

DIRECTORS' REPORT

TO THE MEMBERS OF TATA MOTORS LIMITED

The Directors present their Sixty-Seventh Annual Report and the Audited Statement of Accounts for the year ended March 31, 2012.

FINANCIAL PERFORMANCE SUMMARY

(₹ in crores)

	Company (Standalone)		Tata Motors Group (Consolidated)	
	FY 2011-12	FY 2010-11	FY 2011-12	FY 2010-11
FINANCIAL RESULTS				
Gross revenue	59,220.94	51,183.95	170,677.58	126,414.24
Net revenue (excluding excise duty)	54,306.56	47,088.44	165,654.49	122,127.92
Total expenditure	49,894.76	42,282.07	141,954.02	104,312.89
Operating profit	4,411.80	4,806.37	23,700.47	17,815.03
Other income	574.08	422.97	661.77	429.46
Profit before interest, depreciation, amortization, Exceptional item and tax	4,985.88	5,229.34	24,362.24	18,244.49
Finance cost	1,218.62	1,383.70	2,982.22	2,385.27
Cash profit	3,767.26	3,845.64	21,380.02	15,859.22
Depreciation, amortization and product Development / engineering expenses	1,840.99	1,502.00	7,014.61	5,653.06
Profit for the year before exceptional items & tax	1,926.27	2,343.64	14,365.41	10,206.16
Exceptional items - loss/(gain)	585.24	147.12	831.54	(231.01)
Profit before tax	1,341.03	2,196.52	13,533.87	10,437.17
Tax expense/(credit)	98.80	384.70	(40.04)	1,216.38
Profit after tax	1,242.23	1,811.82	13,573.91	9,220.79
Share of minority interest and share of profit of associates(net)	-	-	57.41	(52.83)
Profit for the year	1,242.23	1,811.82	13,516.50	9,273.62
APPROPRIATIONS				
Profit for the year	1,242.23	1,811.82	13,516.50	9,273.62
Balance brought forward from previous year – profit/(loss)	2,078.92	1,934.13	6,461.49	(1,017.85)
Amount available for appropriations	3,321.15	3,745.95	19,977.99	8,255.77
Less: appropriations				
Debenture Redemption Reserve	70.00	-	70.00	-
General Reserve	125.00	200.00	158.03	228.78
Other Reserves	-	-	65.38	84.20
Dividend (including dividend distribution tax)	1,462.24	1,467.03	1,488.62	1,481.30
Balance carried to Balance Sheet	1,663.91	2,078.92	18,195.96	6,461.49

DIVIDEND

Considering the Company's financial performance, the Directors recommended a dividend of ₹4/- per share (200%) on the capital of 2,70,77,31,241 Ordinary Shares of ₹2/- each (previous year: ₹20/- per share (200%) on share of face value of ₹10/- each) and ₹4.10 per share (205%) on 48,19,59,190 'A' Ordinary Shares of ₹2/- each (previous year: ₹20.50 per share (205%) on share of face value of ₹10/- each) fully paid-up for FY 2011-12 and will be paid on or after August 14, 2012. The said dividend, if approved by the Members, would involve a cash outflow of ₹1,464 crores (previous year: ₹1,466 crores) including dividend distribution tax resulting in a payout of 118% (previous year: 81%) of the standalone profits for the year and 11% (previous year: 16%) of the consolidated profits of the Company.

SUB-DIVISION OF SHARES

As a step towards better liquidity and increased investor participation, the Company undertook a sub-division of face value of its Ordinary Shares and 'A' Ordinary Shares (collectively "the Shares") from ₹10/- to ₹2/- per share with effect from the Record Date i.e. September 13, 2011. New ISINs - INE155A01022 for Ordinary Shares and IN9155A01020 for 'A' Ordinary Shares have been obtained from the Depository. Consequently, the sub-divided Shares were credited to the respective depository accounts of Members holding shares in electronic form and new share certificates were issued to Members holding Shares in physical form.

OPERATING RESULTS AND PROFITS

Global markets had a mixed year with the US showing recovery, European countries continue to face a crisis, while Asia, China in particular, continued on a healthy growth trajectory.

After a strong performance in FY 2010-11, the Indian economy showed signs of slowdown in FY 2011-12, due to inflationary pressures. Measures taken to arrest inflation adversely impacted growth which dropped to 6.9% from 8.6% in the previous financial year. The year also witnessed a sharp deceleration in manufacturing activity mainly due to monetary tightening, weak external demand and lack of investment activity. The Indian automotive industry continued to grow, albeit at a reduced rate of 7.2%. The **Tata Motors Group** took cognizance of the global development and planned market actions accordingly. The Tata Motors Group recorded a 35.0% overall growth in gross turnover from ₹1,26,414 crores in FY 2010-11 to ₹170,678 crores in FY 2011-12. This is the highest turnover recorded by the Group. The consolidated revenues (net of excise) for FY 2011-12, of ₹165,654 crores grew by of 35.6% over last year on the back of strong growth in volumes across products and markets. The consolidated EBITDA margins for FY 2011-12 stood at 14.3%. Consequently, Profit Before Tax and Profit After Tax were ₹13,534 crores and ₹13,517 crores, respectively. During the year Jaguar Land Rover accounted for credit of GB£ 225million (₹1,794 crores) in respect of carried forward past losses in view of certainty of utilising the losses against future profits.

Tata Motors recorded a gross turnover of ₹59,221 crores, a growth of 15.7%, from ₹51,184 crores in the previous year. Cost reduction and value engineering continue to be areas of focus to improve operational efficiency. However, the increase in commodity prices globally put

Highest ever

Units Sold
12,69,483 (↑18%)

Gross Revenues
₹170,678 Crores (↑35%)

Profit After Tax
₹13,517 Crores (↑46%)

pressure on margins. Additionally, the need to increase marketing expenses to protect and grow market share have resulted in EBITDA margins reducing from 10.2% to 8.1%. During the year, there was an impact of ₹585 crores of exceptional items on account of exchange loss (net) including on revaluation of foreign currency borrowings, deposits and loans arising from the depreciation of Indian Rupee and provision for impairment made for certain investments. The Profit Before Tax and Profit After Tax for the fiscal were lower at ₹1,341 crores and ₹1,242 crores, as compared to ₹2,197 crores and ₹1,812 crores in the previous year, respectively.

Jaguar Land Rover continued its growth in expanding markets, including a 76% year-on-year increase in China retail sales. The strengthening of business in China is expected to make it the largest market for Jaguar Land Rover within the next 12 months. Jaguar Land Rover also improved performance in more mature economies, where, despite uncertain trading conditions, it increased sales in all major markets.

Jaguar Land Rover recorded a turnover of ₹1,03,635 crores, a growth of 47.4% from ₹70,304 crores in the previous year. Volume growth was driven not only by new vehicle launches in the year, but also by increasing sales of existing models. Profitability growth was also benefitted from favourable exchange rates. The positive impact of the strengthening US\$ against the GB£ and the Euro, improved revenues given a largely GB£ and Euro cost base. Further, cost efficiency improvements in material costs and manufacturing costs supported improvement in operational performance. These resulted in a higher EBITDA and Profit Before Tax of ₹17,035 crores and ₹11,820 crores respectively, as compared to ₹11,478 crores and ₹7,665 crores, respectively in the previous year. The EBITDA margin for FY 2011-12 is 16.3%. After recognition of previously unrecognised tax losses of ₹1,794 crores the Profit After Tax was higher at ₹12,279 crores, as compared to ₹7,073 crores in the previous year.

Tata Motors Finance Limited, the Company's captive financing subsidiary, registered net revenues of ₹2,018 crores and

reported a Profit After Tax of ₹240 crores in FY 2011-12. Tata Motors Finance Limited announced their maiden dividend of 5% per equity share for FY 2011-12.

VEHICLE SALES AND MARKET SHARES

The Tata Motors Group sales stood at 12,69,483 vehicles, higher by 17.7% over the previous year. Global sales of all commercial vehicles were at 5,99,913 units, while global sales of all passenger vehicles were at 6,69,507 units.

Tata Motors

The Company recorded sales of 8,63,248 vehicles, a growth of 10.9% over the previous year, in the Indian domestic market. With the industry growing at a moderate 7.2%, the improved sales resulted in an increase in the Company's market share from 24.3% to 25.2%, in the Indian industry. The Company exported 63,105 vehicles from India, against 58,089 vehicles exported last year.

Commercial Vehicles

Within the domestic market, the Company continued to strengthen its presence in commercial vehicles, with sales of 5,30,204 units, growing 15.7% from the previous year - an all-time high for the Company. This represented a market leadership share of 59.4% in the domestic CV market.

Some of the highlights for the year were:

- Sales in the LCV segment continued to drive performance, growing by a healthy 23.5% during the year to 323,118 units. The ramp up of micro-trucks - **Ace Zip** and **Magic Iris** continued, contributing to the growth in this segment alongwith the traditional **Ace** and **Magic** family. The Dharwad plant for the manufacture of the **Zip** and **Iris** was commissioned as scheduled and started operations from February 2012. However, as competition intensified, the market share dipped to 59.4% from 62.1% last year. The new generation **Tata Ultra** range of trucks was displayed at the Auto Expo and is expected to further drive growth in this segment.

- Sales in the M&HCVs segment grew moderately at 5.3%. Volumes at 2,07,086 units reflected a market share of 59.4%. This segment also saw the entry of new players, which put pressure on the market share. However, sales of the **Tata Prima**, the next generation truck continued to grow. An increased focus on network development and customer initiatives, laid the foundation for future growth in M&HCVs.

Passenger Vehicles

In a year where the domestic car industry grew only by 3.6%, the Company's sales of passenger vehicles in the domestic market (inclusive of **Tata**, **Fiat** and **Jaguar Land Rover** brands) was at its highest ever at 333,044 units, representing a growth of 4.0% over the sales of previous year. In an intensely competitive passenger vehicles market, a market share at 13.1% was same as last year.

Some of the highlights of this year's performance were:

- Sales of the **Tata Nano** increased to 74,521 units, a growth of 5.8% over last year. The **Nano 2012** was launched in November 2011 in 10 new colours, resulting in an increased demand. Measures were undertaken to increase market penetration by establishing low-investment dealerships in interior towns.
- Sales in the Compact segment (comprising **Indica V2**, **Indica Vista**, **Indigo CS**, **Fiat Palio** and **Punto**) grew by 10.5% to 1,76,104 units. The **Indica Vista refresh**, the **Indica eV2** and the **Indigo eCS** were launched during the year, boosting sales in this segment and improving market share to 20.6% from 19.1% last year.
- Sales in the Mid Size segment (comprising **Indigo** and **Indigo Manza**) were at 19,645 units. A slew of new entrants in this segment affected market share, which declined to 9.6% from 21.9%.
- In the Utility Vehicles (UV) segment, comprising **Sumo**, **Safari**, **Aria** and **Land Rover**, the Company sold 49,035 units, which translated to a growth of 16.8% and a market share of 13.3%. **Sumo Gold**, a new and improved variant of the Sumo was

launched in November 2011, boosting UV sales.

- In the Vans segment, market share increased to 5.2% from 0.8% as the **Venture** sales continued to grow.
- **Fiat** Sales were at 17,129 units representing a market share of 0.67%.
- The Company sold 2,274 units of **Jaguar Land Rover** brands during the year. Network for these brands continued to grow with 13 dealerships across 11 cities in the Country by the year end. The assembly plant for the **Freelander** in Pune assembled more than 800 units since the start of operations during the year.

Exports

Focused efforts in select ASEAN and Africa markets helped international exports from India grow by 8.6% to 63,105 units in the fiscal year. The Company exported 55,079 commercial vehicles and 8,026 passenger vehicles, a growth of 9.6% and 2.3% respectively over last year. A CKD plant was setup in South Africa for the assembly of commercial vehicles. Another plant is being setup in Indonesia and is expected to start operations next year. The Company continues to have a special focus on expanding its global footprint and is targeting product actions specifically to cater to international geographies.

Jaguar Land Rover

Jaguar Land Rover sold 314,433 vehicles in FY 2011-12, an increase of 29.1% on the prior reporting period. At the brand level, wholesale volumes were 54,039 units for Jaguar and 260,394 units for Land Rover, growing 2.0% and 36.6%, over the previous year, respectively.

Retail volumes in key growth markets saw significant increases with China and the Asia Pacific region.

Some of the highlights of this year's performance were:

- Launch of the **Range Rover Evoque** in September 2011 with a world-wide roll out in December 2011, recording

sale of over 60,000 units in the first six months. The Evoque received over a 100 awards including Top Gear Car of the Year, World Design Car of the Year and North American Truck of the Year.

- Expanded the **Jaguar XF** range with a more fuel efficient, 2.2 D XF with an 8 speed automatic gear box.
- The introduction of new variants of the **Jaguar XF** as well as the continued strength of **Ranger Rover** and **Range Rover Sport** were key contributors to the overall success.
- Entered into a JV with Chery Automobiles, China to develop, manufacture and sell certain Jaguar and Land Rover vehicles and jointly branded vehicles for the Chinese market.
- Announced a GB£ 355 million investment in new state-of-the-art facility at Wolverhampton, UK, to manufacture new advanced low-emission engines.

Tata Daewoo Commercial Vehicles Company Limited

Sales of Tata Daewoo Commercial Vehicle (TDCV) at 9,531 units were higher by 9% from last year. Tata Daewoo Sales Company which was established in FY 2010-11, to distribute TDCV products, has stabilized its operation during the year enabling TDCV to focus on key accounts and fleet customers.

Tata Hispano Motors Carrocera

Tata Hispano Motors Carrocera, S.A. (Tata Hispano) was deeply affected by the economic downturn in Europe, particularly in Spain. Sales for the year were at 368 units, down by 27% from last year. Tata Hispano's bid for and delivered a prestigious CNG series hybrid low floor bus order for EMT Madrid during the year, demonstrating its technological capability. The Company made a provision for investments in Tata Hispano, arising from continuous underperformance impacted by challenging market conditions.

Tata Motors (Thailand) Limited

Tata Motors (Thailand) Limited (TMTL) was affected by floods in

Thailand during the year, which negatively impacted supply chain partners and the overall demand scenario in Thailand. As a result, volumes of TMTL at 4,978 units in FY 2011-12, were down by 17.5% from last year. TMTL launched **TDCV CNG tractors** and **Super Ace** to boost volumes. The **Nano** is also currently being tested for sale in Thailand and has a potential to boost volumes.

Tata Motors (SA) (Proprietary) Limited

Tata Motors (SA) (Proprietary) Limited launched the Prima range of trucks in South Africa alongwith the **TDCV** range of tractor trailers and the **Indigo Manza** at the Johannesburg Motor Show with a view to increase the product offerings in South Africa.

CUSTOMER FINANCING INITIATIVES

The vehicle financing activity under the brand "Tata Motors Finance" of Tata Motors Finance Limited - a wholly-owned subsidiary company, posted improved financial results through higher disbursements, focus on controlling costs, improving quality of fresh acquisitions and micro-management of collections. Tata Motors Finance financed 2,30,588 vehicles during the year as compared to 1,60,781 vehicles in the previous year. Total disbursements of ₹10,505 crores grew by 32.8% compared to ₹7,908 crores in the previous year. The disbursals for commercial vehicles were ₹7,204 crores (1,20,032 units) in FY 2011-12 compared to ₹6,041 crores (94,446 units) for FY 2010-11. For passenger cars, disbursals were ₹3,301 crores (1,10,556 units) in FY 2011-12 compared to ₹1,867 crores (66,335 units) in FY 2010-11. Market share in terms of the Tata vehicle unit sales in India financed by Tata Motors Finance Limited increased from 21% to 23% in commercial vehicles and from 22% to 35% in passenger cars. Tata Motors Finance Limited implemented a strategy to manage non-performing assets (NPA), improve collection efficiencies and enhance the "Risk Scored Pricing Model" approach. This strategy along with a thrust on customer relations through a branch based re-organised field structure, improved operations and profitability, creating a robust platform to enable future growth.

For other overseas operations, the Company does not have a capital financing company but has arrangements with local consumer finance providers in key markets. Jaguar Land Rover has arrangements in place with FGA Capital, a joint venture with Fiat Auto and Credit Agricole for UK and European consumer finance, Chase Auto Finance for North America and similar arrangements with local providers in a number of other key markets. Tata Motors (Thailand) Limited has financing arrangements with Thanachart Bank.

HUMAN RESOURCES

The Tata Motors Group employed 58,618 permanent employees (previous year - 52,244 employees) as of the year end, out of which 53,011 employees were engaged in automotive operations. Tata Motors Limited employed 29,217 permanent employees (previous year - 26,214 employees) as of the year end. This increase supported the higher production and sales across the Group. The Tata Motors Group has generally enjoyed cordial relations with its employees and workers.

All employees in India belonging to the operative grades are members of labor unions except at our Sanand and Dharwad plants. All the wage agreements have been renewed in a timely manner and are all valid and subsisting. Operatives and Unions support in implementation of reforms that impact quality, cost erosion and improvements in productivity across all locations is commendable.

Safety & Health - Performance and Initiatives

The Leadership in Tata Motors is fully committed to the ultimate goal of employee safety. All employees at Tata Motors facilities are progressing with the vision of "Excellence in Safety". Safety reports are reviewed at the highest level including Board meetings. Tata Motors is working with DuPont for the improvement in safety culture towards setting up world-class safety standards and processes and building capability to improve and sustain a world-class safety culture. There has been

an overall 41% improvement in safety performance across units during the year. This improvement has been recorded through the reduction of LTI -FR (Lost Time Injury Frequency Rate) which stood at 0.44 in FY 2011-12 as against 0.74 in FY 2010-11. Improvement of safety at offices, warehouses, depots and dealership workshops through the development of safety norms has set expectations on safety, setting up of Safety Committees and carrying out structured safety audits. Safety initiatives such as the "i-drive Safe" campaign for improving road and driving safety involving training of 2,500 drivers in defensive driving were undertaken. A host of initiatives on health and wellness were implemented with deployment of Health Index metrics across all plants in India.

The Pantnagar plant conferred with the prestigious 'Sword of Honour' by the British Safety Council, UK, is a reflection of the high standards of Health and Safety, performance and demonstration of Safety Leadership, in all phases of operations of the plant. The Passenger Car Business took safety management to the next level by aligning with British Safety Council Health & Standards and by achieving a 5 Star rating in the Audit with a score of 97.19% and 94.93% for Pune and Sanand plant, respectively.

Jaguar Land Rover's health and safety management system is based on the UK Health and Safety Executive's guidance for Health and Safety Management - HSG65, which sets a framework for the various aspects of a successful health and safety management system. All Jaguar Land Rover sites in the UK are accredited with OHSAS18001 and underwent an annual surveillance visit by the external assessors during 2011, which verified its continued compliance to this standard. The overall performance of Jaguar Land Rover's has been good with reduction in Lost Time Case rate. Jaguar Land Rover's Occupational Health Department also achieved accreditation to the SEQOHS standard (Safe Effective Quality Occupational Health Standard) for its activities and management systems within the Occupational Health facilities. An increase in headcount has led to a requirement for increasing the Health

and Safety training and Induction programmes; with focused events around skilled workers being recruited into functions such as plant maintenance. The business has continued and built upon its programme of proactive health promotion events for employees throughout the year, covering a range of topics. A Health and Safety Week coinciding with the European Week of Safety took place across all Jaguar Land Rover sites, comprising a series of specific events for its workforce.

Tata Daewoo Commercial Vehicles Co. Ltd, Korea recorded an incident rate of 0.48% for FY 2011-12, at par with the total industry rate. The Safety Index for FY 2011-12 was posted at 2.40, an improvement from 2.87 for FY 2010-11. TDCV also took a series of steps to improve their work environment for which it was declared as "Toxic free TATA DAEWOO." Tata Motors (Thailand) Limited reported an improved safety performance. Safety risk assessment is being reviewed for robustness, and safety training is being enhanced. Tata Motors (SA) (Pte) Ltd completed a baseline risk assessment and training of all its employees. The surveillance system was enhanced for improving security. Tata Hispano Motors Carrocera SA implemented many ergonomic projects to improve working conditions, making it a healthy, safe and productive work-place. Work-place environment is regularly monitored for upkeep and tracking of progress.

FINANCE

During the year, the free cash flows for Tata Motors Group were ₹4,601 crores, post spend on capex, design and development of ₹13,783 crores. Tata Motors Group's borrowing as on March 31, 2012 stood at ₹47,149 crores (previous year ₹32,811 crores). Cash and bank balances stood at ₹18,238 crores (previous year ₹11,410 crores).

Post spend on capex, design and development of ₹2,835 crores, the free cash flows were ₹818 crores for standalone operations of the Company. The borrowings of the Company as on March 31, 2012 stood at ₹15,881 crores (previous year ₹15,915 crores). Cash and bank balances stood at ₹1,841 crores (previous year ₹2,429 crores).

During the year, the Company raised Syndicated Foreign currency term loans of USD 500 million in accordance with the guidelines on External Commercial Borrowings (ECB) issued by the Reserve Bank of India in two tranches with tenors between four to seven years towards financing its general capital expenditure and investments in its overseas subsidiaries.

Tata Motors issued rated, listed, unsecured, non-convertible debentures of ₹500 crores with maturities of 5-7 years in May 2012, to optimize the loan maturity profile.

During the year, post spend on capex, design and development of GB£ 1,410 million (₹10,765 crores), the free cash flows were GB£ 1,062 million (₹8,318 crores), for Jaguar Land Rover. The borrowings of the Jaguar Land Rover as on March 31, 2012 stood at GB£ 1,848 million (₹15,065 crores) (previous year GB£ 1,260 million (₹9,007 crores)). Cash and bank balances stood at GB £2,563 million (₹20,891 crores) (previous year GB£ 1,028 million (₹7,349 crores)) resulting in negative net debt position.

In May 2011, Jaguar Land Rover PLC issued GB£1,000 million equivalent Senior Notes (Notes). The Notes include, GB£500 million Senior Notes due 2018, at a coupon of 8.125% per annum, USD 410 million Senior Notes due 2018, at a coupon of 7.75% per annum and USD 410 million Senior Notes due 2021 at a coupon of 8.125% per annum. This facility gave Jaguar Land Rover an access to long tenor funding while also diversifying its sources of funding.

In March 2012, Jaguar Land Rover issued GB£500 million Senior Notes due 2020, at a coupon of 8.25% per annum, with a yield of 8.375% per annum. This was an opportunistic fund raising which enabled Jaguar Land Rover to reinforce its market acceptance and demonstrated the confidence of the investors, while continuing to support steps taken towards strengthening capital structure and enhancing the debt maturity profile.

During the year, Jaguar Land Rover established 3-5 year committed Revolving Credit Facility amounting to GB£710 million. These lines, which have been availed from 13 banks, can be drawn as per requirement and is a step to further strengthen the capital structure.

Tata Motors Finance Limited raised ₹155 crores by an issue of

unsecured, non-convertible, subordinated perpetual debentures towards Tier 2 Capital to meet its growth strategy and improve its Capital Adequacy ratio.

With healthy profitability and cash flow generation, Tata Motors was able to further de-leverage its Balance sheet. The Consolidated Net Automotive Debt to Equity Ratio stood at 0.25:1 on March 31, 2012 compared to 0.56:1 on March 31, 2011.

Tata Motors Group has undertaken and will continue to implement suitable steps for raising long term resources to match fund requirements and to optimize its loan maturity profile.

The Company's rating for foreign currency borrowings stood at "BB-"/Stable by Standard and Poor and "Ba3"/Stable by Moodys. For borrowings in the local currency, the rating stood at "AA-" by Crisil and at "AA-" by ICRA. During FY 2011-12, CARE revised the rating upwards by 1 notch to "AA". Post March 2012, Crisil and ICRA have changed the outlook on the ratings from "Stable" to "Positive".

As on March 2012, Jagaur Land Rover's rating stood at "B+"/Positive by Standard & Poor, "B1"/Stable by Moodys and "BB-"/Stable by Fitch. Post March 2012, Standard & Poor has upgraded the rating to "BB-" retaining the Positive Outlook.

As on March 2012, Tata Motors Finance rating stood at "AA-" by Crisil and "AA-" by ICRA. Post March 2012, Crisil and ICRA have changed the outlook on the ratings of Tata Motors Finance Limited from "Stable" to "Positive".

FIXED DEPOSITS

The Company has not accepted any public deposits during FY 2011-12. As on March 31, 2012, the Company had deposits aggregating ₹2,061 crores from 1,64,022 investors. There were no overdues on account of principal or interest on public deposits other than the unclaimed deposits as at the year end.

INFORMATION TECHNOLOGY INITIATIVES

Information Technology supported business growth and competitiveness by delivering strategic programs and services as identified in the Tata Motors' IT Strategy.

Its commitment to customers is reflected in investments in the benchmark CRM (Customer Relationship Management) solutions. This is being used by over 3,200 channel partners and 37,000 users to handle customer needs. Customer interactions are backed by the Tata Motor's Call Center which augments key business processes across pre-sales, sales and service areas. The Center handled 30 million calls in FY 2011-12, with a consistent under 0.5 Second response time. We focused on deploying portals for targeted customer segments like key customers, loyalty customers, spares retailers, mechanics, State Transport Undertakings (STUs) and defence. We are also taking CRM to international markets in a planned manner.

Tata Motors is expanding the usage of information through analytics across the organization. eCommerce with our suppliers through SAP Supplier Relationship Management (SRM) Solutions continues to see greater usage. The Company strengthened the usage of IT in manufacturing, supply chain, quality and workforce management deployed benchmark ITIL (Information Technology Infrastructure Library) processes, to improve the effectiveness of its IT services. Major highlights of the year are:

- Focused real life pilots in advanced analytics towards market specific strategies.
- Deployment of CRM Solution for International Business Dealers.
- Solutions and capabilities built to support Rural Business expansion.
- Customer focused solutions like Tata Alert (emergency breakdown), AMC and Tata Assured (pre-owned vehicles) businesses, were supported by new IT capabilities.
- Extension of Centralized ERP Solutions and integrated WAN to the Company's new plant in Dharwad and South Africa and Hispano, Spain.

- Manufacturing Execution Systems capabilities deployed in Ace Plant in Pantnagar.
- Support to Human Resources strategy with solution in Learning Management System, employee on boarding and performance management.
- Upgrades of the Company's key technology platforms to newer versions.

Digital Product Development Systems Initiatives

Engineering Research Centre's product development processes continue to imbibe best of the breed tools and technology solutions, for enhancing product development capabilities, addressing quality and time. Digital product validation processes have been given focused thrust in addressing sheet metal material variability.

- Upgrades of the Company's key CAD/CAM/CAE technology solution platforms to newer versions.
- Digital Manufacturing Planning (DMP) capabilities used to implement out-of-the-system work instruction sheets in manufacturing lines for CVBU, Pune plant.
- In-house Knowledge Based Engineering (KNEXT) applications spread enhanced by deploying 15 new applications in various product design functions.
- Product Lifecycle Management (PLM) now manages all digital product design data and design processes.
- MINT application, in-house developed system, in the area of 'demerits' tracking has been institutionalized.
- State of the art hardware upgrades in product development function.

Jaguar Land Rover continues to operate its globally diverse and complicated legacy IT architectures with high levels of service and resilience with notably few outages affecting business operations.

Jaguar Land Rover's IT strategy includes modernisation and replacement of old unsupported technologies;

consolidation of diverse technology platforms and suppliers; integration of business processes through SAP ERP and creating business value through innovation IT solutions like mobility. Major highlights of the year are:

- Deployment of SAP for Finance functions in UK.
- Roll-out of common SAP for its overseas National Sales Companies.
- Deployment of real time Warranty Cost and Vehicle Production Quality Analysis.
- Virtualization technologies to support global collaboration for product design and engineering.
- Virtual Dealership using high definition rendering software and human interaction technologies to reach more potential customers.

Tata Daewoo Commercial Vehicles Company Limited embarked on CRM Solution deployment leveraging Tata Motors CRM. Tata Motors (SA) (Proprietary) Limited IT set-up became operational including SAP while Tata Hispano Motors Carrocera (SA) started its SAP deployment. Tata Motors is integrating its WAN with subsidiaries for seamless operations.

Tata Motors Group companies continue their collaboration in various information technology areas with synergies being explored for cross utilization of IT capabilities. The group companies are working together in areas of ERP, outsourcing and technologies. Tata Technologies continues to be a strategic partner in strengthening Tata Motors Group's IT capabilities in process transformation through technology.

NEW PRODUCT, TECHNOLOGY AND ENVIRONMENT FRIENDLY INITIATIVES

Product Development

The Tata Motors Group continues to innovate and with a view to enhance the market share, aims at products catering to the changing needs of the customer for both fleet owners and individual customers. Some of the Company's key products launched during the year and other product development initiatives includes:

- Showcased the Tata Mega Pixel - a four seater city-smart global range extended electric vehicle (REEV) concept at the Geneva Motor Show.
- Unveiled the Tata Safari Storme-a 4WD SUV powered by the 2.2 L DICOR a engine at the Delhi Auto Expo held in January 2012.
- Showcased at the New Delhi Auto Expo, the new Ultra range of Tata LCV trucks and buses powered by the new generation 3-litre and 5-litre engines, developed in-house. After the Prima for the M&HCV segment, the Ultra range represents the next quantum jump in the Indian LCV segment with world class cutting technology.
- Launched the Nano 2012 - with improved mileage, better comfort and better driveability, with 10 new refreshing colours.
- Launched the Indica Vista refresh with new and improved styling.
- Launched the BS IV compliant Sumo Gold powered by the 4SP DICOR engine - with best-in-class power and drivability and improved mileage.
- Showcased the Aria with improved interiors and a 6-speed automatic transmission (AT). An AT variant on the Prima 3138 tipper was also displayed.
- Forayed into the super-luxury inter-city bus segment with launch of the Tata Divo. Also launched new variants in the Tata Starbus Ultra range. These products, in the mini- and mid-bus segments, will be available in the luxury, standard and deluxe variants.
- Launched the Range Rover Evoque in September 2011 and has since garnered over 100 international awards. The class leading urban 4x4 comes in a range of trim levels and is the most customisable Range Rover ever produced.
- The Jaguar XK range was significantly refreshed with a new look for 2011. The new XKR-S, which was unveiled at the Geneva Motor Show, is the fastest and the most powerful

production sports GT that Jaguar has ever built. The Jaguar XF 12 model year line-up included a new four-cylinder 2.2-litre diesel version of the XF with Intelligent Stop-Start Technology, making it the most fuel-efficient Jaguar yet.

- A 3.0-litre V6 petrol engine of the Jaguar XJ was launched in the Chinese market in early 2011, which has driven sales growth in the year. During the year, the XJ was upgraded to include a new Executive Package and a Rear Seat Comfort package, making Jaguar's flagship model, the ultimate executive limousine experience.
- Showcased the Jaguar C-X16 concept car at the New York Auto Show. This will be the basis of the new F-type, a two-seater sports car due for launch in 2013.
- The 2012 Model Year Range Rover, with an all-new 4.4-litre TDV8 engine, aiming to achieve a 14% reduction in CO₂ emissions and a 19% improvement in fuel consumption to 7.81L/100km, was well received in the UK, Europe and overseas.

Development of Environment Friendly Technologies

- The Indigo Manza hybrid, powered by a 1.05 litre DICOR engine and potent electric motors, has a focus on drivability and usable performance in the real world.
- The Tata Nano CNG concept was displayed at the Auto Expo with world class safety strategies and an intelligently packaged CNG system so as not to disturb luggage space.
- A CNG variant of the Magic Iris - a stylish, comfortable and environment friendly vehicle was displayed at the Auto Expo.
- The Tata Starbus Fuel cell concept, a path breaking initiative in alternate fuel technology, was developed with the support from the Government of India's Department for Scientific and Industrial Research. In this concept, compressed hydrogen combines with oxygen to generate electricity, which is used to power the vehicles motor and emits only water vapour.

- The all-aluminium Jaguar XJ 3.0 V6 twin-turbo diesel has CO₂ emissions rated at 184g/km.
- The Freelander 2 features a new eD4 diesel engine capable of 4.98L/100km and CO₂ emissions of 158g/km in 2WD.

SUBSIDIARY AND ASSOCIATE COMPANIES

Tata Motors announces consolidated financial results on a quarterly basis. As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Tata Motors Group are attached.

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956 (Act), the Ministry of Corporate Affairs vide its General Circular No 2/2011 dated February 8, 2011, has granted a general exemption subject to certain conditions to holding companies from complying with the provisions of Section 212 of the Act, which requires the attaching of the Balance Sheet, Profit & Loss Account and other documents of its subsidiary companies to its Balance Sheet. Accordingly, the said documents are not being included in this Annual Report. The main financial summaries of the subsidiary companies are provided under the section 'Subsidiary Companies: Financial Highlights for FY 2011-12' in the Annual Report. The Company will make available the said annual accounts and related detailed information of the subsidiary companies upon the request by any member of the Company or its subsidiary companies. These accounts will also be kept open for inspection by any member at the Head Office of the Company and the subsidiary companies.

Subsidiary Companies

Tata Motors had 64 (direct and indirect) subsidiaries (9 in India and 55 abroad) as on March 31, 2012, as disclosed in the accounts. During the year, the following changes have taken place in subsidiary companies:

Subsidiary companies formed/acquired

- Jaguar Land Rover (South Africa) Holdings Limited - a

wholly-owned subsidiary of Jaguar Land Rover.

- PT Tata Motors Indonesia - a wholly owned subsidiary of Tata Motors Limited.

Companies ceasing to be subsidiary companies

- HV Transmissions Limited was amalgamated with TML Drivelines Limited (formerly known as HV Axles Limited).
- Land Rover Parts US LLC was dissolved.
- Land Rover Deutschland GmbH was merged into Jaguar Deutschland GmbH.
- Jaguar Italia SpA was merged into Land Rover Italia.
- Business of Land Rover Exports Ltd was transferred to Jaguar Land Rover Exports Ltd.

Name changes

- HV Axles Limited to TML Drivelines Limited.
- Jaguar Land Rover Limited to Jaguar Land Rover plc.
- Jaguar Deutschland GmbH to Jaguar Land Rover Deutschland.
- Land Rover Italia SpA to Jaguar Land Rover Italia SpA.
- Jaguar Cars Exports Ltd to Jaguar Land Rover Exports Limited.

Other than the above there has been no material change in the nature of the business of the subsidiary companies.

Associate companies

As at March 31, 2012, Tata Motors had 9 associate companies and 2 Joint Ventures as disclosed in the accounts.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Details of energy conservation and research and development activities undertaken by the Tata Motors alongwith the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as an Annexure to the Directors' Report.

DIRECTORS

Mr Cyrus P Mistry was appointed as an Additional Director on May 29, 2012 and Mr Ravindra Pisharody and Mr Satish Borwankar were appointed as Additional Directors on June 21, 2012. In accordance with Section 260 of the Companies Act, 1956 (the Act) and Article 132 of the Company's Articles of Association, they will cease to hold office at the forthcoming Annual General Meeting and are eligible for appointment. M/s Pisharody and Borwankar were also appointed as Executive Director (Commercial Vehicles) and Executive Director (Quality, Vendor Development & Strategic Sourcing) respectively of the Company for a period of 5 years with effect from June 21, 2012, subject to the approval of the Members. In accordance with the provisions of the Act and the Article of Association of the Company, M/s N Munjee, S Bhargava and V K Jairath are liable to retire by rotation and are eligible for re-appointment.

Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting and the Explanatory Statement thereto.

Mr Ratan N Tata was nominated by Tata Steel as 'the Steel Director' on August 11, 2011 pursuant to Article 127 of the Company's Articles of Association in place of Dr J J Irani who retired on June 2, 2011.

Mr Carl P Forster stepped down as the Managing Director and Group CEO on September 9, 2011, but continued to serve the Board as a Non-Executive Member till March 31, 2012.

Mr Prakash M Telang, Managing Director - India Operations, retired from the Company on June 21, 2012, on attaining the age of superannuation and stepped down from the Board of the Company. The Board of Directors expressed appreciation of the contributions made by Mr Telang over the years to the development and growth of the Company.

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of

the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report. Tata Motors won "the Golden Peacock Award for Excellence in Corporate Governance" in 2011.

PARTICULARS OF EMPLOYEES

Tata Motors has 103 employees who were in receipt of remuneration of not less than ₹60 lakhs during the year or ₹5 lakhs per month during any part of the said year. The Information required under Section 217(2A) of the Companies Act, 1956 and the Rules made there under is provided in the Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

A separate section on initiatives taken by the Tata Motors Group to fulfill its Corporate Social Responsibilities is included in the Annual Report.

AUDIT

M/s Deloitte Haskins & Sells (DHS), Registration No. 117366W, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Financial Year 2012-13. DHS have, under Section 224(1) of the Act, furnished a certificate of their eligibility for re-appointment.

Cost Audit

As per the requirement of the Central Government and pursuant to Section 233B of the Act, the audit of the cost accounts relating to motor vehicles is carried out every year. Pursuant to the approval of Ministry of Corporate Affairs, M/s Mani & Co. having

registration No. 00004 were appointed as the Cost Auditors for auditing the Company's cost accounts relating to motor vehicles (including auto components), foundry and forge for the year ended March 31, 2012.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Act, the Directors, based on the representation received from the Operating Management, confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the

provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank the employee unions, shareholders, fixed deposit holders, customers, dealers, suppliers, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

On behalf of the Board of Directors

RATAN N TATA

Chairman

Mumbai, June 21, 2012