World Truck. As a percentage of total revenues, research and development expenses was 2.7% in fiscal 2008 compared to 1.8% in fiscal 2007.

Operating Income.

In fiscal 2008, our operating income declined by Rs.2,737 million to Rs.23,694 million in fiscal 2008 from Rs.26,431 million in fiscal 2007 mainly due to a increase in expenditure on research and development by Rs.3,888.3 million.

Operating income from automotive operations was Rs.18,489 million in fiscal 2008, a decline of Rs.5,118 million or 21.7% from Rs.23, 607 million in fiscal 2007. Increase in cost of sales and research and development expenses mainly affected the operating margin from automotive operations in fiscal 2008.

Operating income from our other operations increased by Rs 2,393 million or 86.10% to Rs.5,172 million in fiscal 2008 from Rs.2,779 million in fiscal 2007. This increase was primarily due to an improvement in the income of our significant non-automotive subsidiaries, especially due to revenue growth in Telcon and TTL.

Other Income and Expenses.

We had total net non-operating expenses of Rs.2,386 million in fiscal 2008 as compared to total net non-operating expenses of Rs.40 million in fiscal 2007. In fiscal 2008, we had gain of Rs.1,255 million as compared to Rs. Nil in fiscal 2007, towards sale of equity interest in subsidiaries. Interest expense (net) increased from Rs.4,816 million in fiscal 2007 to Rs.8,816 million in fiscal 2008 mainly due to an increase in interest rates and increased borrowings to fund capital expenditure ,investment in affiliates/ other investment and amount held for acquisition of Jaguar Land Rover.

Income Taxes.

Income tax expense declined to Rs.5,899 million in fiscal 2008 from Rs.8,113 million during fiscal 2007 mainly due to lower pre-tax income. The effective tax rate during fiscal 2008 was 27.7% in fiscal 2008 compared to 30.7% in fiscal 2007. The decline in effective tax rate is primarily on account of higher tax benefit on research and development expenses which was partially offset by increase in tax on undistributed earnings.

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliates.

Share of minority interest in profits of consolidated subsidiaries in fiscal 2008 increased to Rs.1,148 million in fiscal 2008 as compared to Rs.719 million in fiscal 2007. The increase is on account of increased profitability of our subsidiaries such as Telcon and TTL during the fiscal 2008 and increase in minority consequent to the sale of 15% of our equity stake in HV Axles Ltd. and HV Transmissions Ltd.

Table of Contents

Equity in the net income of affiliates was loss of Rs.55 million during fiscal 2008, compared to an income of Rs.552 million during fiscal 2007. This change was primarily due to our proportionate share of loss in our affiliate, Fiat India Automobile Private Limited which began to set up operations during fiscal 2008 but has yet to operate at full scale.

Net Income.

Our consolidated net income for fiscal 2008 was Rs.14,206 million, representing a decline of 21.6% from Rs.18,112 million in fiscal 2007. This decline was the result of the following factors:

- Increased cost of sales
- Increase in selling general and administrative expenses
- Significant increase in research and development expenses;
- Increase in interest cost which was partially offset by gain on sale of equity interest in subsidiaries.

Net income from automotive operations has declined from Rs 17,249 million in fiscal 2007 to Rs 13,105 million in fiscal 2008.

Fiscal 2007 Compared to Fiscal 2006

Revenues.

Our total consolidated gross revenues including finance revenues increased to Rs.377,753 million in fiscal 2007 from Rs.276,080 million in fiscal 2006, an increase of Rs.101,673 million, or 36.8%. The growth was driven by an increase in total vehicle volumes of 28.2%, improved realization per vehicle and continued robust growth in our vehicle financing activity resulting in 36.6% increase in revenues from automotive operations. Further, growth in revenues of our key non-automotive subsidiaries, namely Telcon, which registered a 39.8% increase in its revenues during fiscal 2007 and TTL, which registered a 97% increase in its revenues during fiscal 2007, contributed to the increase in our gross revenues.

Revenues from the domestic market for fiscal 2007 increased by 34.9% to Rs.267,419 million from Rs.198,172 million while revenues from markets outside India increased by 51% to Rs.64,106 million from Rs.42,443 million in 2006. The proportion of total revenues from markets outside India has increased from 5.4% in fiscal 2003 to 19.3% in fiscal 2007. This has been driven by our continued focus on improving our presence in international markets, through expansion of both our automotive and non-automotive businesses. We seek to continue to grow the proportion of revenues we draw from international operations.

The following is a discussion of our revenues for each of our business segments.

Revenues from Automotive Operations.

Automotive operations with revenue of Rs.307,113 million generated the largest proportion of our total revenues. Revenues from this segment increased by Rs.82,360 million, or 36.6% from Rs.224,753 million in fiscal 2006. This increase was primarily due to:

- 30.4% increase in domestic vehicle unit sales in India;
- 6.5% increase in international sales of vehicles;

89% increase in automotive financing revenues and;

Increase in revenues reported by automotive subsidiaries.

Domestic sales of vehicles produced by us during fiscal 2007 grew by 30.4%, crossing the half million vehicle sales mark in a year for the first time in our history. The increase was largely due to the continuing success of the Ace, the launch of Indica facelift, Indica Xeta (1.2 litre), Indigo XL and Indigo DICOR during the fiscal year and also due to the successful implementation of the ban on overloading of trucks in India. International sales continued to grow during fiscal 2007 as a result of our successful entry into South Africa and increased focus on other traditional export markets, as well as the growth in sales of MCVs in the South Korean market by TDCV. Continued focus on the Auto Financing business, following the merger of TFL with us, facilitated increased growth of this business. As of the end of fiscal 2007, TataMotorfinance (TMF), the brand name under which our vehicle financing division and our wholly-owned subsidiary, Tata Motors Finance Limited, operate, financed 31.0% of our domestic sales compared to 24.0% of our vehicles sold in the domestic market in fiscal 2006.

Revenues from Other Operations.

Revenues from our other operations increased by Rs.8,956 million or 49.6% to Rs.27,017 million in fiscal 2007 compared to the previous fiscal year, mainly due to an increase in revenues of significant non-automotive subsidiaries. In fiscal 2007, revenues of TTL and Telcon increased by 97.0% and 39.8%, respectively. Similarly, efficiencies derived from the acquisition of INCAT during fiscal 2006 helped increase the revenue growth of TTL.

Cost of Sales and Operating Expenses.

Cost of sales as a percentage of net sales has increased to 81.1% from 79.9% The increase reflects primarily the combined impact of an increase in input prices, partially offset by the impact of continued cost cutting efforts. Also, an increase in depreciation expenses relating to production equipment and factory overheads as a result of capacity expansion and ongoing product development program contributed to the increase in cost of sales.

Selling, general and administrative expenses increased by Rs.9,037 million to Rs.35,623 million in fiscal 2007 from Rs.26,586 million in fiscal 2006. This was partially due to an increase in outward shipping expenses of Rs.8,549 million during fiscal 2007 as compared to Rs.6,092 million during fiscal 2006. Selling, general and administrative expenses as a percentage of total revenues decreased to 10.7% during fiscal 2007 compared with 11.0% during fiscal 2006.

Research and development expenses increased by 29.1% to Rs.6,018 million in fiscal 2007 from Rs.4,663 million in fiscal 2006 as a result of our ongoing initiative towards design and development of new vehicle models across all product categories, including the small car. As a percentage of total revenues, research and development expenses was 1.8% in fiscal 2007 compared to 1.9% in fiscal 2006.

Operating Income.

In fiscal 2007, our consolidated operating income increased by Rs.6,388 million to Rs.26,431 million from Rs.20,042 million in fiscal 2006.

Operating income from our automotive operations was Rs.23,607 million in fiscal 2007, an increase of Rs.4,685 million or 24.8% from Rs.18,922 million in fiscal 2006. Growth in sales volume by 28.2% , growth in vehicle financing revenues, cost reduction efforts, partly offset by increase in selling and general administration expenses in line with increase in volume and increase in research and development expenses contributed to the increase in operating income for fiscal 2007.

Operating income from our other operations increased by Rs.1,720 million or 162.3% to Rs.2,779 million in fiscal 2007 from Rs.1,059 million in fiscal 2006. This increase was primarily due to an improvement in the revenues of our key subsidiaries, especially Telcon (posting a 39.8% increase) and TTL (posting a 97% increase).

Other Income and Expenses.

We had total net non-operating expenses of Rs.40 million in fiscal 2007 as compared to a total net non-operating income of Rs.446 million in fiscal 2006. The interest expense (net) increased from Rs.3,055 million to Rs.4,816 million mainly due to increased financing requirements and increase in interest rates during fiscal 2007. This increase was offset by foreign exchange gains (net) Rs.1,856 million and increase in other non-operating income of Rs.951 million. Non-operating income for fiscal 2006 included Rs.1,532 million on account of gain of sale of equity interest in subsidiary.

Income Taxes

Income tax expense increased to Rs.8,113 million from Rs.5,618 million during