Contents

Summarised Balance Sheet and Profit and Loss Account	3
Chairman's Statement	4
Notice	8
Financial Statistics	14
Distribution and Sources of Revenue	15
Graphs	16
Directors' Report	19
Details of Subsidiaries	28
Management Discussion and Analysis	29
Corporate Governance Report	36
Fund Flow Statement	50
Auditors' Report	51
Balance Sheet	56
Profit and Loss Account	57
Cash Flow Statement	58
Schedules to Accounts	59
Significant Accounting Policies	73
Notes to Accounts	76
Balance Sheet Abstract and Company's General Business Profile	92
Consolidated Accounts	
— Auditors' Report	93
— Balance Sheet	94
— Profit and Loss Account	95
— Cash Flow Statement	96
— Schedules to Accounts	97
— Significant Accounting Policies	105
— Notes to Accounts	110
Statement pursuant to Section 212 of the Companies Act, 1956	119

Annual General Meeting on Monday, July 9, 2007 at Birla Matushri Sabhagar at 3.00 p.m.

www.reportjunction.com

Board of Directors

Ratan N Tata
Chairman

N A Soonawala

J J Irani

V R Mehta

R Gopalakrishnan

N N Wadia

S A Naik

S M Palia

Ravi Kant
Managing Director

Praveen P Kadle
Executive Director

P M Telang
Executive Director

Registered Office

Bombay House
24, Homi Mody Street
Mumbai 400 001
Tel: +91-22-6665 8282
Fax: +91-22-6665 7799
Email: inv_rel@tatamotors.com
Website: www.tatamotors.com

Management Team

Ravi Kant, *Managing Director*
Praveen P Kadle, *Executive Director (Finance and Corporate Affairs)*
P M Telang, *Executive Director (Commercial Vehicles)*
A P Arya, *President (Heavy and Medium Commercial Vehicles)*
Rajiv Dube, *President (Passenger Cars)*
C Ramakrishnan, *Vice President (Chairman's Office)*
Shyam Mani, *Vice President (Sales and Marketing) CVBU*
K C Girotra, *Vice President (Lucknow Works and FBV)*
R S Thakur, *Vice President (Finance)*
M V Rajarao, *Vice President (Manufacturing) Pune*
P Y Gurav, *Vice President (Corporate Finance-Accounts and Taxation)*
S J Tambe, *Vice President (Human Resources)*
Zackria Sait, *Vice President (Technical Services)*
A K Mankad, *Head (Car Plant)*
S Krishnan, *Vice President (Commercial-PCBU)*

Company Secretary

H K Sethna

Reportjunction.com

Share Registrars

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011
Tel: +91-22-6656 8484 Fax: +91-22-6656 8494
Email: csg-unit@tsrdarashaw.com

Solicitors

Mulla & Mulla and Craigie, Blunt & Caroe
AZB & Partners

Auditors

Deloitte Haskins & Sells

Works

Jamshedpur, Pune, Lucknow, Dharwad

Bankers

Bank of America, Bank of Baroda, Bank of India, Bank of Maharashtra, Central Bank of India, Citibank N. A., Corporation Bank, Deutsche Bank, HDFC Bank Limited, ICICI Bank Limited, Standard Chartered Bank, State Bank of India, The Hongkong & Shanghai Banking Corporation Limited, Union Bank of India

www.reportjunction.com

Summarised Balance Sheet

(Rs. in crores)

		As at March 31, 2007	As at March 31, 2006
WHAT THE COMPANY OWNED			
1	NET FIXED ASSETS	**6394.58**	4521.23
2	INVESTMENTS	**2477.00**	2015.15
3	NET CURRENT ASSETS	**2784.05**	2545.95
4	MISCELLANEOUS EXPENDITURE	**10.09**	14.12
5	TOTAL ASSETS (NET)	**11665.72**	9096.45
WHAT THE COMPANY OWED			
1	LOANS	**4009.14**	2936.84
2	NET WORTH	**6869.75**	5537.07
	Represented by :		
	Share Capital **Rs. 385.41 Crores** (Previous Year Rs. 382.87 Crores)		
	Reserves **Rs. 6484.34 Crores** (Previous Year Rs. 5154.20 Crores)		
3	DEFERRED TAX LIABILITY (NET)	**786.83**	622.54
4	TOTAL FUNDS EMPLOYED	**11665.72**	9096.45

Summarised Profit and Loss Account

(Rs. in crores)

		2006-2007	2005-2006
1	**INCOME**		
	SALE OF PRODUCTS AND OTHER INCOME	**31884.69**	24001.44
	LESS : EXCISE DUTY	**4349.45**	3347.95
		27535.24	20653.49
	DIVIDEND AND OTHER INCOME	**245.19**	289.08
		27780.43	20942.57
2	**EXPENDITURE**		
	RAW MATERIALS / COMPONENTS, MANUFACTURING AND OTHER EXPENSES	**22853.69**	16930.64
	EMPLOYEE COST	**1367.83**	1147.17
	PRODUCT DEVELOPMENT EXPENDITURE	**85.02**	73.78
	DEPRECIATION	**586.29**	520.94
	INTEREST	**313.07**	226.35
	TOTAL EXPENDITURE	**25205.90**	18898.88
	PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX	**2574.53**	2043.69
	PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	**(1.09)**	9.69
	EMPLOYEE SEPARATION COST	**(0.26)**	-
3	**PROFIT BEFORE TAX**	**2573.18**	2053.38
4	TAX : i) CURRENT	**(482.50)**	(382.35)
	ii) DEFERRED	**(177.22)**	(142.15)
5	**PROFIT AFTER TAX**	**1913.46**	1528.88
6	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	**776.76**	585.60
	Arrears of preference dividends pertaining to erstwhile Tata Finance Ltd. (including tax)	-	(19.94)
		2690.22	2094.54
7	**APPROPRIATIONS**		
	(i) Proposed Dividends	**578.07**	497.94
	(ii) Tax on Proposed Dividends	**98.25**	69.84
	(iii) Residual dividend paid for year 2005-06 (including tax)	**0.07**	-
	(iv) General Reserve	**1000.00**	750.00
	(v) Balance carried to Balance Sheet	**1013.83**	776.76
		2690.22	2094.54

www.reportjunction.com

Chairman's Statement

Dear Shareholder,

The Indian economy continued its trend of robust growth on the back of strong performance in key industrial sectors. While inflationary concerns during the year have prompted a correction in interest rates, which could lead to a slowdown in consumer demand, the fundamentals of the economy continue to remain strong and the long-term outlook for the economy continues to be positive.

reportjunction.com

The Indian automotive industry, after experiencing a slow-down in growth rate last year, bounced back impressively this year to post strong volumes in all segments. In particular, the commercial vehicles segment, which saw a decline in growth rates over the last two years, grew by 33%, buoyed by increased industrial activity and continued investment in road infrastructure. The passenger vehicle segment was favorably impacted by a reduction in excise duty on small cars and increased consumer spending.

In this scenario, Tata Motors has had another outstanding year. The Company out-performed the industry with record revenues and sales volumes. It significantly improved its market share in commercial vehicles, driven by the enormous market acceptance of the Ace 0.75-tonne pick-up vehicle. The Company also achieved its highest-ever sales volumes of passenger cars and utility vehicles during the year.

www.reportjunction.com

The Company has, over the past few years, followed a conscious strategy of expanding its product range and its geographic spread in order to reduce its dependence on one single economy and one single business cycle. This has led to the development of new products such as the Ace in the case of commercial vehicles, and the proposed small car, apart from serious expansion of exports and/or assembly activities in overseas markets.

As a result of this strategy, the Company has formed a joint venture in Thailand to assemble and market pick-up trucks in the Thai market, which is the second largest pick-up market in the world. The Company has also entered into a joint venture with the Brazil-based Marcopolo Company, to manufacture and assemble fully built buses and coaches in India. The Company has achieved great visibility in the passenger car markets in South Africa, Spain and Italy. It is now proposed that the vast markets of Latin American countries be jointly addressed with the Fiat Group, as part of the global alliance between the two companies.

During the year, construction of the new manufacturing plant (jointly owned with Fiat) at Ranjangaon has been progressing on schedule and will go on-stream in 2008. The Fiat relationship has further been strengthened through the execution of a Memorandum of Understanding with Iveco (the Fiat Group's commercial vehicle company), to explore opportunities for cooperation in engineering, manufacturing, sourcing and distribution of products, aggregates and components of commercial vehicles across markets. FIAT has also signed a licensing agreement with the Company to build a pick-up vehicle for sale in the Latin American market.

www.reportjunction.com

Tata Motors remains committed to launching its new small car in the first half of 2008. Construction work has commenced at the plant site at Singur in West Bengal. There is confidence that the Company's presence in Singur will result in the same positive impact on the communities in the area and in the state that its plants have had on the communities in and around Pune, Jamshedpur, Lucknow and Dharwad. In addition to the Company's own investment in Singur, large investments will also be made within the plant perimeter by a large number of automotive component suppliers and manufacturers who will serve the small car project. One hopes that the Company's bona fides and high sense of social responsibility will overcome the misplaced apprehensions and concerns which arose in the early days of the project.

Report Junction.com

There continue to be pressures on margins arising from rising prices of raw materials like steel, non-ferrous metals, rubber and engineering plastics. These will be partially offset by the cost reduction initiatives undertaken by the Company. However, the prices of most of these materials continue to spiral upwards for the second consecutive year and this may impact the Company's profitability going forward. The hardening of consumer finance interest rates and tight liquidity in the second half of the fiscal year under review, have already started to have an adverse impact on the automotive industry. If these trends were to continue, growth in the automotive sector could be adversely impacted.

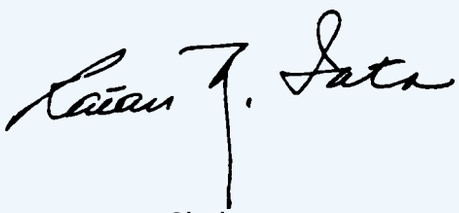
Despite these bothersome trends, the years ahead for the industry and in particular for Tata Motors, although challenging, are years of great opportunity. The growth of the Indian market, the increased sophistication in components suppliers' capabilities and global sectorial competitiveness will result in the establishment of a world-scale

www.reportjunction.com

automotive industry. The challenge for Tata Motors will be to develop and produce technically-advanced commercial vehicles and passenger cars of world-class quality for the domestic and overseas markets. An impressive range of new products is planned to be launched over the next two years. This will be the most aggressive new product program in the Company's history. The focus has been on innovation and market leadership. The new Ace goods carrier and its passenger-carrying variants are such innovative products - the first in the industry. Similarly, the small car proposed to be launched at a price of around Rs. 1 lakh, will be a never-before-undertaken project which will hopefully create a new paradigm in the aspirational fulfillment of the lower-income segment of the people of India, Asia and Africa.

Report Junction.com

With intense global competition, the challenges will be great but with the spirit, commitment and dedication displayed by employees at all levels, these challenges will continue to be met and overcome. Tata Motors will strive to retain its leadership position in India while being increasingly recognized internationally as an emerging automobile company in the global marketplace.



Chairman

Mumbai, June 4, 2007

www.reportjunction.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SECOND ANNUAL GENERAL MEETING OF TATA MOTORS LIMITED will be held on Monday, July 9, 2007 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, 2007 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 appoint a Director in place of Mr N A Soonawala, who retires by rotation and is eligible for re-appointment.

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

   "RESOLVED that Mr S A Naik, a Director liable to retire by rotation, who does not seek re-election, be 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.

ReportJunction.com

Special Business

6. **Appointment of Mr P M Telang 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 P M Telang who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 18, 2007 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 P M Telang as Executive 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 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 P M Telang as the Executive Director of the Company for a period of 5 years w.e.f. May 18, 2007, 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 Telang."

www.reportjunction.com

"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."

8. **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 11, 2006 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.12,000 crores."

9. **Change in place of keeping registers and records**

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

"RESOLVED that, in supersession of Resolution No.14 passed at the Annual General Meeting of the Company held on August 26, 1986, and pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) {'the Act'}, the Company hereby approves that the Register and Index of Members, Register and Index of Debenture holders and copies of all the Annual Returns prepared under Section 159 of the Act, along with other certificates and documents required to be annexed thereto under Section 161 of the Act and other applicable provisions, be kept at the Registered Office of the Company and / or at the offices of TSR Darashaw Limited, the Company's Registrars and Share Transfer Agents at 6-10, 1st Floor, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 and/ or Pooja Apartment, Ground floor, Near Vitrum Glass Factory, Opp. HCC Ltd., L.B.S. Road, Vikhroli (West), Mumbai 400 079."

NOTES:

a. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 and 6 to 9 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. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organization.

www.reportjunction.com

c. Only registered Members of the Company may attend and vote 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 Depositary, 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 such American Depositary Share. A brief statement as to the manner in which such voting instructions may be given would be sent to the ADR holders by the Depositary.

d. The Register of Members and Transfer Books of the Company will be closed from Tuesday, June 5, 2007 to Tuesday, June 12, 2007, both days inclusive, for the purpose of payment of dividend to those Members whose names stand on the Register of Members as on June 12, 2007. 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 4, 2007, 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, 2007 will be payable on or after July 9, 2007 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 18, 2007

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

www.reportjunction.com