TATA MOTORS LTD/FI
Form 20-F
October 07, 2009
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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, 2009

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)**

H.K. Sethna

Tel.: +91 22 6665 7219

Facsimile: +91 22 6665 7260

Address:

Bombay House

24, Homi Mody Street

Mumbai 400 001, India

(Name, telephone, facsimile number and address of company contact person)

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

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value Rs. 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. 44,98,32,659 Ordinary Shares, including 58,920,191 Ordinary Shares represented by 58,920,191 American Depositary Shares outstanding as of March 31, 2009.

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

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

Other ¨

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

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

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

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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 and references IFRS are to International Financial Reporting Standards and its interpretations issued by International Accounting Standards Board;

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 and luxury 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.

References to premium cars and SUVs refer to a defined list of premium competitor cars and SUVs for our Jaguar Land Rover business.

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

References to a particular fiscal year, such as fiscal 2009 , 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.

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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, United States, United Kingdom and Rest of Europe and other markets in which we operate and sell our products;
- fluctuations in the currency exchange rate of the rupee to all foreign currencies and GBP to all foreign 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.

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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, 2009 and 2008 in accordance with International Financial Reporting Standards, or IFRS.

The selected IFRS consolidated financial data as of March 31, 2009 and 2008 and for each of the fiscal years ended March 31, 2009 and 2008 are derived from our audited IFRS 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).

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

Selected Financial Data Prepared in Accordance with IFRS

	For each of the years ended March 31,		
	2009	**2009**	**2008**
	(In US $ millions, except Share and per share amounts)	(in Rs. millions, except share and per share amount)	
Revenues	13,853.2	702,636.0	352,688.2
Finance revenues	397.7	20,170.3	17,566.6
Total revenues	14,250.9	722,806.3	370,254.8
Change in inventories of finished goods and work-in-progress	311.4	15,793.3	(202.2)
Purchase of products for sale	1,405.0	71,260.2	24,056.8
Raw materials and consumables	7,919.6	401,679.9	223,388.8
Employee Cost	1,482.6	75,199.7	28,763.6
Depreciation and amortization	552.8	28,039.8	8,275.5
Interest income	(61.1)	(3,097.2)	(1,653.1)
Interest expense (net)	674.7	34,222.3	16,463.5
Other expenses	3,462.4	175,613.6	57,920.9
Expenditure capitalised	(893.3)	(45,310.9)	(9,799.6)
Other Income (net)	(309.5)	(15,699.5)	(7,678.0)
Excess of fair value of net assets acquired over cost of acquisition	(129.5)	(6,569.6)	
Foreign exchange (gain)/loss (net)	949.2	48,142.8	(1,902.4)
Share of (profit)/loss of equity accounted investees	68.3	3,464.0	(52.1)
Net Income / (loss) before tax	(1,181.7)	(59,932.1)	32,673.1
Income tax expense	(16.6)	(841.8)	(9,470.1)
Net Income / (loss)	(1,198.3)	(60,773.9)	23,203.0

Net income / (loss) attributable to equity holders	(1,185.8)	(60,142.3)	21,976.6
Net Income / (loss) attributable to minority interest	(12.5)	(631.6)	1,226.4
Dividends per share	US$ 0.30	Rs. 15	Rs. 15
Weighted average equity shares outstanding:			
Basic	440,481,968	440,481,968	385,438,663
Diluted	440,481,968	440,481,968	422,152,823
Earnings per share:			
Basic	US$(2.7)	Rs.(136.5)	Rs. 57.0
Diluted	US$(2.7)	Rs.(136.5)	Rs. 50.3

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	As of March 31,		
	2009	**2009**	**2008**
	(in US$ millions, except number of shares)	(in Rs. millions, except number of shares)	
Balance Sheet Data			
Total Assets	15,430.7	782,629.4	474,135.7
Long term debt, net of current portion	2,290.7	116,185.9	108,028.1
Total shareholders equity	763.5	38,725.8	124,316.5
Number of Equity shares outstanding			
Ordinary Shares	449,832,659	449,832,659	385,503,954
A Ordinary Shares	64,175,655	64,175,655	

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.50.72 = US $1.00, based on fixing rate in the City of Mumbai on March 31, 2009 for cable transfers in Indian rupees as published by the Foreign Exchange Dealers Association of India (FEDAI), 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, 2009, 2008, 2007, 2006 and 2005 information with respect to the exchange rate between the rupee and the dollar (in rupees per dollar) as published by Bloomberg L.P.

Fiscal year ended March 31,	**Period End**	**Period Average**	**High**	**Low**
2009	50.73	45.82	51.97	39.77
2008	40.12	40.26	43.15	39.27
2007	43.48	45.24	46.88	43.04
2006	44.62	44.27	46.31	43.18
2005	43.75	44.93	46.47	43.42

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 as published by Bloomberg L.P.

Month	**Period End**	**Period Average**	**High**	**Low**
April 2009	50.10	50.18	50.64	49.66
May 2009	47.09	48.52	49.91	47.09
June 2009	47.91	47.78	48.61	46.95
July 2009	47.93	48.45	49.08	47.89
August 2009	48.83	48.34	48.97	47.52
September 2009	48.11	48.45	49.03	47.97

Source: Bloomberg L.P.

As of October 07, 2009, the value of the rupee against the dollar was Rs.46.89 per US$1.00, as published by Bloomberg L.P.

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

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 i. 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, and net assets, results of operations, liquidity and capital resources.

Risk associated with Our Business and the Automotive Industry.

Lack of improvement or worsening global economic conditions could have a significant adverse impact on our sales and results of operations.

The sub-prime financial crisis that caused a collapse of the financial sector and as a consequence a severe tightening of credit has plunged many economies into severe recession and caused significant deterioration of consumer confidence and demand. Even economies that had little exposure to the sub prime assets, such as India, were impacted fairly severely as the credit crisis had a consequential impact on global credit markets combined with a significant fall in exports.

The Indian automotive industry is affected substantially 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 anti-inflationary policies of the Reserve bank of India in the past quarters had resulted in a significant increase in interest rates, tight liquidity conditions and slowing industrial activity towards the earlier part of the fiscal year. The onslaught of the impact of the crisis together with the tight monetary policy of the central bank affected the growth of the Indian economy which slowed to 6.7% in fiscal 2009 as compared to the average growth of over 9% in the previous three years. This was despite the government s efforts to stimulate the economy in the later part of the year. The automotive industry in general is cyclical and economic slowdowns in the past have affected the manufacturing sector including the automotive and related industries. Unless there is improvement in key economic factors such as growth rate, interest rates and inflation together with availability of financing for vehicles at competitive rates, our automotive sales in India and results of operations may be adversely affected.

We acquired the Jaguar and Land Rover business from Ford Motor Company in June 2008. In addition, we also have automotive operations in South Korea and Thailand. Jaguar and Land Rover have significant presence in the UK, North America, Continental Europe and have operations in most of the major countries across the globe. The global economic meltdown significantly impacted the global automotive markets, particularly the United States, Europe and Japan. Our strategy which includes new product launches and expansion into growing markets such as China and Russia may not be sufficient to mitigate the decrease in demand for our products in established markets, which could have a significant adverse impact on our financial performance. Should industry demand soften beyond our expectations because of a continuing slowdown or negative economic growth in key markets or other factors, our results of operations and financial condition could be substantially adversely affected.

As of March 31, 2009, we had a debt of Rs.435,815 million, including the bridge finance raised for purpose of the Jaguar Land Rover acquisition. While we were able to refinance the bridge loan in May 2009, continuing economic weakness and depressed demand for our products may put further pressure on our liquidity requirements and deterioration of the financial markets may impede our efforts to raise capital and/or raise capital at a reasonable cost in order to meet our future growth plans. These may adversely impact our results of operations.

We have incurred a substantial amount of indebtedness in connection with the acquisition of Jaguar Land Rover, and our proposed repayment of the amended acquisition facility may be delayed, each of which could adversely affect our future business performance and financial condition.

On June 2, 2008, we acquired Jaguar Land Rover from Ford Motor Company on a debt-free basis, for consideration of US$2.5 billion, in an all-cash transaction, through JaguarLandRover Limited, a wholly-owned subsidiary of TML Holdings Pte Ltd, Singapore, which is our 100% subsidiary. JaguarLandRover Limited borrowed US$3 billion under a short-term bridge loan facility, which we guaranteed. In May 2009, against the US$2 billion outstanding against this facility, US$852 million was repaid through proceeds of Secured Non-Convertible Credit Enhanced Rupee Debentures. An agreement was also reached with the syndicate of banks to amend the bridge loan facility, extending the final maturity of the residual US$1 billion by 18 months up to December 31, 2010 (the Amended Acquisition Facility).

As at March 31, 2009, we had a debt of Rs.435,815 million. Our substantial level of indebtedness may: (i) increase the possibility that we will be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness, (ii) require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, (iii) materially impact our ability to pay dividends in the future and/or (iv) lead to a downgrade of our credit rating by international and domestic rating agencies, thereby adversely impacting our ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. Our rating for foreign currency borrowings was revised by Standard & Poor s to B (Credit Watch with Negative Implications) and by Moodys to B3 (Stable), while for borrowing in local currency the rating was revised to A (Stable) by Crisil and to LA+ by ICRA.

We intend to refinance the Amended Acquisition Facility through the issuance of ordinary shares and/or securities linked to, or convertible into, ordinary shares, including, but not limited to, the issuance of depositary receipts in the international market and/or through other measures, such as monetization of a part of our investments through a phased divestment plan at prevailing market prices.

The execution of our refinancing plan is subject to various risks, including, among other things: (i) the receipt of any other regulatory or corporate approvals that are necessary, (ii) market conditions, which have been particularly exacerbated by the dislocation of the fixed income and securitization markets following the global credit crisis and (iii) foreign currency movements.

We cannot assure you that any of the conditions for our funding plans will be satisfied. If we or any other relevant parties are unable to satisfy any of the conditions for our funding plans or satisfy these conditions in the time frame that we expect, we may not be able to repay the Amended Acquisition Facility in the time frame that we expect, which could materially adversely affect our future business performance and financial condition. In addition, our costs of borrowing depend in part on our credit ratings by international and domestic rating agencies. A downgrade of our rating for foreign or local currency borrowings could adversely impact our ability to raise the amount proposed under our funding plans through the incurrence of debt and the interest rates at which such financing alternatives may be available to us.

Certain restrictive covenants in our financing agreements may limit our operational and financial flexibility and our future results of operations and financial condition may be adversely affected if we are not able to comply with certain maintenance covenants contained in our financing agreements.

Some of our financing agreements and debt arrangements set limits on, and/or require it to obtain lender consents before, among other things, undertaking certain projects, issuing new securities, changing management, merging, consolidating, selling significant assets, creating subsidiaries or making certain investments. In addition, certain financial covenants may limit our ability to borrow additional funds or to incur additional liens.

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

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

Jaguar Land Rover has incurred losses in previous years and our financial performance will be affected in the future by the performance of Jaguar Land Rover.

The global financial meltdown and high fuel prices, especially after September 2008, combined with vehicle financing and demand drying up, impacted the auto industry worldwide, including Jaguar Land Rover. The sales volume over the 10 months post-acquisition for Jaguar Land Rover decreased by approximately 32% from the comparable period in the previous year, resulting in a loss before tax of GBP427 million. In response, we have taken action to reduce inventory, improve working capital and reduce investments and payroll costs, including through workforce reduction of more than 2,000. However, profitability continues to come under strain given the slow revival of the global economy and impact of suppressed demand and prices.

Since March 2009, Jaguar Land Rover have secured, or have credit approval for, further financing facilities. This includes approved funding of GBP340 million from the European Investment Bank. While we anticipate that access to this funding can be secured in the near future through appropriate commercial arrangements without necessitating guarantees from the UK Government, for which discussions have been ongoing for some time, no assurance can be made that this or any other facility will be obtained, and the failure to do so could adversely affect our financial condition and results of operations.

In addition, the long-term profitability of Jaguar Land Rover continues to depend on successful execution of its business strategies, including sustained cost savings and successful introduction of its new models. Our financial performance, including our profit margins and our operating ratios, will be affected in the future by the performance of Jaguar Land Rover.

Because of the acquisition of Jaguar Land Rover, our historical financials may not be comparable.

On June 2, 2008, we completed the acquisition of Jaguar Land Rover from Ford. Therefore, our historical consolidated financial statements for the fiscal years ended on and before March 31, 2008 do not include the results of Jaguar Land Rover, and neither pro forma nor historical consolidated financial statements showing our combined results of operations and financial condition, including Jaguar Land Rover, have been prepared or are being provided in this annual report. Our financial statements for the fiscal year ended March 31, 2009 include the results of Jaguar Land Rover for the period from June 2, 2008 to March 31, 2009.

This may make it difficult to compare our past performance and financial condition or to estimate our consolidated performance in the future. Moreover, the global dislocation of the automotive industry, including Jaguar Land Rover s markets, make past performance of the business not necessarily indicative of future demand trends or results.

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

Our operations are subject to risk arising from fluctuations in exchange rates with reference to countries in which we operate. These risks primarily relate to fluctuations of GBP to US Dollar, Japanese Yen and Euro, and fluctuations of Indian Rupee against GBP, US Dollar and Euro.

We import capital equipment, raw materials and components and also sell our vehicles in various countries. These transactions are denominated in foreign currencies, primarily the U.S. 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 as per our policy in order to decrease our foreign exchange exposure, the weakening of 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.

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Adverse fluctuations in the value of the rupee against the dollar and GBP and also fluctuations of GBP against other major foreign currencies during fiscal 2009 had an adverse impact on our financial condition and results of operations. Any further depreciation of rupee against dollar may affect our results of operations in the future periods, mainly due to dollar denominated borrowings.

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

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.

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. Also the recent weakness in demand for passenger vehicles and commercial vehicles in the Indian automobile market has resulted in overcapacity and price competition. 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.

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 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. Customer preferences especially in many of the developed markets seem to be moving in favour of more fuel efficient vehicles. Further, in many countries there has been a significant pressure on the automotive industries for reduction in carbon dioxide emissions. In many markets these preferences are driven by increasing government regulations and rising fuel prices.

Our operations may be significantly impacted if there is a delay in developing fuel efficient products that reflect changing customer preferences, especially in the premium automotive category and products aimed at reducing carbon dioxide emissions. 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.

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

We are subject to risks and costs associated with product liability, warranties and recalls, 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-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 financing 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 authorized dealers and service centers across our home markets, 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 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.

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Adverse economic conditions and falling vehicle sales have had significant financial impact on some of our suppliers and distributors. Further deterioration of automobile demand and lack of access to sufficient financial arrangements to our supply chain could impair timely availability of components and parts to us while distress of our distributors may impact our performance in some markets.

In respect of our Jaguar Land Rover operations, as part of a separation agreement from Ford, we entered into supply and transitional service agreements with Ford and certain other third parties for critical components and other corporate services. Any disruption of such transitional services could have a material adverse impact on our operations and financial condition.

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

In fiscal 2009 and 2008 consumption of raw materials, components and aggregates and purchase of products for sale (including change in stock) constituted approximately 67.6% and 66.8% respectively, of total revenues. Prices of commodity items used in manufacturing automobiles, including steel, rubber, copper and zinc, have significantly increased over the past two years. Although, these prices have begun to show some signs of softening lately and 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. Significant increases in these prices could have a substantial adverse effect on our financial condition and results of operations.

Further, after touching a low of approximately US$40 in February 2009, crude oil prices have begun an upward movement. Increased fuel costs pose 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, and premium cars.

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 which we make capital commitments, deteriorate, the value of our investments may be adversely affected.

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

We believe that our acquisitions provide us opportunities to grow significantly in the global automobile markets with access to additional brands, products, technologies and capabilities, and offer potential synergies. However, the scale, scope and nature of the integration required in connection with the acquisitions present significant challenges, and we may be unable to integrate effectively within our expected schedule the various subsidiaries, divisions and facilities. 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.

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. The key success factor will be successful integration and management of the merged/acquired entity with us, retention of key personnel, joint sales and marketing efforts, and management of a larger business. If we are not able to manage these risks successfully, our results of operations could be adversely affected.

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

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

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

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, where applicable 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 and 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 by introducing certain automotive products in other parts of the world, including Europe, China, 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.

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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.

Future pension obligations may prove more costly than currently anticipated and the market value of assets in our pension plans could decline.

We provide post retirement and pension benefits to our employees some of which are defined benefit plans.

Our pension liabilities are generally funded, and the pension plan assets are particularly significant in respect of the Jaguar and Land Rover pension plans. In the event that the actuarially determined liabilities exceed the plan assets at the time of valuation, we would have to agree on new contributions with the trustees of Jaguar and Land Rover pension to fund the deficit over such period of time as agreed.

Lower return on pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates, and adverse changes in other critical actuarial assumptions, may impact the pension liabilities and consequent increase funding requirements, which will adversely affect our financial condition and results of operations.

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

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

Political and Regulatory Risks.

India s obligations under the World Trade Organization Agreement.

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

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, the U.S. and Europe have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. While we are pursuing various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

Imposition of any additional taxes and levies 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 various governments 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. In this regard it is important to note that the Government has recently released a new draft direct tax code which if brought into force will have a significant impact on the current tax regime, including in respect of 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 our home markets and our operations may be subject to political instability in those markets, 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.

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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.

In addition, new laws, regulations and standards regarding corporate governance may make it more difficult for us to obtain director and officer liability insurance. Further, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may face difficulties attracting and retaining qualified board members and executive officers, which could harm our business. If we fail to comply with new or changed laws or regulations and standards differ, our business and reputation may be harmed.

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.

Our business could be significantly influenced by economic policies adopted by the Government. Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms.

The Government has at various times announced its general intention to continue India s current economic and financial liberalization and deregulation policies. However, protests against privatizations, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our ADSs and Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Although the previous Government had announced policies and taken initiatives that supported the economic liberalization policies pursued by earlier Governments, the rate of economic liberalization could change, and specific laws and policies affecting foreign investment and other matters affecting investment in Our securities could change as well. While we expect the new Government to continue the liberalization of India s economic and financial sectors and deregulation policies, there can be no assurance that such policies will be continued.

A change in the Government s policies in the future could adversely affect business and economic conditions in India and could also adversely affect our financial condition and results of operations. A significant change in India s economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically those of our company, as a substantial portion of our assets are located in India

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.

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 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. 46.89 = US$ 1.00 as of October 07, 2009.

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.

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

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 2009. We are also the world s fourth largest truck manufacturer and we believe we are one of the largest bus manufacturers 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 including the world s cheapest car- the Tata Nano, introduced in 2009 and utility vehicles.

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. We have a joint venture with Fiat Group Automobiles, 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, Fiat Linea, Fiat Punto and Indica Vista and 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 pickups in Thailand. We owned 70% of the joint venture called Tata Motors (Thailand) Limited, or TMTL, while Thonburi owned the remaining 30% as of March 31, 2009. Currently, we own 86.78% of the joint venture, while Thonburi owns the remaining 13.22%. The joint venture which began vehicle production in March 2008 will enable us to address the Thailand market, which is a major market for pickup trucks, and other potential markets in that region.

For some of our products, we are also expanding our international export operations, which have been continuing since 1961. Our Tata 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 in South Africa. TMSA has not yet started operations.

In June 2008, we acquired the Jaguar Land Rover business from Ford Motor Company. Jaguar Land Rover is a global premium automotive business, which designs, manufactures and sells Jaguar luxury performance cars and Land Rover premium all-terrain vehicles. Jaguar and Land Rover have internationally recognized brands, a strong product portfolio of award winning luxury performance cars and premium all-terrain vehicles, brand specific global distribution networks and strong research and development capabilities. As part of the acquisition, we acquired the global businesses relating to Jaguar Land Rover including three major manufacturing facilities and two advanced design and engineering facilities in the United Kingdom and 26 national sales companies spread across the world.

We have a substantial presence in India and we estimate that more than four million vehicles produced by us are currently being operated in India. We believe that the recent Jaguar Land Rover acquisition represents an important milestone in our growth strategy , allowing us to participate immediately in the luxury performance car and premium all-terrain vehicle segments and enhance our global market presence.

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We produce a wide range of automotive products, including:

- ***Passenger Cars***. Our passenger cars include the Indica, a compact car, the new generation of the Indica, the Indica Vista launched in August 2008, the Indigo, a mid-sized car and the Indigo Marina, a station wagon version of the Indigo. 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. In March 2009 we also announced the commercial launch of the Tata Nano. Also through Jaguar we have established a presence in the premium car market. Jaguar produces four car lines XK, XF, XJ and X-Type. The new Jaguar XF saloon, successor to the S-Type, went on sale in March 2008. In early 2009 Jaguar launched new naturally aspirated and super charged 5.0 litre petrol engines in the XK, XKR, XF and XFR along with a new 3.0 litre diesel engine in the XF, giving significantly improved performance and fuel economy

- ***Utility Vehicles***. We manufacture a number of utility vehicles, or UVs, including the Sumo, and the sports utility vehicle or SUV, Tata Safari. Both the Sumo and the Safari have various variants to meet different consumer preferences such as the Safari DICOR 2.2 VTT range, powered by a new 2.2 L Direct Injection Common Rail (DICOR) engine and the Sumo Grande, an SUV with the comforts of a family car. During fiscal 2009 we launched the Xenon XT, a lifestyle pickup. We are present in the premium all-terrain vehicles market through our Land Rover SUVs. Land Rover produces five car lines under the brands of Range Rover and Land Rover. Range Rover is the premium range consisting of Range Rover and Range Rover Sport, with the Land Rover brand being made up of Defender, Discovery and Freelander vehicles

- ***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, the Magic, a passenger variant for commercial transportation developed on the Ace platform and the Winger.

- ***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 500 horsepower, including dump trucks, tractor-trailers, mixers and cargo vehicles. Recently in May 2009, we unveiled a new range of trucks, that we believe match the best in the world in performance at a lower life-cycle cost, termed as Prima , earlier referred to as World Truck, to be gradually introduced in South Korea, South Africa, the SAARC countries and the Middle East.

We believe that the foundation of our growth over the last 50 years has been a deep understanding of economic conditions 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. We have acquired impressive engineering facilities of Jaguar and Land Rover. 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 and engineering. TMETC acquired Miljobil Grenland AS (Miljobil Grenland), a Norwegian company specializing in the development and manufacture of electric vehicles, in October 2008. Electric vehicles form a significant part of our ongoing strategy. Miljo Innovasjon AS, a wholly owned subsidiary of Miljobil Grenland, specializes in the development and manufacture of lithium ion batteries. This acquisition has enabled us to secure a route to market for batteries for electric vehicles and enables us to develop convenient and sustainable solutions for electric and hybrid vehicles. We believe this research center along with the capabilities of our Jaguar Land Rover business 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 82.66% 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 11 functional subsidiary companies as at March 31, 2009. A few of these subsidiaries are being wound-up, liquidated or merged as part of our restructuring initiatives being undertaken with the objective of enhancing 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.12,286 million in fiscal 2009, an increase of 12.1% from Rs.10,963 million in fiscal 2008, due to augmented relationships with existing global automotive and aerospace customers and the acquisition of new customers.

Telco Construction Equipment Company Ltd, 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, (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.

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

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 relating to vehicles sold by us. In India, TMFL is registered with the RBI as a Systemically Important Non-Deposit Taking Non-Banking Financial Company and is classified as an Asset Finance Company under the RBI s regulation on Non-Banking Finance Companies. For the year ended March 31, 2009, TMFL made disbursements of approximately Rs.49,000 million.

Our wholly-owned subsidiary, Tata Motors Insurance Services Limited, now known as Tata Motors Insurance Broking and Advisory Services Limited undertakes the business of insurance and reinsurance broking, which commenced business in July 2008.

As of March 31, 2009, our operations included 74 consolidated subsidiaries and 7 equity method affiliates, in respect of which we exercise significant influence.

As of March 31, 2009, we had approximately 49,473 permanent employees, including approximately 25,835 permanent employees at our consolidated subsidiaries.

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.

We primarily operate in the automotive segment. Our automotive segment operations includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. The acquisition of Jaguar Land Rover is intended to expand our presence into the premium car market. The integration of Jaguar Land Rover into our automotive business is in progress, pending which we have bifurcated our automotive segment into Tata vehicles and Jaguar Land Rover business for the year ended March 31, 2009.

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.

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 position ourselves as a major international automotive company by offering products across various markets by combining our engineering and other strengths and through strategic acquisitions. 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.

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 acquisition of the Jaguar Land Rover business will enable us to expand our product range and extend our geographical reach. 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. Similarly we believe that the manufacturing prowess of the joint venture with Marcopolo was proven in the execution of the 650 buses order we received from Delhi Transport Corporation (DTC) in 2007. Based upon the performance of these vehicles, we received another order of 1625 buses to be supplied to DTC.

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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. We are currently working to upgrade and expand our product offerings in the passenger car market. In August 2008, we launched the new generation of the Indica, the Indica Vista, with options of diesel and gasoline engines, from our joint venture with Fiat as well as our own engines and have plans to launch the next generation sedan in the near future. We have also conceptualized, developed and commercially launched the Nano, a low cost car for safe family transportation, breaking several conventional ideas of automobile development. We believe that this product will enable us to capture a strong share of a large potential market for safe and affordable transportation. Our investment in Miljobil Grenland will also enable us to develop convenient and sustainable solutions for electric and hybrid vehicles. 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 build upon the internationally recognized brands of Jaguar Land Rover.

Mitigating cyclicality: The automobile industry is impacted by cyclicality. To mitigate the impact of cyclicality, we plan to continue to strengthen our operations through significant presence across different segments, wide range of products and geographies. 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 have a two-fold strategy of expanding our operations into other geographic areas, through strategic acquisitions and by expanding our product range into select geographies where we have 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 past 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 third 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 from South Korea. Additionally our acquisition of Jaguar Land Rover has significantly expanded our geographical presence. While we continue to export from 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. During fiscal 2008, we established a joint venture company to undertake manufacture and assembly operations of our in South Africa, which has been one of our largest export market from India 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.

In response to the recent economic slowdown, we have further intensified efforts to review and realign our cost structure. We have adjusted our production in line with demand and undertaken steps to reduce overheads such as manpower costs and other fixed costs. In our Indian manufacturing locations we undertook block closures of plants to synchronize supply with demand and also reduced our flexible manpower. Similarly our Jaguar Land Rover business undertook steps to reduce production and also entered into an agreement with its labour unions for a pay freeze until 2010 and also reduced headcount. Further, Jaguar Land Rover is exploring opportunities to reduce the raw material costs through increase in sourcing from low cost countries.

Continuing focus on high quality and enhancing customer satisfaction: One of our principal goal 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

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we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery. Preference is given to vendors with QS-9000 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance and ongoing dialogue with workers to reduce production errors.

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

The new Jaguar XF saloon has received more than 20 international awards, most recently Britain s Best Car in the Auto Express Driver Power survey for 2009, Best Executive Car at the What Diesel Magazine awards 2009 and the award for Best Executive Car at the 2009 Fleet World Honours. It was previously voted Car of the Year by What Car? Magazine. The XJ 2.7 Litre Diesel has been named Britain s greenest luxury car in the Environmental Transport Association s 2009 Car Buyers Guide for a third successive year. Jaguar was also ranked No. 1 in J.D. POWER. Customer Service Index (CSI) and Sales Satisfaction Index (SSI) Study for 2008 in the United States.

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 them to drive performance and attain higher levels of efficiency in their businesses and in discharging 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 seek 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 expand our vehicle financing activities to enhance our vehicle sales. Further, in a scenario where there is lack of sufficient finance availability to vehicles in the Indian market as was witnessed in last two fiscal years, 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. In our Jaguar Land Rover business, we are committed to continue to invest in new technologies to develop products that meet the opportunities of the premium segment, including developing sustainable technologies to improve fuel economy and reduce CO2 emissions. We consider technological leadership to be a significant factor in continued success, and therefore intend to continue to devote significant resources to upgrade our technological base.

Maintaining financial strength: Our cash flow from operating activities in fiscal 2009 and 2008 was Rs. 25,194 million and Rs. 23,114 million respectively. Our net income declined in fiscal 2009, due to sudden and significant deterioration of the world economy, resulting in a significant decline in sales volumes, which affected our income and operating cash flow. However, our net change in working capital has improved. We continue to work on implementation of cost reduction programs, prudent working capital management to improve the cash flows at our automotive operations. We have established processes for project evaluation and capital investment decisions with an objective to enhance our long term profitability.

Leveraging brand equity: We believe 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. Supported by the corporate level Tata brand, our product brands like Indica, Indigo, Sumo, Safari, Nano and Ace, along with Daewoo, Hispano, Jaguar, Range Rover and Land Rover are highly regarded, and will be nurtured and promoted.

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Automotive Operations

In total we sold 672,747 and 597,197 vehicles in fiscal 2009 and 2008 respectively, consisting of 505,399 units of Tata vehicles (including TDCV and Hispano) and 167,348 units of Jaguar Land Rover vehicles in fiscal 2009. In terms of units sold our largest market is India where we sold 461,825 and 530,547 units during fiscal 2009 and 2008 (constituting 68.6% of total sales in fiscal 2009) followed by United Kingdom where we sold 38,630 units in fiscal 2009 (constituting 5.7% of total sales). A geographical breakdown of our revenues is set forth in Item 5.A Operating Results Geographical breakdown .

Our total sales (including international business sales and Jaguar Land Rover sales) for fiscal 2009 and 2008 are set forth in the table below:

Category	Fiscal 2009		Fiscal 2008	
	Units	%	Units	%
Passenger Cars	214,019	31.8%	182,291	30.5%
Utility Vehicles	159,340	23.7%	50,130	8.4%
Light Commercial Vehicles	160,787	23.9%	173,382	29.0%
Medium and Heavy Commercial Vehicles	138,601	20.6%	191,394	32.1%
Total	**672,747**	**100.0%**	**597,197**	**100.0%**

The revenues from our automotive operations were Rs.691,778 million and Rs.337,040 million in fiscal 2009 and 2008, respectively. Tata vehicles (including spares and financing thereof) constituted 43.5% of our total automotive revenues before inter-segment elimination in fiscal 2009 while Jaguar Land Rover constituted 56.5%.

Note: Jaguar Land Rover vehicle sales are included from June 2, 2008.

Tata Vehicles (including spares and financing thereof)

In all we sold 505,399 and 597,197 units of Tata vehicles in fiscal 2009 and 2008 respectively. Of this 461,825 units were sold in India while sales outside of India were 43,533 units in fiscal 2009, compared to 530,547 units and 66,650 units respectively for fiscal 2008. Our share in the Indian four-wheeler automotive vehicle market (i.e., automobile vehicles other than two and three wheeler categories) declined from 26.1% in fiscal 2008 to 24.4% in fiscal 2009 mainly on account of a mature product portfolio in passenger vehicles and a relatively larger decline in M&HCV industry volumes in fiscal 2009, where we are the market leader.

The following table sets forth our Total sales of Tata Vehicles:

Category	Fiscal 2009		Fiscal 2008	
	Units	%	Units	%
Passenger Cars	166,962	33.0%	182,291	30.5%
Utility Vehicles	39,049	7.7%	50,130	8.4%
Light Commercial Vehicles	160,787	31.9%	173,382	29.0%
Medium and Heavy Commercial Vehicles	138,601	27.4%	191,394	32.1%
Total	**505,399**	**100.0%**	**597,197**	**100.0%**

The following table sets forth our market share in various categories in the Indian market-based on wholesale volumes:

Category	Fiscal 2009	Fiscal 2008
Passenger Cars	13.2%	14.2%
Utility Vehicles	17.6%	20.1%

Light Commercial Vehicles	65.4%	64.4%
Medium and Heavy Commercial Vehicles	61.9%	60.4%
Total Four-Wheel Vehicles	24.4%	26.1%

Note: Passenger cars include Fiat vehicles distributed by us.

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

Passenger cars: Adverse liquidity conditions, a high interest rate environment and overall negative sentiment significantly impacted the demand for passenger cars during fiscal 2009. Despite new product launches and promotion spends by us and our competitors the domestic passenger car industry declined by 1% in fiscal 2009.

The small car category, which consists of mini and compact cars, constitutes over 60% of total domestic passenger car sales in India. In fiscal 2009, the small car category growth decelerated to just .0.7% to 936,500 units, despite of new product launches. The sales of Indica declined by 21.9% to 105,739 units, mainly due to the phasing out of the older Indica variants during the first half of the fiscal year and a delay in volume ramp after the introduction of the second generation Indica Vista in the later part of the year. In commemoration of 10 years since the launch of the Indica, during which time about 940,000 Indicas and over 1.2 million cars have been produced from the platform, we launched a Limited Edition of the Indica Vista in December 2008. We also expanded customer choice through the launch of an LPG version of the Indica V2 Xeta. The Indica s market share declined from 14.6% in fiscal 2008 to 11.9% in fiscal 2009 in the small car (mini + compact) category. Our market share has been rising since the launch of the Indica Vista in August 2008 growing to 14.5% for March 2009.

The much awaited Tata Nano was launched in March 2009. The Tata Nano is Bharat Stage III emission norms compliant and Bharat Stage IV ready. It comes with an all-new 2-cylinder aluminium MPFI 624 cc petrol engine mated to a four-speed gear box and is available in three variants. With a length of just 3.1 metres, width of 1.5 metres and height of 1.6 metres, the Tata Nano has the smallest exterior footprint for a car in India, but is 21% more spacious than the smallest car available today. A high seating position makes ingress and egress easy. Its small size coupled with a turning radius of just 4 metres, makes it extremely maneuverable in the smallest of parking slots. The car has been certified by the Automotive Research Association of India (ARAI) under mandated test conditions to have a fuel efficiency of 23.6 km/litre, which is the highest for any petrol car in India. Higher fuel efficiency, coupled with a low curb weight of 600 kg, ensures that the Tata Nano has the lowest CO_2 emission amongst cars in India. There was an overwhelming response for paid bookings.

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 grew by 54.6% in fiscal 2009 aided by new product launches. The Indigo CS is a sub-4 meter sedan that has the foot print and price point of a hatchback and the appeal of the sedan. Launched in the last quarter of fiscal 2008, the Indigo CS continued to receive an encouraging market response in fiscal 2009. This saw our sales grow by 51.1% to 47,447 vehicles in this category, with a market share of 32.8%.

We have also been distributing Fiat branded cars through the Tata-Fiat dealer network since March 2006. During fiscal 2009, we sold 7,149 Fiat cars. The Fiat 500 was launched in the market as a CBU and has done well to shore up the brand image of Fiat prior to the launch of its locally manufactured new products. We also entered the upper mid size category through the distribution of the newly launched Fiat Linea in January 2009. The product received a good response from the market and became the second highest seller in the segment in the three months of launch in the fiscal. With Fiat 500, Palio and Linea, Fiat acquired a position among the top ten car companies in the country. The joint dealer network has also been expanded from 65 in fiscal 2008 to 79 as of March 31, 2009.

Utility Vehicles: The Utility Vehicle market witnessed severe compression due to the increase in fuel prices and an additional excise duty imposed by the Government on vehicles with higher engine displacements, in the first half of the year. Despite a number of new product launches, the segment declined by 6.5% in fiscal 2009. We sold 38,371 units in our UV category in the Indian domestic market in fiscal 2009, a decline of 19.3% as compared to 47,531 units sold in fiscal 2008, ending the year with a market share of 17.6%, while regaining the second position in the segment this year, compared to the previous year. During fiscal 2009 we launched the Xenon XT a lifestyle pickup vehicle in its effort to develop a new segment.

Light Commercial Vehicles (including pickups): Our range of LCVs includes small commercial vehicles, pickup trucks, trucks and commercial passenger carriers up to 7.5 GVW. The LCV segment was also impacted due to the lack of liquidity for customer financing and slowing economic activity, growing by a mere 1.2% during fiscal 2009. Our sales declined by 2.9% to 142,985 units. Our market share on a wholesale basis however improved to 65.4% in fiscal 2009 from 64.4% in fiscal 2008. During fiscal 2009, we launched the Winger Ambulance and broke the long standing monopoly of the incumbent in this segment.

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. The M&HCV category was the most impacted by the economic slowdown and financing inadequacy shrinking by about 33% during fiscal 2009. Despite the adversities, we continued to strengthen our product portfolio in this segment by introducing multi-axle and heavy duty trucks, tippers and tip trailers to our existing offerings. We also strengthened our M&HCV passenger range by launching the Super Milo range of buses with superior operating economics, and the Hi Deck Coaches in association with Hispano our Spanish subsidiary. During fiscal 2009, our M&HCV volumes declined 27.7% to 119,745 units, compared to 165,624 units in fiscal 2008. Our market share in the M&HCV category improved from 60.4% to 61.9%.

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During fiscal 2009, the bus manufacturing facility of Tata Marcopolo Motors Limited at Dharwad began commercial production. This joint venture will enable us to address India s growing need for world class fully built buses for intra-city and inter-city transportation with comfort, quality and safety of international standard.

Tata Vehicles Sales and Distribution:

Our sales and distribution network in India as of March 2009 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 Limited, or TDCL, in March 2008 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.

TDCL 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. TDCL 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 have completed the initial rollout of a new customer relations management system, which has been certified by Oracle as the largest Siebel deployment in the automotive market at all our dealerships and offices across the country. 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 2008 and 2009, approximately 34% and 31%, respectively, of our vehicle unit sales in India were made by the dealers through financing arrangements where our captive vehicle financing divisions provided the credit. Total vehicle finance receivables outstanding as at March 31, 2009 and 2008 amounted to Rs.158,803 million and Rs.163,960 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. 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 Vehicles Competition:

We face competition from various domestic and foreign automotive manufacturers in the Indian automotive market. Improving infrastructure and robust growth prospects compared to other mature markets, 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 requirements of the Indian market based on specific customer needs such as safety, driving comfort, fuel efficiency and durability. We believe that our vehicles are suited to the general conditions of Indian roads, and the local climate 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 and are developing products to strengthen our product portfolio in order to meet the increasing customer expectation of owning world class products.

Tata Vehicles Seasonality:

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

Tata Vehicles Exports:

We are expanding our export operations, which have been ongoing since 1961. We market our commercial and passenger vehicles in several countries in Europe, Africa, the Middle East, Australia, South East Asia and South Asia. Our exports of vehicles manufactured in India declined by 38.6% in fiscal 2009 to 33,536 units from 54,628 units in fiscal 2008. In fiscal 2009, exports volumes were mainly impacted by the global economic slowdown and credit crunch especially, in prime markets which witnessed adverse impact on automotive demand.

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In fiscal 2009, our top five export destinations from India accounted for approximately 48% and 50% of our exports of commercial vehicles and passenger vehicle units respectively. Our exports were adversely impacted during fiscal 2009 due to by the global economic slowdown and credit crunch especially, in prime markets which witnessed adverse impact on automotive demand. We are strengthening our position in the geographic areas we are currently operating in and exploring possibilities of entering new markets with similar market characteristics to the Indian market.

Tata Daewoo Commercial Vehicle Co. Ltd., Korea: TDCV recorded a 21.9% decline in its overall vehicle sales to 9,137 units in fiscal 2009 from 11,692 units in fiscal 2008, before inter-segmental elimination. In the South Korean market, TDCV s performance was impacted by adverse liquidity conditions, high interest rates and higher base effect as a result of pre-purchases by the customers in fiscal 2008 prior to the switch from Euro III to Euro IV, effective in January 2008. In South Korea, TDCV_s market share declined to 27.1% in fiscal 2009 from 33.5% in fiscal 2008 in the M&HCV category, adversely impacted largely by vendor constraints. On the exports front, TDCV registered growth of 29% to 4,280 units including CKDs in fiscal 2009, compared to fiscal 2008.

TDCV 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. In the South Korean market, TDCV uses Daewoo Motor Sales Corporation s distribution network, which is the largest in South Korea. After-sales service is made available through 69 service centers and over 110 parts outlets. Exports are carried out largely 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 271 units for the period of January 2008 to March 2009. The volume decline from 328 units sold during the calendar year 2007 was mainly on account of the general economic downturn which has resulted in a slow-down of the bus market and increasing competition from original equipment manufacturers.

Jaguar Land Rover

On June 2, 2008, we completed the acquisition of Jaguar Land Rover from Ford. As part of the acquisition we acquired the global businesses relating to Jaguar Land Rover including three vehicle manufacturing facilities, one veneer production facility, two advanced design centers, 26 national sales companies, intellectual property rights (including perpetual royalty free licenses), and brands and trade marks.

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

Our total sales of Jaguar Land Rover from June 2, 2008 to March 2009 are set forth in the table below:

Category	June 2, 2008 to March 31, 2009	
	Units	%
Jaguar	47,057	27.1%
Land Rover	120,291	72.9%
Total	167,348	100.0%

Jaguar: Jaguar s principal products are the X-Type, XF, XJ and XK. The Jaguar X-Type is a compact-size four-door sedan available with a range of petrol and diesel engines, manual and automatic transmissions. The Jaguar XF is medium-size four-door sports sedan, available with a range of turbocharged V6 diesel and V6/V8 petrol engines and standard automatic transmission. The Jaguar XJ is an all-aluminium large-size four-door sedan, offered with a range of V6 turbocharged diesel engines or V8 petrol engines, naturally aspirated and supercharged. The Jaguar XK is an all-aluminium sports coupe and convertible available with naturally aspirated and supercharged V8 petrol engines.

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***Land Rover*:** Land Rover s principal products are the Defender, Freelander 2 (LR2), Discovery (LR3), Range Rover Sport and Range Rover. The Defender is Land Rover s most capable off-roader. The Freelander 2 (LR2) is versatile for both urban sophistication and off-road capability. The Range Rover Sport is the most exhilarating Land Rover which fuses the excitement of a Sports Tourer with the versatility of a Land Rover. The Range Rover is the flagship of the brand with a unique blend of pure British luxury, classic design with distinctive, high quality interiors and legendary ability. Land Rover products offer a range of powertrains:- turbocharged V6 diesel, V6 petrol engines and V8 naturally aspirated and supercharged petrol engines; together with manual and automatic transmission. Land Rover s global market share in the Premium SUV market stood at 14.9% in calendar year 2008.

From August 2008, the automotive industry faced extraordinarily difficult market conditions. The global financial crisis has impacted the world automotive industry and the effect on the premium market has been particularly pronounced, with industry volumes estimated to have fallen between 25% and 30%. There had been a progressive weakening of the economies of the United States, the UK and Europe which has had a negative impact on volumes. The credit crunch constrained business and consumer spending, particularly in the United States, the UK and Europe coupled with a significant fall in consumer confidence. Adverse market conditions in the United States, the UK and Europe have been partially offset by growth in developing markets such as China, Russia, Middle East and Eastern Europe.

Jaguar Land Rover unit sales (wholesales) in total were down by 32% during the period June 2, 2008 to March 31, 2009 compared to corresponding period last year. Jaguar volumes fell marginally by 3.6% during this reporting period compared to the same period last year, primarily as a result of the success of the all new XF launched in 2008. Land Rover volumes have fallen by 39.2% during the period June 2008 to March 2009, compared to period June 2007 to March 2008. Strong growth in the early part of the reporting period resulted in Russian volumes growing by 10%. However retail growth continues in Russia and China where volumes have grown by 41% and 40%.

Jaguar Land Rover s performance in key geographical markets on retail basis

United States

The US industry volumes were down 18.1% in the year ended December 2008, compared to the year ended December 2007. The worst performing segment was the Large SUV which was down by 38% in 2008 compared to 2007, Small SUV and Medium SUV were both down by 36%. Of the segments relevant to Jaguar, Luxury Sport and Upper Luxury were down 29% and 30% respectively, with only the Medium Luxury car segment, down by 20%, being close to the overall industry movement.

Jaguar retail volumes for the period January to December 2008 were 5.5% down compared to 2007, relatively strong compared to the relevant segment trends, which was largely due to the positive market reaction to the new Jaguar XF, launched in the United States in March 2008. Jaguar s share of the premium car segment was 1.3% in 2008.

Land Rover retail volumes during the calendar year 2008 were down 40% compared to 2007. Land Rover s share of the premium SUV segment was 5.6% in 2008, compared to 7.2% in 2007.

UK

The UK car market experienced a significant decline during January to December 2008 as a result of the credit crisis and other worsening macro economic factors. Full year industry volumes were down over 12% compared with 2007, with the off road vehicle segment particularly badly affected.

Jaguar retail volumes during the calendar year 2008 grew by 8.6% compared with 2007, a strong performance against the industry trend and largely driven by favourable market reaction to the new Jaguar XF, launched in the UK in March 2008.

Land Rover retail volumes during 2008 declined by 26.9% compared to 2007.

Europe (excluding Russia)

Across the major markets (Germany, France, Spain and Italy), the overall market conditions were broadly similar to those experienced in the UK, with substantial declines between January and March 2009 compared to corresponding period of the previous year. Vehicle scrapping incentive schemes in Germany and France did have some effect on overall volumes, but the impact on the premium car and off road segments is minimal. Full year industry volumes were down over 14.4% compared with 2007.

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Jaguar retail volumes grew 14.5% in 2008 while Land Rover retail volumes declined by 28.2% in 2008 in comparison with 2007.

Russia

Automotive market and Land Rover volume growth continued through 2008. Jaguar retail volumes grew by 51.4% in 2008 while Land Rover retail volumes grew by 61.6% compared with 2007. However demand in recent months has shown some weakness and it appears that future trading conditions may be challenging. Whilst the downturn has slowed Land Rover s expansion plans, Land Rover maintains its position as the number one premium brand in Russia, outselling its competitors. Rouble exchange volatility and credit restrictions, continue to severely affect the total automotive market, including Jaguar Land Rover.

China

For the period June 2008 to March 2009, the imported vehicle segment of the Chinese automotive industry increased by 20% compared to the same period in 2007, outperforming overall industry growth at 8%.

There was a significant increase in consumption tax from September 1, 2008, which affected vehicles with an engine capacity of over 3.0 litres. Vehicles with an engine capacity of between 3.0 and 4.0 litres had taxes and duties increased 23%. On vehicles with an engine capacity in excess of 4.0 litres the combined tax burden increased 61%.

Jaguar retail volume grew by 26.1% compared to 2007 largely due to the success of the new Jaguar XF, launched in China in June 2008.

Land Rover retail volume for the period grew by 69% compared to 2007. A decline in the retail sales rate was noticeable from September/October 2008 and corresponds to the introduction of the consumption tax change mentioned above as many of the Land Rover products sold in China have V8 petrol engines with capacities in excess of 4.0 litres.

Jaguar Land Rover Sales & Distribution:

We distribute Jaguar Land Rover vehicles in 168 markets across the world. Sales locations for Jaguar Land Rover vehicles are operated as independent franchises. Jaguar Land Rover is represented in its key markets through national sales companies as well as third party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships, vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the UK.

We also sell Jaguar Land Rover vehicles to our dealerships for sale to fleet customers, including rental car companies, commercial fleet customers, leasing companies, and governments. We do not depend on any single customer or group of customers to the extent that the loss of such customer or group of customers would have a material adverse effect on our business.

Prior to our acquisition of Jaguar Land Rover, Ford Motor Credit Company provided automotive financial services to a number of dealers and customers of Jaguar Land Rover. Under agreements with Ford, Jaguar Land Rover s dealers and customers will continue to have access to Ford Motor Credit s financing facilities for a period of up to 12 months in various markets following our acquisition of Jaguar Land Rover, while Jaguar Land Rover migrates to alternative arrangements. Jaguar Land Rover has now transitioned to financing arrangements with FGA Capital (JV between Fiat Auto and Credit Agricole) in UK/Europe and Chase Auto Finance in the US and local providers in certain other key markets.

Jaguar Land Rover Competition:

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

Jaguar Land Rover Seasonality:

The business of Jaguar Land Rover is impacted by the bi-annual registration of vehicles in the United Kingdom where the vehicle registration number changes every six months, which in turn has an impact on the resale value of the vehicles. This leads to a bunching up of sales during the periods when the change occurs. Most other markets are driven by introduction of new model year derivatives. Furthermore, western

European markets tend to be impacted by summer and winter holidays. The resulting sales profile influences operating results on a quarter to quarter basis.

Research and Development:

Our research and development activities focus on product development, environmental technologies and vehicle safety. 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. 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.

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 first 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 launched in March 2009. We believe that the Tata Nano, which has charted a new path in low cost design in the global automobile industry, signifies the progression of our in house capabilities. The customer response to the product has been very encouraging during the initial booking process conducted in April 2009.

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 an 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. TMETC s investment in Miljobil Grenland in fiscal 2009 would enable us to develop convenient and sustainable solutions for electric and hybrid vehicles.

We endeavor to absorb the best of technologies for our product range to meet the requirements of a globally competitive market. All of our vehicles and engines are compliant with the prevalent regulatory norms in India and also in the countries to which they are exported. 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 are in a constant endeavor to develop green vehicles and are presently developing an electric vehicle on the Indica Vista platform. We are pursuing alternative fuel options such as ethanol blending for 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. Likewise various new technologies and systems that would improve safety, performance and emissions of our product range are under implementation on our passenger cars and commercial vehicles.

Our acquisition of TDCV provided us with a significant advantage in the development process of our World Truck , now referred to as Prima , which will be a sophisticated and contemporary M&HCV with performance standards akin to those in developed markets. The development of the Prima range was nearing completion towards the end of fiscal 2009 and has since been unveiled in the Indian market in May 2009.

We have two engineering facilities in the United Kingdom, supported by powertrain and other test facilities, extensive test track and off-road facilities. We are pursuing various initiatives, such as the introduction of Premium Lightweight Architecture (PLA), to enable our business to comply with the existing and evolving emissions legislations in the developed world, which we believe will be a key enabler of both reduction in CO_2 and further efficiencies in manufacturing and engineering. Over recent years Jaguar Land Rover have made significant progress in reducing the development cycle times.

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 develop products with 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.

For providing prompt service to the customer, development of enterprise level vehicle diagnostics system for achieving speedy diagnostics of complex electronics of modern vehicles has been underway. Also the initiative in telematics has further spanned into fleet management and vehicle tracking system using GNSS *(Global Navigation Satellite Systems).*

Our product design and development centers are 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 a reduction in the 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. 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 2009 and 2008 was Rs.50,154 million and Rs.12,507 million respectively.

Intellectual Property

We create, own, and maintain a wide array of intellectual property assets that we believe are among our valuable assets throughout the world. Our intellectual property assets include patents and patent applications related to our innovations and products; trademarks related to our brands, and products, copyrights in creative content, designs for aesthetic features of products/components, trade secrets, and other intellectual property rights. We aggressively seek to protect our intellectual property in India and other countries.

We own a number of patents registered and have applied for new patents which are pending registration in India. We have also filed a number of patent applications outside India under the Patent Corporation Treaty which will be entered in different countries later.

We own registrations for number of trade marks and have pending applications for registration in India and abroad. The registrations mainly include trademarks for our vehicles. We use the Tata brand, which has been licensed to us by Tata Sons Limited. See Item 4.C Organizational Structure . We believe that establishment of the Tata word mark and logo mark in India and world over is material to our operations. 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.

As part of the acquisition of Jaguar Land Rover business, ownership/co-ownership of core intellectual property were transferred to us. Additionally, perpetual royalty free licenses to use other essential intellectual properties have been licensed to us for use in Jaguar and Land Rover vehicles. Jaguar and Land Rover own registered designs, to protect the design of their vehicles in several countries.

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

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 tires, batteries, electrical items and rubber and plastic parts. We have long term purchase agreement for some critical components such as powertrains and engines. The raw materials, components and consumables that are sourced, include steel (sheet-metal, forgings and castings), tires 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. Most commodities have had huge price volatility during fiscal 2009. We established contracts with the commodity suppliers to cover our own as also our suppliers requirements to moderate the effect of such high volatility. Special initiatives were also undertaken to reduce material consumption through value engineering and value analysis techniques.

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 defects. Further, we have established a Strategic Sourcing Group for certain regions 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

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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. We initiated steps to include our supply chain in our initiatives on social accountability, environment management activities including tree plantation, energy conservation etc.

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 30.56% 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.

Closer interaction with suppliers acquired top priority in the difficult period of fiscal 2009. In response to the pressure on our suppliers caused by the lower automotive demand and the general lack of liquidity due to the financial crisis, we worked closely with our vendors with short and medium term plans.

Capital and Product Development Expenditures:

Our capital expenditure aggregated to Rs.101,197 million and Rs.51,386 million during fiscal 2009 and 2008, respectively. Our capital expenditure during the past 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 plans. These expenditures are expected to be funded largely through cash generated from operations, existing investible surplus in the form of cash and cash equivalents, investment securities and other external financing sources. In July 2008, we obtained shareholders approval to raise additional long term resources up to US$ 1 billion and 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.35,434 million and Rs.37,099 million in fiscal 2009 and 2008, respectively, representing nearly 4.9% and 9.9% of our total revenues before inter-segment elimination in fiscal 2009 and fiscal 2008, respectively.

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Information Technology Services:

Tata Technologies Limited, or TTL, is our 82.66% owned subsidiary as of March 31, 2009. 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 two offshore development centers. TTL s customers include automobile, aerospace and consumer durable manufacturers. TTL has 11 functional subsidiary companies as at March 31, 2009.

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 4,000 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.

The downturn in the global economy significantly impacted the engineering design services industry last year. During this challenging period TTL won a multi-year multi-million dollar contract to provide Engineering Design, PLM and IT support services from a major Global Auto OEM and also expanded presence in aerospace design and aero structures market with the help of strategic group alliances and enhanced capability. It also won several projects in the PLM consulting arena.

Through sustained focus on growing the share of offshore business and tight cost management, Tata Technologies witnessed growth in their profitability last year. The consolidated revenue for the TTL Group was Rs. 12,286 million in fiscal 2009, an increase of 12.1% against Rs.10,963 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.

The global financial meltdown had a telling effect on the financial sector in India, and the flow of credit to the customers of the Construction Equipment (CE) industry significantly contracted with the impact to the end customers in the form of interest rate increases, increased margin money requirements and stringent credit checks and lack of risk appetite. The impact of global developments on India contributed to a market contraction of 24% for excavators, and a pronounced fall of over 45% in the demand for backhoe loaders. Also, the whole of the CE industry slowed down dramatically with investments dropping off and postponement or shelving of a number of Infrastructure Projects, due to heightened uncertainty. Most of the domestic manufacturers, including the Telcon, had to restrict production with periodic shut downs and short closures, so as to clear the stockpile of inventories. Consequently Telcon registered a total sale of 5,194 units during the year compared with 7,698 machines in the previous year. Telcon consolidated net revenue was Rs.21,417 million in fiscal 2009 compared to Rs.24,097 million in fiscal 2008. Introduction of new models and improved versions helped it widen the range of its products to facilitate a variety of applications. Also, this enabled Telcon in addressing and capturing the opportunities in demand, especially in the mining sector. 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.

Government Regulations

India

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 11 major cities in India are expected to move to Bharat Stage IV norms (equivalent to Euro IV norms) and the rest of India to Bharat Stage III norms.

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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. 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 become a signatory to 1998 UNECE Agreement on Global Technical Regulations (GTR) since April 22, 2006 and has voted in favour of all the 7 Global Technical Regulations, Tata Motors works closely with the Government of India to participate in WP 29 World Forum Harmonisation activities.

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 which 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 had 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 considering 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 2008-09, the Government of India reduced the Excise duty on small cars from 16% to 12%. The Government of India further reduced the excise duty rate from 12% to 8% in December 2008. This reduction was a part of Government initiative towards revival of Automobile industry from the recessionary situation. The excise duty on cars other than small cars was also reduced from 24% to 20%. Small cars 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.

The excise duty on motor vehicles for transport of more than 13 persons, including the driver, from 16% to 12% and this was further reduced to 8% in December 2008 . Excise duty on chassis fitted with engines for such vehicles was also reduced from 16% + Rs.10,000 per chassis to 12% + Rs.10,000 per chassis which was further reduced to 8% + Rs.10,000 per chassis in December 2008.

Excise duty on Trucks was reduced from 16% to 14%, which was further reduced to 10% in December 2008. The excise duty on Trucks was again reduced from 10% to 8% in the Union Budget 2009-10.

In December 2008, the excise duty on Safari, SUVs & UVs was reduced from 24% + Rs. 20,000 per vehicle to 20% + Rs. 20,000 per vehicle which was further reduced to 20% + Rs. 15,000 per vehicle in the Union Budget of 2009-10.

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. Cars, UVs and SUVs in completely built up or CBU condition can be imported at 60% Basic Customs duty, and commercial vehicles can be imported at Basic Custom duty of 10% 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%.

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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 and certain states have introduced additional VAT of 1% & 3% on specified commodities including Automobiles. In one of the states, surcharge of 10% on VAT has been introduced on Automobiles. 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, the implementation of VAT would result in savings on sales tax component as VAT paid on inputs can be set off against tax paid on outputs.

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

Economic Stimulus Package:

In January 2009, the government of India announced an Economic Stimulus Package targeting the Automotive Industry. The Public Sector banks will step forward to fund the auto sector along with providing a line of credit to NBFCs, specifically for the CVs. States shall be provided a one time assistance to purchase 15,000 buses for their urban transport system. There was a 4% cut in the Cenvat rate on Cars and Trucks and 2% cut in Cenvat rate on motor vehicles for transport of more than 13 persons, including the driver. Further in February 2009, the Cenvat was reduced from 10% to 8% for Trucks & Buses and Service Tax was also reduced from 12% to 10%. The government of India has also provided for an accelerated tax depreciation of 50% for commercial vehicles purchased between January 1 and September 30, 2009.

Europe/UK/United States

Emission and Safety:

There has been a greater emphasis by governments on the emission and safety levels for the automobile industry. Existing EU4 and EU5 regulations, and planned EU6 regulations place limits on particulate emissions and emissions of pollutants other than CO2 and encourage fuel economy. The EU has indicated that it will introduce legislation to reduce CO2 emissions from passenger cars. Jaguar Land Rover carefully monitors environmental requirements and has plans to reduce the average CO2 emissions of its vehicle fleet through the introduction of sustainable technologies including modular lightweight vehicle architectures, smaller and more fuel efficient SUV s, and development of technologies that use hybrid and alternative fuels. While Jaguar Land Rover has plans to reduce emissions, the risk remains that eventual legislation may impose requirements in excess of currently planned design actions. Also, consumers may demand further fuel efficiency and reductions in emissions. To comply with current and future environmental norms, Jaguar Land Rover may have to incur substantial capital expenditure and research and development costs to upgrade products and manufacturing facilities, which would have an impact on its cost of production and results of operation.

The regulatory environment continues to intensify with EU draft regulations, U.S. CAFE and national CO2 actions/incentives. These have had a potentially negative impact on larger vehicles/premium segments, influenced by significant tax related impacts, particularly in smaller European markets.

Safety:

Vehicles sold in Europe are subject to vehicle safety regulations established by the EU or by individual countries which are similar to those in the United States Major regulatory changes in Europe are:

- The EU Commission has recently proposed new requirements for enhanced (phase 2) pedestrian protection. Pedestrian protection legislation may have a significant impact on the design of our future passenger cars;

- The cooling agent currently used in vehicle air conditioning systems may not be used in all-new vehicle types beginning in 2011, and will be banned in pre-existing vehicle lines beginning in 2017. Alternative cooling agents will have to be developed, which are expected to result in significantly higher costs;

The EU Commission has proposed mandating tire pressure monitoring systems in the context of fuel economy legislation;

The EU Commission has passed regulatory requirements to fit active safety systems, such as electronic stability control systems, collision mitigation braking systems and lane departure warning systems for heavy duty commercial vehicles.

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In addition, within the framework of the United Nations Economic Commission for Europe (UNECE), the EU may establish new vehicle safety regulations (e.g. regarding head restraints).

The U.S. National Highways Transport Safety Agency (NHTSA) issues federal motor vehicle safety standards covering a wide range of vehicle components and systems such as airbags, seatbelts, brakes, windshields, tires, steering columns, displays, lights, door locks, side impact protection, and fuel systems. We are required to test new vehicles and equipment and assure their compliance with these standards before selling them in the United States. We are also required to recall vehicles found to have defects that present an unreasonable risk to safety or which do not conform to the required Federal Motor Vehicle Safety Standards, and to repair them without charge to the owner. The financial cost and impact on consumer confidence of such recalls be significant depending on the repair required and the number of vehicles affected. Jaguar Land Rover has no investigations relating to alleged safety defects or potential compliance issues pending before NHTSA.

These standards add to the cost and complexity of designing and producing vehicles and equipment. In recent years the NHTSA has mandated, among other things:

- a system for collecting information relating to vehicle performance and customer complaints, and foreign recalls to assist in the early identification of potential vehicle defects as required by the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act; and
- enhanced requirements for frontal and side impact, including a lateral pole impact.

Furthermore, the Cameron Gulbransen Kids Transportation Safety Act of 2007 (Kids and Cars Safety Act) passed into law in 2008 requires NHTSA to enact regulations related to rearward visibility and brake-to-shift interlock, and requires that NHTSA consider regulating the automatic reversal functions on power windows. The cost to meet with these proposed regulatory requirements may be significant.

Vehicle safety regulations in Canada are similar to those in the United States; however, many other countries have vehicle regulatory requirements which differ to those in the United States. The differing requirements among various countries create complexity and increase costs such that the development/production of a common product that meets all country regulatory requirements is not possible. Global Technical Regulations (GTRs), developed under the auspices of the United Nations (UN), continue to have increasing impact on automotive safety activities. In 2008, GTRs on Electronic Stability Control, Head Restraints, and Pedestrian Protection were adopted by the UN World Forum for the Harmonisation of Vehicle Regulations, and are now in different stages of national implementation. While global harmonization is fundamentally supported by the auto industry in order to reduce complexity, national implementation yet may introduce subtle differences into the system.

Economic Stimulus Package/Incentives:

Some of the European governments have introduced support schemes for the motor industry within their countries. The US government has also provided support to the US car manufacturers. The UK government announced the Automotive Assistance Program, a program of support for the British car industry back in January 2009. The EIB has also announced a support package of aid to the car industry.

In January 2009, the UK government announced the UK Automotive Assistance Programme (AAP) to address funding requirements of the UK automotive industry. The AAP will facilitate the government loan guarantees on a case by case basis, for projects for which EIB (European Investment Bank) funding has been approved and to bring special value to the UK through the preservation of jobs and new investments which fulfill government objectives of low carbon emission. In March 2009, it was confirmed that the UK government was to make available a grant of up to £27 million to support the production of a new model based on the compact and sustainable LRX Concept to be produced at the Halewood factory. The vehicle, which is subject to final production confirmation later in 2009, would be the smallest, lightest and most fuel efficient addition to the Range Rover family of luxury vehicles. This vehicle is planned to further enhance the Jaguar Land Rover commitment to sustainability.

The UK government also introduced a vehicle scrappage incentive scheme on vehicles that are aged 10 years plus in order to stimulate car purchases within the UK market. Limited sales activity has been witnessed by the Jaguar Land Rover brands. Several European countries have also introduced versions of vehicle scrappage schemes and incentives, including Cyprus, France, Germany, Italy, Luxembourg, Portugal, Romania and Spain. In July 2009, the US government introduced a $1 billion scrappage scheme which has been concluded.

Insurance Coverage:

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. We have also taken insurance coverage on directors and officers liability to minimize risks associated with international litigations for us and some of our subsidiaries.

Jaguar Land Rover has global insurance coverage which Jaguar Land Rover considers to be reasonably sufficient to cover normal risks associated with our operations and insurance risks (including property, business interruption, Marine and Product/General Liability).

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 financial statements unless the loss becomes probable. Should any new developments arise, such as a change in law or rulings against us, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability. Certain claims that are above Rs.200 million in value are described in Note 38 to our consolidated financial statements included in this annual report. In respect of claims against us below Rs.200 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.

There are outstanding litigation proceedings against Jaguar Land Rover and its subsidiaries. These legal proceedings are pending at different levels of adjudication before various courts and tribunals.

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.

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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 $ 70.8 billion for fiscal 2009.

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.

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 pays 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, Tata Motors Limited and certain of our 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 Sons 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, 2008 and 2009, 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.

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.

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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 12.3% 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.

Subsidiaries and Affiliates

We have the following consolidated subsidiaries and equity method affiliates as of March 31, 2009:

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 Broking and Advisory Services Ltd.	India	100.00
7	Tata Daewoo Commercial Vehicle Co. Ltd.	South Korea	100.00
8	Tata Motors European Technical Centre plc and its 2 subsidiaries	UK	100.00[5]
9	Tata Technologies Ltd. and its 11 functional subsidiaries	India[1]	82.66[2]
10	Telco Construction Equipment Co. Ltd. and its 5 subsidiaries	India	60.00[4]
11	Tata Precision Industries Pte. Ltd., Singapore and its subsidiary	Singapore	51.07
12	Tata Motors Finance Ltd.	India	100.00
13	Tata Motors (Thailand) Ltd.	Thailand	70.00
14	Hispano Carrocera S.A. and its 2 subsidiaries	Spain[3]	21.01
15	TML Holdings PTE Ltd., Singapore and its 35 subsidiaries	Singapore[1]	100.00
16	Tata Motors (SA) (Proprietary) Ltd.	South Africa	60.00
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