

**TATA MOTORS**



**63rd Annual Report 2007-2008**

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## ATTENTION

Shareholders please note that pursuant to recent changes in applicable laws and regulations, in order to receive and participate in all corporate actions of the Company, you are requested to:-

- Inform our Registrar/Depository Participants, if not already done earlier, for updating details of your PAN number. Non-submission of PAN number is a cause of rejection especially by shareholders holding securities in physical form.
- Inform your Depository Participant to reactivate your account for credit actions. Frozen Demat Accounts may lead to non-credit/delayed credit of securities allotted to your account.
- Update your address with Registrar/Depository Participants to ensure timely receipt of shareholder communication.

**Annual General Meeting on Thursday, July 24, 2008 at Birla Matushri Sabhagar at 3.00 p.m.**

Rs. 1 crore = Rs. 10 million

## Board of Directors

**Ratan N Tata**  
*Chairman*

**N A Soonawala**

**J J Irani**

**V R Mehta**

**R Gopalakrishnan**

**N N Wadia**

**S M Palia**

**R A Mashelkar**

**Ravi Kant**  
*Managing 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*  
P M Telang, *Executive Director (Commercial Vehicles)*  
Rajiv Dube, *President (Passenger Cars)*  
C Ramakrishnan, *Chief Financial Officer*  
S N Ambardekar, *Plant Head (CVBU, Pune)*  
S B Borwankar, *Head (Jamshedpur - Plant)*  
A M Mankad, *Head (Car Plant)*  
U K Mishra, *Vice President (ADD and Materials-CVBU)*  
S Krishnan, *Vice President (Commercial - PCBU)*  
P Y Gurav, *Vice President (Corp. Finance - A/c and Taxation)*  
S J Tambe, *Vice President (Human Resources)*  
R Pisharody, *Vice President (Sales and Marketing - CVBU)*  
A Gajendragadkar, *Chief Internal Auditor*

## Company Secretary

H K Sethna

## 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, Pantnagar

## 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

## Corporate Identity Number (CIN)

L28920MH1945PLC004520

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*Chairman*

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**J J Irani**

**V R Mehta**

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**N N Wadia**

**S M Palia**

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U K Mishra, *Vice President (ADD and Materials-CVBU)*  
S Krishnan, *Vice President (Commercial - PCBU)*  
P Y Gurav, *Vice President (Corp. Finance - A/c and Taxation)*  
S J Tambe, *Vice President (Human Resources)*  
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## Corporate Identity Number (CIN)

L28920MH1945PLC004520

## Summarised Balance Sheet

	(Rs. in crores)	
	As at March 31, 2008	As at March 31, 2007
<b>WHAT THE COMPANY OWNED</b>		
1. NET FIXED ASSETS	10452.27	6394.58
2. INVESTMENTS	4910.27	2477.00
3. NET CURRENT ASSETS	(272.85)	2784.05
4. MISCELLANEOUS EXPENDITURE	6.05	10.09
5. TOTAL ASSETS (NET)	15095.74	11665.72
<b>WHAT THE COMPANY OWED</b>		
1. LOANS	6280.52	4009.14
2. NET WORTH	7839.50	6869.75
Represented by :		
Share Capital	Rs. 385.54 crores	(Previous Year Rs. 385.41 crores)
Reserves	Rs. 7453.96 crores	(Previous Year Rs. 6484.34 crores)
3. DEFERRED TAX LIABILITY (NET)	975.72	786.83
4. TOTAL FUNDS EMPLOYED	15095.74	11665.72

## Summarised Profit and Loss Account

	2007-2008	2006-2007
<b>1. INCOME</b>		
SALE OF PRODUCTS AND OTHER INCOME FROM OPERATIONS	33093.93	31819.48
LESS : EXCISE DUTY	4363.11	4349.45
	28730.82	27470.03
DIVIDEND AND OTHER INCOME	483.18	245.19
	29214.00	27715.22
<b>2. EXPENDITURE</b>		
RAW MATERIALS / COMPONENTS, MANUFACTURING AND OTHER EXPENSES	24093.93	22789.57
EMPLOYEE COST	1544.57	1368.09
PRODUCT DEVELOPMENT EXPENDITURE	64.35	85.02
DEPRECIATION	652.31	586.29
INTEREST	282.37	313.07
TOTAL EXPENDITURE	26637.53	25142.04
<b>3. PROFIT BEFORE TAX</b>	2576.47	2573.18
4. TAX : (i) CURRENT	(146.01)	(482.50)
(ii) DEFERRED	(401.54)	(177.22)
<b>5. PROFIT AFTER TAX</b>	2028.92	1913.46
6. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	1013.83	776.76
	3042.75	2690.22
<b>7. APPROPRIATIONS</b>		
(i) Proposed Dividends	578.43	578.07
(ii) Tax on Proposed Dividends	81.25	98.25
(iii) Residual dividend paid for the year 2005-06 (including tax)	—	0.07
(iv) General Reserve	1000.00	1000.00
(v) Balance carried to Balance Sheet	1383.07	1013.83
	3042.75	2690.22

## Chairman's Statement

Dear Shareholder,

The Indian economy continued to register impressive GDP growth, although the rate of growth declined marginally over the previous year, reflecting inflationary trends driven by the increase in the cost of energy and raw materials. The level of industrial activity has also begun to decline as a result of fiscal constraints imposed on money supply and the raising of interest rates.

Investment flows into India increased by 20% to a record level of about Rs. 120,000 Crores. Investment and consequent growth could have been even greater but for the roadblocks to major investments arising from ideological differences, state-center conflicts and vested interests. Some of these self-serving obstacles delayed major projects, depriving the country the opportunity to bridge the gap in infrastructure, energy, power generation, utilization of the country's vast natural resources and finally, to improve the quality of life of its people.

The Indian automotive sector grew by 10% overall during the year with substantial growth in the Light Commercial Vehicles sector and new passenger car introductions. In the country 499,978 new commercial vehicles were sold during the year and passenger car sales grew to 1.53 million vehicles this year. Tata Motors registered a growth of 5.5% over the previous year in commercial vehicles but lost market share. The Company introduced several new models and variants of commercial vehicles during the year but was unable to exploit its full market potential due to inadequate deliveries of powertrains and components from major suppliers. The Company also entered a new market segment through the introduction of a new mini van and mini people's carrier which are expected to see substantial growth in the years ahead. Sales of Tata Daewoo Commercial Vehicles increased by 38% and its market share in Korea improved from 26% in 2006-07 to 33% in 2007-08.

In the passenger car segment, delays of the mainstream line of the new Indica and Indigo passenger cars contributed to the decline in sales and market share of the Company in their product segments. It is expected that this loss in market share will be regained following the introduction of the New Indica range which is expected to be launched shortly. The market introduction of Sumo Grande towards the end of the year was well received and its true potential will be realized in the current year.

Perhaps the two most significant events during the year which have had a momentous impact on the scale of the Company's operations and its global image were:

- The Unveiling of the **"NANO"** Company's new low cost car
- The acquisition of the **Jaguar and Land Rover** from Ford

These deserve elaboration.

The **"NANO"**

As shareholders are aware, the Company embarked on a path-breaking project of developing a 'peoples' car' about 4 years ago to provide, safe, all-weather personal and family transport at an affordable price of Rs. 1 lakh. The goal was considered to be unachievable by many global manufacturing and industry commentators at that time.

The goal was however achieved and the "NANO" was unveiled at the Auto Expo in Delhi in January 2008. It attracted unprecedented global attention and catapulted Tata Motors onto the world stage. The customer response in India was also unprecedented, and enormous interest in the car was shown by certain foreign countries. Several international manufactures are also now planning to be in the ultra low cost segment and many of them are looking at India as a possible location for manufacturing such a vehicle.

The Company's new plant for the NANO in Singur, West Bengal, is expected to go into operation in the last quarter of this calendar year. These manufacturing facilities would be expanded to meet the demand in the domestic and international markets in the future. New variants of the NANO are also currently under development to meet the new



environmental and fuel price challenges, as also the market requirement of several international markets.

### **Jaguar and Land Rover**

During the year, the Company expressed its interest in participating in the Ford Motor Company's intended sale of Jaguar and Land Rover on a going concern basis. Both brands are highly regarded and have a long heritage in their respective segments. Jaguar has been a prestigious maker of high performance passenger cars with a racing history, and Land Rover has always been the 'Gold Standard' for off road vehicles.

Several international private equity firms and one other Indian automotive manufacturer participated in the process. After a protracted negotiation through the year, Tata Motors was considered by Ford for focused discussion, with the full support of the unions and the work force. The two enterprises were formally transferred on June 2, 2008 at a signing ceremony at the Jaguar and Land Rover head quarters in West Midlands, when history was made and these two globally-renowned brands became Indian-owned.

In these brands, Tata Motors has acquired impressive engineering capabilities, substantial manufacturing facilities, (which reflect the major investments by both Ford and BMW in past years), and enormous goodwill amongst the dealer network and the Jaguar owners' community. There is a need to introduce a greater number of attractive products for both brands, and to re-kindle Jaguar's past image connected with its sports car heritage. Both brands have tremendous unfulfilled market potential and a significant global presence.

To fund the acquisition of Jaguar and Land Rover, Tata Motors is raising Rs.7200 crores on a rights basis and US\$500/600 million through an international offering of equity and/or cost effective quasi equity instruments.

### **Looking ahead**

The year ahead will be a year of major challenges. Higher fuel prices will negatively impact both commercial vehicles and passenger car sales.



There will be an enormous and unprecedented increase in material costs in steel, tyres, and the like, and there will be the impact of tighter money supply with higher interest rates. In addition, the Company will have to manage the completion of the Singur plant and introduction of the new NANO in the market. While dealing with these challenges in India, the Tata Motors' operations will also have to absorb the cost of the JLR acquisition, and deal with its integration.

These challenges appear daunting, but to the people in Tata Motors, the year ahead will be no more daunting than the challenges they have faced in difficult years in the past. No words would ever adequately recognize the spirit, dedication and commitment of the people in Tata Motors who have faced adversity and major crises, delivered products which were not considered possible and repeatedly found solutions for situations which have thwarted many an organization. I therefore feel confident that the same spirit, dedication and commitment will enable them to face the challenges ahead and find solutions to ensure the sustainability of Tata Motors' long term future growth and viability.

Despite the challenges mentioned, Tata Motors will have an exciting future. Apart from its own growth domestically in both the commercial vehicle and passenger car areas, for which it has ambitious plans, the high volumes of the NANO range will dramatically change Tata Motors' market position, reach and visibility. Internationally the Jaguar and Land Rover brands will add global scale, profits and visibility to Tata Motors, enabling it to take its place in the global auto industry as a credible international automobile company.



Chairman

Mumbai, June 17, 2008

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-THIRD ANNUAL GENERAL MEETING OF TATA MOTORS LIMITED will be held on Thursday, July 24, 2008 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, 2008 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 Ratan N Tata, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr R Gopalakrishnan, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

### Special Business

#### 6. Appointment of Dr R A Mashelkar as a Director

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

"RESOLVED that Dr R A Mashelkar who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 28, 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. Commission to non-Whole-time Directors

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

"RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the non-Whole-time Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year, for a period of five financial years commencing from April 1, 2008."

#### 8. Revision in the terms of remuneration of Mr Ravi Kant, Managing 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. 8 passed at the Annual General Meeting of the Company held on July 11, 2006 and pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby accords its approval to the revision in the terms of remuneration of Mr Ravi Kant, Managing Director of the Company by way of an increase in the maximum amount of his salary (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with authority to the Board of Directors or a Committee thereof to fix his salary within