

## CHAIRMAN'S STATEMENT



*"Tata Motors will strive to retain its market prominence domestically and internationally and will continue to be a responsible corporate citizen wherever it operates and do the right thing for all its stakeholders and the communities which it serves."*

**Ratan N Tata**

### Dear Shareholders,

Global sales of passenger cars and commercial vehicles grew by 3.6% and 5.8% respectively during the year. In the United States, where there are clear signs of growth, sales increased by 9.8% for cars and 14% for commercial vehicles, whereas in Western Europe and the U.K., where there has been only marginal growth, sales declined for cars but increased for commercial vehicles. In Asia, the main drivers of growth have been China and India, which have collectively registered growth, albeit at lower levels than the previous year.

In the U.S., the 'big three' automobile manufacturers registered volume growth and profits during the year. Ford, which declined a government bail-out package, did an outstanding job of increasing sales and establishing profitable operations through the introduction of smaller, fuel-efficient vehicles which appealed to the consumers. Chrysler, (under Fiat management), which did avail of the government bail-out package, had a remarkable turnaround with new products, restructuring and tremendous employee motivation. General Motors, which was perhaps in the worst position in the earlier period, was, with the help of the government bail-out package, also able to establish a profitable level of production in the year, with the introduction of smaller, more fuel-efficient cars.

In Europe, where sales have been more or less stagnant, the competition has been fierce. Volkswagen and their affiliates have continued to be, by far, the largest automobile company in Europe for passenger cars.

Mercedes-Benz, the market leader, was overtaken by BMW and then further relegated to the number three position by Audi. More fuel-efficient cars, hybrids and electric vehicles continue to be of interest, but a major attraction appears to have been city cars which are small and highly fuel-efficient or are electrically driven.

By contrast, Asia has continued to register growth, mainly from domestic and overseas sales growth in China and India. China has emerged as the largest car market and car producing center of the world. Chinese brands have started to appear in world markets and in all probability these will grow into international brands in the next few years.

The year saw increased sales of passenger cars and commercial vehicles in **India** over the previous year, the main growth being at the low end, with an emphasis on new, fuel-efficient cars and a shift of preference to diesel. The domestic consumer showed considerable interest in small SUVs and in all luxury brands.

The year has been a mixed bag for **Tata Motors**. The Company retained its market leadership in commercial vehicles and gained further market strength through the highly successful Ace and Magic – its new line of light pick-up trucks. On the other hand, passenger car sales were below expectations, even though sales of the Nano increased over the previous year.

In the coming years, Tata Motors' predominance in commercial vehicles will be challenged by the entry of international brands like Mercedes-Benz, Volvo and Navistar which have all entered, or are in the process of entering India. A new line of very competitive, fuel-efficient vehicles is being developed by Tata Motors to meet the competition head-on. In passenger cars, Tata Motors will face even greater competition from the many automotive brands that are in the country. The Company will need to address the marketplace more effectively with its existing and future

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products in order to regain the level of market share that it earlier enjoyed. The fundamental economies of the Nano, which was globally acclaimed when it was unveiled in 2008 and which was plagued with start-up roadblocks in the state of West Bengal, will continue to establish itself in the Indian market with a wider sales and service network. The potential market for such an affordable car is enormous throughout the developing world.

**Jaguar Land Rover's** operations have shown impressive growth in sales and profitability. Sales have increased by 37% and 29% respectively in value and volume over the previous year. The Company has undertaken its most ambitious product development program in its history, and will be launching several new sports sedans and sports cars in the next two years in order to provide dealers with a more competitive and wider product range. The Company will also be offering cars with new higher-powered, more fuel-efficient engines to meet the customer preferences. Face-lifted and new models of the Range Rover as well as a competitively-priced new line of rugged, lifestyle vehicles under the Land Rover brand are also scheduled to be launched. New manufacturing facilities are being considered in China to better meet market demand for Jaguar and Range Rover in the region.

The automobile sector impacts the lives of millions worldwide. It creates a huge number of direct and indirect jobs – and drives the quest for new technologies, lighter, stronger materials as well as new processes and business models. It has resulted in some of the most important infrastructure investments in many countries – highway systems which connect cities, connect production centers to markets and rural areas, and connect communities separated by water and mountains through bridges and tunnels. While commercial vehicles constitute one of the main forms of competitive goods transport, based on a business proposition, the passenger car is probably one of the most emotive products in the world today. Despite the much greater interest in performance, advanced

technology and reliability, the acquisition of a car continues to have an important element of emotional buyer attraction based on design, style and visual appeal which results in a sale.

The automotive industry has been, and probably will always be, a barometer of the economic health of a nation, and remains a symbol of a nation's prosperity. It will play an important role in the development of India. Tata Motors will strive to retain its market prominence domestically and internationally and will continue to be a responsible corporate citizen wherever it operates and do the right thing for all its stakeholders and the communities which it serves.

In ending, I would like to express my special thanks and deep appreciation to all the employees of Tata Motors in India, the Republic of Korea and other locations for their commitment and dedication to meet the Company's goals. I especially want to recognize and express my appreciation to the employees of JLR for their impressive achievement in the overall performance of JLR in the year under review. I would also like to express my deep appreciation to you, our shareholders, for the support and understanding you have given to us in good times and bad.

Without the support of employees and without the understanding and the support of our unions and shareholders, none of what we have been able to do could have been achieved.



Chairman

Mumbai, June 21, 2012