

Summarised Balance Sheet

	(Rupees crores)	
	As at March 31, 2006	As at March 31, 2005
WHAT THE COMPANY OWNED		
1. NET FIXED ASSETS	4521.23	3696.51
2. INVESTMENTS	2015.15	2912.06
3. NET CURRENT ASSETS	2545.95	545.36
4. MISCELLANEOUS EXPENDITURE	14.12	18.16
5. TOTAL ASSETS (NET)	<u>9096.45</u>	<u>7172.09</u>
WHAT THE COMPANY OWED		
1. LOANS	2936.84	2495.42
2. NET WORTH	5537.07	4111.39
Represented by :		
Share Capital	Rs. 382.87 Crores	(Previous Year Rs. 361.79 Crores)
Reserves	Rs. 5154.20 Crores	(Previous Year Rs. 3749.60 Crores)
3. DEFERRED TAX LIABILITY (NET)	622.54	565.28
4. TOTAL FUNDS EMPLOYED	<u>9096.45</u>	<u>7172.09</u>

Summarised Profit and Loss Account

	(Rupees crores)	
	2005-2006	2004-2005
1. INCOME		
SALE OF PRODUCTS AND OTHER INCOME	24293.23	20648.66
LESS : EXCISE DUTY	3401.92	3063.44
	<u>20891.31</u>	<u>17585.22</u>
2. EXPENDITURE		
RAW MATERIALS / COMPONENTS, MANUFACTURING AND OTHER EXPENSES	16879.38	14208.70
EMPLOYEE COST	1143.13	1039.34
PRODUCT DEVELOPMENT EXPENDITURE	73.78	67.12
DEPRECIATION	520.94	450.16
INTEREST	226.35	154.15
TOTAL EXPENDITURE	<u>18843.58</u>	<u>15919.47</u>
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	2047.73	1665.75
PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	9.69	(9.67)
EMPLOYEE SEPARATION COST	(4.04)	(4.18)
3. PROFIT BEFORE TAX	2053.38	1651.90
4. TAX EXPENSE	(524.50)	(414.95)
5. PROFIT AFTER TAX	<u>1528.88</u>	<u>1236.95</u>
6. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	585.60	365.80
Arrears of preference dividend pertaining to erstwhile Tata Finance Ltd. (including tax)	(19.94)	-
	<u>2094.54</u>	<u>1602.75</u>
7. APPROPRIATIONS		
(i) Proposed Dividends	497.94	452.19
(ii) Tax on Proposed Dividends	69.84	63.42
(iii) Residual dividend paid for the year 2003-04 (including tax)	-	1.54
(iv) General Reserve	750.00	500.00
(v) Balance carried to Balance Sheet	776.76	585.60
	<u>2094.54</u>	<u>1602.75</u>

Chairman's Statement

Dear Shareholder,

The Indian economy has continued to register a high growth rate in the current year. There is every reason to believe that a 7.5-8% GDP growth rate is sustainable so long as the present level of investment in infrastructure continues and that no major fiscal measures are introduced that would slow down the economy.

The automotive industry has seen double digit growth over the past two years but witnessed a slow-down in its growth rate to around 8% due to uncertainties in emission legislation in the first quarter of the year, and lower number of new model introductions of passenger cars. The industry however did see an upturn towards the end of the year following the announcement by the Government of reduction in excise duty on small cars.

Tata Motors has had another outstanding year. It out-performed the industry with record revenues and sales volumes. The Company improved its market share in commercial vehicles, bolstered by the highly successful introduction of Ace, its new small truck. Also, the Company achieved its highest-ever sales volumes of passenger cars and utility vehicles during the year.

During the year, the Company also entered into discussions with Fiat S.p.A. of Italy on a strategic alliance to explore opportunities of mutual benefit which could include possible sourcing of technologies, power trains and major aggregates from Fiat, sharing of common vehicle

platforms between the two companies and even possible joint development of models which could be badged and sold by both companies in different geographies. As a first step in this important alliance, Tata Motors is supporting Fiat India's sales distribution and servicing of Fiat vehicles through selected Tata Motors dealers' outlets. The discussions also include the possible sharing of defined manufacturing facilities at the manufacturing plants of both companies.

Cost reduction, better cash management, quality improvement and a reduction in development time for new products, have been amongst the major points of focus in the Company during the year. In past years, the Company has suffered from an image of being a volume-driven company with less attention to quality. Undoubtedly if the Company is to achieve its longer term goals, it is essential that it produces and sells vehicles of world-class quality and provides service and customer support of a much higher caliber than it does today. Building a credible presence in selected geographies has been another major thrust area during the year. In the current year, the Company has been able to assemble and sell 11% of its total output in overseas markets, and it is planned that this would be increased significantly in the coming years. Today, Tata Motors' largest market is South Africa, both for passenger cars and commercial vehicles. The Company is also witnessing increasing sales in several European and Asian countries. The increasing acceptance of the Company's vehicles in different countries is a testimony to improved quality and market relevance.

There has been great speculation on the new small car in terms of cost, drivability and fuel economy. I therefore thought it might be worthwhile to give a brief update on the status of this important project. The styling and design of the car have been completed and prototypes are being tested within the plant. It will be a rear-engine, 4-5 seat, 4-door car with

about a 30 horsepower engine. The car is expected to be launched in early 2008 and we believe it will be extremely attractive to the Indian consumer – particularly the younger families – at a price level of about Rs. 100,000. First steps have been taken to locate the manufacturing plant near Kolkata. The launch of this small car will create a new paradigm in low-cost personal transport. It will create a new market segment and reach the broader base of the pyramid.

Rising fuel costs will put added strain on the automobile industry in both the commercial vehicles and passenger car segments. It will call for more fuel efficient engines and will spur the development of alternate fuels and energy sources for vehicles of the future. Tata Motors, like other automobile companies, is exploring various new technologies to meet the new challenges arising from spiraling energy costs. During the year, the Company took the decision to augment its Engineering Research Center in Pune by establishing a European Technical Center in the United Kingdom, which would have access to leading-edge technologies and could support the many product development activities which the Company will need to undertake in order to safeguard its position in the very competitive global markets of the future.

The coming years will be interesting years for the automotive industry worldwide. There may conceivably be dramatic changes in the structure of the major global automobile makers and the adoption of many new technologies that embed intelligence in the vehicle for safety, driver comfort and convenience, better performance, and fuel efficiency. In India, it is also conceivable that there could be structural changes amongst the present major manufacturers. The increased capacity of national roads and small feeder roads will dramatically change the ease of access to the nation's hinterland and change the dynamics of transport of goods and services throughout India.

For Tata Motors the coming years will be particularly exciting. The Company will be launching a range of new, technically-advanced commercial vehicles and passenger cars, both in the domestic and overseas markets. There will of course be challenges but the tremendous spirit that has always been displayed by employees at all levels in the organization, I believe, will meet those challenges and enable Tata Motors to retain its leadership position as a major Indian automotive company actively participating in the country's prosperity and carrying the banner of India to overseas markets with a sense of great pride.



Chairman

Mumbai, June 13, 2006

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-FIRST ANNUAL GENERAL MEETING OF TATA MOTORS LIMITED will be held on Tuesday, July 11, 2006 at 3.00 p.m., at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2006 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To declare a dividend on Ordinary Shares.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED that Mr J K Setna, a Director liable to retire by rotation, who does not seek re-election, is not re-appointed a Director of the Company."
"RESOLVED FURTHER that the vacancy, so created on the Board of Directors of the Company, be not filled."
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED that Mr H Petri, a Director liable to retire by rotation, who does not seek re-election, is not re-appointed a Director of the Company."
"RESOLVED FURTHER that the vacancy, so created on the Board of Directors of the Company, be not filled."
5. To appoint Auditors and fix their remuneration.

Special Business**6. Appointment of Mr V R Mehta as a Director**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that Mr V R Mehta who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 24, 2005 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

7. Appointment of Mr S M Palia as a Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that Mr S M Palia who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 19, 2006 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

8. Appointment of Mr Ravi Kant as Managing Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves

of the appointment and terms of remuneration of Mr Ravi Kant as the Managing Director of the Company for the period from July 29, 2005 to June 1, 2009, upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in any financial year as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr Kant."

"RESOLVED FURTHER that the Board of Directors or a Committee thereof of the Company, be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

9. Re-appointment of Mr Praveen P Kadle as Executive Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that in partial modification of Resolution No.3 passed at the Extraordinary General Meeting of the Company held on March 27, 2002 for the appointment and terms of remuneration of Mr Praveen P Kadle, Executive Director of the Company and in partial modification of Resolution No.10 passed at the Annual General Meeting held on July 8, 2004 revising the terms of remuneration of Mr Kadle and in accordance with the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves of the re-appointment and terms of remuneration of Mr Kadle as the Executive Director of the Company for a period of 5 years, commencing from July 11, 2006, upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in any financial year as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr Kadle."

"RESOLVED FURTHER that the Board of Directors or a Committee thereof of the Company, be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

10. Increase in borrowing limits

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that in supersession of Resolution No.10 passed at the Annual General Meeting of the Company held on July 29, 1996 and pursuant to Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies, already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.7,500 crores."

11. Alteration of the Capital Clause in the Memorandum of Association

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs. 410,00,00,000 divided into 41,00,00,000 Ordinary Shares of Rs. 10/- each to Rs. 450,00,00,000 by the creation of 4,00,00,000 Ordinary Shares of Rs. 10/- each and that Clause V of the Memorandum of Association of the Company be and is hereby altered accordingly."

12. Raising of additional long term resources

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

“RESOLVED that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India or any other relevant authorities from time to time, to the extent applicable and subject to such consents and such other approvals as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed or made, while granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches, in the course of domestic/international offerings to Domestic/Foreign Institutions, Non-Resident Indians, Indian Public Companies, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds, individuals or otherwise, whether shareholders of the Company or not, through a public issue and/or on a private placement basis, Ordinary Shares and/or Ordinary Shares through depository receipts and/or debentures whether partly/fully convertible and/or securities linked to Ordinary Shares and/or foreign currency convertible bonds and/or bonds with Share Warrants attached and/or Warrants with a right exercisable by the warrant holder to subscribe for the Ordinary Shares (hereinafter collectively referred to as “Securities”), secured or unsecured, for cash, at such price or prices, in such manner and on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities, so however that the total amount raised through the aforesaid Securities should not exceed Rs.3,000 crores or its equivalent of incremental funds for the Company.”

“RESOLVED FURTHER that in case of Securities linked to Ordinary Shares, the Board be and is hereby authorised to issue and allot such number of Ordinary Shares as may be required to be issued and allotted, including issue and allotment of Ordinary Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari-passu inter-se and with the then existing Ordinary Shares of the Company in all respects.”

“RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Act and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned Securities to be issued, by the creation of a mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.”

“RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue/conversion of securities/exercise of warrants/redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges in India and/or abroad as the Board, in its absolute discretion may deem fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to settle any questions or difficulties that may arise in regard to the issue(s).”

NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 3, 4 and 6 to 12 set out above and details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, are annexed hereto.

- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting.
- (c) Only registered Members of the Company may attend and vote (either in person or by proxy) at the Annual General Meeting. The holders of the American Depositary Receipts (the 'ADRs') of the Company shall not be entitled to attend the said Annual General Meeting. However, the ADR holders are entitled to give instructions for exercise of voting rights at the said meeting through the Depository, to give or withhold such consents, to receive such notice or to otherwise take action to exercise their rights with respect to such underlying shares represented by each American Depositary Shares. A brief statement as to the manner in which such voting instructions may be given would be sent to the ADR holders by the Depository.
- (d) The Register of Members and Transfer Books of the Company will be closed from Tuesday, June 27, 2006 to Tuesday, July 11, 2006, both days inclusive, for the purpose of payment of dividend to those Members whose names stand on the Register of Members as on July 11, 2006. The dividend in respect of Ordinary Shares held in electronic form will be payable to the beneficial owners of the Ordinary Shares as at the end of business hours on June 26, 2006, as per the details furnished by the depositories for this purpose.
- (e) The dividend on Ordinary Shares as recommended by the Directors for the year ended March 31, 2006 will be payable on or after July 11, 2006 in accordance with the resolution to be passed by the Members of the Company.
- (f) To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Transfer Agents.
- (g) Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/name, etc. to their Depository Participant only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the Members.
- (h) Members' attention is particularly drawn to the "Corporate Governance" section in respect of unclaimed and unpaid dividends.
- (i) Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
- (j) As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.

By Order of the Board of Directors

H K Sethna
Company Secretary

Mumbai, May 31, 2006

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

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 (the Act), sets out all material facts relating to the business mentioned at Item nos. 3, 4 and 6 to 12 of the accompanying Notice dated May 31, 2006.

Item Nos. 3 & 4: In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mr J K Setna and Mr H Petri retire by rotation. Mr Setna and Mr Petri have not sought re-election. It has been decided by the Board that the vacancies so created on the Board of Directors of the Company should not be filled. Pursuant to Section 313 of the Act, Mr Fietzek, alternate director to Mr Petri, will cease to be a Director of the Company.

Mr Setna is a Director of the Company since September 1993 and is also a member of the Audit Committee and the Finance Committee of Directors. Mr Petri, a representative of Daimler Chrysler AG, Germany is on the Board of the Company since March 2000 and Mr Fietzek has been on the Board of the Company since May 1996. The Board has placed on record its appreciation of the contributions made by Messers Setna, Petri and Fietzek to the Company. Members' attention is invited to the Directors' Report.

Item Nos. 6 & 7: Mr V R Mehta was on the Board of the Company as a representative of Unit Trust of India since June 1998. Mr Mehta, by his counsel, had significantly contributed to the deliberations at Board/Committee meetings. His financial acumen and wide knowledge, particularly in the field of financial and project evaluation, both at national and international levels, had contributed to significant improvements in financial reporting, internal auditing and other matters falling within the scope of the Audit Committee of which he is the Chairman since December 1998. Mr Mehta is also a member of the Remuneration Committee of the Board. Consequent upon the withdrawal of nomination of Mr Mehta by the said Institution and taking into consideration the above, the Board of Directors of the Company at the Meeting held on October 25, 2005 appointed Mr Mehta as an Additional Director of the Company.

At the Meeting of the Board of Directors of the Company held on May 19, 2006, Mr S M Palia was appointed as an Additional Director of the Company with immediate effect pursuant to Article 132 of the Articles of Association of the Company.

Under Section 260 of the Act, Messrs. Mehta and Palia cease to hold office at this Annual General Meeting and are eligible for appointment. Notices under Section 257 of Act have been received from Members signifying their intention to propose their appointments as Directors. The Board considers it desirable to continue to receive the benefit of their advice and guidance and therefore commends their appointments.

Details of the said Directors and their brief resume have been given in the Annexure attached to the Notice.

Messrs. Mehta and Palia are interested in the Resolutions relating to their respective appointments.

Item Nos. 8 & 9: The Members had, at the Annual General Meeting of the Company held on August 14, 2001, approved the appointment and payment of remuneration to Mr Ravi Kant, Executive Director (Commercial Vehicle Business Unit) for a period of 5 years effective July 12, 2000. The Members had at the Extraordinary General Meeting held on March 27, 2002 approved the appointment and payment of remuneration to Mr Praveen P Kadle, Executive Director (Finance & Corporate Affairs) for a period of 5 years effective October 31, 2001 and also revised the terms of appointment of Mr Ravi Kant. At the Annual General Meeting held on July 8, 2004, the Members had revised the terms of appointment of Mr Kant and Mr Kadle. Subsequently, at the Annual General Meeting held on July 11, 2005, the Members re-appointed Mr Kant as the Executive Director for the period from July 12, 2005 to June 1, 2009.

The Board of Directors (the Board), at the Meeting held on July 29, 2005, appointed Mr Kant as the Managing Director of the Company for the period from July 29, 2005 to June 1, 2009 and thereafter, the Agreement between the Company and Mr Kant in his capacity as Executive Director was foreclosed. An Abstract of the draft agreement between the Company and Mr Kant under Section 302 of the Act was sent to the Members for their information.

Mr Kant joined the Company in February 1999 as Senior Vice President (Commercial Vehicles) and was later promoted as the Executive Director (Commercial Vehicle Business Unit) and Managing Director as mentioned above. Mr Kadle