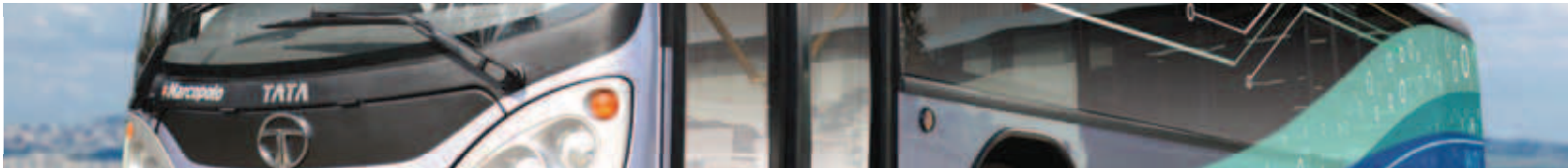




# TATA MOTORS

67<sup>TH</sup> ANNUAL REPORT 2011-2012



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Attendance Slip and Proxy Form

## ANNUAL GENERAL MEETING

Date: Friday, August 10, 2012  
Time: 3.00 p.m.  
Venue: Birla Matushri Sabhagar,  
19, Sir Vithaldas Thackersey Marg,  
Mumbai 400 020.





Tata Motors began operations in 1945. Since that time, we have remained committed to our values and our stakeholders.

We have maintained a consistent focus on strengthening our organisation, and expanding our presence. Today, through our subsidiaries and associate companies, we already operate in the UK, South Korea, Thailand, Spain and South Africa.

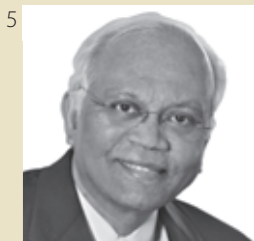
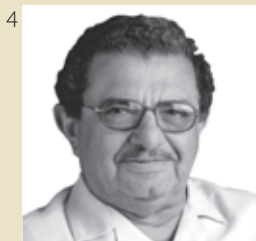
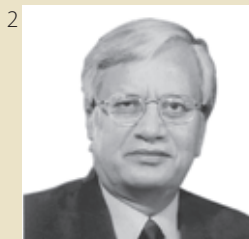
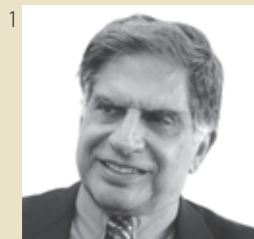
Our forays are spearheaded by consistent innovation to meet our customers' needs. We are equally focused on green technologies to ensure sustainability.

Despite economic crests and troughs, we have remained resilient. We have identified customer aspirations, adapted to change and have delivered with purpose.

Every day we are embracing better ways of working and smarter ways of satisfying our stakeholders.

**We have been, and will remain, stable and agile.**

## BOARD OF DIRECTORS



### 1 Mr Ratan N Tata – Chairman

Mr Tata holds a B.Sc. (Architecture) degree in structural engineering from Cornell University, USA, and completed the Advanced Management Program at Harvard Business School, USA. He joined the Tata Group in 1962 and in 1991, Mr Tata was appointed Chairman of Tata Sons Limited. He currently holds the Chairmanships of major Tata companies. Mr Tata is associated with various organizations in India and overseas significant being Alcoa, Mitsubishi Corporation, the American International Group, JP Morgan Chase and Rolls Royce. Mr Tata is also affiliated with the Indian Institute of Science, the Tata Institute of Fundamental Research and is the Chairman of the two of the largest private sector promoted philanthropic trusts in India. During his tenure, the combined revenues of Tata entities have grown over ten-fold to annualized revenues of over US\$100 billion.

The Government of India honoured Mr Tata with its second highest civilian award, the Padma Vibhushan, in 2008. Earlier, in 2000, he had been awarded the Padma Bhushan. Mr Tata has also been conferred honorary doctorates in business administration by the Ohio State University, in technology by the Asian Institute of Technology, Bangkok, in science by the University of Warwick and a fellowship of the London School of Economics.

Mr Tata joined the Company's board in 1981, became Executive Chairman in 1988 and was appointed as the Non Executive Chairman in 2001. Mr Tata is actively involved with product

development and other business strategies pursued by the Company. Under his leadership, the Company has transformed from being a leader in the domestic commercial vehicle market to being India's largest automobile company, with strong businesses in both commercial vehicles and passenger cars and a growing international footprint. Some of his achievements include the design and development of India's first indigenously produced car, the Indica, and the Nano, among the world's cheapest cars and the acquisition of Jaguar Land Rover.

### 2 Mr Ravi Kant – Vice-Chairman

Mr Kant had his education at the Mayo College, Ajmer, the Indian Institute of Technology, Kharagpur and did his Masters in Management (Industry) from the Aston University, UK. He was conferred with an Honorary D.Sc. by the Aston University, UK and is an Honorary Industrial Professor at the University of Warwick, UK. Mr Kant has extensive experience in the manufacturing and marketing fields, particularly in the automobile industry. Prior to joining the Company, he was with Philips India Limited as the Director of the Consumer Electronics business.

He was awarded the BMA (Bombay Management Association) Management Man of the Year Award 2008-09. The Indian Institute of Metals conferred him with the Honorary Membership of the Institute in the year 2010. He is also on the governing Board of Vale Columbia Center on Sustainable International Investment, SIFE Worldwide, the National Institute of Design,

Ahmedabad, Chairman of IIM, Rohtak. He was the recipient of the Golden Peacock Corporate Award for Business Leadership for the year 2010 for his outstanding contribution in transforming Tata Motors.

Mr Kant joined the Company as Senior Vice President in February 1999 and was appointed as an Executive Director (Commercial Vehicle Business Unit) in July 2000 and as Managing Director in July 2005. Upon retiring from his Executive position on June 1, 2009, Mr Kant continued on the Company's Board of Directors as Vice-Chairman.

### 3 Mr Nusli N Wadia – Independent Director

Educated in the UK, Mr Wadia is the Chairman of Bombay Dyeing and Manufacturing Company Limited and heads the Wadia Group. He was appointed on the Prime Minister's Council on Trade & Industry in 1998, 1999 and 2000-04. Mr Wadia has a distinct presence in public affairs and has been actively associated with leading charitable institutions. He is also on the Managing Committee of the Nehru Centre, Mumbai. He is also the Chairman/Trustee of various charitable institutions and non-profit organisations.

He was appointed as a Director of the Company with effect from December 22, 1998.

### 4 Mr S M Palia – Independent Director

Mr Palia, a B.Com., LL.B., CAIIB and AIB (London), is a Development Banker by profession. He was with Industrial Development Bank of India (IDBI) from 1964-1989. During this period, he held various positions including that of an Executive Director. He was also the Managing Director of Kerala Industrial and Technical Consultancy Organisation Limited, set up to provide consultancy services to micro enterprises and small and medium enterprises. Mr Palia is on the Boards of various companies in the industrial and financial service sectors and is also actively involved as a trustee in various NGOs and trusts.

He was appointed as a Director of the Company with effect from May 19, 2006.

### 5 Dr R A Mashelkar – Independent Director

Dr Mashelkar is an eminent chemical engineering scientist. He retired from the post of Director General from the Council of Scientific and Industrial Research (CSIR) in 2006, after a tenure of over 11 years. His leadership transformed CSIR into a user-focused, performance-driven and accountable organisation.

Dr Mashelkar is the President of Indian National Science Academy (INSA), National Innovation Foundation, Institution of Chemical Engineers, UK and Global Research Alliance, a network of 60,000 scientists from five continents and has been honored with honorary doctorates from 26 universities, including Universities of London, Salford, Pretoria, Wisconsin and Delhi. Dr Mashelkar has also been elected as Fellow/ Associate of Royal Society (FRS), London National Academy of Science (USA), US National Academy of Engineering, Royal Academy of Engineering, UK, World Academy of Art and Science, USA and the Academy of the Developing World, Trieste, Italy.

Dr Mashelkar has won over 50 awards and medals at national and international levels, including the JRD Tata Corporate Leadership Award and the Stars of Asia Award (2005). In the post liberalised India, Dr Mashelkar through leadership of various organisations/ Government Committees has played a critical role in shaping India's Science and Technology policies. The Government of India honoured Dr Mashelkar with the Padmashri (1991) and the Padma Bhushan (2000). Dr Mashelkar is also a director of several well known companies.

He was appointed as a Director of the Company with effect from August 28, 2007.

### 6 Mr Nasser Munjee – Independent Director

Mr Munjee was educated at the Leys School, Cambridge, UK and holds Bachelor's and Master's degrees from the London School of Economics, U K. He joined Mr H T Parekh, Chairman, ICICI, to establish, HDFC, the first housing finance company in India

Mr Munjee served HDFC for over 20 years at various positions including being its Executive Director. He was the Managing

## Board of Directors

Director of IDFC up to March 2004. Since June 2005, he is the Chairman of the Development Credit Bank (DCB). He is on the Board of various multinational companies and trusts. Mr Munjee is a Technical Advisor on the World Bank – Public Private Partnership Infrastructure and Advisory Fund.

He was appointed as a Director of the Company with effect from June 27, 2008.

### 7 Mr Subodh Bhargava – Independent Director

Mr Bhargava holds a degree in Mechanical Engineering from the University of Roorkee. He served the Eicher Group of Companies since 1975. He retired as the Group Chairman and Chief Executive in March 2000 but continues as Chairman Emeritus, Eicher Group. He was the past President of the Confederation of Indian Industry (CII) and the Association of Indian Automobile Manufacturers and the Vice President of the Tractor Manufacturers Association. He was also a member of the Insurance Tariff Advisory Committee, the Economic Development Board of the Government of Rajasthan. He is currently associated as a Director of several Indian corporates and multinationals.

He was appointed as a Director of the Company with effect from June 27, 2008.

### 8 Mr V K Jairath – Independent Director

Mr Jairath holds a B.A. degree in Public Administration and an LLB degree from the Punjab University. He also holds a Masters in Economics from the University of Manchester, UK, and joined the Indian Administrative Service in 1982.

Mr Jairath has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure, finance, industry, urban development and environmental management. He has held various positions as the Managing Director of SICOM, Secretary to the Governor of Maharashtra, Municipal Commissioner of Kolhapur, Collector of Wardha, Principal Secretary (Industries), Government of Maharashtra, besides being an Independent Director on the Boards of Public Sector Companies and Banks. He is currently on the Boards of Maharashtra Airport Development Company and Avantha Power and Infrastructure Limited.

He was appointed as a Director of the Company with effect from March 31, 2009.

### 9 Mr Ranendra Sen – Independent Director

Mr Sen, graduated from St. Xavier's College and joined the Indian Foreign Services in 1966. He served in various capacities at Embassies and Consulates in Moscow, San Francisco and Dhaka, as Deputy Secretary and Joint Secretary in the Ministry of External Affairs and as Secretary to the Atomic Energy Commission. He was also the Joint Secretary to successive Prime Ministers responsible for foreign and defence policies, atomic energy, space and other tasks.

Mr Sen was assigned as the Ambassador to Mexico (1991-1992), Russia (1992-1998) and reunified Germany (1998-2002), as the High Commissioner to the United Kingdom (2002-2004) and as the Ambassador to the United States (2004-2009). He is the first Indian to serve as envoy to three P-5 and four G-8 capitals and has participated in about 180 multilateral and bilateral summits.

He was appointed as a Director of the Company with effect from June 1, 2010.

### 10 Dr Ralf Speth – Non-Executive Director

Dr Speth is a Doctorate of Engineering in Mechanical Engineering and Business Administration from Warwick University, UK and holds a degree in engineering from Rosenheim University, Germany. Dr Speth worked as a business consultant for a number of years before joining BMW in 1980. After serving BMW for 20 years, Dr Speth joined Ford Motor Company's Premier Automotive Group as Director of Production, Quality and Product Planning.

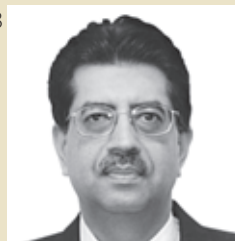
Dr Speth was appointed to the post of Chief Executive Officer at Jaguar Land Rover on February 18, 2010. He is on the Board of Jaguar Land Rover PLC, UK and is also the Chairman and Chief Executive Officer of the two wholly-owned subsidiary companies, Jaguar Cars Limited and Land Rover in UK.

Prior to this appointment, Dr Speth was Head of Global Operations at the International Industrial Gases and Engineering Company, The Linde Group.

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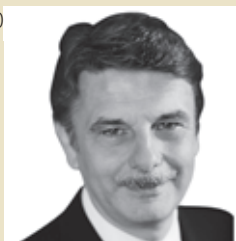
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He was appointed as a Director of the Company with effect from November 10, 2010.

### 11 Mr Cyrus P Mistry – Non-Executive Director

Mr Mistry is a graduate of Civil Engineering from Imperial College, UK and has a M.Sc. in Management from London Business School. He joined the Board of Shapoorji Pallonji & Co. Ltd. as a Director in 1991. He was appointed as the Managing Director of Shapoorji Pallonji Group in 1994. He joined the Board of Tata Sons Limited in 2006 and was appointed Deputy Chairman in November 2011. He is also on the Board of Tata Industries Limited, Tata Power Company Limited, Tata Consultancy Limited, Tata Chemicals Limited, Tata Steel Limited, Tata Teleservices Limited, Afcons Infrastructure Ltd., Construction Federation of India, Imperial College Advisory Board, on the Board of Governors of NICMAR, and is a Fellow of the Institute of Civil Engineers.

He was appointed as a Director of the Company with effect from May 29, 2012.

### 12 Mr R Pisharody – Executive Director

Mr Pisharody is an alumni of IIT Kharagpur and IIM Calcutta. He joined the Company in 2007 as Vice-President (Sales and Marketing, CVBU) and was later elevated to President (CVBU) in 2009. Mr Pisharody played a significant role in doubling commercial vehicle volumes and also oversaw the launch of commercial vehicles, including the Company's entry into world class product

platforms such as the Prima and Ultra. Prior to joining the Company, he worked in various roles with M/s Castrol India Ltd., BP Singapore Pte. Limited and Philips India Limited. He has over 30 years' experience in sales, marketing and business development.

Mr Pisharody was appointed as Executive Director (Commercial Vehicles) of the Company w.e.f. June 21, 2012.

### 13 Mr S B Borwankar – Executive Director

Mr Borwankar is a Mechanical Engineer with honours from IIT, Kanpur. He joined the Company in August 1974 and has been responsible in various executive positions for overseeing and implementing product development, manufacturing operations and quality control initiatives. He played a significant role in setting up greenfield projects for M&HCVs, axle components, designing and production of trims and chassis. He has over 37 years of experience in manufacturing and quality control with the Company.

Prior to his induction on the Board, Mr Borwankar was Senior Vice President (Manufacturing Operations, CVBU).

Mr Borwankar was appointed as Executive Director (Quality, Vendor Development & Strategic Sourcing) of the Company w.e.f. June 21, 2012.

# MANAGEMENT TEAM

## Management Team

|                           |   |
|---------------------------|---|
| <b>R Pisharody</b>        | Executive Director (Commercial Vehicles)                              |
| <b>S B Borwankar</b>      | Executive Director (Quality, Vendor Development & Strategic Sourcing) |
| <b>C Ramakrishnan</b>     | Chief Financial Officer   |
| <b>T Leverton</b>         | Head, Advanced and Product Engineering                                |
| <b>Prabir Jha</b>         | Senior Vice President (Human Resources)                               |
| <b>P Y Gurav</b>          | Senior Vice President (Corp Finance - Accts & Taxation)               |
| <b>S Krishnan</b>         | Senior Vice President (Latin America Operations)                      |
| <b>A A Gajendragadkar</b> | Vice President (Corp Finance and Business Planning)                   |
| <b>A K Jindal</b>         | Head Engineering (Comm. Vehicles - ERC)                               |
| <b>Anil Kapur</b>         | Vice President - Sales (CVBU)   |
| <b>A S Puri</b>           | Vice President (Govt. Affairs & Collaboration)                        |
| <b>B B Parekh</b>         | Chief (Strategic Sourcing)  |
| <b>Girish Wagh</b>        | Head (Passenger Car Operations)                                       |
| <b>H K Sethna</b>         | Company Secretary   |
| <b>Karl-Heinz Servos</b>  | Project Director (Joint Projects)                                     |
| <b>N Pinge</b>            | Vice President (Internal Audit)                                       |
| <b>P Chobe</b>            | Head - Jamshedpur Plant   |
| <b>R Bagga</b>            | Vice President (Legal)  |
| <b>R Ramakrishnan</b>     | Vice President (Commercial - PCBU)                                    |
| <b>S Ravishankar</b>      | Vice President (Engg. Systems, ERC)                                   |
| <b>Vikram Sinha</b>       | Head (Car Plant - PCBU)   |



## CORPORATE INFORMATION

### 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](mailto:inv_rel@tatamotors.com)  
Website: [www.tatamotors.com](http://www.tatamotors.com)

### Works

Jamshedpur  
Pune  
Lucknow  
Pantnagar  
Sanand  
Dharwad

### 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](mailto:csg-unit@tsrdarashaw.com)

### Auditors

Deloitte Haskins & Sells (Registration No. 117366W)

### Bankers

|                       |                         |                       |
|-----------------------|-------------------------|-----------------------|
| State Bank of India   | HDFC Bank               | Federal Bank          |
| Bank of America       | HSBC                    | United Bank of India  |
| Bank of Baroda        | ICICI Bank              | Allahabad Bank        |
| Bank of India         | Standard Chartered Bank | State Bank of Patiala |
| Bank of Maharashtra   | Union Bank of India     | Andhra Bank           |
| Central Bank of India | Punjab National Bank    | State Bank of Mysore  |
| Citibank N.A.         | Indian Bank             | ING Vysya Bank        |
| Corporation Bank      | IDBI Bank               |                       |
| Deutsche Bank         | Karur Vysya Bank        |                       |

### Corporate Identity Number (CIN)

L28920MH1945PLC004520

## 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

## Chairman's Statement

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.

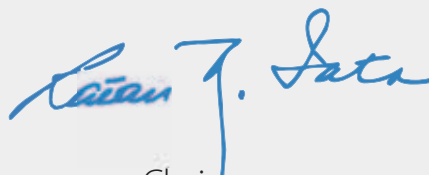
The automobile sector impacts the lives of millions worldwide. It creates a huge number of direct and indirect jobs – and drives the quest for new technologies, lighter, stronger materials as well as new processes and business models. It has resulted in some of the most important infrastructure investments 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

## DESIGNED TO DELIVER

Tata Motors is among the largest automobile manufacturing companies in the world by volume, with a presence across a range of passenger cars and commercial vehicles.

Among our global associations is Jaguar Land Rover, the business comprising two marquee British brands – Jaguar and Land Rover.

We are India's largest automobile company, offering one of the most comprehensive portfolios to cater to the widest customer cross-section.

We enjoy a leading position in the commercial vehicle industry in most segments. We also figure among the top three in passenger car players in the country with differentiated products in the compact, midsize car and utility vehicle segments.



**Jaguar E-Type**  
the most iconic car of the past 50 years in the UK



**Land Rover Evoque**  
won over 100 awards since its launch in 2011

### Visible Leadership

₹170,678 Crores

Consolidated revenues in 2011-12

Over 6.5 Million

Tata vehicles running on Indian roads, since the first car rolled out in 1954

59,000+

Consolidated team strength

6,600+

Sales and service touch points for Tata Motors and Jaguar Land Rover

129

Country Footprints (across six continents)

**Tata Ace**  
India's first indigenous light commercial vehicle



**Tata Safari**  
India's first sports utility vehicle



**Tata Indica**  
India's first indigenously manufactured passenger car



**Tata Nano**  
the world's most affordable car



Recognised  
in India and  
the World

**No. 1**

Commercial  
vehicle  
manufacturer in  
India

**3<sup>rd</sup>**

Largest passenger  
vehicle  
manufacturer in  
India

Largest bus  
manufacturer  
in the world (by  
volume)

**4<sup>th</sup>**

Largest  
manufacturer of  
trucks in the world  
(by volume)



*Range Rover Evoque Plant, Halewood, UK*

## PRODUCT RANGE



**Micro**  
Nano



**Compact**  
Indica (eV2, Vista, Xeta)  
Indigo (eCS)



**Midsize**  
Indigo  
Indigo Manza

## Passenger Cars

## Commercial Vehicles

### Small Commercial Vehicle (SCV) – sub-1 ton

- Ace
- Ace Zip
- Magic (Passenger)
- Magic Iris (Passenger)



### Pickup – 1-1.5 ton

- RX Pickup
- Xenon Pickup
- Super Ace



### Light Commercial Vehicle (LCV) / Intermediate Commercial Vehicle (ICV) – 2.25-7.5 ton

- 407, 709, 712, 909, 1109
- Ultra range







### Utility Vehicle (UV)

Sumo Gold  
Sumo Grande  
Safari  
Aria



### Premium and Luxury SUV

Land Rover (Freelander,  
Defender, Discovery, Range  
Rover, Range Rover Sport, Evoque)



### Premium and Luxury Car

Jaguar (XF, XJ, XK)

### Medium & Heavy Commercial Vehicle (M&HCV) – 15-42 ton

LP & Novus range  
Prima Trucks, Tippers & Tractors



### Vans

Venture (also a passenger vehicle)  
Winger, Winger Platinum



### Buses and Coaches

|          |       |
|----------|-------|
| Globus   | Xerus |
| Starbus  | Intea |
| Divo     | Habit |
| Cityride |       |



# GLOBAL PRESENCE

Tata Motors has emerged as an automobile company of global repute, spanning 129 countries across six continents. Through operations, R&D, a robust dealership network and exports, we are among India's largest multinational companies.

- 1 United States**
- 2 UK**
- 3 India**
- 4 China**

### Rest of Europe

- |             |              |                 |
|-------------|--------------|-----------------|
| 5 Austria   | 6 Azerbaijan | 7 Belgium       |
| 8 Bulgaria  | 9 Croatia    | 10 Cyprus       |
| 11 Denmark  | 12 Finland   | 13 France       |
| 14 Germany  | 15 Gibraltar | 16 Gran Canaria |
| 17 Greece   | 18 Hungary   | 19 Iceland      |
| 20 Ireland  | 21 Italy     | 22 Macedonia    |
| 23 Malta    | 24 Moldova   | 25 Netherlands  |
| 26 Norway   | 27 Poland    | 28 Portugal     |
| 29 Romania  | 30 Slovakia  | 31 Slovenia     |
| 32 Spain    | 33 Sweden    | 34 Switzerland  |
| 35 Tenerife | 36 Turkey    | 37 Ukraine      |

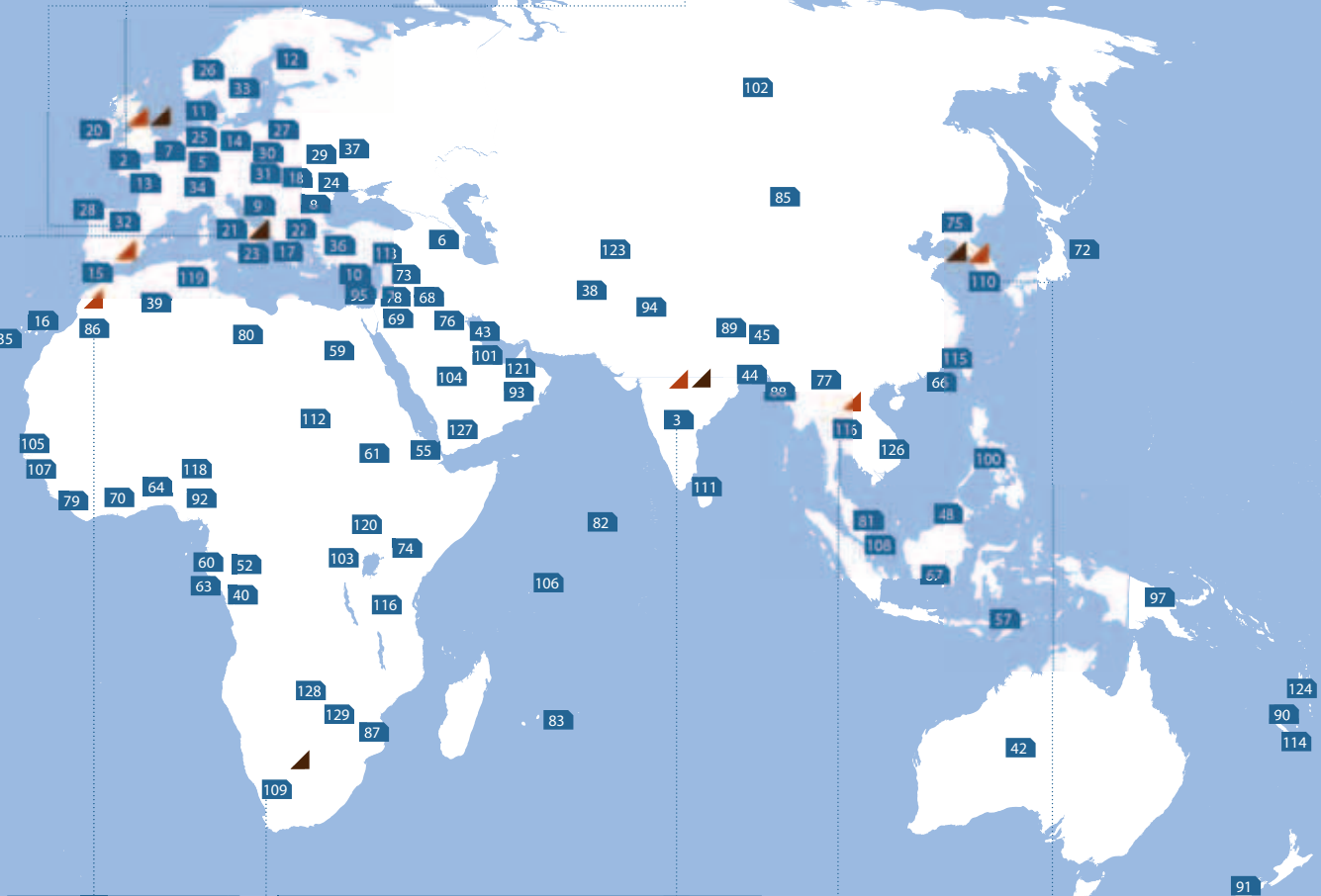
### Rest of the World

- |                   |                  |                     |
|-------------------|------------------|---------------------|
| 38 Afghanistan    | 39 Algeria       | 40 Angola           |
| 41 Argentina      | 42 Australia     | 43 Bahrain          |
| 44 Bangladesh     | 45 Bhutan        | 46 Bolivia          |
| 47 Brazil         | 48 Brunei        | 49 Canada           |
| 50 Chile          | 51 Colombia      | 52 Congo            |
| 53 Costa Rica     | 54 Cuba          | 55 Djibouti         |
| 56 Dominican Rep. | 57 East Timor    | 58 Ecuador          |
| 59 Egypt          | 60 Eq. Guinea    | 61 Ethiopia         |
| 62 Falkland Isles | 63 Gabon         | 64 Ghana            |
| 65 Guatemala      | 66 Hong Kong     | 67 Indonesia        |
| 68 Iraq           | 69 Israel        | 70 Ivory Coast      |
| 71 Jamaica        | 72 Japan         | 73 Jordan           |
| 74 Kenya          | 75 Korea         | 76 Kuwait           |
| 77 Laos           | 78 Lebanon       | 79 Liberia          |
| 80 Libya          | 81 Malaysia      | 82 Maldives         |
| 83 Mauritius      | 84 Mexico        | 85 Mongolia         |
| 86 Morocco        | 87 Mozambique    | 88 Myanmar          |
| 89 Nepal          | 90 New Caledonia | 91 New Zealand      |
| 92 Nigeria        | 93 Oman          | 94 Pakistan         |
| 95 Palestine      | 96 Panama        | 97 Papua New Guinea |
| 98 Paraguay       | 99 Peru          | 100 Philippines     |
| 101 Qatar         | 102 Russia       | 103 Rwanda          |
| 104 Saudi Arabia  | 105 Senegal      | 106 Seychelles      |
| 107 Sierra Leone  | 108 Singapore    | 109 South Africa    |
| 110 South Korea   | 111 Sri Lanka    | 112 Sudan           |
| 113 Syria         | 114 Tahiti       | 115 Taiwan          |
| 116 Tanzania      | 117 Thailand     | 118 Togo            |
| 119 Tunisia       | 120 Uganda       | 121 UAE             |
| 122 Uruguay       | 123 Uzbekistan   | 124 Vanuatu         |
| 125 Venezuela     | 126 Vietnam      | 127 Yemen           |
| 128 Zambia        | 129 Zimbabwe     |                     |



**UK**  
**Jaguar Land Rover**  
 Castle Bromwich  
 Jaguar XK, XJ and XF  
 Halewood  
 Freelander, Range Rover Evoque  
 Solihull  
 Range Rover, Range Rover Sport, Discovery, Defender  
 Gaydon & Whitley  
 Design and Engineering Centres

**SPAIN**  
**Tata Hispano Carrocera**  
 Buses and Coaches



**MOROCCO**  
**Tata Hispano Mahgreb**  
 Buses and Coaches

**SOUTH AFRICA**  
**Tata Motors SA**  
 Commercial Vehicles

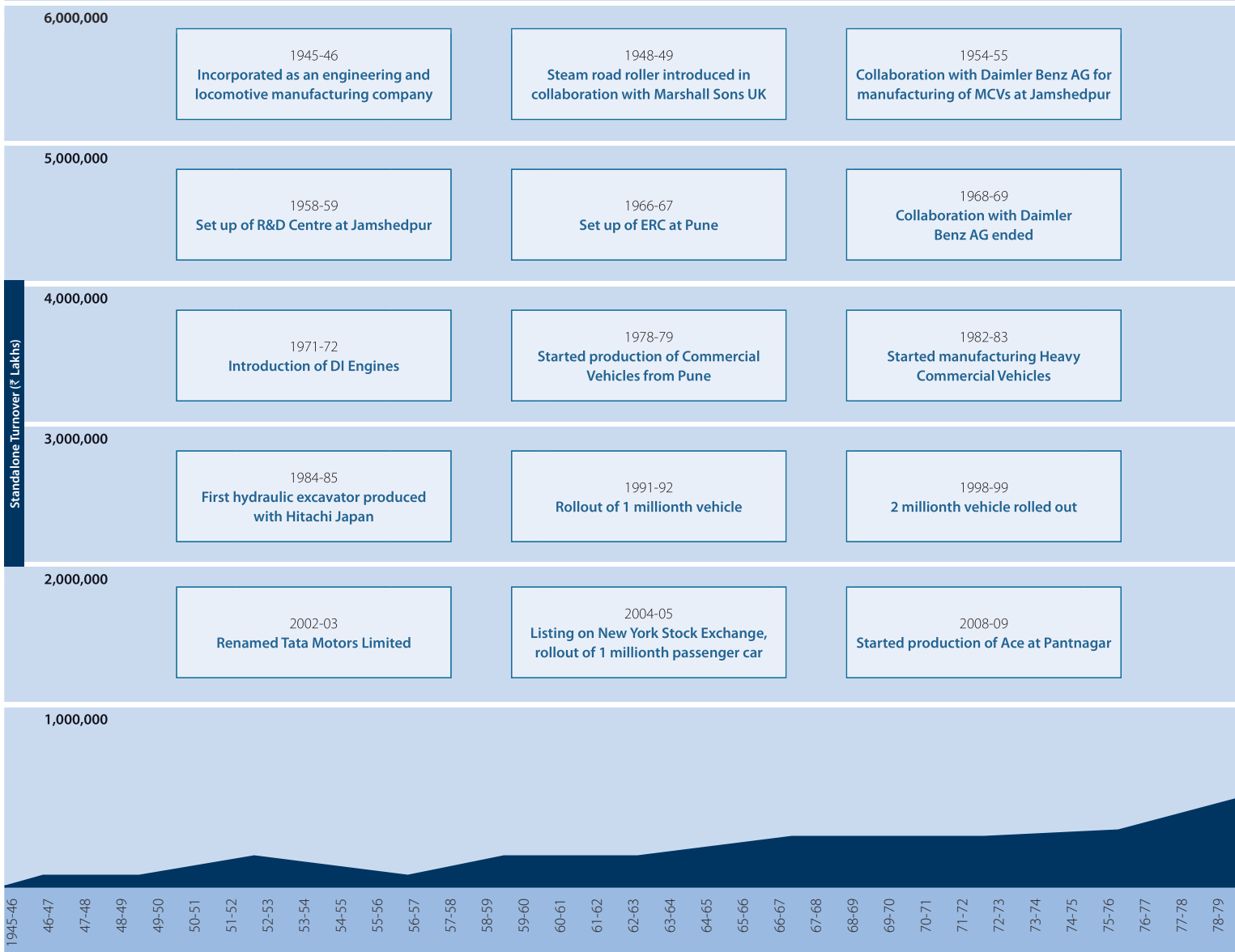
**ITALY**  
**Trilix**  
 Design House

**INDIA**  
**Tata Motors**  
 Jamshedpur  
 Truck factory, engine and drivelines factory  
 Pantnagar  
 Commercial Vehicles (Ace, Magic)  
 Dharwad  
 Commercial Vehicles (Marcopolo buses, L&SCVs)  
 Pune (Pimpri & Chinchwad)  
 Production Engineering Division, Passenger Car &  
 Commercial Vehicle Divisions, Electronics Division, ERC  
 Sanand  
 Passenger Cars (Nano)  
 Lucknow  
 Commercial Vehicles (Marcopolo buses)

**THAILAND**  
**Tata Motors Thailand**  
 Pick-up trucks

**SOUTH KOREA**  
**Tata Daewoo**  
 Commercial Vehicles

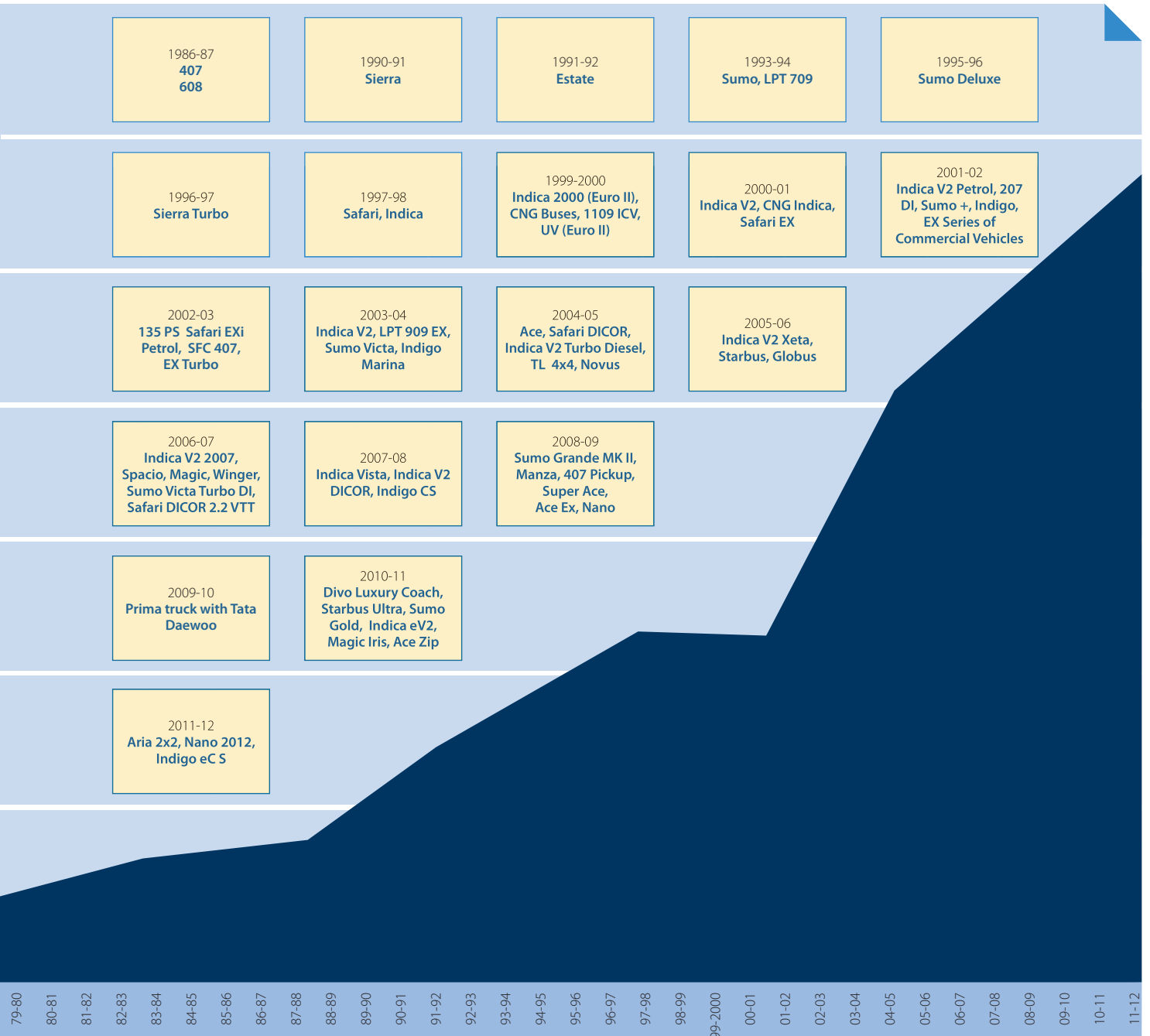
# MILESTONES



Product Launch

Joint Ventures and Acquisitions

Key Milestones



|  |   |  |  |
|--|---|--|--|
| 1993-94<br><b>JV with Cummins for high horsepower and emission-friendly diesel engines</b> | 2003-04<br><b>Daewoo Commercial Vehicle Company (renamed as Tata Daewoo Commercial Vehicle Company Limited)</b> | 2004-05<br><b>21% stake acquisition in Hispano Carrocera</b>                                   | 2005-06<br><b>JV with Marcopolo Brazil</b> |
| 2006-07<br><b>JV with Thonburi Automotive Assembly Plant Co. Limited Thailand</b>          | 2008-09<br><b>1. Jaguar Land Rover acquisition<br/>2. Incorporation of Tata Motors (SA) Proprietary Limited</b> | 2010-11<br><b>1. Remaining 79% stake in Hispano<br/>2. 80% stake acquisition in Trilix Srl</b> |  |

## WINNERS FROM TATA MOTORS

### Tata 407

With close to 75% market share, the 407 enjoys about 55% first-time owners, reinforcing self-employment. Since its launch 25 years ago, the 407 has sold over 500,000 units. Launched in 1986, the Tata 407 family contributes seven out of every 10 vehicles sold in the Light Commercial Vehicle (LCV) category in India. The Tata 407 was among the first in the LCV category, which was designed for Indian markets, characterised by overloading, inhospitable terrains, focus on fuel efficiency and low operating costs. The 407 platform was extended to meet diverse needs of goods and people movement.

Since its launch 25 years ago, the 407 has sold over 500,000 units.



The Evoque uses natural and recycled materials, resulting in low energy demand and minimal carbon footprint.

### Evoque

The Evoque is the smallest, lightest and most fuel-efficient Range Rover model till date. It uses natural and recycled materials, resulting in substantially low energy demand and minimal carbon footprint. Contemporary styling and plentiful personalisation opportunities makes Evoque a preferred vehicle on road. Since going on sale, the Evoque has won over a 100 awards worldwide for exceptional design, performance and technology, including Top Gear Car of the Year, World Design Car of the Year and North American Truck of the Year. The car has seen retail sales of over 50,000 units in the first six months since its launch.

The Tata Ace, India's first four-wheel mini truck changed the face of sub 1-tonne goods-carriage in India.



### Ace

With the Ace line of trucks, Tata Motors created a new segment in the CV category – the Small Commercial Vehicle (SCV). The SCV segment targeted three-wheeler drivers, who aspired to graduate to the quality and safety of four-wheelers. The Ace offers superior safety, versatile performance in varied conditions, ease-of-maintenance, style, comfort and cost-effectiveness. Launched in 2005, the Tata Ace, India's first four-wheel mini truck changed the face of sub 1-tonne goods-carriage in India forever. It sold 100,000 in its first 20 months.



The Safari catalysed the SUV segment with its rugged looks and contemporary styling.

## Safari

Released in 1998, the Tata Safari was the country's first premium, indigenous thoroughbred 4-door Sports Utility Vehicle (SUV), designed, developed and manufactured entirely in India. The Safari got a huge response from car owners, becoming very popular in India. It catalysed the SUV segment with its rugged looks and contemporary styling, adding luxury to powerful off-road capabilities. Designed to provide superior passenger comfort, the Safari cabin features extra legroom, high seating and plush interiors, making it an easy drive on and off the road.

## Indica

The Tata Indica, India's first indigenously made passenger car, was built to deliver on the promise of 'More car per car'. It set standards for interior space and value for money. As a hatchback Indica was originally intended to be a single-user car. It was adapted to fit Indian needs, i.e. to be a chauffeur-driven, family car. Indica's engineering created room for three people in the back seat, provided extra leg space, and fitted a robust rear suspension system. As a result, the Indica has become a best-selling car in some of the most competitive hatchback markets worldwide.

The Indica has become a best-selling car in some of the most competitive hatchback markets worldwide.



## Nano

The Nano provides a safe and affordable alternative to two and three-wheeler owners in India. The lowest cost passenger car in the world, the price of the Nano was optimized by reducing the amount of steel used in its construction. Launched in 2009, the car was hailed as a path-breaking initiative, creating the Micro compact segment in the Indian Passenger Car industry. A refreshed version of the Nano was launched in 2012, equipped with a more powerful engine and a greater fuel efficiency of 25.4 km per litre, improving its record as India's most fuel efficient petrol car.



The lowest cost passenger car in the world, the price of the Nano was optimized by reducing the amount of steel used in its construction.

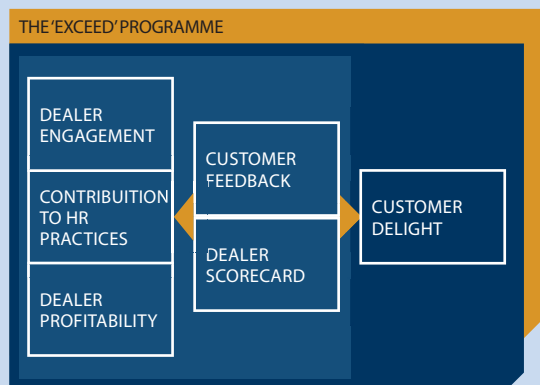
# Delighting customers

Our focus on customer satisfaction has been the driving force behind the channel expansion strategy over the past year.



2011-12 witnessed a surge in terms of pan-India Tata Motors Service Centres. Workshops have been added across the nation to improve customer reach. We have also connected with customers through various contact programmes organised at channel partners to improve customer satisfaction. Additionally, Tata Service Centres are located every 50-70 km along major highways. Continued commitment to the customers has resulted in the **establishment of Tata Alert, a 24x7 call centre**. This allows us to provide spot service within one hour of a call from a stranded Tata customer.

The **'EXCEED' (Exceeding Customer Expectations through Enablement of Distribution Network) programme has a three-step strategy to engage dealers**, who in turn impact customer delight. The first step is to promote a partnership with the dealer. Tata Motors then works to ensure dealer profitability. Customer feedback is continuously fed back into the process, while a dealer scorecard highlights areas of excellence and addresses areas of concern in the dealer-customer engagement process. Together, these initiatives create a robust process and ensure enduring customer delight.





Subsequent to the launch of the Ace variants, our focus on rural markets has increased. New market initiatives, such as the NEEV programme, a rural marketing initiative, and Tata OK, the used vehicle exchange business, have provided rural customers, greater access to Tata commercial vehicles.

In view of the varied customer aspirations, Tata Motors launched the National Customer Day initiative on October 23, 2011 to deepen customer connect. Further, the introduction of Tata Delight, a Customer Loyalty Programme, allows owners to earn rewards for commercial vehicle-related products.

**Jaguar was announced as the 'Number 1 Car Manufacturer' in the What Car? J.D. Power Survey 2012.** The 2012 UK Vehicle Ownership Satisfaction

Study was based on the evaluations of nearly 18,000 owners after an average of two years' ownership. Every aspect of vehicle ownership was rated from performance, design and comfort to quality, reliability, cost of ownership, economy and dealer service satisfaction.

The Land Rover Experience, with Pro-user training, provides potential clients the opportunity to get behind the wheel of a Land Rover and Range Rover for a driving session. Experienced instructors are on hand to share tips and techniques for specialist professional training. This training provides people, who drive for a living, the tools and confidence to perform to the best of their ability.



# Accelerating green mobility

We believe future mobility should be environment friendly. Eco-sensitivity is more than a philosophy at Tata Motors; it reflects in our day-to-day operations and products.

**We are committed to sustainably reduce our carbon footprint. Use of alternative energy sources (solar, wind and natural gas) have enabled us to reduce carbon emissions from our plants.**

To ensure that products are environmentally sound, balance of materials in vehicle components are consistently renewed, extended life lubricants and fluids are developed and ozone-friendly refrigerants are used. Additionally, we have implemented environmentally sensitive technologies in the manufacturing processes and use some of the world's most advanced equipment for **emission check and control**.

Improving energy efficiency, forms the second pillar of Tata Motors' commitment to environment protection. We remain at the vanguard of the Indian automobile industry's anti-pollution efforts by introducing **cleaner engines**.

Vehicle efficiencies have improved, on an average, by 5% year-on-year, allowing for **greater fuel efficiencies**. The promotion and maintenance of best

practices reduces environmental impact. Tata Motors was the first Indian company to introduce vehicles with Euro norms well ahead of the mandated dates. Tata vehicles meet European End-of-Life Vehicle (ELV) Directive standards to maintain metal and non-metallic material balance, such that a maximum of 5% of the vehicle weight becomes waste to landfill.

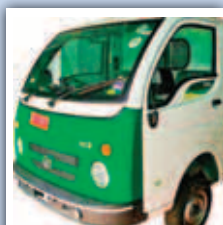
Jaguar Land Rover is the global leader in the use of aluminium and other lightweight materials to **reduce vehicle weight**. Two of the current products within the portfolio use this technology – the Jaguar XJ and Jaguar XK. Going forward, Jaguar Land Rover plans to deploy its core competence in aluminium construction across more models in its range. Jaguar Land Rover continues to invest in new technologies, including developing sustainable technologies to **improve fuel economy and reduce CO<sub>2</sub> emissions**. Its environmental vehicle strategy focuses on new propulsion technology, weight reduction and reducing parasitic losses through the driveline. Projects like REEVolution, REHEV and Range-e represent some of the research projects undertaken for the electrification of premium sedan and all-terrain vehicles.



The Range\_e concept

**Range\_e** is Jaguar Land Rover's technology concept for a plug-in hybrid diesel-electric power train. It marks a global first as a luxury all-wheel drive vehicle powered by plug-in hybrid system. The vehicle, based on the Range Rover Sport, can be driven for more than 20 miles on its electric power, creating zero tailpipe emissions. Beyond this range the diesel hybrid drive train engages seamlessly and continues to optimise CO<sub>2</sub> emissions. The Range\_e is one of a number of Land Rover projects supported by the UK Government's Technology Strategy Board. The technology showcased in Range\_e is destined to be deployed in production vehicles.

Some CNG models in Tata Motors' portfolio



Ace CNG

Electric models in Tata Motors' portfolio



Indica EV



Indigo XL



Ace EV

**Total reduction in CO<sub>2</sub> from Gas and Electricity for Jaguar Land Rover (Over previous year)**

**19%**

**Total reduction in Water Usage for Jaguar Land Rover (Over previous year)**

**15%**

## Developing talent

The Tata Motors Group employs over 59,000 people. Our people are as diverse as our organisation, because they come from various nationalities and ethnicities, have a wide range of skill sets, knowledge and experience levels. This diversity facilitates debate, dialogue and fresh perspectives, and ingrains a lateral thinking mindset across the organisation.

Tata Motors believes in a progressive people culture. We ensure that a judicious mix of people is maintained in our workforce. This is achieved through hiring multi-skilled people both from within the automobile industry and from other sectors. In addition, a regular and consistent recruitment programme at engineering and management institutes ensures a steady stream of high quality people getting inducted to fuel the growth plans. We also have ongoing partnerships with Industrial Training Institutes, besides our own professional training centres, to recruit shop-floor workforce.

**A clearly defined HR strategy is based on the premise that people drive annual performance,** (a short-term goal), and also strengthen long-term organisational objectives. Programmes like mini-assessments and the Fast Track Selection Scheme (FTSS) ensure that talent is spotted early and given an opportunity to mature into leaders.

Capability development, spearheaded by the Tata Motors Academy, has enabled knowledge-sharing through initiatives, such as Learning Management Systems (LMS) and iTeach. The former allows

employees to take ownership of knowledge accretion, while the latter provides a platform for senior management to share their expertise.

**Enablers, such as the 'One Tata Motors' culture, leverage interdepartmental synergies.** Therefore, greater opportunities to learn from and contribute to the organisation are created. Combined with a rearticulated compensation philosophy and reworked variable pay plan, these initiatives ensure that Tata Motors remains performance-oriented and talent-driven.

To drive and support our business growth, we have increased our total workforce to nearly 23,000 people at Jaguar Land Rover. We recruited over 6,200 Salaried, Hourly and Agency workers during the course of the year (including the highest ever intake of over 330 graduate trainees). **Jaguar Land Rover is recognised as a preferred employer in the UK.** Increasing numbers of International Service assignments have commenced to support global operations, and a new National Sales Company has been established in China.

23,000

We have increased our total workforce to 23,000 at Jaguar Land Rover. We recruited over 6,200 workers including 330 graduate trainees.

65%

Employee satisfaction rate rose to an all time high of 65% in the Employee Engagement Survey.



We work hard to retain our talented staff, and during the year **our employee turnover rate remained low at 1.8% for the salaried population and 0.9% for the hourly population.** Relationships with employees and their representatives remain positive and constructive, with no strikes. The 2011-12 Employee Engagement Survey was extended to all hourly paid employees for the first time this year, and employee satisfaction rates for salaried employees rose to an all-time high of 65%, from 57% in the previous year. An extended working week was introduced, with 58% of salaried staff opting to extend their working hours.

Sustained customer delight and business performance

Talent and leadership

Strategic talent management and leadership development



Learning and capability development

Organisational renewal

Customer centric organisation redesign



High engagement culture



Seamless integration



Powerful employer brand

Organisational enablers

Performance and rewards



Reinforce 'One Tata Motors' culture



Simple and IT enabled people processes

Enabling business growth

Enabling organisational development

## PARTNERING WITH THE COMMUNITY



Kalokhe Wadi Students

A signatory to the United Nations Global Compact, Tata Motors is committed to Corporate Social Responsibility. Our community initiatives span key areas of education, healthcare, environment conservation and employability. Sustainability of the organization focuses on creating value in the long term, monitoring economic, social, environmental and intangible performances and paying attention to stakeholder satisfaction.

Tata Motors, governed by the Tata Code of Conduct (TCoC), has a commitment towards conducting business in a responsible manner. We have been regularly disclosing our non-financial performance in the public domain in the form of a Sustainability Report. Available on our website, the Sustainability Report provides comprehensive information on our sustainability agenda and performance. The report on Global Reporting Initiatives' G3.1 Guidelines was externally assured. It received the highest rating of A+ and also serves as our Communication on Progress on the United Nations Global Compact principles.

### Education

Education initiatives implemented include **scholarships, infrastructure and facility improvement** to allow greater access to quality education, implementing extra-curricular activities for overall development of students and teacher training programs.

A joint team of journalists and employees of Tata Motors Thailand donated items such as sun-filter shades to help block sunshine on the school playgrounds, life-vests for children in the Baan Phukhem school, Amphur Kaengkrachan and Phetchburi. Since most of them travel to school via boat, towels, blankets, rice, slippers and various other essentials in addition to a financial donation for the construction of the sun-filter shades.

Monetary donations of KRW 35 million were made by Tata Daewoo for delivery of coal briquette, scholarships for school-going children in South Korea. Training program for teachers in Jeonbuk, South Korea, and an alliance with Gunsan Yongkwang Girls' Middle School was formed under the 'Company School Alliance Program.'

## Employability and Skill Advancement

To promote skill-based employment for youth Tata Motors collaborates with 112 Industrial Training Institutes (ITI) across 19 states under the Institute Management Committee (IMC) Model. At the plant level, training is provided to women through Self Help Groups to empower them. The empowerment paves the way for economic self-reliance. **Tata Motors Grihini Social Welfare Society, which employs more than 1000 women, achieved a significant milestone by crossing a turnover of ₹ 13 crores.** To align community initiatives with core business processes, we initiated a 'Driver Training Programme' with a target of training 3.4 million youth over a period of ten years.

To boost skill advancement of UK's workforce, Jaguar Land Rover implements initiatives such as the ASAS, an Interactive Learning Programmes and a partnership with the Institution of Mechanical Engineers (IMechE).

The ASAS scheme bridges the gap between existing skill sets and expected demand of skills in the future. The scheme, based on a programme developed by Jaguar Land Rover in partnership with leading English Universities, offers engineers the chance to develop the green and future engineering skills which will be needed to create world-leading new products and technologies over the next decades.

### **Jaguar Land Rover with Birmingham Metropolitan College forged a partnership to deliver Interactive Learning Programmes for schools and colleges**

at the Jaguar Land Rover Education Business Partnership Centres in Solihull and Castle Bromwich, Birmingham. The Centres will be the hubs for showcasing engineering careers to pupils from across the region so they consider engineering when they start to think about their career options. Further, a partnership with the Institution of Mechanical Engineers (IMechE) builds on a long standing relationship with IMechE and reflects the need for the UK to maintain its engineering pedigree.

Pursuing the objectives of fostering close relations with the local community and of providing relevant industrial experience to the engineering students, Tata

Motors South Africa forged an alliance with the Engineering Faculty at the University of Pretoria. The Company has provided on-the-job industrial training on various functions like production, quality, purchase, logistics etc., to students from the University of Pretoria.

## Environmental conservation

Tata Motors' focus on environmental management helps preserve the long-term health of people and ecosystems and build strong relationships with local communities. Various initiatives have been undertaken within the broad frame of Environment and Climate Change to address the conservation of natural resources and energy, minimize waste generation, enhance recovery and recycling of material and develop eco-friendly process and systems. We have been continuously working towards reducing our various environmental footprints, which is evidenced by our decrease in specific consumption levels. **We recycle close to 69% of wood packaging, eliminating the use of fresh wood.** A 200 litre engine oil barrel can now be used to test 170 engines instead of 85 engines.

At Jamshedpur and Lucknow, the wet garbage from our canteens is converted to usable organic manure to sustain greenery in the plants. We achieved annualized energy savings of 230,959 GJ through conservation initiatives across our operations. Similarly, **in last three years, we have reduced Green House Gas emissions by 22,581.62 tonnes of CO<sub>2</sub>** while total energy consumed per vehicle produced has also decreased.

In order to make Tata Daewoo as a self-regulating company for environment standards, Liquefied Natural Gas (LNG) was used instead of oil to promote use of eco-friendly energy fuel. The energy saving initiative resulted in 10% reduction in winter electric consumption. Tata Daewoo also extended technical assistance on environment for small and medium sized companies in Jeonbuk. These initiatives led to the declaration of Toxic Free Tata Daewoo in Korea.

## Partnering with the community



*Journey of Discovery benefiting Ugandan women*



*'Go Beyond' Bursary*

The Land Rover 'Go Beyond' Bursary, run by the Royal Geographical Society on behalf of Land Rover, offers funding and the use of a 110 Defender vehicle. The award is aimed at those who want to take a journey beyond their limits and boundaries, that offers challenges for the team and for which a Land Rover Defender 110 is an integral part of the expedition.

### Healthcare

Tata Motors actively promotes healthcare both at the national and plant levels. A partnership with Smile Train empowers surgeons to provide free corrective surgery for children with cleft lip and palette deformities. Further, AIDS awareness campaigns were conducted for truck drivers. Preventive and curative healthcare facilities are provided through small Mobile Health Clinics, awareness camps, hospitals and clinics. Besides, rural health workers are trained to act as foot doctors to cure minor ailments in their allocated areas.

The collaboration between Land Rover UK and the British Red Cross is part of the major global partnership between Land Rover and the International Federation of Red Cross and Red Crescent Societies (IFRC). It involves **Land Rover supporting national Red Cross societies in 15 countries**, with each country adopting a priority programme. To celebrate the production of the one millionth Discovery, Land Rover began a charitable 50-day journey from Birmingham to Beijing, aiming to raise £1,000,000 for the IFRC. This effort is Land Rover's most ambitious fundraising project to date and supports a much-needed water and sanitation project in Uganda.

**Tata Motors Thailand also extended vehicular support to raise funds for helping the Tsunami and Earthquake victims of Japan.** Tata Motors Thailand provided its Nano, Super Ace City Giant and Xenon vehicles to carry supplies for runners in the "Emporium & Punky Runners: Run for Japan" charity activity to raise funds to help people stricken by the recent earthquake and tsunami in Japan.

Employee volunteers of Tata Daewoo have extended their support to children shelters. Volunteers are mainly engaged in free inspection of computers in children shelters, helped in soup kitchens, restored work in flooded areas, and organised blood donation camps.





Tree planting initiatives

### Impact of CSR Measures

- Curative and preventive health services were rendered to 295,075 community members;
- Scholarships for higher studies were awarded to 891 students;
- School infrastructure was developed for 100 schools;
- Vocational training was imparted to 1048 youth;
- Technical training was provided to 1542 youth;
- Green cover was increased by planting 290,850 trees;
- Potable water solutions with support from the Sumant Moolgaonkar Development Foundation (SMDF) provided to 100 villages
- Donations (including donation of vehicles) to help 52 NGOs for various social programmes: ₹ 2,90,60,279

**230,959GJ**

Annualized energy savings through conservation initiatives across all operations

### Achievements

- 'Golden Peacock Award for Corporate Social Responsibility' for 2011.
- Lucknow plant was conferred the 'Greentech Environment Silver Award' for Outstanding achievement in Environment Management' in the automobile sector for 2011.
- 'CII Award' for Corporate Sustainability Reporting.
- 'Hellen Keller Award' for CSR.
- 'Bombay Natural History Award' for Green Governance.
- 'Gold Award for Corporate Social Responsibility' at 51st Annual Awards Nite of the Association of Business Communicators of India (ABCI).
- Pantnagar Plant won 'CII – Environmental Best Practices Award 2012'.
- 'Certificate of Commendation for Significant Achievement' at the CII- ITC.

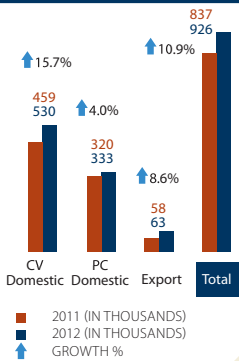
### Sustainability Awards 2011

- Sanand Plant won 1st Prize at Lakhsya CSR Sparsha Award 2011, for 2 papers: Community-based Safe Drinking Water Programme and for Community-based Innovative Sanitation Programme.
- Pantnagar plant bagged the second position in the Environment, Health & Safety Competition 2011, organised by Confederation of Indian Industry (CII), Northern Region.
- Sanand plant won 'Golden Peacock Eco-Innovation Award 2011'.
- Lucknow Plant won the second prize, at 'National Energy Conservation Award 2011', in the automobile manufacturing category.
- Pantnagar plant bagged the 2nd prize under 'Uttarakhand Energy Conservation Award 2011'.
- Jaguar Land Rover received the Platinum Rating in the Corporate Responsibility (CR) Index Society of Motor Manufacturers and Traders 2011 Award for Automotive Innovation.

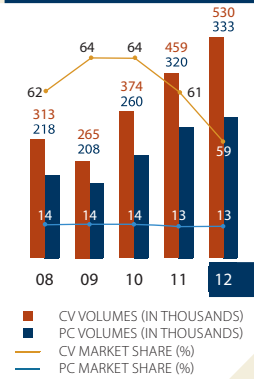
# PACE IN PERFORMANCE

## Company (Standalone)

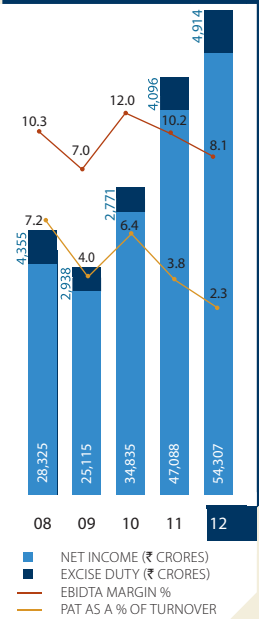
### VOLUME GROWTH



### VEHICLE SALES (DOMESTIC) AND MARKET SHARE



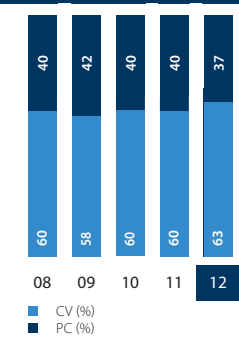
### NET INCOME, EBITDA MARGIN, NET MARGIN



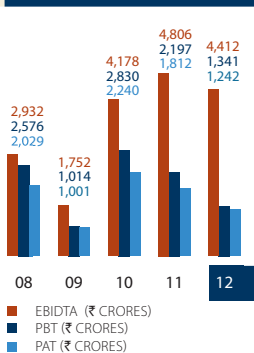
### R & D EXPENDITURE



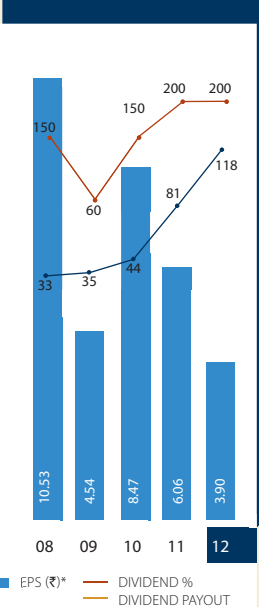
### PRODUCT MIX (VOLUMES)



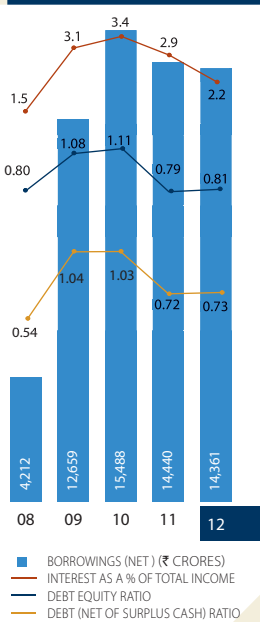
### PROFITS (EBITDA, PBT, PAT)



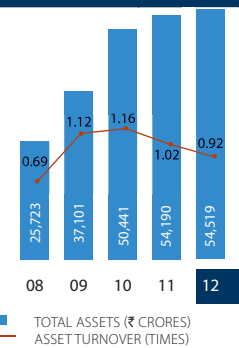
### DIVIDEND & EPS



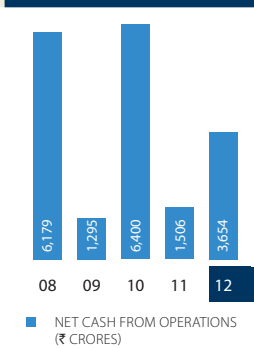
### BORROWINGS (NET OF SURPLUS CASH) & INTEREST AS % OF SALES



### TOTAL ASSETS & ASSET TURNOVER RATIO

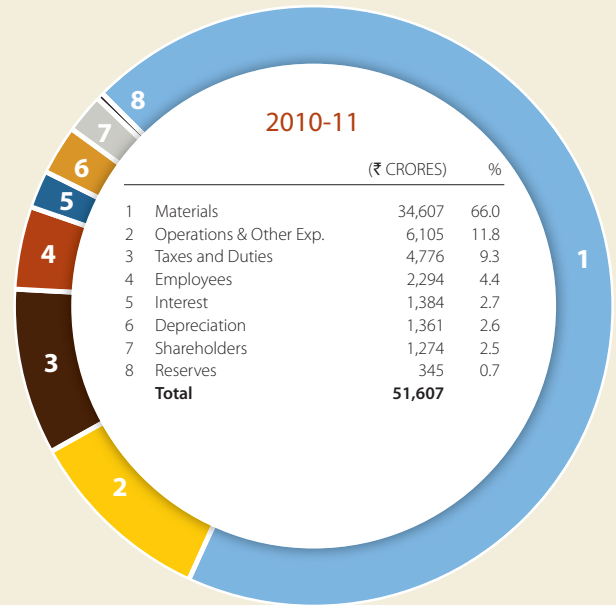
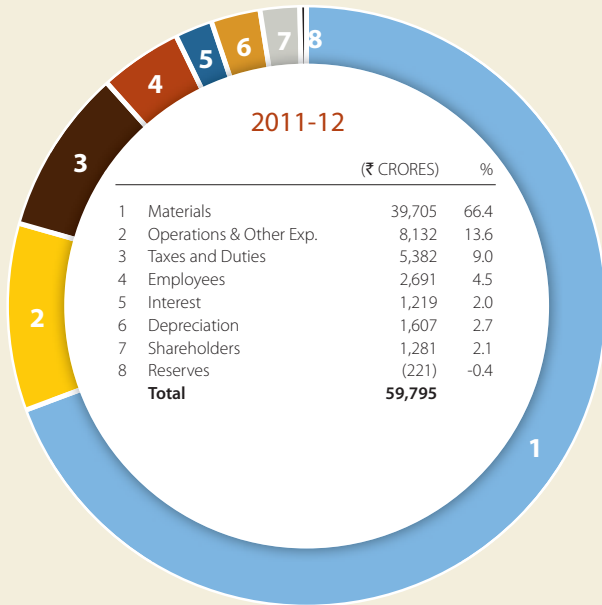


### NET CASH FROM OPERATIONS

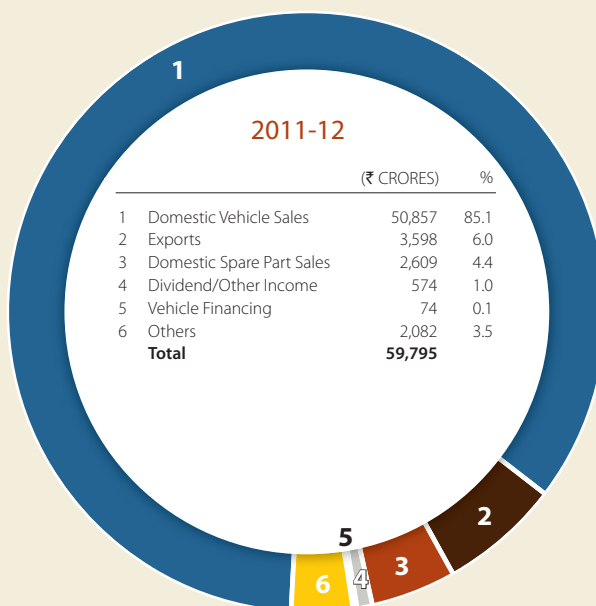


\* Consequent to subdivision of shares, EPS of previous periods have been reported to make them comparable

## Distribution of Revenue

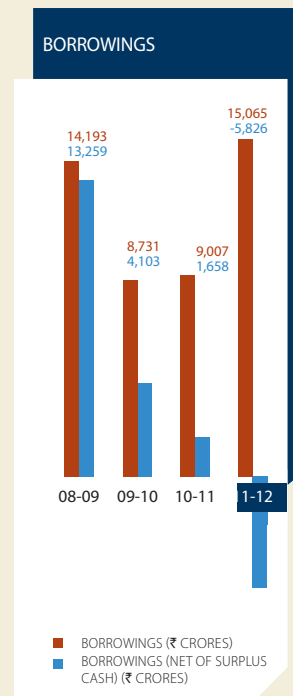
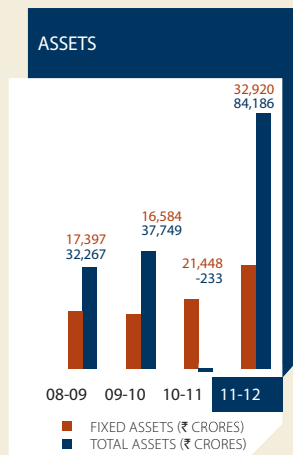
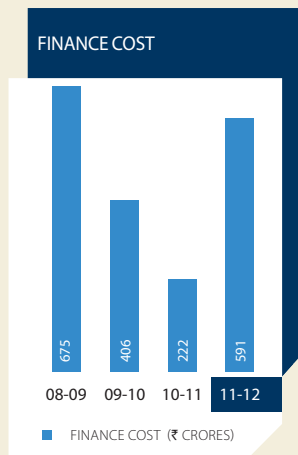
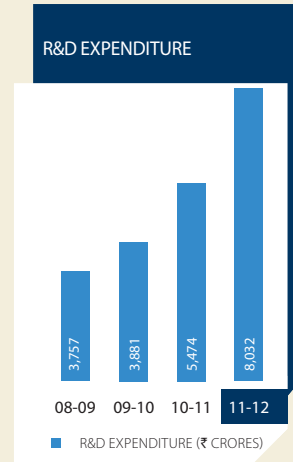
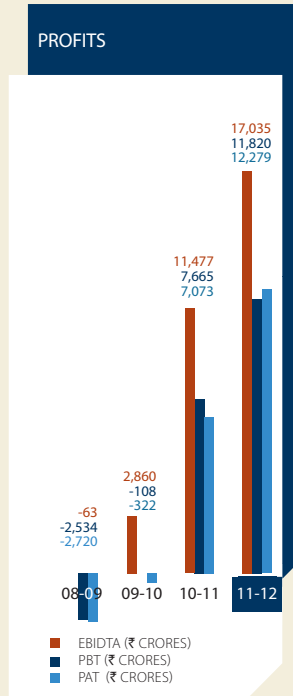
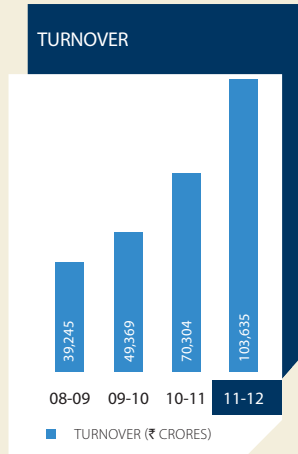


## Sources of Revenue



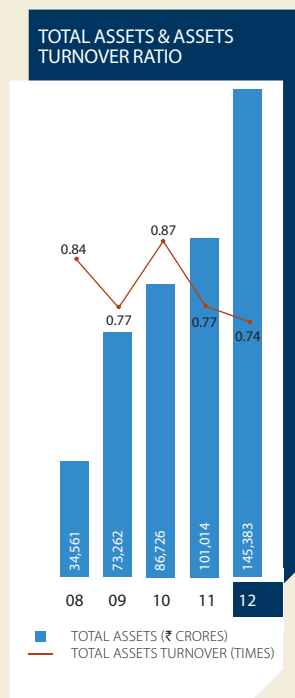
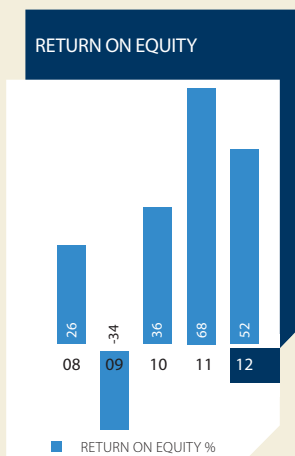
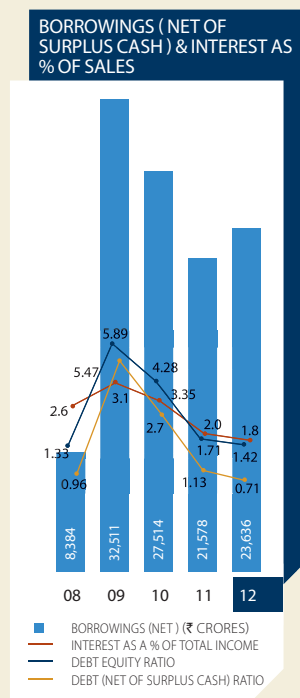
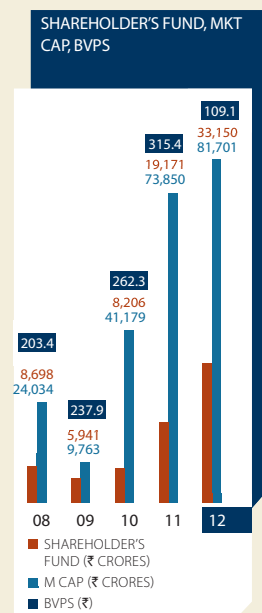
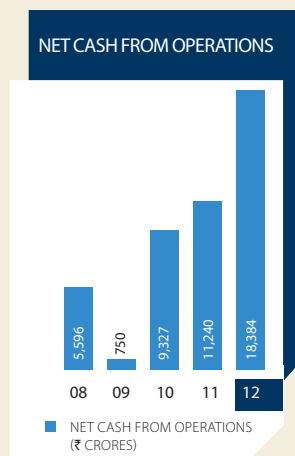
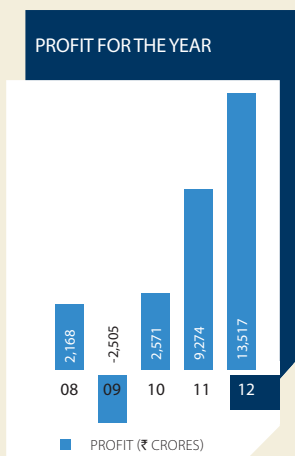
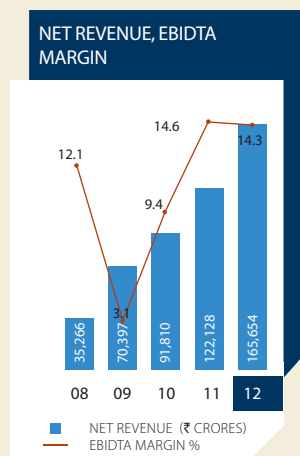
Pace in Performance

Jaguar Land Rover Standalone\*



\* Figures of FY 2008-09 are for 10 months and hence not comparable

## Tata Motors Group (Consolidated)



### Category (Units)

|                                      | 2010           | 2011             | 2012             |
|--------------------------------------|----------------|------------------|------------------|
| Passenger Cars                       | 279,465        | 322,149          | 352,981          |
| Utility Vehicles                     | 181,489        | 243,934          | 316,589          |
| Light Commercial Vehicles            | 228,987        | 311,167          | 365,677          |
| Medium and Heavy Commercial Vehicles | 179,661        | 201,564          | 234,236          |
| <b>Total</b>                         | <b>869,602</b> | <b>1,078,814</b> | <b>1,269,483</b> |

## COMPANY (STANDALONE)

### SUMMARISED BALANCE SHEET

|  | As at<br>March 31, 2012 | (₹ in crores)<br>As at<br>March 31, 2011 |
|--|-------------------------|--|
| <b>WHAT THE COMPANY OWNED</b>  |                         |  |
| 1. Fixed assets  | 19,056.19               | 17,216.10                                |
| 2. Non-current investments   | 17,903.29               | 22,538.21                                |
| 3. Long-term loans and advances  | 3,488.11                | 3,429.64                                 |
| 4. Other non-current assets  | 100.42                  | 34.84                                    |
| 5. Foreign currency monetary item translation difference account (net) | 258.35                  | -  |
| 6. Current assets  | 13,712.92               | 10,971.66                                |
| <b>Total assets</b>  | <b>54,519.28</b>        | <b>54,190.45</b>                         |
| <b>WHAT THE COMPANY OWED</b>   |                         |  |
| 1. Long-term borrowings  | 8,004.50                | 9,679.42                                 |
| 2. Other long-term liabilities   | 1,959.63                | 2,221.05                                 |
| 3. Long-term provisions  | 646.26                  | 1,253.25                                 |
| 4. Net worth   |                         |  |
| Share capital  | 634.75                  | 637.71                                   |
| Reserves and surplus   | 18,991.26               | 19,375.59                                |
| 5. Deferred tax liabilities (net)                                      | 2,105.41                | 2,023.16                                 |
| 6. Current liabilities   | 22,177.47               | 19,000.27                                |
| <b>Total liabilities</b>   | <b>54,519.28</b>        | <b>54,190.45</b>                         |

## SUMMARISED PROFIT AND LOSS STATEMENT

|   | FY 2011-12       | (₹ in crores)<br>FY 2010-11 |
|---|------------------|-----------------------------|
| <b>1 INCOME</b>   |                  |                             |
| Revenue from operations   | 59,220.94        | 51,183.95                   |
| Less : Excise duty  | 4,914.38         | 4,095.51                    |
|   | <b>54,306.56</b> | <b>47,088.44</b>            |
| Other income  | 574.08           | 422.97                      |
|   | <b>54,880.64</b> | <b>47,511.41</b>            |
| <b>2 EXPENDITURE</b>  |                  |                             |
| Cost of material consumed   | 33,894.82        | 27,058.47                   |
| Purchase of products for sale   | 6,433.95         | 7,363.13                    |
| Changes in inventories of finished goods, work-in-progress and products for sale                | (623.84)         | (354.22)                    |
| Employee cost / benefits expense  | 2,691.45         | 2,294.02                    |
| Finance cost  | 1,218.62         | 1,383.70                    |
| Depreciation and amortisation expense   | 1,606.74         | 1,360.77                    |
| Product development expense/ Engineering expenses   | 234.25           | 141.23                      |
| Other expenses  | 8,405.51         | 6,738.35                    |
| Expenditure transferred to capital and other accounts   | (907.13)         | (817.68)                    |
| <b>Total expenses</b>   | <b>52,954.37</b> | <b>45,167.77</b>            |
| Profit before tax   | 1,926.27         | 2,343.64                    |
| Exchange loss (net) including on revaluation of foreign currency borrowings, deposits and loans | 455.24           | 147.12                      |
| Provision for loan given to a subsidiary  | 130.00           | -                           |
| <b>3 Profit before tax</b>  | <b>1,341.03</b>  | <b>2,196.52</b>             |
| 4 Tax expense   | 98.80            | 384.70                      |
| <b>5 Profit after tax from continuing operations (3-4)</b>                                      | <b>1,242.23</b>  | <b>1,811.82</b>             |

## TATA MOTORS GROUP (CONSOLIDATED)

### SUMMARISED BALANCE SHEET

|  | As at<br>March 31, 2012 | (₹ in crores)<br>As at<br>March 31, 2011 |
|--|-------------------------|--|
| <b>WHAT THE COMPANY OWNED</b>  |                         |  |
| 1. Fixed assets  | 56,212.50               | 43,221.05                                |
| 2. Goodwill (on consolidation)   | 4,093.74                | 3,584.79                                 |
| 3. Non-current investments   | 1,391.54                | 1,336.61                                 |
| 4. Deferred tax assets (net)   | 4,539.33                | 632.34                                   |
| 5. Long-term loans and advances  | 13,657.95               | 9,818.30                                 |
| 6. Other non-current assets  | 574.68                  | 332.27                                   |
| 7. Foreign currency monetary item translation difference account (net) | 451.43                  | -  |
| 8. Current assets  | 64,461.47               | 42,088.82                                |
| <b>Total assets</b>  | <b>1,45,382.64</b>      | <b>1,01,014.18</b>                       |
| <b>WHAT THE COMPANY OWED</b>   |                         |  |
| 1. Long-term borrowings  | 27,962.48               | 17,256.00                                |
| 2. Other long-term liabilities   | 2,458.58                | 2,292.72                                 |
| 3. Long-term provisions  | 6,071.38                | 4,825.64                                 |
| 4. Net worth   |                         |  |
| Share capital  | 634.75                  | 637.71                                   |
| Reserves and surplus   | 32,515.18               | 18,533.76                                |
| 5. Minority interest   | 307.13                  | 246.60                                   |
| 6. Deferred tax liabilities (net)                                      | 2,165.07                | 2,096.13                                 |
| 7. Current liabilities   | 73,268.07               | 55,125.62                                |
| <b>Total liabilities</b>   | <b>1,45,382.64</b>      | <b>1,01,014.18</b>                       |



## SUMMARISED PROFIT AND LOSS STATEMENT

|          |   | (₹ in crores)      |                    |
|----------|---|--------------------|--------------------|
|          |   | FY 2011-12         | FY 2010-11         |
| <b>1</b> | <b>INCOME</b>   |                    |                    |
|          | Revenue from operations   | 1,70,677.58        | 1,26,414.24        |
|          | Less : Excise duty  | 5,023.09           | 4,286.32           |
|          |   | <b>1,65,654.49</b> | <b>1,22,127.92</b> |
|          | Other income  | 661.77             | 429.46             |
|          |   | <b>1,66,316.26</b> | <b>1,22,557.38</b> |
| <b>2</b> | <b>EXPENDITURE</b>  |                    |                    |
|          | Cost of material consumed   | 1,00,797.44        | 70,453.73          |
|          | Purchase of products for sale   | 11,205.86          | 10,390.84          |
|          | Changes in inventories of finished goods, work-in-progress and products for sale                        | (2,535.72)         | (1,836.19)         |
|          | Employee cost / benefits expense  | 12,298.45          | 9,342.67           |
|          | Finance cost  | 2,982.22           | 2,385.27           |
|          | Depreciation and amortisation expense   | 5,625.38           | 4,655.51           |
|          | Product development expense/ Engineering expenses   | 1,389.23           | 997.55             |
|          | Other expenses  | 28,453.97          | 21,703.09          |
|          | Expenditure transferred to capital and other accounts   | (8,265.98)         | (5,741.25)         |
|          | <b>Total expenses</b>   | <b>1,51,950.85</b> | <b>1,12,351.22</b> |
|          | Profit/(loss) before tax  | 14,365.41          | 10,206.16          |
|          | Exchange loss / (gain) (net) including on revaluation of foreign currency borrowings, deposits and loan | 654.11             | (231.01)           |
|          | Goodwill impairment and other costs   | 177.43             | -                  |
| <b>3</b> | <b>Profit before tax</b>  | <b>13,533.87</b>   | <b>10,437.17</b>   |
| 4        | Tax expense / (credit)  | (40.04)            | 1,216.38           |
| <b>5</b> | <b>Profit after tax from continuing operations (3-4)</b>  | <b>13,573.91</b>   | <b>9,220.79</b>    |
| 6        | Share of profit from associates (net)   | 24.92              | 101.35             |
| 7        | Minority interest   | (82.33)            | (48.52)            |
| <b>8</b> | <b>Profit for the year</b>  | <b>13,516.50</b>   | <b>9,273.62</b>    |

## COMPANY (STANDALONE)

### FUND FLOW STATEMENT

|  | (₹ in crores)   |                 |                  |                  |                 |
|--|-----------------|-----------------|------------------|------------------|-----------------|
|  | FY 2011-12      | FY 2010-11      | FY 2009-10       | FY 2008-09       | FY 2007-08      |
| <b>Sources of Funds</b>  |                 |                 |                  |                  |                 |
| 1 Funds generated from operations  |                 |                 |                  |                  |                 |
| A. Profit after tax  | 1,242.23        | 1,811.82        | 2,240.08         | 1,001.26         | 2,028.92        |
| B. Depreciation (including Lease Equalisation)   | 1,602.23        | 1,356.26        | 1,029.36         | 870.05           | 647.82          |
| C. Provision / (Reversal) for diminution in value of investments (net)   | -               | 34.00           | 61.05            | (1.96)           | (62.93)         |
| D. Net deferred tax charge   | 98.24           | 376.30          | 589.46           | (2.50)           | 401.54          |
| E. Credit for Dividend Distribution Tax of Subsidiary Companies  | 1.48            | -               | -                | 15.29            | -               |
| F. Exchange gain (net) on Long term Foreign currency monetary items deferred consequent to amendment to AS-11 [Note b(iii)]  | (258.35)        | 161.69          | (325.81)         | 106.23           | -               |
| G. Marked to Market Exchange loss on Forward contracts transferred to Hedging Reserve Account on adoption of principles of hedge accounting under AS30 [Note b(v)]             | -               | -               | 132.57           | (132.57)         | -               |
| <b>Total</b>   | <b>2,685.35</b> | <b>3,740.07</b> | <b>3,726.71</b>  | <b>1,855.80</b>  | <b>3,015.35</b> |
| 2 Proceeds from Rights issue of Ordinary shares and 'A' Ordinary shares  | -               | -               | -                | 4,139.33         | -               |
| 3 Proceeds from issue of Global Depository Shares  | -               | -               | 1,794.19         | -                | -               |
| 4 Proceeds from QIP issue  | -               | 3,351.01        | -                | -                | -               |
| 5 Proceeds from FCCN, Warrants and Convertible Debentures converted into Ordinary Shares and premium thereon   | 0.02            | 1493.32         | 1,555.76         | 8.52             | 6.90            |
| 6 (a) Decrease in Working Capital  | -               | -               | 2,145.94         | -                | 1,348.30        |
| (b) Decrease in Finance receivables  | 144.96          | 366.41          | 1,393.58         | 406.22           | 2,227.41        |
| 7 Increase in Borrowings (net of repayments)   | -               | -               | 3,460.35         | 6,885.04         | 2,271.38        |
| 8 Investment sold (net of investment made)   | 2,130.66        | -               | -                | -                | -               |
| 9 Decrease in short term deposits with banks   | 525.86          | -               | -                | 1,081.85         | -               |
|  | <b>5,487.33</b> | <b>8,950.81</b> | <b>14,076.53</b> | <b>14,376.76</b> | <b>8,869.34</b> |
| <b>Application of Funds</b>  |                 |                 |                  |                  |                 |
| 10 Capital Expenditure (net)   | 3,346.88        | 2,396.29        | 2,873.33         | 5,118.13         | 4,705.95        |
| 11 Repayment of Borrowings (net of additional borrowings)  | 34.86           | 695.79          | -                | -                | -               |
| 12 Investments made (net of sales)   | -               | 321.31          | 9,429.82         | 8,055.90         | 2,370.34        |
| 13 Payment of Redemption Premium on NCD  | -               | 71.96           | -                | -                | -               |
| 14 Increase in short term deposits with banks  | -               | 804.66          | 490.67           | -                | 1,122.40        |
| 15 Increase in Working Capital   | 571.38          | 3,000.57        | -                | 830.47           | -               |
| 16 Dividends (including tax thereon)   | 1,463.72        | 1,467.03        | 991.94           | 345.70           | 659.68          |
| 17 Miscellaneous Expenditure (to the extent not written off or adjusted) and utilisation of Securities Premium Account [Note (a) below]  | 70.49           | 193.20          | 290.77           | 26.56            | 10.97           |
|  | <b>5,487.33</b> | <b>8,950.81</b> | <b>14,076.53</b> | <b>14,376.76</b> | <b>8,869.34</b> |
| <b>Notes :</b>   |                 |                 |                  |                  |                 |
| (a) Utilisation of Securities Premium Account includes FCCN / CARS / Rights issue expenses and premium on redemption of Debentures   | 70.49           | 193.20          | 292.79           | 30.59            | 15.01           |
| (b) The Sources and Application of funds does not include  |                 |                 |                  |                  |                 |
| (i) Provision for premium on redemption of CARS / FCCN   | 929.46*         | 941.08*         | 1001.46*         | 835.19*          | 675.19*         |
| (ii) Liability towards premium on redemption of NCD  | 1,673.83        | 1,673.83        | 1,745.79         | -                | -               |
| (iii) Exchange gain (net) and depreciation thereon adjusted from General Reserve to Fixed Assets relating to FY 2007-08 consequent to amendment to AS11                        | -               | -               | -                | -                | -               |
| (iv) Exchange gain (net) adjusted from General Reserve to Foreign Currency Monetary Item Translation Difference Account relating to FY 2007-08 consequent to amendment to AS11 | -               | -               | -                | 57.89*           | -               |
| (v) Exchange loss (net) on forward contracts adjusted to General Reserve on adoption of principles of hedge accounting under AS30  | -               | -               | -                | 6.87*            | -               |
| (vi) Deferred Tax on account of item 1(G)  | -               | -               | (45.06)          | 45.06            | -               |
| *net of deferred tax   |                 |                 |                  |                  |                 |
| (c) Figures for the previous years have been regrouped wherever necessary.   |                 |                 |                  |                  |                 |

**SUBSIDIARY COMPANIES : FINANCIAL HIGHLIGHTS- 2011-12**

| S. No. | Subsidiary   | Country of Incorporation | Reporting currency/# | Share capital towards venture capital (where applicable) | Reserves and Surplus | Total Assets | Total Liabilities | Turnover  | Profit/(Loss) Before tax | Tax Expense/ (Credit) | Profit/(Loss) after tax | Profit/(Loss) for the period year | Proposed dividend thereon | Investments made in investee companies in the subsidiaries |
|--------|--|--------------------------|----------------------|--|----------------------|--------------|-------------------|-----------|--------------------------|-----------------------|-------------------------|-----------------------------------|---------------------------|--|
| 1      | TAL Manufacturing Solutions Ltd.   | India                    | INR                  | 65.00  | 41.71                | 284.05       | 177.34            | 281.87    | 13.09                    | 2.56                  | 10.53                   | 10.53                             | 3.78                      | -  |
| 2      | TML Drivelines Ltd. (formerly known as HV Axles Ltd.)                    | India                    | INR                  | 77.00  | 626.12               | 896.74       | 193.62            | 648.20    | 281.87                   | 91.44                 | 190.43                  | 190.43                            | 58.17                     | 192.99   |
| 3      | Concorde Motors (India) Ltd.   | India                    | INR                  | 28.05  | 42.93                | 272.89       | 201.91            | 939.44    | 1.15                     | 0.45                  | 0.70                    | 0.70                              | 1.98                      | -  |
| 4      | Sheba Properties Ltd.  | India                    | INR                  | 75.00  | 84.96                | 163.24       | 3.28              | 9.43      | 7.80                     | 1.20                  | 6.60                    | 6.60                              | -                         | 117.80   |
| 5      | Tata Daewoo Commercial Vehicle Co. Ltd.                                  | South Korea              | KRW                  | 57.35  | 1,109.25             | 2,531.15     | 1,364.55          | 3,301.06  | 35.96                    | 21.29                 | 14.67                   | 14.67                             | -                         | 2.15   |
| 6      | Tata Technologies Ltd.   | India                    | INR                  | 42.97  | 588.56               | 835.62       | 204.09            | 668.26    | 176.48                   | 45.77                 | 130.71                  | 130.71                            | 34.40                     | 185.07   |
| 7      | Tata Motors Insurance Broking & Advisory Services Ltd                    | India                    | INR                  | 2.50   | 3.68                 | 17.52        | 11.34             | 43.18     | 2.81                     | -                     | 2.81                    | 2.81                              | 0.44                      | 1.01   |
| 8      | Tata Motors European Technical Centre Plc.                               | UK                       | GBP                  | 213.56   | (118.97)             | 376.22       | 281.63            | 233.66    | (90.60)                  | 11.45                 | (102.05)                | (102.05)                          | -                         | -  |
| 9      | TML Distribution Company Ltd.  | India                    | INR                  | 225.00   | 58.84                | 561.91       | 278.07            | 3,240.05  | 38.45                    | 11.77                 | 26.68                   | 26.68                             | -                         | -  |
| 10     | Tata Motors (SA) (Proprietary) Ltd.                                      | South Africa             | ZAR                  | 13.00  | (2.87)               | 42.00        | 31.87             | 38.18     | (2.15)                   | -                     | (2.15)                  | (2.15)                            | -                         | -  |
| 11     | Tata Motors Finance Ltd.   | India                    | INR                  | 1,170.00   | 1,160.04             | 17,190.02    | 14,859.98         | 2,095.90  | 355.11                   | 115.21                | 239.90                  | 239.90                            | 67.99                     | 6.22   |
| 12     | Tata Marcopolo Motors Ltd.   | India                    | INR                  | 170.00   | (31.06)              | 390.48       | 251.54            | 617.12    | 26.09                    | -                     | 26.09                   | 26.09                             | -                         | -  |
| 13     | Tata Motors (Thailand) Ltd.  | Thailand                 | THB                  | 229.29   | (338.63)             | 501.99       | 611.33            | 363.71    | (76.46)                  | -                     | (76.46)                 | (76.46)                           | -                         | -  |
| 14     | TML Holdings Pte Ltd, Singapore  | Singapore                | GBP                  | 14,998.03  | (138.91)             | 14,859.13    | -                 | 3.42      | (190.32)                 | -                     | (190.32)                | (190.32)                          | -                         | -  |
| 15     | Tata Hispano Motors Carrocera S.A  | Spain                    | EURO                 | 3.70   | (377.09)             | 304.66       | 678.05            | 185.17    | (98.25)                  | -                     | (98.25)                 | (98.25)                           | -                         | -  |
| 16     | Trillix S.r.l.   | Italy                    | EURO                 | 0.61   | 6.78                 | 26.52        | 19.13             | 42.23     | 2.07                     | 0.81                  | 1.26                    | 1.26                              | -                         | -  |
| 17     | Tata Precision Industries Pte Ltd  | Singapore                | SGD                  | 74.21  | (73.19)              | 1.08         | 0.06              | -         | (0.15)                   | -                     | (0.15)                  | (0.15)                            | -                         | -  |
| 18     | PT Tata Motors Indonesia (incorporated on December 29, 2011)             | Indonesia                | IDR                  | 1.26   | (0.48)               | 1.03         | 0.25              | -         | (0.48)                   | -                     | (0.48)                  | (0.48)                            | -                         | -  |
| 19     | INCAT International Plc  | U.K.                     | GBP                  | 1.98   | 37.96                | 54.68        | 14.74             | -         | (0.35)                   | -                     | (0.35)                  | (0.35)                            | -                         | -  |
| 20     | Tata Technologies Inc  | USA                      | USD                  | 227.36   | (418.20)             | 185.09       | 375.93            | 563.32    | 16.89                    | 7.03                  | 9.86                    | 9.86                              | -                         | -  |
| 21     | Tata Technologies Canada Inc   | Canada                   | USD                  | 0.01   | 3.09                 | 14.76        | 11.66             | 14.50     | 7.16                     | (0.70)                | 7.86                    | 7.86                              | -                         | -  |
| 22     | Tata Technologies de Mexico, S.A. de C.V.                                | Mexico                   | USD                  | 0.79   | 2.87                 | 8.53         | 4.87              | 12.67     | 0.10                     | 0.03                  | 0.07                    | 0.07                              | -                         | -  |
| 23     | Tata Technologies Europe Ltd.  | UK                       | GBP                  | 0.08   | 80.02                | 286.15       | 206.05            | 597.69    | 50.04                    | 11.86                 | 38.18                   | 38.18                             | -                         | -  |
| 24     | INCAT GmbH   | Germany                  | EURO                 | 1.11   | 14.28                | 15.75        | 0.36              | 0.58      | 0.54                     | -                     | 0.54                    | 0.54                              | -                         | -  |
| 25     | Tata Technologies (Thailand) Ltd.  | Thailand                 | THB                  | 5.82   | (1.40)               | 6.05         | 1.63              | 10.68     | 2.46                     | -                     | 2.46                    | 2.46                              | -                         | -  |
| 26     | Tata Technologies Pte Ltd.   | Singapore                | SGD                  | 352.36   | (77.96)              | 721.16       | 12.86             | 64.03     | 24.98                    | 0.28                  | 24.70                   | 24.70                             | -                         | -  |
| 27     | Miljobil Greenland AS  | Norway                   | NOK                  | 6.83   | (77.96)              | 27.51        | 98.64             | 43.95     | (33.24)                  | -                     | (33.24)                 | (33.24)                           | -                         | -  |
| 28     | Jaguar Land Rover Plc  | UK                       | GBP                  | 13,072.69  | 1,534.70             | 27,768.41    | 12,719.46         | -         | (17.10)                  | -                     | (17.10)                 | (17.10)                           | -                         | -  |
| 29     | Jaguar Cars Limited  | UK                       | GBP                  | 24,575.17  | (23,289.18)          | 22,684.97    | 21,398.98         | 29,362.28 | (1,260.63)               | (2,761.33)            | 1,500.70                | 1,500.70                          | -                         | -  |
| 30     | Land Rover   | UK                       | GBP                  | 10,738.09  | 9,425.78             | 66,368.49    | 46,204.62         | 67,049.48 | 10,513.22                | 1,089.42              | 9,423.80                | 9,423.80                          | -                         | 7,133.40   |
| 31     | Jaguar Land Rover Exports Limited (formerly Jaguar Cars Exports Limited) | UK                       | GBP                  | -  | 73.86                | 1,590.63     | 1,516.77          | 9336.09   | 265.60                   | -                     | 265.60                  | 265.60                            | -                         | -  |
| 32     | Jaguar Land Rover North America, LLC.                                    | USA                      | USD                  | 800.90   | (714.07)             | 4,681.30     | 4,594.47          | 13,277.80 | (27.10)                  | 21.07                 | (48.17)                 | (48.17)                           | -                         | -  |
| 33     | Jaguar Land Rover Deutschland GmbH                                       | Germany                  | EUR                  | 438.85   | (131.58)             | 1,808.21     | 1,500.94          | 3,261.46  | (59.02)                  | 9.92                  | (68.94)                 | (68.94)                           | -                         | -  |

**SUBSIDIARY COMPANIES : FINANCIAL HIGHLIGHTS- 2011-12**

(₹ in crores)

| S. No. | Subsidiary   | Country of Incorporation | Reporting currency | Sharehold- ing advances towards where applicable | Reserves and Surplus | Total Assets | Liabilities | Turnover   | Profit/(Loss) Before Tax | Tax/Expense/(Credit) | Profit/(Loss) after tax | Profit/(Loss) for the period/year | Proposed dividend thereon | Investment (except in kind) in other subsidiaries |
|--------|--|--------------------------|--------------------|--|----------------------|--------------|-------------|------------|--------------------------|----------------------|-------------------------|-----------------------------------|---------------------------|---|
| 34     | Jaguar Land Rover Austria GmbH   | Austria                  | EUR                | 8.23   | 8.89                 | 242.70       | 225.58      | 719.53     | 10.61                    | 0.76                 | 9.85                    | 9.85                              | -                         | -   |
| 35     | Jaguar Land Rover Italia SpA   | Italy                    | EUR                | 8.64   | 300.50               | 1,310.26     | 1,001.12    | 3,732.27   | (12.44)                  | 11.76                | (24.20)                 | (24.20)                           | -                         | -   |
| 36     | Jaguar Land Rover Portugal-Veiculos e Pecas, Lda.  | Portugal                 | EUR                | 93.35  | (104.76)             | 49.89        | 61.30       | 139.63     | (8.86)                   | (0.61)               | (8.25)                  | (8.25)                            | -                         | -   |
| 37     | Jaguar Land Rover France SAS   | France                   | EUR                | 40.60  | 55.52                | 623.66       | 527.54      | 3,109.84   | 16.03                    | 4.43                 | 11.60                   | 11.60                             | -                         | -   |
| 38     | Jaguar Land Rover Australia Pty Limited  | Australia                | AUD                | 2.17   | 85.87                | 1,187.57     | 1,099.53    | 2,733.77   | 69.32                    | 16.03                | 53.29                   | 53.29                             | -                         | -   |
| 39     | Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd  | China                    | CNY                | 51.28  | 3,202.61             | 6,294.19     | 3,040.30    | 29,768.35  | 3,431.47                 | 873.06               | 2,558.41                | 2,558.41                          | -                         | -   |
| 40     | Jaguar Land Rover Japan Limited  | Japan                    | JPY                | 177.23   | 55.68                | 887.39       | 654.48      | 852.14     | (10.23)                  | 18.25                | (28.48)                 | (28.48)                           | -                         | -   |
| 41     | Jaguar Land Rover Korea Company Limited  | South Korea              | KRW                | 26.58  | 46.06                | 242.62       | 169.98      | 849.32     | 32.98                    | 2.75                 | 30.23                   | 30.23                             | -                         | -   |
| 42     | Jaguar Land Rover Canada ULC   | Canada                   | CAD                | 10.44  | 30.33                | 1,109.63     | 1,068.86    | 1,400.75   | 35.27                    | 14.81                | 20.46                   | 20.46                             | -                         | -   |
| 43     | Jaguar Land Rover Brazil LLC   | Brazil                   | BRL                | 7.66   | 224.36               | 822.42       | 590.40      | 3,235.73   | 480.35                   | 186.20               | 294.15                  | 294.15                            | -                         | -   |
| 44     | Limited Liability Companies "Jaguar Land Rover" (Russia)   |                          | RUR                | 68.48  | 982.78               | 2,369.43     | 1,318.17    | 5,746.20   | 346.44                   | 95.35                | 251.09                  | 251.09                            | -                         | -   |
| 45     | "Jaguar Land Rover (South Africa) (Pty) Ltd "  | South Africa             | ZAR                | -  | 36.93                | 597.66       | 560.73      | 2,500.77   | 328.12                   | 77.41                | 250.71                  | 250.71                            | -                         | -   |
| 46     | Jaguar Hispania SL   | Spain                    | EUR                | 5.79   | 9.86                 | 68.89        | 53.24       | 213.00     | (1.29)                   | 0.69                 | (1.98)                  | (1.98)                            | -                         | -   |
| 47     | Jaguar Belgium NV.   | Belgium                  | EUR                | 8.07   | 23.23                | 88.45        | 57.15       | 259.49     | 2.37                     | 1.91                 | 0.46                    | 0.46                              | -                         | -   |
| 48     | Jaguar Land Rover (South Africa) Holdings Limited  | UK                       | GBP                | 1,339.37   | 491.35               | 1,830.88     | 0.16        | 476.00     | 460.27                   | 0.15                 | 460.12                  | 460.12                            | -                         | -   |
| 49     | Jaguar Cars Overseas Holdings Limited  | UK                       | GBP                | 7.01   | (7.01)               | -            | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 50     | Land Rover Group Limited   | UK                       | GBP                | -  | 1.14                 | 1.14         | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 51     | Land Rover Ireland Limited   | Ireland                  | EUR                | -  | 18.75                | 18.91        | 0.16        | -          | 0.23                     | 0.08                 | 0.15                    | 0.15                              | -                         | -   |
| 52     | Land Rover Exports Limited   | UK                       | GBP                | -  | 51.572               | 18,118.27    | 17,602.55   | 54,565.31  | (735.64)                 | -                    | (735.64)                | (735.64)                          | -                         | -   |
| 53     | Land Rover Espana SL   | Spain                    | EUR                | 324.63   | (29.76)              | 648.36       | 353.49      | 1,559.08   | (2.52)                   | 2.67                 | (5.19)                  | (5.19)                            | -                         | -   |
| 54     | Land Rover Nederland BV  | Nederland                | EUR                | 0.35   | 8.97                 | 144.79       | 135.47      | 738.54     | (7.49)                   | 0.53                 | (8.02)                  | (8.02)                            | -                         | -   |
| 55     | Land Rover Belux SA/NV   | Belgium                  | EUR                | 1.55   | 4.65                 | 330.17       | 323.97      | 1,124.92   | (5.34)                   | 3.21                 | (8.55)                  | (8.55)                            | -                         | -   |
| 56     | Land Rover Parts Limited   | UK                       | GBP                | -  | 0.49                 | 0.49         | -           | 2,195.40   | 47.79                    | -                    | 47.79                   | 47.79                             | -                         | -   |
| 57     | The Lanchester Motor Company Limited   | UK                       | GBP                | -  | -                    | -            | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 58     | The Daimler Motor Company Limited  | UK                       | GBP                | 12.23  | -                    | 12.23        | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 59     | S S Cars Limited   | UK                       | GBP                | -  | -                    | -            | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 60     | Daimler Transport Vehicles Limited   | UK                       | GBP                | -  | -                    | -            | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 61     | The Jaguar Collection Limited  | UK                       | GBP                | -  | -                    | -            | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 62     | Jaguar Cars (South Africa) (Pty) Ltd   | South Africa             | ZAR                | -  | -                    | -            | -           | -          | -                        | -                    | -                       | -                                 | -                         | -   |
| 63     | Tata Hispano Motors Carrosseries Maghreb, Morocco  | Spain                    | EUR                | 24.70  | (57.53)              | 88.22        | 121.05      | 29.30      | (28.21)                  | 0.15                 | (28.36)                 | (28.36)                           | -                         | -   |
| 64     | Tata Daewoo Commercial Vehicle Sales and Distribution Co. Ltd.   | Korea                    | KRW                | 4.00   | 4.01                 | 23.75        | 15.74       | 34.38      | 0.90                     | 0.29                 | 0.61                    | 0.61                              | -                         | -   |
|        | Details of Direct subsidiaries, on consolidated basis including their respective subsidiaries included above |                          |                    |  |                      |              |             |            |                          |                      |                         |                                   |                           |   |
| 1      | Tata Technologies Limited (Note A, page 122)   |                          |                    | 42.97  | 737.87               | 1,504.05     | 723.21      | 1,667.57   | 271.85                   | 63.48                | 208.37                  | 208.37                            | 34.40                     | 185.07  |
| 2      | Tata Motors European Technical Centre PLC.(Note B, page 122)   |                          |                    | 213.56   | (211.33)             | 163.36       | 161.13      | 246.24     | (123.85)                 | 11.45                | (135.29)                | (135.29)                          | -                         | -   |
| 3      | Tata Hispano Motors Carrocera S.A. (Note C, page 122)  |                          |                    | 3.70   | (431.97)             | 276.00       | 704.27      | 211.49     | (127.08)                 | -                    | (127.08)                | (127.08)                          | -                         | -   |
| 4      | Tata Daewoo Commercial Vehicle Co. Ltd. (Note D, page 122)   |                          |                    | 57.35  | 1,007.29             | 2,436.20     | 1,367.84    | 3,203.13   | 36.89                    | 21.58                | 15.31                   | 15.31                             | -                         | 2.67  |
| 5      | TML Holdings Pre Ltd, Singapore ( Note E, page 122)  |                          |                    | 14,998.03  | (4,311.66)           | 80,964.89    | 58,111.22   | 104,256.28 | 11,630.11                | (458.77)             | 12,088.88               | 12,088.88                         | -                         | 7,135.39  |

**Notes:**

|   | <b>Country of Incorporation</b> |
|---|---------------------------------|
| <b>(A) List of Subsidiaries of Tata Technologies Limited that have been consolidated</b>  |                                 |
| 1 INCAT International Plc   | UK                              |
| 2 Tata Technologies Inc   | USA                             |
| 3 Tata Technologies Canada Inc.   | Canada                          |
| 4 Tata Technologies de Mexico, S.A. de C.V.   | Mexico                          |
| 5 Tata Technologies Europe Ltd.   | UK                              |
| 6 INCAT GmbH  | Germany                         |
| 7 Tata Technologies (Thailand) Ltd.   | Thailand                        |
| 8 Tata Technologies Pte Ltd.  | Singapore                       |
| <b>(B) List of Subsidiaries of Tata Motors European Technical Centre Plc that have been consolidated</b>  |                                 |
| 1 Miljobil Greenland AS   | Norway                          |
| <b>(C) List of Subsidiaries of Tata Hispano Motors Carrocera S.A. that have been consolidated</b>   |                                 |
| 1 Tata Hispano Motors Crossoveries Maghreb, Morocco   | Spain                           |
| <b>(D) List of Subsidiaries of Tata Daewoo Commercial Vehicle Co. Ltd. that have been consolidated</b>  |                                 |
| 1 Tata Daewoo Commercial Sales and Distribution Co. Ltd.  | South Korea                     |
| <b>(E) List of Subsidiaries of TML Holdings Pte Ltd, Singapore that have been consolidated</b>  |                                 |
| 1 Jaguar Land Rover Plc   | UK                              |
| 2 Jaguar Cars Limited   | UK                              |
| 3 Land Rover  | UK                              |
| 4 Jaguar Land Rover Exports Limited (formerly Jaguar Cars Exports Limited)  | UK                              |
| 5 Jaguar Land Rover North America, LLC.   | USA                             |
| 6 Jaguar Land Rover Deutschland GmbH  | Germany                         |
| 7 Jaguar Land Rover Austria GmbH  | Austria                         |
| 8 Jaguar Land Rover Italia SpA  | Italy                           |
| 9 Jaguar Land Rover Portugal-Veiculos e Pecas, Lda.   | Portugal                        |
| 10 Jaguar Land Rover France SAS   | France                          |
| 11 Jaguar Land Rover Australia Pty Limited  | Australia                       |
| 12 Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd  | China                           |
| 13 Jaguar Land Rover Japan Limited  | Japan                           |
| 14 Jaguar Land Rover Korea Company Limited  | Korea                           |
| 15 Jaguar Land Rover Canada ULC   | Canada                          |
| 16 Jaguar Land Rover Brazil LLC   | Brazil                          |
| 17 Limited Liability Companies "Jaguar Land Rover" (Russia)   | Russia                          |
| 18 Jaguar Land Rover (South Africa) (Pty) Ltd   | South Africa                    |
| 19 Jaguar Hispania SL   | Spain                           |
| 20 Jaguar Begium N.V.   | Belgium                         |
| 21 Jaguar Land Rover (South Africa) Holdings Limited  | UK                              |
| 22 Jaguar Cars Overseas Holdings Limited  | UK                              |
| 23 Land Rover Group Limited   | UK                              |
| 24 Land Rover Ireland Limited   | Ireland                         |
| 25 Land Rover Exports Limited   | UK                              |
| 26 Land Rover Espana SL   | Spain                           |
| 27 Land Rover Nederland BV  | Nederland                       |
| 28 Land Rover Belux SA/NV   | Belgium                         |
| 29 Land Rover Parts Limited   | UK                              |
| 30 The Lanchester Motor Company Limited   | UK                              |
| 31 The Daimler Motor Company Limited  | UK                              |
| 32 S S Cars Limited   | UK                              |
| 33 Daimler Transport Vehicles Limited   | UK                              |
| 34 The Jaguar Collection Limited  | UK                              |
| 35 Jaguar Cars (South Africa) (Pty) Ltd   | South Africa                    |
| # The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rates. |                                 |
| * Profit for the year is after share of minority interest and share of profit/(loss) in respect of investment in associate companies.                               |                                 |

# FINANCIAL STATISTICS

## COMPANY (STANDALONE)

| Year    | CAPITAL ACCOUNTS (₹ in lakhs) |                      |            |             |              |           | REVENUE ACCOUNTS (₹ in lakhs) |              |                            |       |                           |                        | RATIOS       |                                 |                  |                          |                  |                          |
|---------|-------------------------------|----------------------|------------|-------------|--------------|-----------|-------------------------------|--------------|----------------------------|-------|---------------------------|------------------------|--------------|---------------------------------|------------------|--------------------------|------------------|--------------------------|
|         | Capital                       | Reserves and Surplus | Borrowings | Gross Block | Depreciation | Net Block | Turn-over                     | Depreciation | Profit/(Loss) Before Taxes | Taxes | Profit/(Loss) After Taxes | Dividend including tax | PAT to Sales | Earnings Per Share (Basic)* (₹) |                  | Dividend Per Share*# (₹) |                  | Net Worth Per Share* (₹) |
|         |                               |                      |            |             |              |           |                               |              |                            |       |                           |                        |              | Ordinary Share                  | A/Ordinary Share | Ordinary Share           | A/Ordinary Share |                          |
| 1945-46 | 100                           | 1                    | -          | 31          | 2            | 29        | 12                            | 2            | 1                          | 0     | 1                         | 0                      | 8.3%         | 0.07                            | -                | -                        | -                | 10                       |
| 1949-50 | 200                           | 11                   | 94         | 233         | 44           | 189       | 167                           | 15           | 11                         | 5     | 6                         | 0                      | 3.6%         | 0.03                            | -                | -                        | -                | 10                       |
| 1953-54 | 500                           | 27                   | 412        | 731         | 270          | 461       | 321                           | 97           | 3                          | 0     | 3                         | 0                      | 0.9%         | 0.11                            | -                | -                        | -                | 11                       |
| 1954-55 | 627                           | 27                   | 481        | 792         | 303          | 489       | 445                           | 35           | 0                          | 0     | 0                         | 0                      | 0.0%         | 0.00                            | -                | -                        | -                | 11                       |
| 1955-56 | 658                           | 120                  | 812        | 1010        | 407          | 603       | 1198                          | 105          | 125                        | 32    | 93                        | 59                     | 7.8%         | 1.32                            | -                | 0.60                     | -                | 12                       |
| 1956-57 | 700                           | 149                  | 1382       | 1352        | 474          | 878       | 2145                          | 70           | 116                        | 27    | 89                        | 44                     | 4.1%         | 1.64                            | -                | 0.80                     | -                | 13                       |
| 1957-58 | 700                           | 117                  | 1551       | 1675        | 668          | 1007      | 2694                          | 129          | 99                         | 6     | 93                        | 52                     | 3.5%         | 1.72                            | -                | 0.90                     | -                | 12                       |
| 1958-59 | 1000                          | 206                  | 1245       | 2050        | 780          | 1270      | 2645                          | 113          | 155                        | 13    | 142                       | 56                     | 5.4%         | 1.68                            | -                | 0.90                     | -                | 12                       |
| 1959-60 | 1000                          | 282                  | 1014       | 2201        | 940          | 1261      | 2825                          | 161          | 222                        | 93    | 129                       | 108                    | 4.6%         | 1.50                            | -                | 1.25                     | -                | 13                       |
| 1960-61 | 1000                          | 367                  | 1263       | 2593        | 1118         | 1475      | 3735                          | 180          | 313                        | 122   | 191                       | 126                    | 5.1%         | 2.26                            | -                | 1.45                     | -                | 14                       |
| 1961-62 | 1000                          | 432                  | 1471       | 2954        | 1336         | 1618      | 4164                          | 220          | 378                        | 188   | 190                       | 124                    | 4.6%         | 2.28                            | -                | 1.45                     | -                | 15                       |
| 1962-63 | 1000                          | 450                  | 1758       | 3281        | 1550         | 1731      | 4364                          | 223          | 327                        | 185   | 142                       | 124                    | 3.3%         | 1.68                            | -                | 1.45                     | -                | 15                       |
| 1963-64 | 1198                          | 630                  | 2470       | 3920        | 1802         | 2118      | 5151                          | 260          | 404                        | 200   | 204                       | 144                    | 4.0%         | 1.97                            | -                | 1.45                     | -                | 16                       |
| 1964-65 | 1297                          | 787                  | 3275       | 4789        | 2144         | 2645      | 6613                          | 345          | 479                        | 208   | 271                       | 157                    | 4.1%         | 2.39                            | -                | 1.45                     | -                | 17                       |
| 1965-66 | 1640                          | 995                  | 3541       | 5432        | 2540         | 2892      | 7938                          | 398          | 477                        | 189   | 288                       | 191                    | 3.6%         | 2.20                            | -                | 1.45                     | -                | 18                       |
| 1966-67 | 1845                          | 1027                 | 4299       | 6841        | 3039         | 3802      | 9065                          | 505          | 620                        | 192   | 428                       | 235                    | 4.7%         | 2.80                            | -                | 1.45+                    | -                | 17                       |
| 1967-68 | 1845                          | 1121                 | 5350       | 7697        | 3608         | 4089      | 9499                          | 572          | 395                        | 66    | 329                       | 235                    | 3.5%         | 2.10                            | -                | 1.45                     | -                | 18                       |
| 1968-69 | 1845                          | 1295                 | 5856       | 8584        | 4236         | 4348      | 10590                         | 630          | 582                        | 173   | 409                       | 235                    | 3.9%         | 2.66                            | -                | 1.45                     | -                | 19                       |
| 1969-70 | 1845                          | 1333                 | 6543       | 9242        | 4886         | 4356      | 9935                          | 662          | 274                        | 0     | 274                       | 221                    | 2.8%         | 1.72                            | -                | 1.35                     | -                | 19                       |
| 1970-71 | 1845                          | 1516                 | 6048       | 10060       | 5620         | 4440      | 13624                         | 749          | 673                        | 270   | 403                       | 251                    | 3.0%         | 2.49                            | -                | 1.45                     | -                | 20                       |
| 1971-72 | 1949                          | 2020                 | 6019       | 10931       | 6487         | 4444      | 15849                         | 758          | 885                        | 379   | 506                       | 273                    | 3.2%         | 3.04                            | -                | 1.50                     | -                | 23                       |
| 1972-73 | 1949                          | 2194                 | 5324       | 12227       | 7491         | 4736      | 15653                         | 820          | 832                        | 360   | 472                       | 266                    | 3.0%         | 2.87                            | -                | 1.50                     | -                | 24                       |
| 1973-74 | 1949                          | 2394                 | 6434       | 13497       | 8471         | 5026      | 16290                         | 902          | 1007                       | 450   | 557                       | 180                    | 3.4%         | 3.43                            | -                | 0.93                     | -                | 26                       |
| 1974-75 | 1949                          | 2827                 | 9196       | 15838       | 9593         | 6245      | 22510                         | 1134         | 677                        | 136   | 541                       | 266                    | 2.4%         | 3.32                            | -                | 1.50                     | -                | 28                       |
| 1975-76 | 2013                          | 3691                 | 9399       | 18642       | 10625        | 8017      | 27003                         | 1054         | 855                        | 91    | 764                       | 276                    | 2.8%         | 4.60                            | -                | 1.50                     | -                | 33                       |
| 1976-77 | 2328                          | 3833                 | 11816      | 20709       | 11685        | 9024      | 28250                         | 1145         | 1056                       | 0     | 1056                      | 323                    | 3.7%         | 5.38                            | -                | 1.50+                    | -                | 30                       |
| 1977-78 | 2118                          | 4721                 | 11986      | 22430       | 12723        | 9707      | 28105                         | 1101         | 1044                       | 0     | 1044                      | 313                    | 3.7%         | 5.37                            | -                | 1.50                     | -                | 35                       |
| 1978-79 | 3151                          | 5106                 | 11033      | 24900       | 13895        | 11005     | 37486                         | 1200         | 1514                       | 0     | 1514                      | 467                    | 4.0%         | 5.36                            | -                | 1.60+                    | -                | 27                       |
| 1979-80 | 3151                          | 6263                 | 17739      | 28405       | 15099        | 13306     | 44827                         | 1300         | 1762                       | 0     | 1762                      | 605                    | 3.9%         | 5.96                            | -                | 2.00                     | -                | 31                       |
| 1980-81 | 3151                          | 8095                 | 15773      | 33055       | 16496        | 16559     | 60965                         | 1616         | 2437                       | 0     | 2437                      | 605                    | 4.0%         | 8.27                            | -                | 2.00                     | -                | 38                       |
| 1981-82 | 4320                          | 10275                | 25476      | 38819       | 18244        | 20575     | 79244                         | 1993         | 4188                       | 0     | 4188                      | 839                    | 5.3%         | 10.18                           | -                | 2.00+                    | -                | 35@                      |
| 1982-83 | 4226                          | 12458                | 23361      | 43191       | 20219        | 22972     | 86522                         | 2187         | 3481                       | 460   | 3021                      | 827                    | 3.5%         | 7.34                            | -                | 2.00                     | -                | 40                       |
| 1983-84 | 5421                          | 14103                | 25473      | 46838       | 23078        | 23760     | 85624                         | 2923         | 2163                       | 235   | 1928                      | 923                    | 2.3%         | 3.61                            | -                | 2.00                     | -                | 37@                      |
| 1984-85 | 5442                          | 15188                | 30226      | 52819       | 26826        | 25993     | 93353                         | 3895         | 2703                       | 390   | 2313                      | 1241                   | 2.5%         | 4.32                            | -                | 2.30                     | -                | 39                       |
| 1985-86 | 5452                          | 16551                | 44651      | 61943       | 29030        | 32913     | 102597                        | 3399         | 1832                       | 215   | 1617                      | 1243                   | 1.6%         | 3.00                            | -                | 2.30                     | -                | 41                       |

# FINANCIAL STATISTICS

## COMPANY (STANDALONE)

| Year    | CAPITAL ACCOUNTS (₹ in lakhs) |                      |            |             |              |           | REVENUE ACCOUNTS (₹ in lakhs) |              |                            |        |                           |                        | RATIOS       |                                 |                  |                          |                  |                          |
|---------|-------------------------------|----------------------|------------|-------------|--------------|-----------|-------------------------------|--------------|----------------------------|--------|---------------------------|------------------------|--------------|---------------------------------|------------------|--------------------------|------------------|--------------------------|
|         | Capital                       | Reserves and Surplus | Borrowings | Gross Block | Depreciation | Net Block | Turn-over                     | Depreciation | Profit/(Loss) Before Taxes | Taxes  | Profit/(Loss) After Taxes | Dividend including tax | PAT to Sales | Earnings Per Share (Basic)* (₹) |                  | Dividend Per Share*# (₹) |                  | Net Worth Per Share* (₹) |
|         |                               |                      |            |             |              |           |                               |              |                            |        |                           |                        |              | Ordinary Share                  | A'Ordinary Share | Ordinary Share           | A'Ordinary Share |                          |
| 1986-87 | 5452                          | 15886                | 53476      | 68352       | 30914        | 37438     | 119689                        | 2157         | 293                        | 0      | 293                       | 552                    | 0.2%         | 0.51                            | -                | 1.00                     | -                | 40                       |
| 1987-88 | 6431                          | 17491                | 44406      | 75712       | 34620        | 41092     | 140255                        | 3822         | 3205                       | 510    | 2695                      | 1356                   | 1.9%         | 4.25                            | -                | 2.30                     | -                | 38@                      |
| 1988-89 | 10501                         | 30740                | 32396      | 83455       | 38460        | 44995     | 167642                        | 4315         | 8513                       | 1510   | 7003                      | 2444                   | 4.2%         | 6.74                            | -                | 2.50                     | -                | 40@                      |
| 1989-90 | 10444                         | 37870                | 48883      | 91488       | 43070        | 48418     | 196910                        | 4891         | 14829                      | 4575   | 10254                     | 3126                   | 5.2%         | 9.87                            | -                | 3.00                     | -                | 47                       |
| 1990-91 | 10387                         | 47921                | 48323      | 100894      | 48219        | 52675     | 259599                        | 5426         | 23455                      | 9250   | 14205                     | 4154                   | 5.5%         | 13.69                           | -                | 4.00                     | -                | 56                       |
| 1991-92 | 11765                         | 61863                | 105168     | 123100      | 54609        | 68491     | 317965                        | 6475         | 20884                      | 7800   | 13084                     | 4389                   | 4.1%         | 12.45                           | -                | 4.00                     | -                | 67@                      |
| 1992-93 | 12510                         | 64207                | 144145     | 153612      | 61710        | 91902     | 309156                        | 7456         | 3030                       | 26     | 3004                      | 3642                   | 1.0%         | 2.47                            | -                | 3.00                     | -                | 63                       |
| 1993-94 | 12867                         | 70745                | 141320     | 177824      | 70285        | 107539    | 374786                        | 9410         | 10195                      | 20     | 10175                     | 5020                   | 2.7%         | 7.91                            | -                | 4.00                     | -                | 65                       |
| 1994-95 | 13694                         | 128338               | 115569     | 217084      | 81595        | 135489    | 568312                        | 11967        | 45141                      | 13246  | 31895                     | 8068                   | 5.6%         | 23.29                           | -                | 6.00                     | -                | 104                      |
| 1995-96 | 24182                         | 217400               | 128097     | 294239      | 96980        | 197259    | 790967                        | 16444        | 76072                      | 23070  | 53002                     | 14300                  | 6.7%         | 21.92                           | -                | 6.00                     | -                | 100                      |
| 1996-97 | 25588                         | 339169               | 253717     | 385116      | 117009       | 268107    | 1012843                       | 20924        | 100046                     | 23810  | 76236                     | 22067                  | 7.5%         | 30.40                           | -                | 8.00                     | -                | 143                      |
| 1997-98 | 25588                         | 349930               | 330874     | 487073      | 141899       | 345174    | 736279                        | 25924        | 32880                      | 3414   | 29466                     | 15484                  | 4.0%         | 11.51                           | -                | 5.50                     | -                | 147                      |
| 1998-99 | 25590                         | 350505               | 344523     | 569865      | 165334       | 404531    | 659395                        | 28132        | 10716                      | 970    | 9746                      | 8520                   | 1.5%         | 3.81                            | -                | 3.00                     | -                | 147                      |
| 1999-00 | 25590                         | 349822               | 300426     | 581233      | 182818       | 398415    | 896114                        | 34261        | 7520                       | 400    | 7120                      | 7803                   | 0.8%         | 2.78                            | -                | 2.50                     | -                | 147                      |
| 2000-01 | 25590                         | 299788               | 299888     | 591427      | 209067       | 382360    | 816422                        | 34737        | (50034)                    | 0      | (50034)                   | 0                      | -            | (18.45)                         | -                | -                        | -                | 127                      |
| 2001-02 | 31982                         | 214524               | 230772     | 591006      | 243172       | 347834    | 891806                        | 35468        | (10921)                    | (5548) | (5373)                    | 0                      | -            | (1.98)                          | -                | -                        | -                | 77@                      |
| 2002-03 | 31983                         | 227733               | 145831     | 608114      | 271307       | 336807    | 1085874                       | 36213        | 51037                      | 21026  | 30011                     | 14430                  | 2.8%         | 9.38                            | -                | 4.00                     | -                | 81                       |
| 2003-04 | 35683                         | 323677               | 125977     | 627149      | 302369       | 324780    | 1555242                       | 38260        | 129234                     | 48200  | 81034                     | 31825                  | 5.2%         | 24.68                           | -                | 8.00                     | -                | 102@                     |
| 2004-05 | 36179                         | 374960               | 249542     | 715079      | 345428       | 369651    | 2064866                       | 45016        | 165190                     | 41495  | 123695                    | 51715                  | 6.0%         | 34.38                           | -                | 12.50!                   | -                | 114@                     |
| 2005-06 | 38287                         | 515420               | 293684     | 892274      | 440151       | 452123    | 2429052                       | 52094        | 205338                     | 52450  | 152888                    | 56778                  | 6.3%         | 40.57                           | -                | 13.00                    | -                | 145@                     |
| 2006-07 | 38541                         | 648434               | 400914     | 1128912     | 489454       | 639458    | 3206467                       | 58629        | 257318                     | 65972  | 191346                    | 67639                  | 6.0%         | 49.76                           | -                | 15.00                    | -                | 178@                     |
| 2007-08 | 38554                         | 745396               | 628052     | 1589579     | 544352       | 1045227   | 3357711                       | 65231        | 257647                     | 54755  | 202892                    | 65968                  | 6.0%         | 52.64                           | -                | 15.00                    | -                | 203@                     |
| 2008-09 | 51405                         | 1171610              | 1316556    | 2085206     | 625990       | 1459216   | 2949418                       | 87454        | 101376                     | 1250   | 100126                    | 34570                  | 3.4%         | 22.70                           | 23.20            | 6.00                     | 6.50             | 238++                    |
| 2009-10 | 57060                         | 1439487              | 1659454    | 2364896     | 721292       | 1643604   | 4021755                       | 103387       | 282954                     | 58946  | 224008                    | 99194                  | 5.6%         | 42.37                           | 42.87            | 15.00                    | 15.50            | 262^                     |
| 2010-11 | 63771                         | 1937559              | 1591543    | 2568235     | 846625       | 1721610   | 5160692                       | 136077       | 219652                     | 38470  | 181182                    | 146703                 | 3.5%         | 30.28                           | 30.78            | 20.00                    | 20.50            | 315^^                    |
| 2011-12 | 63475                         | 1899126              | 1588057    | 2902206     | 996587       | 1905619   | 5979502                       | 160674       | 134103                     | 9880   | 124223                    | 146372                 | 2.5%         | 3.90**                          | 4.00**           | 4.00**                   | 4.10**           | 61.84                    |

### Notes :

@ On increased capital base due to conversion of Bonds / Convertible Debentures / Warrants / FCCN into shares.

§ On increased capital base due to issue of Bonus Shares. Net Worth excludes ordinary dividends.

\* Equivalent to a face value of Rs.10/- per share.

# Includes Interim Dividend where applicable.

+ Including on Bonus Shares issued during the year.

! Includes a special dividend of Rs. 2.50 per share for the Diamond Jubilee Year.

++ On increased capital base due to Rights issue and conversion of FCCN into shares.

^ On increased capital base due to GDS issue and conversion of FCCN into shares.

^^ On increased capital base due to QIP issue and conversion of FCCN into shares.

\*\* Consequent to sub-division of shares, figures for previous years are not comparable.

Consequent to Revised Schedule VI becoming effective from April,1, 2011, figures from financial year 2010-11 onwards are on revised basis.

**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SEVENTH ANNUAL GENERAL MEETING OF TATA MOTORS LIMITED will be held on Friday, August 10, 2012 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 Statement of Profit and Loss for the year ended March 31, 2012 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Ordinary Shares and 'A' Ordinary Shares.
3. To appoint a Director in place of Mr Nasser Munjee, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr Subodh Bhargava, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr Vineshkumar Jairath, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.

**Special Business**

**7. Appointment of Mr Cyrus P Mistry as a Director**

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

"RESOLVED that Mr Cyrus P Mistry, who was appointed by the Board of Directors as an Additional Director of the Company on May 29, 2012 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act"), but who is eligible for appointment 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 Ravindra Pisharody as a Director**

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

"RESOLVED that Mr Ravindra Pisharody, who was appointed by the Board of Directors as an Additional Director of the Company on June 21, 2012 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act"), but who is eligible for appointment 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."

**9. Appointment of Mr Ravindra Pisharody 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"), as amended or re-enacted from time to time, read with Schedule XIII of the Act, the Company hereby approves of the appointment and terms of remuneration of Mr Ravindra Pisharody as the Executive Director of the Company for a period of 5 years with effect from June 21, 2012, 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 Pisharody."

"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. Appointment of Mr Satish Borwankar as a Director

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

“RESOLVED that Mr Satish Borwankar, who was appointed by the Board of Directors as an Additional Director of the Company on June 21, 2012 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“the Act”), but who is eligible for appointment 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.”

#### 11. Appointment of Mr Satish Borwankar 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”), as amended or re-enacted from time to time, read with Schedule XIII of the Act, the Company hereby approves of the appointment and terms of remuneration of Mr Satish Borwankar as the Executive Director of the Company for a period of 5 years with effect from June 21, 2012, 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 Borwankar.”

“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.”

#### 12. Revision in the terms of remuneration of Mr Prakash Telang, Managing Director - India Operations

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

“RESOLVED that in partial modification of Resolution No.10 passed at the Annual General Meeting of the Company held on August 25, 2009, for appointment and terms of remuneration of Mr Prakash Telang, Managing Director - India Operations of the Company 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, as amended or re-enacted from time to time, the Company hereby approves of the change in the maximum amount of salary payable to Mr Telang, increasing thereby proportionately, all benefits related to the quantum of salary for the period from April 1, 2012 to June 21, 2012, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“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.”

By Order of the Board of Directors

**H K SETHNA**

Company Secretary

Mumbai, June 21, 2012

#### Registered Office:

Bombay House, 24, Homi Mody Street, Mumbai 400 001

- a. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos.7 to 12 set out above and details as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges in respect of Directors seeking appointment/reappointment at this Annual General Meeting are annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing 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.
- c. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote in their behalf at the Meeting.
- d. Only registered Members (including the holders of 'A' Ordinary Shares) of the Company may attend and vote at the Annual General Meeting. The holders of the American Depositary Receipts (the 'ADRs') and Global Depositary Receipts (the 'GDRs') 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 such American Depositary Share. A brief statement as to the manner in which such voting instructions may be given is being sent to the ADR holders by the Depository.
- In respect of 'A' Ordinary Shares, if any resolution at the meeting is put to vote by a show of hands, each 'A' Ordinary Shareholder shall be entitled to one vote, i.e., the same number of votes as available to holders of Ordinary Shares. If any resolution at the meeting is put to vote on a poll, or if any resolution is put to vote by postal ballot, each 'A' Ordinary Shareholder shall be entitled to one vote for every ten 'A' Ordinary Shares held.
- e. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- f. The Register of Members and Transfer Books of the Company will be closed from Friday, July 20, 2012 to Friday, August 10, 2012, both days inclusive. If the dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or after August 14, 2012 as under:
- i. To all Beneficial Owners in respect of shares held in electronic form, as per the data made available by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the close of business hours on July 19, 2012.
  - ii. To all Members in respect of shares held in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on July 19, 2012.
  - iii. The 'A' Ordinary Shareholders will receive dividend for any financial year at five percentage points more than the aggregate rate of dividend declared on Ordinary Shares for that financial year.
- g. 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 National Electronic Clearing System (NECS). NECS essentially

- operates on the new and *unique bank* account number allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. The NECS 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.
- h. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, 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.
- i. As per Securities and Exchange Board of India (SEBI) notification, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialised mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrars and Transfer Agents.
- j. Members' attention is particularly drawn to the "Corporate Governance" section in respect of unclaimed and unpaid dividends.
- k. 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.
- l. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their attendance slip alongwith a copy of Annual Report to the Meeting.

### 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. 7 to 12 of the accompanying Notice dated June 21, 2012:

**Item No.7:** The Board of Directors ('the Board') appointed Mr Cyrus P Mistry as an Additional Director of the Company on May 29, 2012, pursuant to Section 260 of the Act and Article 132 of the Articles of Association of the Company. Under Section 260 of the Act, Mr Mistry ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. Notice under Section 257 of the Act has been received from a Member signifying his intention to propose Mr Mistry's appointment as a Director.

Mr Mistry is a graduate of Civil Engineering from Imperial College, UK and has an M.Sc. in Management from London Business School. He has been associated with the Shapoorji Pallonji Group since 1994. Under Mr Mistry's guidance, Shapoorji Pallonji's construction business has grown from a turnover of US\$ 20 million to approximately US\$ 1.5 billion, with presence in over 10 countries. He joined the Board of Tata Sons Limited in 2006 and is presently the Executive Deputy Chairman. Brief information of Mr Mistry is given in the Annexure attached to the Notice.

The Board considers it desirable that the Company should continue to avail of the services of Mr Mistry and accordingly commends the Resolution at Item No. 7 for approval by the Members.

Mr Mistry is not related to any other Director of the Company. Mr Mistry is concerned or interested in Item No. 7 of the Notice.

**Item Nos.8 to 11:** The Board of Directors ('the Board') appointed M/s Ravindra Pisharody and Satish Borwankar as Additional Directors of the Company on June 21, 2012 pursuant to Section 260 of the Act and Article 132 of the Articles of Association of the Company. Under Section 260 of the Act, M/s Pisharody and Borwankar cease to hold office at this Annual General Meeting but are eligible for appointment as Directors. Notices under Section 257 of the Act have been received from a Member signifying his intention to propose their appointments as Directors.

The Board has also appointed Mr Pisharody as Executive Director (Commercial Vehicles) and Mr Borwankar as Executive Director (Quality, Vendor Development & Strategic Sourcing) of the Company for a period of 5 years with effect from June 21, 2012, subject to the approval of the Members.

Mr Pisharody is an alumni of IIT, Kharagpur and IIM, Calcutta. He joined the Company in 2007 as Vice-President (Sales and Marketing, CVBU) and was later elevated as President (Commercial Vehicles Business Unit) in 2009. Mr Pisharody played a significant role in doubling the commercial vehicle volumes and also oversaw the launch of a large number of new products, including the Company's entry into world class product platforms such as the Prima and Ultra. Prior to joining the Company, he has worked in various roles with M/s Castrol India Limited, BP Singapore Pte. Limited and Philips India Limited. He has over 30 years' experience in sales, marketing and business development.

Mr Borwankar is a Mechanical Engineer with honours from IIT, Kanpur. He joined the Company in August 1974 and has been responsible, in various executive positions, for overseeing and implementing product development, manufacturing operations and quality control initiatives of the Company. Prior to his induction on the Board, Mr Borwankar was Senior Vice President (Manufacturing Operations - CVBU). He has played a significant role in setting up green field projects for M&HCV's, axle components, designing and production of trims and chassis. He has over 37 years of experience in

manufacturing and quality control with the Company.

Brief resume of M/s Pisharody and Borwankar is given in the Annexure attached to the Notice.

The terms of appointment of M/s Pisharody and Borwankar {"the Appointee(s)"} as approved by the Board, on June 21, 2012 include:-

- a. **Tenure of Agreement(s):** For a period of 5 years from June 21, 2012.
- b. **Nature of duties:** The Appointee(s) shall, devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company.
- c. **Remuneration:**
  - (i) Salary: Upto a maximum of ₹7,00,000/- per month with authority to the Board or a Committee thereof to fix the salary and annual increments, which would be effective April 1, every year, as may be decided by the Board, based on merit and taking into account the Company's performance, within the said maximum amount. (ii) incentive remuneration, if any, and/or commission based on certain performance criteria to be laid down by the Board; (iii) benefits, perquisites and allowances as may be determined by the Board from time to time.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee(s), the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances, as specified above.

d. **Other terms of Appointment:**

- i. The terms and conditions of the said appointment(s) may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Appointee(s), subject to such approvals as may be required.
- ii. The Appointee(s) shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
- iii. This appointment(s) may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu of the Notice.
- iv. The employment of the Appointee(s), may be terminated by the Company without notice or payment in lieu of notice:
  - if the Appointee(s), is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or
  - in the event of any serious repeated or continuing breach (after prior warning) or non-observance by the Appointee(s), of any of the stipulations contained in the Agreement to be executed between the Company and the Appointee(s); or
  - in the event the Board expresses its loss of confidence in the Appointee(s).
- v. In the event the Appointee(s) is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
- vi. Upon the termination by whatever means of employment of the Appointee(s):
  - the Appointee(s) shall immediately tender his resignation from other offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office.
  - the Appointee(s) shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of its subsidiaries or associated companies.
- vii. The Appointee(s) is appointed as a Director(s) by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283(1)(l) of the Act.
- viii. All Personnel Policies of the Company and the related Rules which are applicable to other employees of the Company shall also be applicable to the Appointee(s), unless specifically provided otherwise.
- ix. If and when the Agreement expires or is terminated for any reason whatsoever, the appointee(s) will cease to be the Executive Director(s) and also cease to be a Director. If at any time, the appointee(s) ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Executive Director(s) and the Agreement shall forthwith terminate. If at any time, the appointee(s) ceases to be in the employment of the Company for any reason whatsoever, he shall

cease to be a Director and Executive Director(s) of the Company.

- x. The terms and conditions of appointment with the Appointee(s) also include clauses pertaining to adherence with the Tata Code of Conduct, no conflict of interest with the Company and maintenance of confidentiality.

In compliance with the provisions of Sections 198, 269, 309 and other applicable provisions of the Act read with Schedule XIII of the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

The Directors commend the resolutions at Item Nos. 8 to 11 of the accompanying notice for approval of the Members of the Company.

M/s Pisharody and Borwankar are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

This may be treated as an abstract of the draft Agreement between the Company and the Appointee(s) pursuant to Section 302 of the Act.

**Item No.12:** At the Annual General Meeting of the Company held on August 25, 2009, the Members of the Company had approved the appointment and terms of remuneration of Mr Prakash Telang as the Managing Director - India Operations of the Company, including *inter alia* the maximum amount of salary of ₹6,50,000/- p.m.

The Remuneration Committee and the Board have at their meetings held on May 29, 2012 recommended for approval of the Members, the increase in the maximum basic salary payable to Mr Telang from ₹6,50,000/-p.m. to ₹6,75,000/-

p.m. as also monthly salary of ₹6,75,000/- payable to Mr Telang, increasing thereby, proportionately, all the benefits related to the quantum of salary w.e.f. April 1, 2012 for the remainder of the tenure of his contract upto June 21, 2012. The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309, 310 and all the other applicable provisions, if any, of the Act read with Schedule XIII to the Act as amended and as in force from time to time.

All other terms and conditions of the appointment of Mr Telang, as approved by the Members, will remain unchanged.

In compliance with the provisions of Sections 269, 309, 310 and of remuneration other applicable provisions of the Act, the revised terms of remuneration of Mr Telang as the Managing Director - India Operations as specified above are now being placed before the Members for their approval.

The Directors commend the Resolution at Item No.12 of the Notice for the approval of the Members of the Company.

Mr Telang is concerned or interested in Item No.12 of the Notice.

By Order of the Board of Directors

**H K SETHNA**  
Company Secretary

Mumbai, June 21, 2012

**Registered Office:**

Bombay House, 24, Homi Mody Street, Mumbai 400 001

**Details of Directors retiring by rotation seeking re-election and appointment of Directors at this Annual General Meeting:**

| Particulars  | Mr Nasser Munjee  | Mr Subodh Bhargava   | Mr Vinesh Kumar Jairath  | Mr Cyrus P Mistry  | Mr Ravindra Pisharody  | Mr Satish Borwankar  |
|--|---|--|--|--|--|--|
| Date of Birth  | November 18, 1952   | March 30, 1942   | December 27, 1958  | July 4, 1968   | November 24, 1955  | July 15, 1952  |
| Appointed on   | June 27, 2008   | June 27, 2008  | March 31, 2009   | May 29, 2012   | June 21, 2012  | June 21, 2012  |
| Qualifications   | B.Sc. (Hons.), M.Sc. (Econ.) - London School of Economics   | BE. (Mech.)  | B.A. (Public Admin.), LLB, M.A.(Econ) - University of Manchester, UK   | B.E. (Civil)-Imperial College, UK, M.Sc (Mgmt) - London School of Business   | B.Tech (Elec.), PG Diploma in Mgmt (Marketing)   | B.Tech (Hons.) Mech.   |
| Expertise in specific functional areas   | Eminent Economist, Banker and Consultant of Infrastructure.   | Wide experience across various industries.   | Wide experience in public administration, infrastructure, finance and industry.  | Wide experience across various industries.   | Wide experience in Business and Industry.  | Wide experience in Automobile Industry, manufacturing and quality functions.                     |
| Directorships held in other Public companies (excluding foreign and private companies)                     | <ul style="list-style-type: none"> <li>ABB Ltd.</li> <li>Ambuja Cements Ltd.</li> <li>Bharati AXA Life Insurance Co. Ltd.</li> <li>Britannia Industries Ltd.</li> <li>Cummins India Ltd.</li> <li>Development Credit Bank Ltd. - Chairman</li> <li>HDFC Ltd.</li> <li>HUDCO Ltd.</li> <li>Reid and Taylor (India) Ltd. - Chairman</li> <li>Shipping Corporation of India Ltd.</li> <li>Tata Chemicals Ltd.</li> <li>Tata Motors Finance Ltd. - Chairman</li> <li>Unichem Laboratories Ltd.</li> <li>Volta Ltd.</li> </ul> | <ul style="list-style-type: none"> <li>Batilboi Ltd.</li> <li>Carborundum Universal Ltd.</li> <li>GlaxoSmithKline Consumer Healthcare Ltd.</li> <li>Larsen and Toubro Ltd.</li> <li>SRF Ltd.</li> <li>Tata Communications Ltd. - Chairman</li> <li>Tata Steel Ltd.</li> <li>TRF Ltd. - Chairman</li> </ul> | <ul style="list-style-type: none"> <li>Bharat Heavy Electricals Ltd.</li> </ul>  | <ul style="list-style-type: none"> <li>Tata Consultancy Services Ltd.</li> <li>Tata Industries Ltd.</li> <li>Tata Sons Ltd.</li> <li>Tata Steel Ltd.</li> <li>Tata Teleservices Ltd.</li> <li>The Tata Power Company Ltd.</li> <li>Tata Chemicals Ltd.</li> <li>Imperial College India Foundation</li> </ul> | <ul style="list-style-type: none"> <li>Tata Cummins Ltd.</li> <li>TML Drivelines Ltd.</li> <li>Tata Marcopolo Motors Ltd.</li> <li>Tata Motors Finance Ltd.</li> <li>TML Distribution Company Ltd.</li> <li>Tata International Ltd.</li> </ul> | <ul style="list-style-type: none"> <li>Tata Cummins Ltd.</li> <li>TML Drivelines Ltd.</li> </ul> |
| Memberships/ Chairmanships of Audit Committees and Investors' Grievance Committees across public companies | <ul style="list-style-type: none"> <li>ABB Ltd. - Chairman</li> <li>Bharati AXA Life Insurance Co. Ltd.</li> <li>Britannia Industries Ltd.</li> <li>Cummins India Ltd. - Chairman</li> <li>HUDCO Ltd.</li> <li>Tata Chemicals Ltd.</li> <li>Unichem Laboratories Ltd.</li> <li>Volta Ltd.</li> <li>Tata Motors Ltd. - Chairman</li> </ul>   | <ul style="list-style-type: none"> <li>Carborundum Universal Ltd. - Chairman</li> <li>Tata Steel Ltd. - Chairman</li> <li>Tata Communications Ltd</li> <li>GlaxoSmithKline Consumer Healthcare Ltd.</li> <li>Batilboi Ltd</li> <li>SRF Ltd.</li> </ul>   | <ul style="list-style-type: none"> <li>Tata Motors Ltd.</li> </ul> <p><b>Investors' Grievance</b></p> <ul style="list-style-type: none"> <li>Tata Motors Ltd.</li> </ul> | <ul style="list-style-type: none"> <li>Tata Sons Ltd.</li> </ul>   | <ul style="list-style-type: none"> <li>Tata Marcopolo Motors Ltd.</li> <li>TML Distribution Company Ltd.</li> </ul>  | <ul style="list-style-type: none"> <li>TML Drivelines Ltd.</li> </ul>                            |
| Shareholding   | NIL   | NIL  | 250 Ordinary Shares  | NIL  | 50'A Ordinary Shares   | 805 Ordinary Shares  |

# 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<br>(Standalone) |            | Tata Motors Group<br>(Consolidated) |            |
|---|-------------------------|------------|-------------------------------------|------------|
|   | FY 2011-12              | FY 2010-11 | FY 2011-12                          | FY 2010-11 |
| <b>FINANCIAL RESULTS</b>  |                         |            |                                     |            |
| 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,<br>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<br>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   |
| <b>APPROPRIATIONS</b>   |                         |            |                                     |            |
| 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 along with 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 along with 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 disbursements 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, disbursements 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 Moody's. 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 Moody's 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 45P 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions rated at 184g/km.
- The Freelander 2 features a new eD4 diesel engine capable of 4.98L/100km and CO<sub>2</sub> 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

## Annexure to the Directors' Report

Particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

### A. Conservation of Energy

Tata Motors has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this end. Energy conservation measures have been implemented at all the plants and offices of the Company and special efforts are made to undertake specific energy conservation projects like:

- Installation of Variable Frequency Drives for motors of Blower & Pump, ranging 22 KW-160KW, as a flow control strategy for energy conservation.
- Conversion of electrical heating into gas heating system of washing machines.
- Installation of CFL and LED bus bar indicators. Use of 24Wx4 T5 lamps for street lights, electronic ballasts, LED street lights, 160W LED High bay lights at Dharwad Plant.
- Installation of Light pipes & Transparent Polycarbonate sheets, Solar water system for canteen, and 25KWp Solar Power plant at Company's Lucknow plant.
- Initiative towards use of "ON-Site" Green Power (Wind-Solar Hybrid System) for Company's Dharwad Plant.
- Installation of Waste heat recovery system on ED oven and for furnace flue gas to heat water used in the process.
- Modification in PLC logic for automatic switching off ASU.
- Optimization of AC plant operations. Installation of active grill for data center AC system.
- Installation of Energy Efficient Motors (Eff-1), Wind

Ventilators and Super magnetic dust separator.

- Downsizing of motors, trimming of impeller of oversized water recirculation pump, etc.

These changes have resulted in energy saving of 2.3 crore units of electricity, 285KL of LDO, 10KL of HSD, and 173MT of Propane. The whole effort resulted in cost savings for the Company of around ₹14.92 crores and annual CO<sub>2</sub> reduction of 20,456 tCO<sub>2</sub>.

Tata Motors and Japan-based New Energy and Industrial Technology Development Organization (NEDO) successfully converted two 2.5MW diesel electric power generators sets into dual-fuel generators, using natural gas as the main fuel and diesel as the pilot fuel. This effort resulted into cost saving for the Company of about ₹0.82 crore and annual CO<sub>2</sub> reduction of 1,600 tCO<sub>2</sub>.

The Company's Endeavour for tapping wind energy has also made significant contributions.

- Energy is being generated from existing captive wind power. Further initiatives have been taken up to make Pimpri Plant "carbon neutral" by meeting the entire power requirement by purchase of wind power from Third Party through open access. To maximize the use of wind power from Third Party through open access, a Power Purchase Agreement (PPA) has been signed for an additional ₹6.95 crores. Presently, commercial vehicle plant at Pune has become 'Carbon Neutral' by annual utilization of Green Power of ₹13.37 crore units. Wind power units (equivalent CO<sub>2</sub> Reduction of 1,23,363 tCO<sub>2</sub>) have resulted in savings in electricity charges of TML Pune plant of ₹28.76 crores.
- United Nations Framework Convention for Climate Change (UNFCCC) issued 25,297 CERs on December 12, 2011, for the wind power generation period FY 2009-10.

- Initiatives towards Carbon Neutral Manufacturing Plant have been implemented at Dharwad Plant and Tata Marcopolo Dharwad, which use Green Power (Wind Power). A PPA was signed with a wind power supplier which will allow CO<sub>2</sub> reduction of 15,000 tCO<sub>2</sub> per annum, resulting in energy cost savings of ₹0.66 crore.

**Awards / Recognitions received during the year:**

- Tata Motors has been awarded the “Certificate for Significant Achievement” of CII-ITC Sustainability Awards 2011, for demonstrating excellent performance in the area of sustainable development, in the large business organizations category (turnover > ₹500 crores).
- The Company’s Lucknow Plant bagged the 2nd Prize and commercial vehicle plant, Pune was awarded the Certificate of Merit in the National Energy Conservation Award 2011, in Automobile Manufacturing category by Bureau of Energy Efficiency (BEE), Ministry of Power, Government of India.

**B. Technology Absorption**

Tata Motors has continued its endeavor to adopt technologies for its product range to meet the requirements of a globally competitive market. All Company products and engines are compliant with the prevalent regulatory norms. The Company has also undertaken programs for development of vehicles which run on alternate fuels such as LPG, CNG, bio-diesel, electric traction and hydrogen.

During the year, the Company filed 110 Patent Applications and 102 Design applications. In respect of applications filed in earlier years, 17 Patents were granted and 12 Designs were registered. To reinforce the need of technology upgradation, the Company invested in variety of testing facilities and equipment such as -

- Urea Supply and Measurement system, alongwith Ammonia Analyzer for M&HCV Engines having Selective Catalytic

Reduction technology for emission after treatment.

- Introduction of specialized oil conditioning system for engine friction mapping and analysis, to help improve fuel efficiency and CO<sub>2</sub> reduction.
- In-house development of shock tube and Split-Hopkinson pressure bar set up, for material characterization for blast testing application.
- Offroad and gradient test tracks at Company’s Jamshedpur plant.
- Acoustic Camera for Noise Source identification.
- Real time In-cabin multi-point air flow measurement.
- Door closure characteristics evaluation device.
- Inductively Coupled Plasma (I.C.P.) Spectrometer for Oil and Lubricants testing.

**Major technology absorption projects undertaken during the last year include:**

| Technology For  | Status                  |
|---|-------------------------|
| Development of Infotainment system  | Development in Progress |
| Digital verification platform using Hardware-in-the-Loop system for various Electrical and Electronics Systems (such as Body Control Module, Instrument Cluster, HVAC System) | Implemented             |
| Brushless DC Motor for Engine Cooling Module  | Development in progress |
| Development of Low Carbon Vehicle Technology Program  | Development in Progress |
| Development of Electric Traction Motor technology   | Development in Progress |
| Hydrogen recirculation blower system on Fuel cell-Battery-Hybrid Bus(4x2) family  | Development in progress |
| Battery Management System on Bus and Car Hybrids  | Development in progress |

### Major Technology imports include:

| Technology for   | Year of Import | Status                                  |
|--|----------------|---|
| Development of Fuel Cell Bus   | 2011-12        | Development in Progress                 |
| Hot spot prediction of vehicle noise by Acoustic Camera<br>*PU-Camera for near-field measurement of engine<br>*Beam-forming for Pass-By-Noise measurements | 2011-12        | Commissioned and initiated use for cars |
| SONAR - bench-marking database for Engine-noise measurement  | 2011-12        | In-use for engine-noise analysis        |
| Gas Injection technology for LCV, MCV & HCV engines  | 2009-10        | Under Development                       |
| Engine Management for Series Hybrid Technology for Buses   | 2009-10        | Under Development                       |
| Design and Development of Infinitely variable transmission based on full toriodal traction-Drive variators for various vehicle platforms.                  | 2007-08        | Under Development                       |
| Design and Development of Electric Hatchback vehicle - Indica Vista EV   | 2008-09        | Implemented                             |
| Stop - Start feature for various vehicle Platforms   | 2009-10        | Under Implementation                    |

During the year the Company spent ₹1,549 crores on Research and Development activities including expenditure on capital assets purchased for Research and Development which was 2.9% of the net turnover.

### C. Foreign Exchange Earnings and Outgoing

(₹ in crores)

|   |       |
|---|-------|
| Earning in foreign currency                                     | 3,677 |
| Expenditure in foreign currency (including dividend remittance) | 3,709 |

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

**Tata Motors Business:** The Indian economy, which recorded a growth rate of 8.6% during FY 2010-11, started showing softening indicators in second half of FY 2010-11. This was mainly due to inflationary pressures and continued anti-inflationary monetary stance taken by Reserve Bank of India (RBI). During the current year, the inflation continued to remain at higher levels with headline Wholesale Price Index (WPI) staying at above 9% during April-November 2011, and moderated to 6.9% by end March 2012. On the foreign exchange front, higher crude oil prices, lower net capital inflows and lower export growth in the last six months of the year due to worsening global economic scenario, adversely affected the Indian currency. The rate of Index of Industrial growth (IIP) decelerated from 8.2% in FY 2010-11 to 2.8% in current year. Due to these factors, India's growth rate is estimated to be lower at 6.9% during FY 2011-12.

The automotive industry was affected by the overall macro economic factors discussed above. In particular, the demand was impacted due to higher interest rates and slowing economy. Further, sharp increases in petrol prices (after deregulation in June 2010) adversely impacted the demand for petrol vehicles. However, diesel prices did not move in tandem. This created a gradual shift in demand from petrol cars to diesel cars. There was a spurt in demand for diesel cars in the last six months of the current year, resulting in supply constraints on diesel vehicles.

On the above background, the Indian auto industry grew at a moderate rate of 7.2% in FY 2011-12, with 19.2% growth in Commercial Vehicles and 3.6% growth in Passenger Vehicles.

The Company's total domestic sales grew by 10.9% to 8,63,248 vehicles in FY 2011-12. Commercial Vehicle sales increased by 15.7% to 530,204 units, while Passenger Vehicles sales grew by 4% to 333,044 units. The competitive scenario intensified as the existing OEM's launched new variants to protect market share and new entrants sought to gain a foothold in the market. The Company maintained leadership with a market share of 59.4% in the Commercial Vehicle segment despite international OEM's entering the market. For Passenger Vehicles, in a highly competitive environment, the Company was successful in maintaining its market share of 13.1%. The Company's exports grew by 8.6% to 63,105 units during the year. The growth was driven by focus on the emerging markets in SAARC, South Asia and Africa.



The industry performance in the domestic market during FY 2011-12 and the Company's market share is given below (Table - 1):-

**Table - 1**

| Category            | Industry sales   |                  |             | Company Sales   |                 |              | Market Share    |                 |
|---------------------|------------------|------------------|-------------|-----------------|-----------------|--------------|-----------------|-----------------|
|                     | FY<br>2011-2012  | FY<br>2010-2011  | Growth      | FY<br>2011-2012 | FY<br>2010-2011 | Growth       | FY<br>2011-2012 | FY<br>2010-2011 |
| Commercial Vehicles | 892,349          | 748,659          | 19.2%       | 530,204         | 458,288         | 15.7%        | 59.4%           | 61.2%           |
| Passenger Vehicles  | 2,538,418        | 2,450,356        | 3.6%        | 333,044         | 320,252         | 4.0%         | 13.1%           | 13.1%           |
| <b>Total</b>        | <b>3,430,767</b> | <b>3,199,015</b> | <b>7.2%</b> | <b>863,248</b>  | <b>778,540</b>  | <b>10.9%</b> | <b>25.2%</b>    | <b>24.3%</b>    |

Source: Society of Indian Automobile Manufacturers report and Company Analysis

Commercial vehicles Include V2 Van sales;

Passenger vehicles include Fiat and Jaguar Land Rover branded cars

## Industry Structure and Developments

### Commercial Vehicles:

During the current year, the domestic Commercial Vehicle market, recorded a growth of 19.2% with the highest ever sales of 892,349 vehicles. The Medium and Heavy Commercial Vehicles (M&HCV) sector grew by 6.5%, while growth of Light Commercial Vehicle (LCV) segment was at 29.1%. The lower growth of agriculture, manufacturing and construction, mainly contributed to lower growth in Commercial Vehicle segment at 19.2% in current year as compared to 27.3% in FY 2010-11 over FY 2009-10. Further, M&HCV demand was mainly affected by higher interest rates and restricted availability of financing support, due to tight monetary policy by the RBI.

The domestic industry performance during FY 2011-12 and the Company's share are given below (Table - 2):-

**Table - 2**

| Category     | Industry sales  |                 |              | Company Sales   |                 |              | Market Share    |                 |
|--------------|-----------------|-----------------|--------------|-----------------|-----------------|--------------|-----------------|-----------------|
|              | FY<br>2011-2012 | FY<br>2010-2011 | Growth       | FY<br>2011-2012 | FY<br>2010-2011 | Growth       | FY<br>2011-2012 | FY<br>2010-2011 |
| M&HCV        | 348,773         | 327,583         | 6.5%         | 207,086         | 196,651         | 5.3%         | 59.4%           | 60.0%           |
| LCVs         | 543,576         | 421,076         | 29.1%        | 323,118         | 261,637         | 23.5%        | 59.4%           | 62.1%           |
| <b>Total</b> | <b>892,349</b>  | <b>748,659</b>  | <b>19.2%</b> | <b>530,204</b>  | <b>458,288</b>  | <b>15.7%</b> | <b>59.4%</b>    | <b>61.2%</b>    |

Source: Society of Indian Automobile Manufacturers report and Company Analysis

LCVs include V2 Van sales

The Company's sale of Commercial Vehicle in the domestic and international markets was 585,283 units representing a growth of 15.1% over the previous year. The growth was driven by focused product actions, enhancement of quality of the service network, increased service outlets, and financing options suited to customer needs. However, the domestic market share during the year was 59.4%, lower by 180 basis points, compared to 61.2% last year.

The LCV segment continued to drive growth for the Company. The Company's sales increased by 23.5% to 323,118 units from 261,637 units in FY 2010-11, due to improved performance

in the pickup segment and ramp up of production in the Pantnagar plant aided volume growth in the LCV truck segment. The commercial production has commenced at Dharwad. The major launches in FY 2011-12 were Ace Zip and Magic Iris. The sales of the Tata Ace continued to increase year-on-year. However, the entry of new competition in the small commercial vehicle category, and the expanding market size in this segment, resulted in lowering of the Company's market share in LCV segment to 59.4% in FY 2011-12 from 62.1% in FY 2010-11.

In M&HCV category, the Company sold 207,086 units during FY 2011-12, which resulted in a market share of 59.4%. The economic crisis in the Euro Zone and political unrest in the Middle East, mainly contributed to a slowdown in the global economy. The real GDP growth in the Euro Zone dropped successively each quarter of the year. SAARC and ASEAN countries, however, continued to grow steadily. In particular, the growth in Small Commercial Vehicle segments in these geographies was robust. The new launches during FY 2011-12 include the Tata Divo, a super-luxury inter-city bus and new variants in the Tata Starbus Ultra range.

The Company also showcased a fuel-cell bus and other advanced hybrid technologies at the New Delhi Auto Expo in January 2012.

### Passenger Vehicles:

The growth of Passenger Vehicles segment decelerated to 3.6%, during the year; much lower as compared to the Commercial Vehicles. Consequent to the inflation and slowing economy, there was a decrease in disposable income, impacting demand for cars. Petrol prices increased substantially during the year, increasing the total cost of ownership of petrol cars. This resulted into deferment of purchases and shift in demand to diesel vehicles. Further, the increase in interest rates adversely impacted car financing, taking toll on demand.

The industry performance and the Company's performance in the Passenger Vehicle segment are given below (**Table - 3**):

During the year, the Company recorded its highest ever sales of 333,044 vehicles in the domestic market, recording a growth of 4.0% over last year, through launch of a variety of new products – the Indica Vista and the Sumo Gold BS4 variant. The Indigo eCS and the Indica eV2, with segment-leading fuel efficiencies, continued to gain traction and market share as fuel prices increased. The Venture, launched last year, continued to receive good market response.

Nano sales continued to grow with volumes increasing by 5.8% over last year to 74,521 units. With focused initiatives to

**Table - 3**

| Category              | Industry sales   |                  |             | Company Sales* |                |             | Market Share |              |
|-----------------------|------------------|------------------|-------------|----------------|----------------|-------------|--------------|--------------|
|                       | FY 2011-2012     | FY 2010-2011     | Growth      | FY 2011-2012   | FY 2010-2011   | Growth      | FY 2011-2012 | FY 2010-2011 |
| Micro                 | 74,521           | 70,431           | 5.8%        | 74,521         | 70,431         | 5.8%        | 100.0%       | 100.0%       |
| Compact               | 856,072          | 834,271          | 2.6%        | 176,104        | 159,412        | 10.5%       | 20.6%        | 19.1%        |
| Mid-size              | 204,729          | 174,074          | 17.6%       | 19,645         | 38,167         | -48.5%      | 9.6%         | 21.9%        |
| Executive             | 41,557           | 49,269           | -15.7%      | 4,796          | 8,536          | -43.8%      | 11.5%        | 17.3%        |
| Premium and Luxury    | 12,027           | 12,097           | -0.6%       | 985            | 425            | 131.8%      | 8.2%         | 3.5%         |
| Utility Vehicles      | 368,272          | 315,417          | 16.8%       | 49,035         | 41,968         | 16.8%       | 13.3%        | 13.3%        |
| Vans (Note a)         | 152,019          | 161,939          | -6.1%       | 7,958          | 1,313          | 506.1%      | 5.2%         | 0.8%         |
| <b>Total (Note b)</b> | <b>2,538,418</b> | <b>2,450,356</b> | <b>3.6%</b> | <b>333,044</b> | <b>320,252</b> | <b>4.0%</b> | <b>13.1%</b> | <b>13.1%</b> |

Source: Society of Indian Automobile Manufacturers report and Company Analysis. \* including Fiat & Jaguar Land Rover branded cars.

Note (a) Excludes V2 Van sales.

Note (b) Total Industry nos. include sales in other segments

increase reach and penetration, by appointing Nano exclusive dealers, the Company is targeting rural customers to drive growth. During FY 2011-12, the Company launched Nano 2012, with several new features, including improved fuel efficiency. The Company also started exporting Nano to neighbouring countries such as Nepal and Sri Lanka.

The Mid-size and Utility Vehicles category, recorded 17.6% and 16.8% growth on the back of demand for diesel cars and new product / variants. The Company's sales in the mid size category suffered as competition severely intensified with multiple new launches from other industry players in this segment.

The Company recorded a healthy growth of 16.8% in Utility Vehicle segment, at par with industry growth during the year, with sales increasing to 49,035 units. Increase in sales of the Sumo post the launch of the BS4 variant of the Sumo Gold combined with increase in the sales of the Safari, contributed to this growth. The new Safari Storme was displayed at the New Delhi Auto Expo in January 2012 to be launched in the FY 2012-13.

The Company sold 17,129 Fiat cars in FY 2011-12, with a sale of 4,796 Linea and 12,297 Grande Punto. Fiat stood at the tenth position among the major car players in the country. The Tata-Fiat dealer network was upgraded to 170 dealer facilities across 129 cities as of March 31, 2012. Fiat was ranked ninth in the JD Power 2011 India Customer Service Index Survey. During the year, the Company launched the Fiat Linea 2012 and the Fiat Grande Punto. In May 2012, JV partners decided that in order to further develop the Fiat brand in India, management control of Fiat's commercial and distribution activities will be handed over to a separate Fiat Group owned company in India.

The Company sold 2,274 Jaguar Land Rover (JLR) vehicles through its exclusive outlets in India registering an impressive growth of 91%. The Company launched the globally popular Range Rover Evoque. During the year, the Company expanded its dealership network to 13 outlets covering 11 cities. The Company commenced the local assembly of the Land Rover Freelander 2, at Pune in May 2011, which has been received extremely well in India.

**Tata Motors Sales and Distribution:** The sales and distribution network in India as of March 31, 2012, comprises approximately 2,150 sales contact points for the Passenger and Commercial Vehicle businesses. The Company formed a 100% subsidiary, TML Distribution Company Ltd (TDCL) in March 2008, to act as a dedicated distribution and logistics management company to support the sales and distribution operations of vehicles in India. The Company believes that this has improved the efficiency of our selling and distribution operations and processes.

TDCL provides distribution and logistics support for vehicles manufactured at our facilities. TDCL helps us improve planning, inventory management, transport management and timely delivery. The Company has deployed a Customer Relations Management (CRM) system at all our dealerships and offices across the country. The system is certified by Oracle as the largest Siebel deployment in the automotive market. The combined online CRM system supports users both within the Company and among the distributors in India and abroad.

The Company provides financing support through the wholly-owned subsidiary, Tata Motors Finance Ltd (TMFL), to end customers and independent dealers, who act as the Company's agents. During FY 2011-12, approximately 27% of vehicle unit sales in India were made by the dealers through financing arrangements provided by TMFL as compared to 21% in FY 2010-11. The total vehicle finance receivables (consolidated) outstanding as at March 31, 2012 and 2011 amounted to ₹15,747.67 crores and ₹10,095.62 crores, respectively.

The Company uses a network of service centers on highways and a toll-free customer assistance center to provide 24-hour on-road maintenance (including replacement of parts) to vehicle owners. The Company believes that the reach of the sales, service and maintenance network, provides us with a significant advantage over the competitors.

**Tata Motors Competition:** The Company faces competition from various domestic and foreign automotive manufacturers in the Indian automotive market. Improving infrastructure and robust growth prospects compared to other mature markets, are now attracting a number of automotive OEM's to India. These companies have either formed joint-ventures with local

partners or have established independently-owned operations in India. The global competitors bring international experience, global scale, advanced technology and significant financial support, for the operations in India. The competition is likely to further intensify in the future.

The Company has designed its products to suit the requirements of the Indian market based on specific customer needs such as safety, driving comfort, fuel efficiency and durability. The Company believes that its vehicles are suited to the general conditions of Indian roads, the local climate and comply with applicable environmental regulations currently in effect. The Company also offers a wide range of optional configurations to meet the specific needs of its customers. The Company is developing products to strengthen its product portfolio in order to meet customer expectations of aspiring for world-class products.

**Tata Motors Exports:** The Company continues to focus on its export operations. The Company markets its commercial and passenger vehicles in several countries in Europe, Africa, the Middle East, South East Asia and South Asia. The exports of vehicles manufactured in India increased by 8.6% in FY 2011-12 to 63,105 units from 58,089 units in FY 2010-11, with significant economic improvement in our major international markets such as the Indian sub-continent, South Africa and the Middle East.

For FY 2011-12, the Company's top five export destinations accounted for approximately 76% and 85% of the exports of commercial vehicles and passenger vehicle units, respectively. The Company continues to strengthen its position in the geographic areas it is currently operating in and exploring possibilities of entering new markets with similar market characteristics to the Indian market.

The Company has set up a network of distributors in almost all

countries where the vehicles are exported. The distribution network includes appointing local dealers for sales and servicing products in the respective regions. The Company has also deputed its representatives overseas to support sales and services and to identify opportunities.

**Jaguar Land Rover business:** On June 2, 2008, the Company acquired the global business relating to Jaguar Land Rover which include three major production facilities and two advanced design and engineering centers in United Kingdom, a worldwide sales and dealership network, intellectual property rights, patents and trademarks. Since then, Jaguar Land Rover has significantly consolidated its position in the premium car segment.

The strengths of Jaguar Land Rover include its internationally recognized brands, strong product portfolio of award-winning luxury and high performance cars and premium all-terrain vehicles, global distribution network, strong product development and engineering capabilities, and a strong management team. The total sales of Jaguar Land Rover are set forth in the table below (**Table - 4**):-

**Jaguar** designs, develops and manufactures premium luxury saloons and sports cars, recognised for their performance, design and unique British style. Jaguar's range of products comprises the XK sports car (coupe and convertible), the XF saloon and the new XJ saloon.

The current XK was launched in 2009, and the XK range was significantly revised with a new look for 2011. The new XKR-S, which was unveiled at the Geneva Motor Show on March 1, 2011, is the sporting flagship for Jaguar revitalised XK line-up. The XKR-S is the fastest and most powerful production sports car that Jaguar has ever built.

The XF, launched in 2008, is a premium executive car that merges sports car styling with the sophistication of a luxury

**Table - 4**

|            | FY 2011-12 |        | FY 2010-11 |        |
|------------|------------|--------|------------|--------|
|            | Units      | %      | Units      | %      |
| Jaguar     | 54,039     | 17.2%  | 52,933     | 21.8%  |
| Land Rover | 2,60,394   | 82.8%  | 2,43,620   | 78.2%  |
| Total      | 3,14,433   | 100.0% | 1,90,628   | 100.0% |

saloon. The Jaguar XF is Jaguar's best-selling model across the world by volume and it has garnered more than 80 international awards since its launch, including being named "Best Executive Car" by What Car? Magazine, in every year since its launch. For 2012 model year, fundamental design changes to the front and rear aim to bring a more assertive, purposeful stance to the vehicle, closer to the original C-XF concept car. In addition, the Jaguar 2012 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. In 2012, Jaguar has announced a further expansion of the XF range with the introduction of the Sportbrake, due later in 2012. The Sportbrake has increased rear load space to appeal to a wider range of buyers.

The XJ is Jaguar's largest luxury saloon vehicle, powered by a choice of supercharged and naturally aspirated 5.0-litre V8 petrol engine and a 3.0-litre diesel engine. A 3.0-litre V6 petrol engine was launched in the Chinese market in early 2011, which has driven sales growth in the year. Using Jaguar's aerospace inspired aluminium body architecture, the XJ's lightweight aluminium body provides improved agility and economy. In the year, the XJ has been upgraded to include a new Executive Package and a Rear Seat Comfort package, which makes the Jaguar flagship model the ultimate executive limousine experience.

The Jaguar C-X16 concept car was showcased during 2011 and it was announced at the New York Auto Show that this will be the basis of the new F-type, a two seater sports car due for launch in the spring of 2013. The car will make extensive use of aluminium in its build, based on the expertise Jaguar Land Rover has developed in previous models.

**Land Rover** designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their simplicity, ability, strength and durability. Land Rover's range of products comprises the Defender, Freelander 2 (LR2), Discovery 4 (LR4), Range Rover Evoque, Range Rover Sport and Range Rover.

Land Rover products offer a range of powertrains, including turbocharged V6 diesel, V6 petrol engines and V8 naturally

aspirated and supercharged petrol engines, with manual and automatic transmissions.

The Defender is Land Rover's toughest off-roader, and is recognised as a leading vehicle in the segment targeting extreme all-terrain abilities.

The Freelander 2 is a versatile vehicle for both urban sophistication and off-road capability. For the 2012 Model Year, Jaguar Land Rover offered a choice of 4 Wheel Drive and 2 Wheel Drive, with an eD4 engine capable of 4.98L/100km which was especially well received in major European markets.

The Discovery 4 is a mid-size SUV that features genuine all-terrain capability. A range of new features, including the new 3.0-litre LR-TDV6 diesel engine, helped the Discovery win the What Car? Magazine award for the Best 4x4 for the seventh successive year.

The Range Rover Evoque was launched 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 Range Rover Sport combines the performance of a sports tourer with the versatility of a Land Rover.

The Range Rover is the flagship of the brand with a unique blend of British luxury, classic design with distinctive, high-quality interiors and outstanding all-terrain ability. The 2012 Model Year Range Rover, with an all-new 4.4-litre TDV8 engine aiming to achieve a 14% reduction in CO<sub>2</sub> emissions and a 19% improvement in fuel consumption to 7.81L/100km, has been particularly well-received in the UK, Europe and overseas.

Jaguar Land Rover achieved strong sales, during FY 2011-12 wholesale unit sales in total increased to 314,433 units from sales of 2,43,621 units in FY 2010-11, an increase of 29.1%. Jaguar volumes increased to 54,039 units during FY 2011-12 from 52,933 units in FY 2010-11, an increase of 2.1%. Land Rover volumes increased to 260,394 units from 190,628 units in FY 2010-11, an increase of 36.6%, mainly contributed by Range Rover, Range Rover Sport, Range Rover Evoque and Discovery 4 (LR4) sales. Jaguar Land Rover exported 262,637 units in FY 2011-12 compared to 185,063 units in FY 2010-11, an increase of 36.5%.

### Jaguar Land Rover's performance in key geographical markets on retail basis

**United States:** The US economy has recovered more favourably than other mature economies since the economic downturn, with GDP growth and falling unemployment, although the position remains fragile. United States premium car segment volumes fell by 1% compared to FY 2010-11, whilst premium SUV segment volumes were up 5%. United States retail volumes for FY 2011-12 for the combined brands were 58,003 units. Jaguar retail volumes for FY 2011-12 fell by 2.6% compared to FY 2010-11, leading to a 0.3% decrease in market share. Land Rover retail volumes for FY 2011-12 increased by 22.5% compared to FY 2010-11, increasing market share.

**United Kingdom:** Initial figures suggest that the UK economy has re-entered recession in the last three months. Trading conditions in the UK remain difficult, despite an upswing in the first part of the year. In the UK, both the premium car segment and premium SUV segment increased by 10% in FY 2011-12 compared to FY 2010-11. The UK retail volumes for FY 2011-12 for the combined brands were 60,022 units, Jaguar retail volumes decreased by 14.0% compared to FY 2010-11, leading to a 6% decrease in market share. Land Rover retail volumes increased by 9.8% compared to FY 2010-11, broadly maintaining market share.

**Europe (excluding Russia):** The European economy continues to struggle, with austerity measures in place in a number of countries. The economic situation and recent national election results, continue to create uncertainty around European zone stability, the Euro and borrowing costs. Credit continues to be difficult to obtain for customers and the outlook remains volatile. The German premium car segment volume increased by 14% and the premium SUV segment volume increased by 17% compared to FY 2010-11. European retail volumes for FY 2011-12 for the combined Jaguar Land Rover brands were 68,420 units, representing a 27.4% increase compared to FY 2010-11. Jaguar retail volume for FY 2011-12 decreased by 7.0%, and Land Rover retail volume for FY 2011-12 increased by 36.2% compared to FY 2010-11.

**China:** The Chinese economy has continued to grow strongly throughout FY 2011-12. GDP growth is likely to slow in future, although remain above 8%. Jaguar Land Rover has signed a JV agreement to manufacture cars in China with

Chery Automobile Co. Ltd, a Chinese auto manufacturer. The China premium car segment volumes (for imports) increased by 31% in FY 2011-12 compared to FY 2010-11. The China premium SUV segment volumes (for imports) increased by 54% in FY 2011-12 as compared to FY 2010-11. The China retail volumes for FY 2011-12 for the combined brands were 50,994 units. Jaguar retail volume for FY 2011-12 increased by 147.2% compared to FY 2010-11, improving market share. Land Rover retail volume for FY 2011-12 increased by 68.7% compared to FY 2010-11, again improving market share.

**Asia Pacific:** The Asia Pacific region main markets are Japan, Australia and New Zealand. These regions were less affected by the economic crisis compared to western economies and are recovering more favourably, often due to increased trade with China and other growth economies. The Asia Pacific retail volumes for FY 2011-12 for the combined brands were 12,976 units. Jaguar retail volume for FY 2011-12 increased by 37.4% compared to FY 2010-11. Land Rover retail volume for FY 2011-12 increased by 25.7% compared to FY 2010-11.

**Other markets:** The major constituents in other markets are Russia, South Africa and Brazil, alongside the rest of Africa and South America. These economies were not as badly affected by the economic crisis as the western economies and have continued GDP growth in the last few years, partially on the back of increased commodity and oil prices. The other markets retail volumes for FY 2011-12 for the combined brands were 55,444 units, up by 39%. Jaguar retail volumes for FY 2011-12 were 5,445, up 10.4% whilst Land Rover retail volumes were 49,999, an increase of 43.3% compared to FY 2010-11.

**Jaguar Land Rover's Sales & Distribution:** The Company market Jaguar products in 101 markets and Land Rover products in 177 markets, through a global network of 17 national sales companies ("NSCs"), 82 importers, 63 export partners and 2,351 franchise sales dealers, of which 585 are joint Jaguar and Land Rover dealers. Sales locations for Jaguar Land Rover vehicles are operated as independent franchises. Jaguar Land Rover is represented in its key markets through NSCs as well as third party importers. Jaguar Land Rover has regional offices in certain select countries that manage customer relationships, vehicle supplies and provide marketing and sales support to their regional importer

markets. The remaining importer markets are managed from the UK. The Vehicles products are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies, and governments giving a benefit of a diversified customer base which reduces its dependence on any single customer or group of customers.

**Jaguar Land Rover's Competition:** JLR operates in a globally competitive environment and faces competition from established premium and other vehicle manufacturers who aspire to move into the premium performance car and premium SUV markets. Jaguar vehicles compete primarily with other European brands such as Audi, BMW and Mercedes Benz. Land Rover and Range Rover vehicles compete mainly with SUVs manufactured by Audi, BMW, Infiniti, Lexus, Mercedes Benz, Porsche and Volkswagen. The Land Rover Defender competes with vehicles manufactured by Isuzu, Nissan and Toyota.

**Tata Daewoo Commercial Vehicles (TDCV):** FY 2011-12 was a very challenging year for TDCV due to the slowdown of the Korean economy. Overall sales increased primarily due to significantly higher sales of Medium Commercial Vehicles (MCV) in the domestic market. The total market for Heavy Commercial Vehicles (HCV) in Korea declined in FY 2011-12 mainly due to slowdown in the economy. TDCV sold 2,549 units of HCV in FY 2011-12 compared to 2,848 units in FY 2010-11. TDCV believes to have improved its market share marginally post stabilization and full year operation of its sales and distribution company.

However, the demand for Medium Duty Trucks increased significantly during the year due to growing demand of Special Purpose Vehicle (mainly Refrigerated Van) and Military Vehicles and the shift in demand from relatively high priced HCVs (4X2 Cargo & 6X4 Cargo) to MCVs (4.5 Ton and 5 Ton). In this segment, TDCV sold 4,003 units in FY 2011-12 compared to 2,895 units in FY 2010-11.

TDCV exported 2,979 units during the year as compared to 3,005 units in previous year, in TDCV traditional market like Algeria the HCV continues to experience a slump which resulted in a marginal decline in exports. Majority of exports were made to countries like Algeria, Russia, Vietnam, South Africa and countries in the Middle East. TDCV continues to diversify its markets.

**Tata Motors Finance Ltd (TMFL):** The total disbursements during the year by TMFL were higher by 33% at ₹10,505 crores against ₹7,908 crores of FY 2010-11. TMFL financed 2,30,588 vehicles during the year as compared to 1,60,781 vehicles in FY 2010-11, a growth of 43%. The disbursements for Commercial Vehicles were ₹7,204 crores (1,20,032 units) compared to ₹6,041 crores (94,446 units) in FY 2010-11. The vehicle financing for Passenger vehicles grew significantly with the disbursements on the Nano and other passenger vehicles. The disbursements for Passenger vehicles for the year were at ₹3,301 crores (1,10,556 units) compared to ₹1,867 crores (66,335 units) in FY 2010-11.

In an environment of sluggish growth in the economy and rising interest costs, TMFL performance was mainly attributable to increased customer orientation. TMFL's key initiative of improving customer relations by effectively growing its 'Office of the Customer' and the deployment of its 'Risk Scored Pricing Model', contributed to performance. TMFL enhanced and significantly improved its branch network and infrastructure, and is confident that these investments will significantly improve relations with customers and dealers.

**Tata Technologies (TTL):** TTL, a key strategic partner in several of the information technology initiatives for the Tata Motors Group, recorded a growth of 32.4% in revenue from sale of products and services, from ₹493 crores in FY 2010-11 to ₹644 crores in FY 2011-12. During this period, revenue from services increased by 33.1% and product sales increased by 15.3% over last year, to reach figures of ₹563 crores and ₹81 crores, respectively. The services revenue comprises Engineering Automation Group [EAG], Enterprise Solutions Group [ESG] and Product Lifecycle Management [PLM]. EAG addresses the engineering and design needs of manufacturers through services for all stages of the product development and manufacturing process. ESG addresses the Information Technology needs of manufacturers including business solutions, strategic consulting, ERP implementation, systems integration, IT networking and infrastructure solutions and program management. PLM addresses the product development technology solution requirements of manufacturers including end-to-end implementation of PLM technology, best practices and PLM consulting. PLM also includes the TTL's proprietary applications iGETIT® and

iCHECKIT. TTL has its international headquarters in Singapore, with regional headquarters in the United States (Novi, Michigan), India (Pune) and the UK (Coventry). TTL has a combined workforce of around 5,000 professionals serving clients worldwide from facilities in North America, Europe and Asia-Pacific region. TTL responds to customers' need through its subsidiary companies and through its three offshore development centers.

### Financial performance on a consolidated basis

Tata Motors Group primarily operates in the automotive segment. The acquisition of Jaguar Land Rover enabled the Company to enter the premium car market in developed markets such as the UK, USA and Europe and in growing markets like China and Russia. The Company continues to focus on profitable growth opportunities in global automotive business, through new products and market expansion. The Company will also continue to focus on integration, and synergy through sharing of resources, platforms, facilities for product development and manufacturing, sourcing strategy, mutual sharing of best practices.

The business segments are (i) automotive operations and (ii) all other operations. The automotive operations include all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. The Company provides financing for vehicles sold by dealers in India. The vehicle financing is intended to drive sale of vehicles by providing financing to the dealers customers and as such is an integral part of automotive business. The automotive operations segment is further divided into Tata Motors and other brand vehicles (including spares and financing thereof) and Jaguar Land Rover. The other operations business segment includes information technology, machine tools and factory automation solutions and investment business.

The Revenue from operations net of excise duty on a consolidated basis, has recorded a growth of 35.6% in FY 2011-12 to ₹1,65,654.49 crores. The increase is mainly attributable to growth in automotive revenue both at Tata Motors and Jaguar Land Rover businesses. Automotive operations segment accounted for 98.8% and 99.3% of total revenues in FY 2011-12 and FY 2010-11, respectively. For FY 2011-12, revenue from automotive operations before inter-segment eliminations was ₹1,64,604.28 crores compared to ₹1,21,238.27 crores for

FY 2010-11. (A reference may be made to review of performance of Tata Motors and Jaguar Land Rover business discussed above). The analysis of performance on consolidated basis is given below:-

|  | Percentage of Turnover |            |
|--|------------------------|------------|
|  | FY 2011-12             | FY 2010-11 |
| Revenue from Operations net of excise duty   | 100.0                  | 100.0      |
| Expenditure:   |                        |            |
| - Cost of material consumed (including change in stock)  | 66.1                   | 64.7       |
| - Employee Cost  | 7.4                    | 7.6        |
| - Manufacturing and other expenses   | 17.2                   | 17.8       |
| - Amount Capitalised   | (5.0)                  | (4.7)      |
| Total Expenditure  | 85.7                   | 85.4       |
| Other Income   | 0.4                    | 0.3        |
| Profit before Exceptional Item, Depreciation and amortisation, Interest and Tax                  | 14.7                   | 14.9       |
| Depreciation and Amortization (including product development / engineering expenses written off) | 4.2                    | 4.6        |
| Finance costs  | 1.8                    | 2.0        |
| Exceptional item - loss / (gain)   | 0.5                    | (0.2)      |
| Profit before Tax  | 8.2                    | 8.5        |

### Cost of material consumed (including change in stock)

(₹ in crores)

|   | FY 2011-12         | FY 2010-11       |
|---|--------------------|------------------|
| Consumption of raw materials and components   | 100,797.44         | 70,453.73        |
| Purchase of product for sale                  | 11,205.86          | 10,390.84        |
| Change in finished goods and Work-in-progress | (2,535.72)         | (1,836.19)       |
| <b>Total</b>                                  | <b>1,09,467.58</b> | <b>79,008.38</b> |

Cost of material consumed increased from 64.7% to 66.1% of net revenue. The increase is mainly attributable to product mix, increase input cost and import duties that are not fully absorbed through pricing.

**Employee Cost** is ₹12,298.45 crores in FY 2011-12 as compared to ₹9,342.67 crores in FY 2010-11, an increase by ₹2,955.78 crores in absolute terms. As a percentage of net revenue it reduced from 7.6% to 7.4% in the current year. The



increase mainly relates to normal yearly increments, performance based payments, impact of wage revisions and partly due to increased volumes. Jaguar Land Rover increased the permanent and agency head count to support the volume increases.

**Manufacturing and Other Expenses** include works operation, indirect manufacturing expenses, freight cost, fixed marketing costs and other administrative costs. These expenses have increased to ₹28,453.97 crores from ₹21,703.09 crores in FY 2010-11. The breakup is given below-

(₹ in crores)

|   | FY 2011-12       | FY 2010-11       |
|---|------------------|------------------|
| Processing charges                          | 1,539.14         | 1,172.48         |
| Consumption of stores and spare parts       | 1,217.24         | 1,189.24         |
| Freight, transportation, port charges, etc. | 3,734.55         | 2,436.93         |
| Repairs to buildings                        | 101.51           | 69.85            |
| Repairs to plant, machinery, etc.           | 175.42           | 228.45           |
| Power and fuel                              | 1,017.19         | 851.60           |
| Rent  | 128.84           | 104.72           |
| Rates and taxes                             | 259.15           | 193.56           |
| Insurance                                   | 227.18           | 161.71           |
| Publicity                                   | 5,389.40         | 4,089.95         |
| Works operation and other expenses          | 14,538.55        | 11,065.55        |
| Excise Duty on change in Stock-in-trade     | 116.80           | 139.05           |
| <b>Manufacturing and Other Expenses</b>     | <b>28,453.97</b> | <b>21,703.09</b> |

The increases are mainly driven by volumes, size of operations and also include inflation impact. In terms of net revenue, these decreased from 17.8% to 17.2% in the current year. The publicity expenses have increased mainly on account of new product introductions both at Tata Motors and Jaguar Land Rover. The works operation and other expenses during the current year have come down to 8.8% from 9.1% of net revenue. The group continues to contain costs at all levels.

**Amount capitalised represents** expenditure transferred to capital and other accounts allocated out of employee cost and other expenses incurred in connection with product development projects and other capital items. This increased

to ₹8,265.98 crores from ₹5,741.25 crores of FY 2010-11, mainly on account of various product development projects undertaken by the Company and Jaguar Land Rover.

**Other Income** increased to ₹661.77 crores from ₹429.46 crores in FY 2010-11 and mainly includes interest income of ₹487.64 crores (FY 2010-11 ₹339.85 crores). The increase is attributable to return on surplus cash invested by Jaguar Land Rover.

**Profit before Exceptional Item, Depreciation and amortisation, Interest and Tax** has increased from ₹18,244.49 crores in FY 2010-11 to ₹24,362.24 crores in FY 2011-12 and represents 14.7% of net revenue for the current as compared to 14.9% for last year.

**Depreciation and Amortization (including product development / engineering expenses written off):** During FY 2011-12, expenditure increased by 24.1% to ₹7,014.61 crores from ₹5,653.06 crores in FY 2010-11. The increase in depreciation of ₹177.34 crores is on account of plant and equipment (mainly towards capacity and new products) installed in last year, the full effect of which is reflected in the current year. The amortization expenses have gone up from ₹1,483.71 crores in FY 2010-11 to ₹2,276.24 crores in FY 2011-12, attributable to new products introduced during the last year. The expenditure on product development / engineering cost has increased by ₹391.68 crores.

**Finance cost** increased by 25.0% to ₹2,982.22 crores from ₹2,385.27 crores of FY 2010-11. During the year Jaguar Land Rover raised GBP 1,500 million with coupon rate ranging from 7.75% to 8.25% for different maturities. The increase in finance cost relates to recognition of amortised debt issue cost expensed upon prepayment of high debt cost.

**Exceptional Items** (₹ in crores)

|  | FY 2011-12    | FY 2010-11      | Change          |
|--|---------------|-----------------|-----------------|
| Exchange loss / (gain) (net) including on revaluation of foreign currency borrowings, deposits and loans | 654.11        | (231.01)        | 885.12          |
| Goodwill Impairment and other costs  | 177.43        | -               | 177.43          |
| <b>Total</b>   | <b>831.54</b> | <b>(231.01)</b> | <b>1,062.55</b> |

Due to steep depreciation of rupee against all major currencies, the exchange loss (net of capitalization / deferment) including on revaluation of Foreign Currency Borrowings, Deposits and Loans of ₹654.11 crores was recorded as compared to gain of ₹231.01 crores in FY 2010-11 (mainly at Tata Motors), resulting in a swing of ₹885.12 crores. Goodwill Impairment and other costs are in respect of subsidiary companies, triggered by continuous underperformance, mainly attributed by challenging market conditions in which the subsidiaries operate.

**Consolidated Profit Before Tax (PBT)** increased to ₹13,533.87 crores in FY 2011-12 compared to ₹10,437.17 crores in FY 2010-11, representing an increase of ₹3,096.70 crores, mainly attributable to a remarkable improvement in the performance of the Jaguar Land Rover business.

**Tax expense** represents a net credit of ₹40.04 crores in FY 2011-12 compared to net charge of ₹1,216.38 crores in FY 2010-11. During the year, Jaguar Land Rover accounted for credit of GB£ 225 million (₹1,793.66 crores) in respect of carried forward past tax losses, in view of certainty of utilising these against future profits. The tax expense (without considering the tax credit for losses) was lower due to tax benefits of R & D expenses at Tata Motors, which are eligible for weighted deduction and tax treatment of exchange loss. The tax expense is not comparable with the profit before tax, since it is consolidated on a line-by-line addition for each subsidiary company and no tax effect is recorded in respect of consolidation adjustments.

**Consolidated Profit After Tax** increased to ₹13,516.50 crores compared to ₹9,273.62 crores in FY 2010-11, after considering the profit from associate companies and share of minority.

#### Consolidated Balance Sheet

The assets and liabilities increased on account of foreign currency translation impact mainly in respect of Jaguar Land Rover.

**Shareholders' fund** was ₹33,149.93 crores and ₹19,171.47 crores as at March 31, 2012 and 2011, respectively.

**Reserves** increased from ₹18,533.76 crores as at March 31, 2011 to ₹32,515.18 crores as of March 31, 2012, increase mainly due to strong performance on a consolidated basis as explained above. The other major changes were translation reserves credit of ₹2,363.59 crores and pension reserves debit of ₹128.12 crores (net).

#### Borrowings:

(₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| Long term borrowings                       | 27,962.48                  | 17,256.00                  |
| Short term borrowings                      | 10,741.59                  | 13,106.15                  |
| Current maturities of long term borrowings | 8,444.89                   | 2,448.40                   |
| <b>Total</b>                               | <b>47,148.96</b>           | <b>32,804.02</b>           |

Long term borrowings including the current portion increased by ₹16,702.97 crores to ₹36,407.37 crores. During the year, Jaguar Land Rover issued GB£ 1,500 million (₹12,327.19 crores) equivalent Senior Notes. The Company has taken ECB loan of US\$ 500 million (₹2,544.13 crores) and Tata Motors Finance Ltd has issued zero coupon debentures of ₹826.00 crores maturing by FY 2015-16.

The increase in current maturities of Long term borrowings is attributable to Convertible Alternative Reference Securities (CARS), which will be due for redemption on July 11, 2012 and fixed deposits.

Fixed deposits from public and shareholders (unsecured) decreased by ₹1,231.09 crores, whereas term loan from banks increased by ₹4,750.43 crores. Certain loans from banks availed by some of the subsidiary companies carry covenants restricting repayment of intra group loans and payment of dividend.

**Other Long term liabilities** were ₹2,458.58 crores as at March 31, 2012 as compared to ₹2,292.72 crores as at March 31, 2011, and include ₹1,577.28 crores premium on redemption of non convertible debentures as at March 31, 2012.

**Trade payables** were ₹36,686.32 crores as at March 31, 2012, as compared to ₹27,903.06 crores as at March 31, 2011. The increase is attributable to volumes. Reduction in acceptances is due to decrease in tenure from 89 days to 34 days by using our own funds for supplier payments. This has enabled us to lower discounting cost.

**Provisions (current and non-current)** are towards warranty, employee benefit schemes, premium on redemption of FCCN and proposed dividend. The details are as follows:

(₹ in crores)

|                       | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|-----------------------|----------------------------|----------------------------|
| Long term provisions  | 6,071.38                   | 4,825.64                   |
| Short term provisions | 6,770.38                   | 5,131.49                   |
| <b>Total</b>          | <b>12,841.76</b>           | <b>9,957.13</b>            |

The above includes, provision for warranty of ₹5,252.17 crores as at March 31, 2012, which increased by ₹1,125.98 crores mainly on account of volume growth. The provision for employee benefit schemes was ₹3,451.37 crores as at March 31, 2012, as compared to ₹2,773.27 crores as at March 31, 2011, the increase was on account of change in actuarial assumption factors.

**Other current liabilities** were ₹19,069.78 crores as at March 31, 2012 as compared to ₹8,984.92 crores as at March 31, 2011. These mainly include liability towards vehicles sold under repurchase arrangements, liability for capital expenditure, statutory dues, and current liability of long term debt and advance / progress payment from customers. The increase is mainly due to increase in current maturities of long term debt explained above.

**Fixed Assets:** (₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 | Change           |
|--|----------------------------|----------------------------|------------------|
| Tangible assets<br>(including capital<br>work-in-progress)   | 30,240.09                  | 25,006.76                  | 5,233.33         |
| Intangible assets<br>(including assets under<br>development) | 25,972.41                  | 18,214.29                  | 7,758.12         |
| <b>Total</b>   | <b>56,212.50</b>           | <b>43,221.05</b>           | <b>12,991.45</b> |

The increase (net of depreciation) in the tangible assets of ₹5,233.33 crores as at March 31, 2012, mainly represents establishment of new production capability for Evoque at Halewood, plant at Dharwad and other additions towards capacity / new product plans of the Company. The increase (net of amortization) in the intangible assets was ₹7,758.12 crores is mainly attributable to new product development projects.

**Investments (Current + Non current)** increased to ₹8,917.71

crores as at March 31, 2012 as compared to ₹2,544.26 crores as at March 31, 2011. The net increase of ₹6,373.45 crores is mainly attributable to surplus funds parked by Jaguar Land Rover in mutual funds of GB£ 875 million (equivalent ₹ 7,133.40 crores).

**Deferred tax assets** have gone up to ₹4,539.33 crores as at March 31, 2012 from ₹632.34 crores as at March 31, 2011. The increase is consequent to recognition of credit for tax losses by Jaguar Land Rover.

**Loans and Advances** (₹ in crores)

|                               | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|-------------------------------|----------------------------|----------------------------|
| Long term loans and advances  | 13,657.95                  | 9,818.30                   |
| Short term loans and advances | 11,337.22                  | 8,023.92                   |
| <b>Total</b>                  | <b>24,995.17</b>           | <b>17,842.22</b>           |

Long term loans and advances includes MAT credit entitlement of ₹1,451.45 crores as at March 31, 2012 (₹1,158.16 crores as at March 31, 2011) and receivables towards vehicle financing by Tata Motors Finance Ltd ₹10,339.93 crores as at March 31, 2012, as compared to ₹6,791.35 crores as at March 31, 2011.

Short term loans and advances have increased mainly due to vehicle financing by ₹2,103.47 crores and ₹1,234.50 crores due to VAT and other entitlement from Government.

**Current Assets** increased to ₹64,461.47 crores as at March 31, 2012 from ₹42,088.82 crores as at March 31, 2011.

As of March 31, 2012, inventories stood at ₹18,216.02 crores as compared to ₹14,070.51 crores as at March 31, 2011. The increase is mainly attributable to volumes. The increase in finished goods inventory was ₹3,024.97 crores which was in line with the volume growth and in terms of number of days of sales, represented 29 days inventory in FY 2011-12 as compared to 31 days in FY 2010-11.

Trade Receivables (net of allowance for doubtful debts) were ₹8,236.84 crores as at March 31, 2012, representing an increase of ₹1,711.19 crores, which was attributable to increase in sales. The allowances for doubtful debts were ₹326.21 crores as at March 31, 2012 against ₹236.77 crores as at March 31, 2011. In certain markets trade receivables have gone up mainly due to delays in payment by government owned transport companies.

Cash and bank balances were ₹18,238.13 crores, as at March 31, 2012 compared to ₹11,409.60 crores as at March 31, 2011. The Company holds cash and bank balances in Indian Rupees, GB£, and Chinese Renminbi etc. It includes ₹1,070.91 crores as at March 31, 2012 held by a subsidiary that operates in a country where exchange control restrictions potentially restrict the balances being available for general use by Tata Motors Limited and other subsidiaries.

Other short term loans and advances increased from ₹8,023.92 crores as at March 31, 2011 to ₹11,337.22 crores as at March 31, 2012. The increase is attributable to an increase in VAT, other taxes recoverable statutory deposits and other dues from government.

### Consolidated Cash Flow

The following table sets forth selected items from consolidated cash flow statement:

|   | (₹ in crores)      |                   |                    |
|---|--------------------|-------------------|--------------------|
|   | FY<br>2011-12      | FY<br>2010-11     | Change             |
| <b>(a) Net cash from operating activities</b>                     | <b>18,384.32</b>   | <b>11,240.15</b>  | <b>7,144.17</b>    |
| Profit for the year   | 13,516.50          | 9,273.62          |                    |
| Adjustments to arrive at cash from operations                     | 8,915.84           | 7,406.13          |                    |
| Changes in working capital  | (2,280.08)         | (4,048.40)        |                    |
| Direct taxes paid   | (1,767.94)         | (1,391.20)        |                    |
| <b>(b) Net cash used in investing activities</b>                  | <b>(20,542.85)</b> | <b>(7,285.49)</b> | <b>(13,257.36)</b> |
| Purchase of fixed assets (Net)                                    | (13,782.85)        | (8,112.77)        |                    |
| Net investments, short term deposit, margin money and loans given | (6,993.25)         | 486.24            |                    |
| Investments in subsidiary companies                               | (304.33)           | (70.42)           |                    |
| Dividend and interest received                                    | 537.58             | 411.46            |                    |

(₹ in crores)

|   | FY 2011-12      | FY 2010-11        | Change          |
|---|-----------------|-------------------|-----------------|
| <b>(c) Net cash (used in)/ from financing activities</b>                    | <b>6,567.18</b> | <b>(1,401.29)</b> | <b>7,968.47</b> |
| Equity issuance (Net of issue expenses)                                     | 0.02            | 3,253.39          |                 |
| Proceeds from issue of share to minority shareholders                       | 138.54          | 5.19              |                 |
| Dividend Paid   | (1,503.11)      | (1,019.53)        |                 |
| Interest paid   | (3,373.69)      | (2,469.07)        |                 |
| Net Borrowings (net of issue expenses)                                      | 11,305.42       | (1,171.27)        |                 |
| <b>Net increase in cash and cash equivalent</b>                             | <b>4,408.65</b> | <b>2,553.37</b>   | <b>1,855.28</b> |
| Effect of exchange fluctuation on cash flows                                | (1,078.96)      | 259.61            |                 |
| Cash and bank balances on acquisition / sale of stake in subsidiaries (net) | -               | 2.47              |                 |
| Cash and cash equivalent, beginning of the year                             | 9,345.41        | 6,529.96          |                 |
| Cash and cash equivalent, end of the year                                   | 14,833.02       | 9,345.41          |                 |

### Analysis:

- Cash generated from operations before working capital changes was ₹22,432.34 crores as compared to ₹16,679.25 crores in the previous year, representing a strong increase in cash generated through consolidated operations. After considering the impact of working capital changes and net movement of vehicle financing portfolio, the net cash generated from operations was ₹20,152.26 crores as compared to ₹12,631.35 crores in the previous year. The

following actors contributed to net increase in working capital for the year:-

- Increase in vehicle financing receivables by ₹5,652.07 crores, consequent to increase in activity.
  - Increase in trade and other receivables amounting ₹1,006.86 crores mainly due to increase in sales volumes.
  - Increase in inventories amounting ₹2,718.98 crores (mainly in finished goods) due to higher volumes / activity.
  - Increases were partially offset by increase in trade and other payables by ₹8,187.91 crores consequent to manufacturing activity and net decrease in provisions of ₹109.14 crores.
- b. The net cash outflow from investing activity increased during the current year to ₹20,542.85 crores from ₹7,285.59 crores for the last year.
- Net cash used for capital expenditure was ₹13,782.85 crores during the year as against ₹8,112.77 crores for the last year. The capital expenditure relates mainly to capacity / expansion of facilities, quality and reliability projects and product development projects for new products.
  - The change in net investments mainly represents parking of surplus cash in mutual funds net ₹5,840.09 crores against ₹32.14 crores in the last year.
- c. The net change in financing activity was inflow of ₹6,567.18 crores against net outflow ₹1,401.29 crores for last year.
- During the last year, the Company raised ₹3,249.80 crores (net of expenses) by way of issue of shares through Qualified Institutional Placement.
  - During FY 2011-12, Jaguar Land Rover raised funds by issued of Senior Notes of GB£1,500 million resulting in increase in net change in borrowings during the year by ₹11,305.42 crores as compared to decrease of ₹1,177.27 crores during the last year.

## Financial Performance on a standalone basis

The revenue (net of excise duty) increased to ₹54,306.56 crores in FY 2011-12, as compared to ₹47,088.44 crores, representing an increase of 15.3%. The total number of vehicles sold during the year increased by 10.7% to 926,353 vehicles from 836,629 vehicles. The domestic volumes increased by 10.9% to 863,248 vehicles from 778,540 vehicles in FY 2010-11, while export volumes showed an improvement of 8.6% to 63,105 vehicles from 58,089 vehicles in FY 2010-11. Gross revenue from sale of vehicles, including export and other incentives, increased 16.0% to ₹54,154.01 crores from ₹46,692.88 crores in FY 2010-11. Sale of spare parts for vehicles increased by 8.2% to ₹2,910.61 crores from ₹2,689.85 crores in FY 2010-11.

The operating margin decreased mainly due to increase in raw material cost and fixed marketing expenses. The Profit after tax of ₹1,242.23 crores was lower by 31.4% compared to ₹1,811.82 crores in FY 2010-11. The analysis of performance is given below:-

|  | Percentage of Turnover |            |
|--|------------------------|------------|
|  | FY 2011-12             | FY 2010-11 |
| Revenue from Operations net of excise duty   | 100.0                  | 100.0      |
| Expenditure:   |                        |            |
| Cost of material consumed ) (including change in stock   | 73.1                   | 72.3       |
| Employee Cost  | 5.0                    | 4.9        |
| Manufacturing and other expenses (net)   | 15.5                   | 14.3       |
| Amount Capitalised   | (1.7)                  | (1.7)      |
| Total Expenditure  | 91.9                   | 89.8       |
| Other Income   | 1.1                    | 0.9        |
| Profit before Exceptional Item, Depreciation, Interest and Tax                                   | 9.2                    | 11.1       |
| Depreciation and Amortisation (including product development / engineering expenses written off) | 3.4                    | 3.2        |
| Finance costs  | 2.2                    | 2.9        |
| Exceptional Item - Loss  | 1.1                    | 0.3        |
| Profit before Tax  | 2.5                    | 4.7        |

**Cost of material consumed (including change in stock):**

(₹ in crores)

|   | FY 2011-12       | FY 2010-11       |
|---|------------------|------------------|
| Consumption of raw materials and components                   | 33,894.82        | 27,058.47        |
| Purchase of product for sale                                  | 6,433.95         | 7,363.13         |
| Change in Stock-in-trade, finished goods and Work-in-progress | (623.84)         | (354.22)         |
| <b>Total</b>  | <b>39,704.93</b> | <b>34,067.38</b> |

Cost of material consumed in terms of % of net revenue increased by 80 basis points, mainly on account of cost increase in input prices (partly relatable to change in environment norms from BS II to BS III) and adverse product mix. Despite increase in commodity prices during the year, the Company was able to contain the material cost through vigorous cost reduction programs.

**Employee Cost** increased by 17.3% to ₹2,691.45 crores from ₹2,294.02 crores in FY 2010-11. The increase is mainly attributable to normal yearly increases, promotions, wage agreements (where applicable) and increase in head count. In terms of % to net revenue, the employee cost has marginally increased from 4.9% to 5.0%. The Company continues to focus on measures to manage employee cost on a long term basis.

**Manufacturing and Other Expenses** were ₹8,405.51 crores (₹6,738.35 crores for FY 2010-11) and were 15.5% of net revenue in FY 2011-12 compared to 14.3% in FY 2010-11. The increase is primarily due to inflation, volumes, freight cost and publicity expenses to promote the new products / variants.

**Profit before Exceptional Item, Depreciation, Interest and Tax** was ₹4,985.88 crores in FY 2011-12, as compared to ₹5,229.34 crores in FY 2010-11. The decrease is mainly due to lower other income and lower operating margin.

**Depreciation and amortization (including product development / engineering expenses written off)** increased by 22.6% to ₹1,840.99 crores from ₹1,502.00 crores in FY 2010-11. The increase reflects, impact on account of additions to fixed assets towards plant and facilities for expansion and new products introduction. Further, there has been an increase in amortization relating to capitalization of product development cost for products launched in the year.

**Finance costs** decreased to ₹1,218.62 crores from ₹1,383.70 crores in FY 2010-11. The Company has achieved a reduction in the weighted average borrowing cost and discounting charges.

**Exceptional Items**

- During FY 2011-12, the Company provided ₹130 crores for the loan given to a subsidiary, consequent to impairment at the subsidiary triggered by continuous underperformance, mainly attributed by challenging market conditions in which the subsidiary operates.
- There was an adverse exchange fluctuation of INR versus all major currencies. After accounting for deferral and amortization as permitted by the Accounting Standard AS-11, a net exchange loss including on revaluation of foreign currency borrowings, deposits and loans, was ₹455.24 crores for the year (last year's ₹147.12 crores represents amortization).

**Profit before Tax (PBT)** of ₹1,341.03 crores represented 2.5% of net revenue in FY 2011-12 as compared to PBT of ₹2,196.52 crores representing 4.7% of net revenue in FY 2010-11. The reduction of PBT was mainly attributable to lower operating margin, reduction in other income, increase in depreciation and amortization, and exceptional items as explained above.

**Tax expenses** decreased to ₹98.80 crores from ₹384.70 crores in FY 2010-11. The effective tax rate for FY 2011-12 is 7.4% of PBT as compared to 17.5% for FY 2010-11. The reduction in effective tax rate is due to impact of tax treatment of exchange differences and higher proportion of tax benefits as compared to PBT.

**Profit After Tax (PAT)** of the Company decreased by 31.4% to ₹1,242.23 crores from ₹1,811.82 crores in FY 2010-11. Basic Earnings Per Share (EPS) decreased to ₹3.90 as compared to ₹6.06 in the previous year for Ordinary Shares and ₹4.00 as compared to ₹6.16 for 'A' Ordinary Shares in the previous year. The lower EPS reflects the lower PAT over a higher equity base in FY 2011-12 as compared to FY 2010-11.

**Standalone Balance Sheet**

**Shareholders' fund** was ₹19,626.01 crores and ₹20,013.30 crores as at March 31, 2012 and 2011, respectively.

**Reserves** decreased from ₹19,375.59 crores as at March 31, 2011 to ₹18,991.26 crores as at March 31, 2012. The PAT for the year was ₹1,242.23 crores and the proposed dividend and tax thereon was ₹1,463.72 crores.

### Borrowings:

(₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| Long term borrowings                       | 8,004.50                   | 9,679.42                   |
| Short term borrowings                      | 3,007.13                   | 4,958.77                   |
| Current maturities of long term borrowings | 4,868.94                   | 1,277.24                   |
| <b>Total</b>                               | <b>15,880.57</b>           | <b>15,915.43</b>           |

The long term borrowings include external commercial borrowings during the year of US\$ 500 million (₹2,544.13 crores) at floating rates. The borrowings on account of foreign currency convertible notes increased by ₹367.51 crores mainly due to exchange fluctuation. The net repayment of fixed deposits from public and shareholders (unsecured) was ₹1,231.09 crores. The short term borrowing by way of commercial paper was ₹131.27 crores as at March 31, 2012 as compared to ₹1,519.82 crores as at March 31, 2011. Current maturities of Long term borrowings as at March 31, 2012 include ₹2,406.74 crores as at March 31, 2012 on account of Convertible Alternative Reference Securities (CARs), which will be due for redemption on July 11, 2012.

**Trade payables** were ₹8,744.83 crores as at March 31, 2012 as compared to ₹8,817.27 crores as at March 31, 2011. These include acceptances which have been lowered from ₹4,864.73 crores as at March 31, 2011 to ₹3,808.24 crores by reducing the tenure with a view to lower discounting cost, by substituting own funds.

**Provisions (current and non-current)** as at March 2012 and 2011, were ₹3,600.82 crores and ₹3,267.11 crores, respectively, representing an increase of ₹333.71 crores. The provisions are mainly towards warranty, employee retirement benefits, premium payable of redemption of debentures / FCCNs, delinquency and proposed dividends.

**Fixed Assets:** The tangible assets (net of depreciation and including capital work in progress) increased from ₹12,631.82 crores as at March 31, 2011 to ₹13,656.77 crores as at March 31, 2012. The increase is mainly attributable to expansion and new facility at Dharwad and plant and equipment across all locations.

The intangible assets (net of amortisation) increased from ₹2,505.11 crores as at March 31, 2011 to ₹3,273.05 crores as at March 31, 2012. The increase pertains to new product development for products / variants introduced in the year, mainly World truck, Manza and Indica Vista (LHD), Aria, Safari Storme and LCV for future. The intangible assets under development were ₹2,126.37 crores as at March 31, 2012 and ₹2,079.17 crores as at March 31, 2011. These relate to new products planned in the future.

**Investments (Current + Non current)** decreased to ₹20,493.55 crores as at March 31, 2012 as compared to ₹22,624.21 crores as at March 31, 2011. The reduction was due to part redemption of 6.25% Cumulative Redeemable Preference Shares of US\$ 100 each at par of TML Holdings Pte Ltd, Singapore, of ₹4,146.98 crores. This was partly offset by increase in investments (net) in subsidiaries and associates by ₹1,853.82 crores.

**Inventories** stood at ₹4,588.23 crores as compared to ₹3,891.39 crores as at March 31, 2011. The increase mainly relates to finished goods inventory by ₹707.80 crores, which was planned in view of expected growth of volume.

**Trade Receivables (net of allowance for doubtful debts)** were ₹2,708.32 crores as at March 31, 2012, as compared to ₹2,602.88 crores as at March 31, 2011. The allowances for doubtful debts were ₹181.23 crores as at March 31, 2012 against ₹135.66 crores as at March 31, 2011. Trade receivables increased mainly due to volumes and also relate to delays in payment by the government-owned transport companies.

**Cash and bank balances** were ₹1,840.96 crores, as at March 31, 2012 compared to ₹2,428.92 crores as at March 31, 2011. The deposits as at March 31, 2011, included unutilized proceeds of ₹505.00 crores out of Qualified Institutional Placement issue.

**Standalone Cash Flow**

(₹ in crores)

|   | FY<br>2011-12     | FY<br>2010-11     | Change            |
|---|-------------------|-------------------|-------------------|
| <b>(a) Net cash from (used in) operating activities</b>           | <b>3,653.59</b>   | <b>1,505.56</b>   | <b>2,148.03</b>   |
| Profit for the year   | 1,242.23          | 1,811.82          |                   |
| Adjustments for cash flow from operations                         | 3,062.26          | 2,844.89          |                   |
| Changes in working capital  | (314.42)          | (2,646.29)        |                   |
| Direct taxes paid   | (336.48)          | (504.86)          |                   |
| <b>(b) Net cash from (used in) investing activities</b>           | <b>144.72</b>     | <b>(2,521.88)</b> | <b>2,666.60</b>   |
| Purchase of fixed assets (Net)                                    | (2,835.47)        | (2,381.65)        |                   |
| Net investments, short term deposit, margin money and loans given | 262.21            | 329.69            |                   |
| Redemption of preference shares in a subsidiary                   | 4,146.98          | -                 |                   |
| Investments / loans in subsidiary / associates / JV               | (1,940.74)        | (853.07)          |                   |
| Dividend and interest received                                    | 511.74            | 383.15            |                   |
| <b>(c) Net cash from (used in) financing activities</b>           | <b>(4,235.59)</b> | <b>1,648.42</b>   | <b>(5,882.01)</b> |
| Proceeds from issue of shares / previous year through QIP         | 0.02              | 3,253.39          |                   |
| Interest and dividend paid  | (2,944.63)        | (2,197.14)        |                   |
| Net Borrowings (net of issue expenses)                            | (1,290.98)        | 592.17            |                   |
| <b>Net increase in cash and cash equivalent</b>                   | <b>(437.28)</b>   | <b>632.10</b>     |                   |
| Effect of exchange fluctuation on cash flows                      | 4.78              | 3.77              |                   |
| Cash and cash equivalent, beginning of the year                   | 1,352.14          | 716.27            |                   |
| Cash and cash equivalent, end of the year                         | 919.64            | 1,352.14          |                   |

- The net cash from operations was ₹3,653.59 crores as compared to ₹1,505.56 crores in the previous year. The cash generated from operations before working capital changes was ₹4,304.49 crores as compared to ₹4,656.71 crores in the previous year. There was net outflow of ₹314.42 during the year towards working capital mainly attributable to increase in inventory on account to volumes.
- The net cash inflow from investing activity was ₹144.72 crores as compared to net cash outflow of ₹2,521.88 crores for the previous year. There was redemption of preference shares by TML Holdings Singapore, resulting in cash inflow of ₹4,146.98 crores.
- The net change in financing activity was outflow of ₹4,235.59 crores against inflow of ₹1,648.42 crores for last year. The Company had raised equity through raising of equity through QIP last year ₹3,249.80 crores. Further there has been an outflow of dividends and interest of ₹2,944.63 crores (last year ₹2,197.14 crores). There has been a net decrease on account of borrowings of ₹1,290.98 crores as compared to inflow of ₹592.17 crores in last year.

## Opportunities and Risks

### Opportunities

**Infrastructure Growth:** The Government of India has been focusing on improving road infrastructure through two main umbrella programs – National Highway Development Project (NHDP) and Pradhan Mantri Gram Sadak Yojna (PMGSY). While National Highways Authority of India (NHAI) has till date awarded 65% of the projects by road length (the plan is to upgrade, widen and strengthen 55,000 km of road network), 35% still remains to be awarded. Of the awarded projects, 36% of the work has been completed and work on the remaining 29% is underway. The Government has planned in budget for FY 2012-13, to award a further 8,800 km of projects, higher than originally planned. Under the PMGSY, the Government aims to develop 368,368 km of rural roads. Of



this, till date about 73% of network has been completed (including upgradation). This improved connectivity presents a significant opportunity for the Company with its wide product range in commercial, utility and passenger vehicles. The emphasis on road development has seen an increase in demand for construction equipment, including tippers. Also, there is positive effect in terms of demand for both Cargo and Passenger Small Commercial Vehicles from newly connected rural areas. Further progress in road development work including sanction of new projects will help to sustain growth in the Commercial Vehicle industry.

**Rural market penetration:** In India, growth in FY 2012-13 is expected to come from reach and penetration in tier 2 and tier 3 markets. With growing connectivity and increased rural affluence, the demand for automobiles in rural areas has increased significantly. For FY 2012-13 as well, with indications of a normal monsoon and a robust growth in agriculture, the demand from the rural segment is likely to sustain. With a product range catering to even the buyer of smallest commercial vehicle or a fun-to-drive yet affordable passenger car offering, the Company is ideally placed to ride this growth story. Along with the product range, the Company is working on increasing reach and penetration of the sales and service network to be able to serve this market better. During FY 2011-12, the Company increased sales touch points by 35% and service touch points by 26%. With aggressive plans to further increase penetration this year, the Company has potential opportunity to leverage its wide product range and large distribution network, to accelerate growth.

**Non-cyclical business growth:** In order to insulate against the cyclicity of the automobile industry, specifically in the M&HCV segment, the Company has focused on lines of business and customer solutions which are inherently less cyclic in nature. For example, the sale of spares and the aggregate business, branded TATA GENUINE PARTS which has grown by 21% CAGR in the last five years and is poised to grow further in FY 2012-13. In order to maintain the growth, the

Company has increased distribution reach by 50% over last year. The Company has a loyalty program for key brand decision makers like the mechanics and the retailers. A total of 26,000 mechanics and 19,000 retailers across India participate in these programs. These efforts also help us to serve our customers and know their needs and requirements on an ongoing basis. We have also established Rapid Customer Care centers all over India to deliver aggregates to customer anywhere in 24 hours. We are also focusing on other business avenues like Refurbishing, AMC, Reconditioning, etc. The focus of the Company is to reduce Total Cost of Ownership for the customers, enhancing their satisfaction with our products and services.

The Company is also focusing on the Defence business. With the Government of India opening up different segments of the Defence sector to private players, the Company is targeting moving from pure logistics solutions player to tactical and combat solutions; thus garnering a greater share of this market. On the back of aggressive plans by the Government in FY 2012-13, the Company is aiming to achieve both its revenue growth and profitability from this segment.

**Exports from India:** India has emerged as a major hub for global manufacturing with its advantage of lower input costs, availability of local supplier base and qualified and experienced resource base. As an established domestic manufacturer, the Company is ideally placed to leverage the above factors and pursue lucrative international markets, through the export of fully built vehicles export or CKD units. The Company also has the advantage of a strong in-house design and development team which is capable of developing solutions for different regulatory and emission norms as per market specifications in minimal time. Currently, the Company is present in Africa and ASEAN markets through its manufacturing facilities in some of the countries. The Company is also actively considering expanding its global manufacturing footprint in key international markets to take advantage of import duty differentials and local sourcing benefits.

**Grow the business through new products and market expansion:**

Jaguar Land Rover offers products in the premium performance car and all-terrain vehicle segments, and it intends to grow the business by diversifying the product range within these segments, for example by offering different Powertrain combinations. The new Range Rover Evoque has helped expansion into a market segment that is attracted by a smaller, lighter and more “urban” off-road vehicle than the market segment in which the company’s Range Rover models traditionally compete, while the new 2.2-litre diesel XF caters for a much wider group of potential customers, particularly company car drivers. As a producer of distinctive, premium products, the Company believes that it is well positioned to increase revenues in emerging affluent countries with growing sales potential.

**Transform the business structure to deliver sustainable returns:**

The Company plans to strengthen operations by gaining a significant presence across a select range of products and a wide diversity of geographic markets. One key component of this strategy, which continues to deliver positive results, is the Company’s focus on improving the mix of products and the mix of markets. The Company also plans to continue to strengthen business operations in addition to vehicle sales, such as spare part sales, service and maintenance contracts.

**Investment in product development and technology :**

One of the Company’s principal goals is to enhance its status as a leading manufacturer of automotive vehicles by investment in products, R&D, quality improvement and quality control. The Company’s strategy is to maintain and improve its competitive position by developing technologically advanced vehicles. Over the years, the Company has enhanced its technological strengths through extensive in-house R&D activities.

The Company considers technological leadership to be a significant factor in its continued success, and therefore continues to devote significant resources to upgrading its

technological capabilities. In line with this objective, the company is involved in a number of advanced research consortia that bring together leading manufacturers, suppliers and specialists.

**Products and environmental performance:**

The Company’s strategy is to invest in products and technologies that position its products ahead of expected stricter environmental regulations and ensure that it benefits from a shift in consumer awareness of the environmental impact of the vehicles they drive. The Company is committed to continued investment in new technologies, including developing sustainable technologies to improve fuel economy and reduce CO<sub>2</sub> emissions. The Company is the largest investor in automotive R&D in United Kingdom. The Company’s environmental vehicle strategy focuses on new propulsion technology, weight reduction and reducing parasitic losses through the driveline. Projects like REEVolution, REHEV and Range-e are some examples of the Company’s research into the electrification of premium sedan and all-terrain vehicles.

**China and other developing markets:**

The Chinese economy is forecast to grow at above 8% over the next few years. Whilst light vehicles sales are expected to grow at around 10% p.a. in China, the global light vehicle sales are expected to grow at 4.2% p.a., with South America, China and South Asia expected to out-perform the average. With an established network of dealers in place in these markets and an updated product range, Jaguar and Land Rovers brands are well placed to benefit from this growth. The Joint Venture in China with Chery Automotive, currently pending approval by Chinese authorities, will give Jaguar Land Rover an additional scope to improve our position in that market.

**Engine plant:**

Jaguar Land Rover is developing a new engine plant, alongside new, more fuel efficient engines. This will enable Jaguar Land Rover to improve their offering in terms of more efficient product and give us better control over engine supply to markets.

## Risks

**Deterioration in economic conditions:** The impact of the global financial crisis and European sovereign debt crisis continues to be a cause of concern, despite concerted efforts to contain the adverse effect of these events on global recovery.

In addition to India, the Company has automotive operations in the UK, South Africa, South Korea, Spain, Thailand and in Indonesia (being commissioned). The Indian automotive industry is affected substantially by the general economic conditions in India and around the world. The demand for automobiles in the Indian market is influenced by factors including the growth rate of the Indian economy, easy availability of credit, and increase in disposable income among Indian consumers, interest rates, freight rates and fuel prices. During the global financial crisis in FY 2008-09, RBI had eased its monetary policy stance to stimulate economic activity. Subsequently, as the Indian economy started recovering from the downturn, inflation pressures increased substantially, followed by several interest rate hikes by RBI. With inflation moderating in FY 2011-12, RBI reduced interest rates (repo rate and reverse repo rate) by 50 basis points in April 2012, however, muted industrial growth along with higher inflation and higher interest rates still continue to pose downside risks to overall growth. The automotive industry in general is cyclical and economic slowdowns in the past, have affected the manufacturing sector including the automotive and related industries. Deterioration in key economic factors such as growth rate, interest rates and inflation as well as reduced availability of financing for vehicles at competitive rates, may adversely affect our automotive sales in India and results of operations.

Jaguar Land Rover operations have significant presence in the UK, North America, Continental Europe and China, as well as sales operations in many major countries across the globe. The global economic downturn significantly impacted the global automotive markets, particularly in the United States and Europe, including the UK, where Jaguar Land Rover operations

have significant presence. The Company's strategy with respect to Jaguar Land Rover operations, which includes new product launches and expansion into growing markets such as China, Russia and Brazil, may not be sufficient to mitigate the decrease in demand for the products in established markets and this could have a significant adverse impact on the financial performance. In response to the recent economic slowdown, the Company further intensified efforts to review and realign our cost structure such as reducing manpower costs and other fixed costs. Jaguar Land Rover business is exploring opportunities to reduce cost base through increased sourcing of materials from low cost countries, reduction in number of suppliers, reduction in number of platforms, reduction in engineering change costs, increased use of off-shoring and several other initiatives. While the markets in the United States in FY 2011-12, have begun to show signs of recovery and stability, the UK and Europe continue to struggle. If industry demand softens because of the impact of the debt crisis, or low or negative economic growth in key markets or other factors, the results of operations and financial condition could be substantially and adversely affected.

**Interest rates and other inflationary trends:** Due to anti inflationary monetary policy pursued by the RBI, the interest rates continued to be at higher levels and affected the growth of EMI-driven products in India throughout FY 2011-12. The impact of high inflation, interest rates, rising wages and raw material costs, coupled with suppressed aggregate demand in the economy, severely impacted the rate of industrial growth. As the rate of inflation has started to show some easing, the RBI has lowered policy rates (i.e. repo and reverse repo) in April 2012. On April 17, 2012, the RBI reduced the Repo Rate by 50 basis points from 8.50% to 8.00% and Reverse Repo Rate from 7.50% to 7.00%. The current Repo Rate cut comes after the RBI raised it by 375 basis points during the period of March 2010 - October 2011, presumably for anchoring inflationary expectations. Although interest rate and inflation have shown some signs of softening in the recent months,

there is an upside risk to inflation, which could stop further softening of interest rate cycle and have an adverse impact on the demand and consequently growth in India.

**Fuel Prices:** The crude oil price continued at about US\$110 per barrel (Brent crude oil) throughout FY 2011-12. There are renewed concerns of rapid growth in oil demand in emerging economics and downshift in oil supply trends. As a result, the oil prices are likely to continue at higher levels. The Indian Government has removed petrol from administered price mechanism. However, diesel and cooking gas continues to be subsidized by the Government, which has impacted the Government finances due to rising subsidies. There have been discussions regarding removing diesel from the administered price mechanism and imposing levy on passenger vehicles running on diesel. The fuel prices or levies could adversely impact the demand of automotive vehicles in India, particularly passenger vehicles. Increases in fuel costs also pose a significant challenge to automobile manufacturers worldwide, especially in the commercial and premium vehicle segments where increased fuel prices have an impact on demand. The Company's product programs initiatives are aimed at improving fuel efficiency of its products and development of alternate fuel solutions.

**Input Costs / Supplies:** Prices of commodity items used in manufacturing automobiles, including steel, aluminium, copper, zinc, rubber, platinum, palladium and rhodium have become increasingly volatile over the past two years. While the Company continues to pursue cost reduction initiatives, an increase in price of input materials could severely impact our profitability to the extent such increase cannot be absorbed by the market through price increases and / or could have a negative impact on the demand. In addition, because of intense price competition and the considering level of fixed costs, the Company may not be able to adequately address changes in commodity prices even if they are foreseeable.

In addition, an increased price and supply risk could arise

from the supply of rare and frequently sought raw materials for which demand is high, especially those used in vehicle electronics such as rare earths, which are predominantly found in China. In the past, China limited the export of rare earths from time to time. If the Company is unable to find substitutes for such raw materials or pass price increases on to customers by raising prices, or to safeguard the supply of scarce raw materials, the Company's vehicle production, business and results from operations could be affected.

**Restrictive covenants in financing agreements:** Some of the Company's financing agreements and debt arrangements set limits on and/or require the Company to obtain lender consents before, among other things, pledging assets as security. In addition, certain financial covenants may limit the Company's ability to borrow additional funds or to incur additional liens. In the past, the Company has been able to obtain required lender consents for such activities. If the financial or growth plans require such consents and such consents are not obtained, the Company may be forced to forego or alter plans, which could adversely affect our results of operations and financial condition.

In the event that the Company breaches these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such other financing agreements becoming due and payable immediately. Defaults under one or more of our financing agreements could have a material adverse effect on the Company's results of operations and financial condition.

**Environmental Regulations:** As an automobile company, the Company is subject to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by our production facilities. These regulations are likely to become more stringent and

compliance costs may significantly impact the future results of operations. In particular, the US and Europe have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. While the Company is pursuing various technologies in order to meet the required standards in the various countries in which the Company sell our vehicles, the costs for compliance with these required standards can be significant to the operations and may adversely impact the results of operations.

To comply with current and future environmental norms, the Company may have to incur additional capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on the Company's cost of production and the results of operations and may be difficult to pass through to its customers. If the Company is unable to develop commercially viable technologies within the time frames set by the new standards, the Company could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance. Moreover, meeting government mandated safety standards is difficult and costly because crash worthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards.

The Company's product development plan is structured to allow it to develop vehicles which comply with current and expected future environmental regulations particularly in the United States covered by the CAFE and in other countries such as China.

**Intensifying Competition:** The global automotive industry is highly competitive and competition is likely to further intensify in view of the continuing globalization and consolidation in the worldwide automotive industry. Competition is especially likely to increase in the premium automotive categories as each market participant intensifies its efforts to retain its position in established markets while also developing a

presence in emerging markets, such as China. The factors affecting competition include product quality and features, innovation and product development time, ability to control costs, pricing, reliability, safety, fuel economy, customer service and financing terms.

The Company also faces strong competition in the Indian market from domestic as well as foreign automobile manufacturers. Improving infrastructure and robust growth prospects compared to other mature markets, are attracting a number of international companies to India either through joint ventures with local partners or through independently owned operations in India. International competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. Consequently, domestic competition is likely to further intensify in the future.

**Exchange and interest rate fluctuations:** The Company's operations are subject to risk arising from fluctuations in exchange rates with reference to countries in which it operates. These risks primarily stem from the relative movements of the GBP, the US dollar, the Euro, the Chinese Yuan, the Russian Ruble and the Indian Rupee.

In India, the Company imports capital equipment, raw materials and components from, and also sells its vehicles in various countries. These transactions are denominated primarily in US dollars and Euros. Moreover, the Company has outstanding foreign currency denominated debt and is sensitive to fluctuations in foreign currency exchange rates. During the year, the depreciation of the Indian Rupee against the US dollar adversely impacted the borrowing cost and consequently, the results of operations. The Company has experienced and expects to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of its borrowings and foreign currency assets and liabilities due to currency fluctuations.

Jaguar Land Rover operations have significant exposure

considering the vehicle sales in the US, Europe and China. In addition, Jaguar Land Rover source a significant portion of input material from European suppliers.

Although the Company engages in currency hedging in order to decrease its foreign exchange exposure, a weakening of the Indian Rupee against the US dollar or other major foreign currencies may have an adverse effect on the cost of borrowing and consequently may increase the financing costs, which could have a significant adverse impact on the Company's results of operations.

The Company also has interest-bearing assets (including cash balances) and interest-bearing liabilities, which earn interest at variable rates. The Company is therefore exposed to changes in interest rates in the various markets in which it borrows.

**New products, emissions and technology-** Intensifying competition, reducing product life cycles and breadth of the product portfolio, necessitates the Company to continuously invest in new products, upgrades and capacity enhancement programme. Though the Company employs sophisticated techniques and processes to forecast the demand of new products yet the same is subject to margin of error.

Further the competitors can gain significant advantages if they are able to offer products satisfying customer needs earlier than the Company able is to and this could adversely impact the Company's sales and results of operations. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could adversely impact the Company's results of operations. Timely introduction of new products, their acceptance in the market place and managing the complexity of operations across various manufacturing locations, would be the key to sustain competitiveness.

Customer preferences especially in many of the developed markets seem to be moving in favour of more fuel efficient vehicles. Further, in many countries there has been significant pressure on the automotive industry to reduce carbon dioxide

emissions. In many markets these preferences are driven by increased government regulation and rising fuel prices. The Company's operations may be significantly impacted if there is a delay in developing fuel efficient products that reflect changing customer preferences, especially in the premium automotive category. The Company endeavors to take account of climate protection and the ever more stringent laws and regulations that have been and are likely to be adopted. The Company focuses on researching, developing and producing new drive technologies, such as hybrid engines and electric cars. The Company is also investing in development programs to reduce fuel consumption through the use of lightweight materials, reducing parasitic losses through the driveline and improvements in aerodynamics.

In addition, the climate debate and promotion of new technologies are increasingly resulting in the automotive industry's customers no longer looking for products only on the basis of the current standard factors, such as price, design, performance, brand image or comfort / features, but also on the basis of the technology used in the vehicle or the manufacturer or provider of this technology. This could lead to shifts in demand and the value added parameters in the automotive industry.

One of the Company's principal goals is to enhance its status as a leading manufacturer of premium passenger vehicles by investing in products, R&D, quality improvement and quality control. The Company's strategy is to maintain and improve its competitive position by developing technologically advanced vehicles. Over the years, the Company has enhanced its technological strengths through extensive in-house R&D activities, particularly through the Company's advanced engineering and design centers. These centralise the Company's capabilities in product design and engineering. Further, the Company is pursuing various quality improvement programmes, both internally and its suppliers' operations, in an effort to enhance customer satisfaction and reduce future warranty costs.

### **Underperformance of distribution channels and supply chains:**

The Company products are sold and serviced through a network of authorized dealers and service centers across the domestic market, and a network of distributors and local dealers in international markets. The Company monitors the performance of its dealers and distributors and provides them with support to enable them to perform to the expectations. Any under-performance by the dealers or distributors could adversely affect the Company's sales and results of operations.

The Company relies on third parties to supply raw materials, parts and components used in the manufacture of products. Furthermore, for some of these parts and components, the Company is dependent on a single source. The Company's ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not within its control. While the Company manages its supply chain as part of the vendor management process, any significant problems with supply chain in the future could affect the results of operations. Impact of natural disasters and man-made accidents, adverse economic conditions, decline in automobile demand, lack of access to sufficient financing arrangements could have a negative financial impact on the Company's suppliers and distributors, in turn impairing timely availability of components, or increases in costs of components.

The tragic earthquake and tsunami in Japan in March 2011, shows the vulnerability of the automotive supply chain to external shocks. Several suppliers to the automotive industry, including those to the Company, were severely impacted by the earthquake and tsunami and its after-effects. The Company, however, managed to avoid any production disruption by working with its overall supply base to temporarily resource components and help Japanese suppliers to restart production.

In managing a complex supply chain the Company has developed close relationships with both direct and indirect suppliers. The Company continues to develop long-term strategic relationships with suppliers to support the

development of parts, technology and production facilities.

With respect to Jaguar Land Rover operations, as part of a separation agreement from Ford, the Company entered into supply agreements with Ford and certain other third parties for critical components. Any disruption of such transitional services could have a material adverse impact on the operations and financial condition.

### **Changes in tax, tariff or fiscal policies and regulations:**

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for the Company's vehicles and the results of operations. Changes in corporate and other taxation policies as well as changes in export and other incentives given by the various governments, could also adversely affect the results of operations. The Government of India had proposed a comprehensive national goods and services tax, or GST, regime that will combine taxes and levies by the central and state governments into one unified rate structure. The same was to be effective from April 1, 2012, but its implementation has been deferred. While both the Government of India and other state governments of India have publicly announced that all committed incentives will be protected following the implementation of the GST, there is no clarity all aspects of the tax regime following implementation of the GST. The implementation of this rationalized tax structure might be affected by any disagreement between certain state governments, which could create uncertainty.

The Direct Tax Code Bill 2010, or DTC, proposes to replace the existing Income Tax Act, 1961 and other direct tax laws, with a view to simplify and rationalize the tax provisions into one unified code. The DTC is currently proposed to come into effect from April 1, 2013. The various proposals included in DTC are subject to review by Indian parliament and as such impact if any, is not quantifiable at this stage.

Further, Brazil has recently increased import duty for foreign build vehicles which put pressure on margins. The Company

is considering a number of options to counter this issue, including discussions with the Brazilian government to exempt a number of imported vehicles from the increased tariff.

**Political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages / prices, epidemics, labour strikes:**

The Company's products are exported to a number of geographical markets and the Company plans to expand international operations further in the future. Consequently, the Company is subject to various risks associated with conducting the business both within and outside the domestic market and the operations may be subject to political instability, wars, terrorism, regional and / or multinational conflicts, natural disasters, fuel shortages, epidemics and labour strikes. In addition, conducting business internationally, especially in emerging markets, exposes the Company to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures.

**Product liability, warranty and recall:** The Company is subject to risks and costs associated with product liability, warranties and recalls, should the Company supply defective products, parts, or related after-sales services, including by generating negative publicity, which may adversely affect the Company's business, results of operations and financial conditions. Such events also require the Company, expend considerable resources in correcting these problems and could adversely affect the demand for the products. Furthermore, the Company may also be subject to class actions or other large scale product liability or other lawsuits in various jurisdictions in which it has a significant presence.

**Jaguar Land Rover Pension obligations:** The Company provides post-retirement and pension benefits to its employees, some of which are defined benefit plans. The

pension liabilities are generally funded and the pension plan assets are particularly significant. As part of its Strategic Business Review process, the Company closed the Jaguar Land Rover defined benefit pension plan to new joiners as at April 19, 2010. All new employees in the operations from April 19, 2010 have joined a new defined contribution pension plan.

Lower return on pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates and adverse changes in other critical actuarial assumptions, may impact its pension liabilities and consequently increase funding requirements, which will adversely affect the Company's financial condition and results of operations.

**Automobile financing business:** The Company is subject to risks associated with its automobile financing business. Any defaults by the customers or inability to repay installments as due, could adversely affect the business, results of operations and cash flows. In addition, any downgrades in the Company's credit ratings may increase the borrowing costs and restrict the access to the debt markets. Over time, and particularly in the event of any credit rating downgrades, market volatility, market disruption, regulatory changes or otherwise, the Company may need to reduce the amount of financing receivables it originates, which could adversely affect the ability to support the sale of vehicles.

Further, Jaguar Land Rover offers residual value guarantees on the purchase of certain leases in some markets. The value of these guarantees is dependent on used car valuations in those markets at the end of the lease, which is subject to change. Consequently, the Company may be adversely affected by movements in used car valuations in these markets. Also, Jaguar Land Rover has arrangements in place with FGA Capital, a joint venture between Fiat Auto and Credit Agricole (FGAC) for the UK and European consumer finance, Chase Auto Finance in North America, and has similar arrangements with local providers in a number of other key markets. The Company works closely with its commercial finance providers to



minimize the risk around residual values which in turn reduces the level of lease subvention.

**Labour unrest:** The Company's permanent employees, other than officers and managers, in India and most of the permanent employees in South Korea and the United Kingdom, including certain officers and managers, in relation to automotive business, are members of labour unions. They are covered by wage agreements, where applicable, with those labour unions.

In general, the Company considers labour relations with all of employees to be good. However, in the future the Company may be subject to labour unrest, which may delay or disrupt the operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at the facilities or at the facilities of the major vendors occur or continue for a long period of time, the business, financial condition and results of operations of the Company may be adversely affected.

**Jaguar Land Rover operations in key mature market:** Jaguar Land Rover, which contributes approximately 63% of the Company's consolidated revenues, has a significant presence in the United Kingdom, North American and continental European markets. The global economic downturn significantly impacted the automotive industry in these markets in FY 2008-09. Even though sales of passenger cars were aided by government-sponsored car-scrap incentives, these incentives primarily benefited the compact and micro-compact car segments and had virtually no slowing effect on the sales declines in the premium car or all-terrain vehicle segments in which we operate. Although demand in these markets has recovered strongly, any decline in demand for the Company's vehicles in these major markets may in the future significantly impair the Company's business, financial position and results of operations. The strategy, which includes new product launches and expansion into growing markets, such as China, India, Russia and Brazil, may not be sufficient to mitigate a

decrease in demand for the Company's products in mature markets in the future.

**Growing business through mergers and acquisitions:** The Company believes that its acquisitions provide opportunities to grow significantly in the global automobile markets by offering premium brands and products. The acquisitions have provided access to technology and additional capabilities while also offering potential synergies. However, the scale, scope and nature of the integration required in connection with acquisitions present significant challenges, and the Company may be unable to integrate the relevant subsidiaries, divisions and facilities effectively within our expected schedule. An acquisition may not meet the Company's expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside the Company's control.

The Company will continue to evaluate growth opportunities through suitable mergers and acquisitions in the future. Growth through mergers and acquisitions involves business risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the merger or acquisition is completed. The key success factors will be seamless integration and effective management of the merged/acquired entity, retention of key personnel, and generating cash flow from synergies in engineering and sourcing, joint sales and marketing efforts, and management of a larger business.

**Inability to protect or preserve intellectual property:** With respect to Jaguar Land Rover, the Company owns or otherwise has rights to a number of patents relating to the products, which have been obtained over a period of years. In connection with the design and engineering of new vehicles and the enhancement of existing models, the Company seeks to regularly develop new technical designs for use in its vehicles. The Company also uses technical designs which are the intellectual property of third parties with such third parties'

consent. These patents and trademarks have been of value in the growth of the business and may continue to be of value in the future. Although the Company does not regard any of its businesses as being dependent upon any single patent or related group of patents, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of our intellectual property rights, would have a materially adverse effect on the Company's operations, business and / or financial condition. The Company may also be affected by restrictions on the use of intellectual property rights held by third parties and it may be held legally liable for the infringement of the intellectual property rights of others in its products.

Although the Company does not regard any of its businesses as being dependent upon any single patent or related group of patents, its inability to protect this intellectual property generally, or the illegal breach of some or a large group of the company's intellectual property rights, would have a materially adverse effect on the Company's operations, business and / or financial condition.

**Inability to manage growing international business:** The Company's growth strategy relies on the expansion of its operations by introducing certain automotive products in other parts of the world, including Europe, China, Russia, Brazil, US, Africa, and other parts of Asia. The costs associated with entering and establishing in new markets, and expanding such operations, may be higher than expected, and the Company may face significant competition in those regions. In addition, the Company's international business is subject to many actual and potential risks and challenges, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations.

**Insurance coverage may not be adequate to protect us against all potential losses:** The Company believes that the insurance coverage that it maintain is reasonably adequate to cover all normal risks associated with the operation of our business. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our financial condition may be affected.

**Manufacturing and engineering:** The Company has manufacturing facilities and design and engineering centres, located in India, the United Kingdom, South Korea, Thailand, Spain and South Africa. The Company could experience disruption to its manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural calamities, mechanical or equipment failures and similar risks. Any significant disruptions could adversely affect the Company's ability to design, manufacture and sell the Company's products and, if any of those events were to occur, the Company cannot be certain that the company would be able to shift its design, engineering and manufacturing operations to alternative sites in a timely manner or at all. Any such disruption could therefore materially affect the Company's business, financial condition or results of operations.

**Regulation of production facilities:** The Company's production facilities are subject to a wide range of environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean up of contamination, process safety and the maintenance of safe conditions in the workplace. Many of the Company's operations require permits and controls to monitor or prevent pollution. The Company has incurred, and will continue to incur,

substantial on-going capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials required for the Company's manufacturing process. The Company's manufacturing process results in the emission of greenhouse gases such as carbon dioxide.

For Jaguar Land Rover operations, the EU Emissions Trading Scheme, an EU-wide system in which allowances to emit greenhouse gases are issued and traded, is anticipated to cover more industrial facilities and become progressively more stringent over time, including by reducing the number of allowances that will be allocated free of cost to manufacturing facilities. In addition, a number of further legislative and regulatory measures to address greenhouse gas emissions, including national laws and the Kyoto Protocol, are in various phases of discussion or implementation. These measures could result in increased costs to: (i) operate and maintain the company's production facilities; (ii) install new emissions controls; (iii) purchase or otherwise obtain allowances to emit greenhouse gases; and (iv) administer and manage the company's greenhouse gas emissions programme.

**Inability to attract and retain skills:** The Company believes that the Company's growth and future success depend in large part on the skills of the Company's workforce, including executives and officers, as well as the designers and engineers. The loss of the services of one or more of these employees could impair the Company's ability to continue to implement its business strategy. The Company's success also depends, in part, on the Company's continued ability to attract and retain experienced and qualified employees, particularly qualified engineers with expertise in automotive design and production. The competition for such employees is intense, and the Company's inability to continue to attract, retain and

motivate employees could adversely affect its business and plans to invest in the development of new designs and products.

### Outlook

In India, the current year ended with slow growth in most of the critical segments, mainly due to anti inflationary monetary policy pursued by the RBI. The current fiscal has started with a positive action by the RBI of easing of the monetary policy in April 2012, with an expectation of moderating the inflation. However, a series of such cuts would be required to revive industrial growth. Liquidity in the banking system which remained in the deficit for the whole of FY 2011-12, remains a concern. While the situation is improving in Q1 of FY 2012-13, this remains critical to ensuring sustainable growth

While there continues to concurrence over deteriorating Government finances and slowing pace of reforms, there is an expectation of fiscal consolidation back on track giving fillip to savings and capital formation. The service sector will continue to contribute positively. On the assumptions of good monsoon, the growth in agriculture is likely to be rebound. The RBI is likely to ease the monetary policy based on review of inflation. The Indian economy is likely to grow moderately at 7.6% (+ -0.25%). These factors could improve investment outlook on disposable income from Q2 of FY 2012-13.

Input costs continue to remain under pressure from increasing commodity prices. With increased intensity in the competitive scenario, pricing power remains limited and margins are likely to be under pressure.

Against this backdrop, the Company will continue to focus on providing new products and solutions to the customer with a view to reduce the Total Cost of Ownership. Along with initial acquisition price, the focus would be on improving fuel efficiency and reducing maintenance costs of the vehicles. With a view to maintain its advantage of reach and penetration, the

Company will also deepen its sales and service network with a focus on up-country markets. Aggressive cost reduction continues to be a focus area to offset the increased input costs and continuously improve margins. The Company is also actively pursuing opportunities in the International markets including the possibility of CKD and SKD assembly to offset high import costs.

The Company will continue its initiative of setting up Nano Specific and UV Specific dealerships to improve reach and penetration along with providing an added focus to the products as required. It will continue to work with all partners as well as multiple financiers to work towards a best-in-class sales and service experience.

The European economy continues to struggle, with austerity measures in place in a number of countries. The economic situation and recent national election results continue to create uncertainty around European zone stability, the Euro and borrowing costs. Credit continues to be difficult to obtain for customers and the outlook remains volatile. Initial figures suggest that the UK economy has re-entered recession in the last three months. Trading conditions in the UK remain difficult. The US economy has recovered more favourably than other mature economies since the economic downturn, with GDP growth and falling unemployment, although the position remains fragile.

The Chinese economy has continued to grow strongly throughout FY 2011-12. GDP growth is likely to slow in future, although may remain above 8%. The Asia Pacific region main markets are Japan, Australia and New Zealand. These regions were less affected by the economic crisis compared to western economies and are recovering more favourably, often due to increased trade with China and other growth economies. The major constituents in other markets are Russia, South Africa and Brazil, alongside the rest of Africa and South America. These economies were not as badly affected by the economic crisis as the western economies and have continued GDP growth in the

last few years, partially on the back of increased commodity and oil prices.

Jaguar Land Rover will continue to focus on profitable volume growth, managing costs, improving efficiencies to sustain the growth momentum and continuous sustainable investments in technology and products. It will also focus on increasing its presence in the growth markets such as China, Russia, India and Brazil along with launching new products and variants.

### **Internal Control Systems and their adequacy**

The Company has an adequate system of internal controls in place. It has documented procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

Some significant features of the internal control systems are:

- Preparation and monitoring of annual budgets for all operating and service functions;
- State-of-the-art ERP, Supplier Relations Management and Customer Relations Management, connect its different locations, dealers and vendors for efficient and seamless information exchange;
- An on-going program for reinforcement of the Tata Code of Conduct. The Code covers integrity of financial reporting, ethical conduct, regulatory compliance, conflict of interests review and reporting of concerns.
- A well-established multi-disciplinary Internal Audit team, which reviews and reports to management and the Audit Committee about the compliance with internal controls

and the efficiency and effectiveness of operations and the key process risks. The scope and authority of the Internal Audit division is derived from the Audit Charter approved by the Audit Committee;

- Audit Committee of the Board of Directors, comprising independent directors, which is functional since August 1988, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any;
- A comprehensive information security policy and continuous upgrades to IT system;
- Documenting of major business processes and testing thereof including financial closing, computer controls and entity level controls as part of compliance with Sarbanes-Oxley Act;
- Anti-fraud programme.

The Board takes responsibility for the total process of risk management in the organisation. The Audit Committee reviews reports covering operational, financial and other business risk areas. Through an Enterprise Risk Management programme, each Business Unit addresses opportunities and the attendant risks through an institutionalized approach aligned to the Company's objectives. This is also facilitated by internal audit. The business risk is managed through cross functional

involvement and communication across businesses. The results of the risk assessment and residual risks are presented to the senior management.

### **Material Developments in Human Resources/Industrial Relations**

A cordial industrial relations environment prevailed at all the manufacturing units of the Company during the year. The permanent employees' strength of the Company (standalone) was 29,401 and that of the Tata Motors' Group (consolidated) was 58,618 as on March 31, 2012. The Company entered into a three year wage settlement with its Union at Lucknow and Uttaranchal through amicable process of negotiations.

### **CAUTIONARY STATEMENT**

*Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand /supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.*

# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

As a Tata Company, the Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. As a global organization, the Corporate Governance practices followed by the Company and its subsidiaries are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board alongwith its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making.

The Corporate Governance philosophy is further strengthened with the adherence to the Tata Business Excellence Model as a means to drive excellence, the Balanced Scorecard methodology for tracking progress on long term strategic objectives and the Tata Code of Conduct which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said Code. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Indian Stock Exchanges ("the Listing Agreement"). The Company's Depository Programme is listed on the New York Stock Exchange and the Company also complies with US regulations as applicable to Foreign Private Issuers (non-US listed companies) which cast upon the Board of Directors and the Audit Committee, onerous responsibilities to improve the Company's operating efficiencies. Risk management and internal control processes focus areas continue to meet the progressive governance standards.

As a good corporate governance practice, the Company has voluntarily undertaken an Audit by M/s Parikh & Associates, Practicing Company Secretaries, of the secretarial records and documents for the period under review in respect of compliance with the Companies Act, 1956 ("The Act"), Listing Agreement with the Indian Stock Exchanges and the applicable regulations and guidelines issued by Securities and Exchange Board of India.

The Company has won the "Golden Peacock Award for Excellence in Corporate Governance" for the year 2011, in recognition of the Company's high standard on governance processes and practices.

## BOARD OF DIRECTORS

The Board of Directors alongwith its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board currently comprises of thirteen Directors out of which eleven Directors (84.62%) are Non-Executive Directors. The Company has a Non-Executive Chairman and the seven



Leadership with Trust

Independent Directors comprise more than half the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the Indian Public limited companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than fifteen public companies. None of the Directors of the Company is related to each other. All Non Executive Directors excluding the 'Steel' Director (Tata Steel representative), are liable to retire by rotation. The appointment of the Managing Directors and Executive Directors including the tenure and terms of remuneration are also approved by the members.

The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board reviews the declaration made by the Managing Director regarding compliance with all applicable laws on a quarterly basis as also steps taken to remediate instances of non-compliance. The Managing Director - India Operations and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 V of the Listing Agreement pertaining to CEO and CFO certification for the Financial Year ended March 31, 2012.

During the year under review, eight Board Meetings were held on April 5, 2011, May 26, 2011, July 15, 2011, August 10, 2011, August 11, 2011, September 20, 2011, November 14, 2011 and February 14, 2012. The maximum time-gap between any two consecutive meetings did not exceed four months. The composition of the Board, attendance at Board Meetings held during the Financial Year under review and at the last Annual General Meeting, number of directorships (including Tata Motors), memberships/chairmanships of the Board and Committees of public companies and their shareholding as on March 31, 2012 in the Company are as follows:

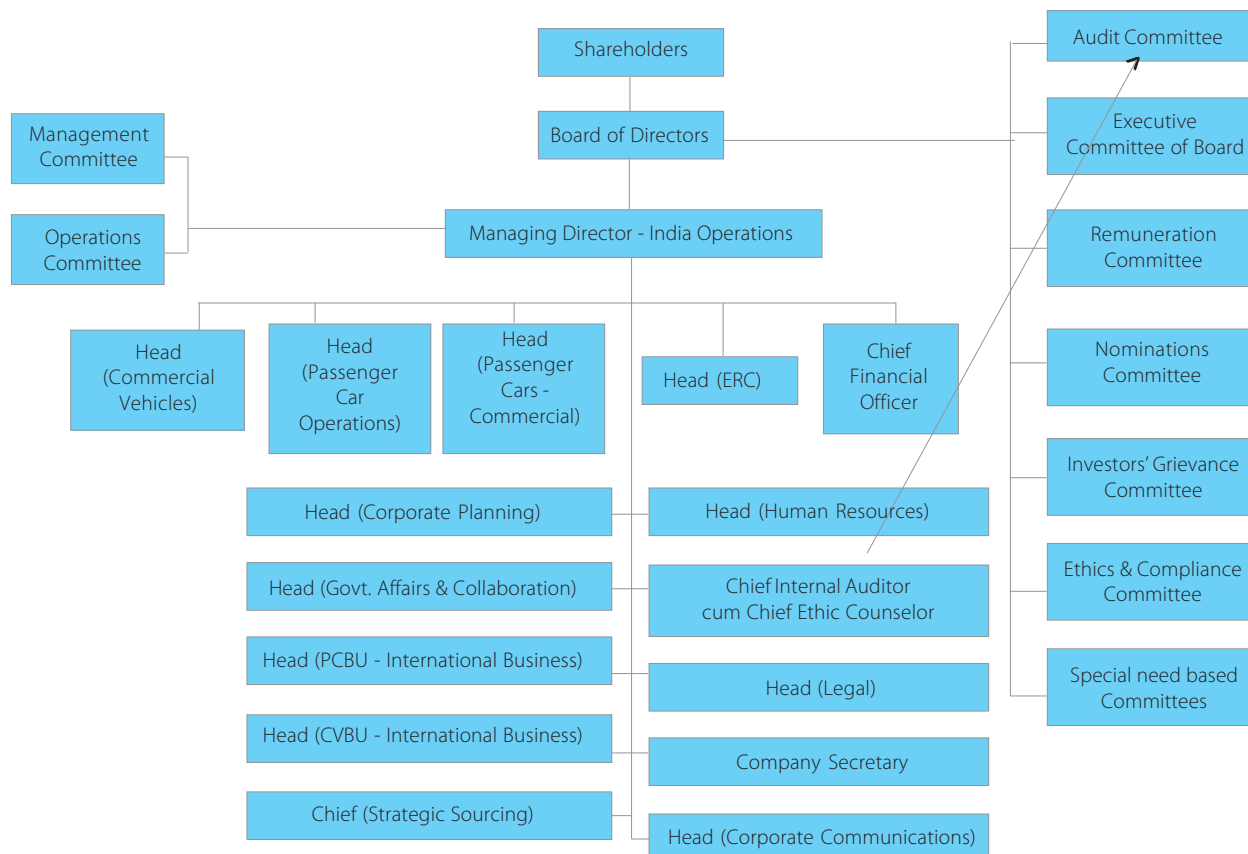
| Name of the Director  | Director Identification Number | Category  | No. of Board Meetings attended in the year | Attendance at the last AGM | Directorships <sup>(1)</sup> |        | Committee positions <sup>(2)</sup> |        | Shareholding    |                     |
|---|--------------------------------|---|--|----------------------------|------------------------------|--------|------------------------------------|--------|-----------------|---------------------|
|   |                                |   |  |                            | Chairman                     | Member | Chairman                           | Member | Ordinary Shares | 'A' Ordinary Shares |
| Ratan N Tata <sup>(3)</sup>   | 00000001                       | Non-Executive Chairman  | 8  | Yes                        | 10                           | 1      | -                                  | -      | 9,36,730        | 1,09,180            |
| Ravi Kant   | 00016184                       | Non-Executive, Vice Chairman  | 8  | Yes                        | 2                            | 2      | -                                  | 1      | -               | -                   |
| J J Irani <sup>(4)(6)</sup>   | 00311104                       | Non-Executive   | 1  | -                          | 4                            | 7      | -                                  | 2      | 24,075          | 6,500               |
| N N Wadia   | 00015731                       | Non-Executive, Independent  | 8  | No                         | 4                            | 4      | -                                  | -      | -               | -                   |
| S M Palia   | 00031145                       | Non-Executive, Independent  | 8  | Yes                        | -                            | 7      | 2                                  | 5      | 1,500           | 12,500              |
| R A Mashelkar   | 00074119                       | Non-Executive, Independent  | 5  | Yes                        | -                            | 7      | -                                  | 4      | -               | -                   |
| S Bhargava  | 00035672                       | Non-Executive, Independent  | 8  | Yes                        | 2                            | 7      | 2                                  | 4      | -               | -                   |
| N Munjee  | 00010180                       | Non-Executive, Independent  | 8  | Yes                        | 3                            | 12     | 4                                  | 5      | -               | -                   |
| V K Jairath   | 00391684                       | Non-Executive, Independent  | 8  | Yes                        | -                            | 2      | -                                  | 2      | 250             | -                   |
| R Sen   | 03043868                       | Non-Executive, Independent  | 7  | Yes                        | -                            | 2      | -                                  | -      | -               | -                   |
| Ralf Speth  | 03318908                       | Non-Executive   | 8  | Yes                        | -                            | 1      | -                                  | -      | -               | -                   |
| Carl-Peter Forster <sup>(5)(6)</sup>  | 02986480                       | Non-Executive   | 6  | Yes                        | 1                            | 1      | -                                  | -      | -               | -                   |
| P M Telang <sup>(7)</sup>   | 00012562                       | Managing Director- India Operations                                     | 8  | Yes                        | 5                            | 7      | -                                  | -      | 15,900          | 12,500              |
| <b>Details of Additional Directors appointed after March 31, 2012 are as under:</b> |                                |   |  |                            |                              |        |                                    |        |                 |                     |
| Cyrus P Mistry <sup>(8)</sup>   | 00010178                       | Non-Executive   | NA   | NA                         | -                            | 7      | -                                  | 1      | -               | -                   |
| Ravindra Pisharody <sup>(9)</sup>   | 01875848                       | Executive Director (Commercial Vehicles)                                | NA   | NA                         | 1                            | 6      | -                                  | 2      | -               | 50                  |
| Satish Borwankar <sup>(9)</sup>   | 01793948                       | Executive Director - (Quality, Vendor Development & Strategic Sourcing) | NA   | NA                         | -                            | 4      | -                                  | 1      | 805             | -                   |

- (1) excludes Directorships in private companies, foreign companies and associations
- (2) includes only Audit and Investors' Grievance Committees
- (3) besides his capacity as Non-Executive Chairman of the Company, he was also appointed as Tata Steel nominee w.e.f. August 11, 2011
- (4) Tata Steel nominee - stepped down as Director w.e.f. June 2, 2011
- (5) resigned as the Managing Director and Group CEO w.e.f. September 9, 2011, appointed as an Additional Director in a Non- Executive capacity w.e.f. September 9, 2011 for a period upto March 31, 2012
- (6) the memberships/chairmanships of the Board and Committees of public companies and shareholding are as of the date when they ceased to be the Directors
- (7) stepped down as Director and Managing Director-India Operations w.e.f. June 21, 2012
- (8) appointed as a Non-Executive Director w.e.f. May 29, 2012
- (9) appointed as Executive Directors w.e.f. June 21, 2012

**THE COMMITTEES OF THE BOARD**

The Board has constituted a set of Committees with specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and

mid-course corrections are also carried out. The Board of Directors and the Committees also take decisions by the circular resolutions which are noted at the next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting. The relationship between the Board, the Committees and the senior management functions as on March 31, 2012 is illustrated below:





## AUDIT COMMITTEE

The Audit Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with the Act, listing requirements and US regulations applicable to the Company and is reviewed from time to time. Whilst, the full Charter is available on the Company's website, given below is a gist of the responsibilities of the Audit Committee:

- a. Reviewing the quarterly financial statements before submission to the Board, focusing primarily on:
  - Compliance with accounting standards and changes in accounting policies and practices;
  - Major accounting entries involving estimates based on exercise of judgment by Management;
  - Audit qualifications and significant adjustments arising out of audit;
  - Analysis of the effects of alternative GAAP methods on the financial statements;
  - Compliance with listing and other legal requirements concerning financial statements;
  - Review Reports on the Management Discussion and Analysis of financial condition, results of Operations and the Directors' Responsibility Statement;
  - Overseeing the Company's financial reporting process and the disclosure of its financial information, including earnings, press release, to ensure that the financial statements are correct, sufficient and credible; and
  - Disclosures made under the CEO and CFO certification and related party transactions to the Board and Shareholders.
- b. Reviewing with the management, external auditor and internal auditor, adequacy of internal control systems and recommending improvements to the management.
- c. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- d. Recommending the appointment/removal of the statutory auditor, cost auditor, fixing audit fees and approving non-audit/consulting services provided by the statutory auditors' firms to the Company and its subsidiaries; evaluating auditors' performance, qualifications and independence. It shall also ensure that the cost auditors are independent, have arm's length relationship and are also not otherwise disqualified at the time of their appointment or during their tenure.
- e. Reviewing the adequacy of internal audit function, coverage and frequency of internal audit, appointment, removal, performance and terms of remuneration of the chief internal auditor.
- f. Discussing with the internal auditor and senior management significant internal audit findings and follow-up thereon.
- g. Reviewing the findings of any internal investigation by the internal auditor into matters involving suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.
- h. Discussing with the external auditor before the audit commences, the nature and scope of audit, as well as conduct post-audit discussions to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Reviewing the functioning of the Whistle-Blower and the legal compliance mechanism.
- k. Reviewing the financial statements and investments made by subsidiary companies and subsidiary oversight relating to areas such as adequacy of the internal audit structure and function of the subsidiaries, their status of audit plan and its execution, key internal audit observations, risk management and the control environment.
- l. Look into the reasons for any substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors, if any.
- m. Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.
- n. Approving the appointment of CFO after assessing the qualification, experience and background etc of the candidate.

During the year, the Committee reviewed key audit findings covering operational, financial and compliance areas. Management personnel presented their risk mitigation plan to the Committee. It also reviewed the internal control system in subsidiary companies, status on compliance of its obligations under the Charter and confirmed that it fulfilled its duties and responsibilities. The Committee through self-assessment annually evaluates its performance. The Chairman of the Audit Committee briefs the Board members about the significant discussions at Audit Committee meetings.

The Committee comprises four Independent Directors, all of whom are financially literate and have relevant finance and/or audit exposure. Mr S M Palia is the financial expert. The quorum of the Committee is two members or one-third of its members, whichever is higher. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company. During the period under review, eight Audit Committee meetings were held on May 24, 2011, July 12, 2011, August 10, 2011, September 8, 2011, November 11, 2011 (adjourned to November 14, 2011), December 12, 2011, February 13, 2012 and March 15, 2012. The composition of the Audit Committee and attendance at its meetings is as follows:

| Composition         | Meetings attended |
|---------------------|-------------------|
| N Munjee (Chairman) | 8                 |
| S M Palia           | 8                 |
| R A Mashelkar       | 7                 |
| V K Jairath         | 8                 |

The Committee meetings are held at the Company's Corporate Headquarters or at its plant locations and are usually attended by the Vice Chairman, Managing Director-India Operations, Chief Financial Officer, Chief Internal Auditor, Statutory Auditor and Cost Auditor. The Business and Operation Heads are invited to the meetings, as and when required. The Company Secretary acts as the Secretary of the Audit Committee. The Internal Audit function headed by the Chief Internal Auditor reports to the Audit Committee to ensure its independence.

The Committee relies on the expertise and knowledge of management, the internal auditors and the independent Statutory Auditor in carrying out its oversight responsibilities. It also uses external expertise, if required. The management is responsible for the preparation, presentation and integrity of the Company's financial statements including consolidated

statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal control.

Deloitte Haskins & Sells, Mumbai (Registration Number 117366W), the Company's Statutory Auditor, is responsible for performing an independent audit of the Financial Statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

#### REMUNERATION COMMITTEE

The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Directors and the Executive Directors of the Company and the CEOs of certain significant subsidiary companies, retirement benefits to be paid to them under the Retirement Benefit Guidelines approved by the Board, recommending on the amount and distribution of commission to the non-executive directors based on criteria fixed by the Board and to deal with matters pertaining to Employees' Stock Option Scheme, if any.

The Remuneration Committee comprises two Independent Directors (including the Chairman of the Committee) and two Non-Executive Directors. During the year under review, two Remuneration Committee meetings were held on May 26, 2011 and July 15, 2011. The decisions are taken by the Committee at meetings or by passing circular resolutions. The composition of the Remuneration Committee and attendance at its meeting is as follows:

| Composition          | Meetings attended |
|----------------------|-------------------|
| N N Wadia (Chairman) | 2                 |
| Ratan N Tata         | 2                 |
| S Bhargava           | 2                 |
| Ravi Kant            | 2                 |

#### Remuneration Policy

- The remuneration of the Managing Directors and Executive Directors of the Company and CEOs of certain significant subsidiaries is recommended by the

Remuneration Committee based on criteria such as industry benchmarks, the Company's performance *vis-à-vis* the industry, responsibilities shouldered, performance/ track record, macro economic review on remuneration packages of heads of other organisations and is decided by the Board of Directors. The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/or commission (variable components) to its Managing Directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective from April 1, every year.

- b. A sitting fee of ₹20,000/- for attendance at each meeting of the Board, Audit Committee, Executive Committee, Remuneration Committee and Nominations Committee and ₹5,000/- for Investors' Grievance Committee and Ethics & Compliance Committee is paid to its Members (excluding Managing Directors and Executive Directors) and also to Directors attending as Special Invitees. The sitting fees paid/payable to the Non whole-time Directors is excluded whilst calculating the above limits of remuneration in accordance with Section 198 of the Act. The Company also reimburses out-of-pocket expenses to Directors attending meetings held at a city other than the one in which the Directors reside.
- c. The remuneration by way of commission to the non-executive directors is decided by the Board of Directors and distributed to them based on their participation and contribution at the Board and certain Committee meetings as well as time spent on matters other than at meetings. The Members had, at the Annual General Meeting held on July 24, 2008, approved the payment of remuneration by way of commission to the Non whole-time directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of 5 years commencing April 1, 2008.
- d. Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc. The annual variable pay of senior

managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.

The Directors' remuneration and sitting fees paid/payable by the Company in respect of the Financial Year 2011-12, are given below:

#### Non-Executive Directors (₹ in Lakhs)

| Name                              | Commission | Sitting Fees |
|-----------------------------------|------------|--------------|
| Ratan N Tata <sup>(1)</sup>       | 200        | 2.80         |
| Ravi Kant <sup>(2)</sup>          | 100        | 3.70         |
| J J Irani <sup>(3)</sup>          | 3          | 0.20         |
| N N Wadia                         | 40         | 2.60         |
| S M Palia                         | 60         | 3.90         |
| R A Mashelkar                     | 30         | 2.40         |
| N Munjee                          | 72         | 3.80         |
| S Bhargava                        | 40         | 2.40         |
| V K Jairath                       | 32         | 3.30         |
| R Sen                             | 23         | 1.80         |
| R Speth <sup>(4)</sup>            | -          | -            |
| Carl-Peter Forster <sup>(5)</sup> | -          | 0.40         |

(1) Apart from the above, Mr Ratan N. Tata, who was formerly the Executive Chairman of the Company is paid/provided ₹27.33 lakhs as retirement benefits as per Company's policy.

(2) Mr Ravi Kant, who was formerly the Managing Director of the Company is paid/provided ₹58.50 lakhs as retirement benefits as per Company's policy. As advisor to the Company for overseeing Jaguar Land Rover operations of the Company, Mr Ravi Kant is entitled to a fee equivalent to GB£ 75,000 p.a. and use of a Company car. Both of these are not included in the above.

(3) Ceased to be a Director w.e.f. June 2, 2011.

(4) Dr Ralf Speth is a Non-Executive Director and is not paid any commission or sitting fees for attending Board meetings of the Company in view of his appointment as Chief Executive Officer and Director of Jaguar Land Rover PLC.

(5) Appointed as an Additional Director in a Non- Executive capacity w.e.f. September 9, 2011 for a period upto March 31, 2012.

#### Managing & Executive Directors

Terms of appointment and remuneration

1. Mr P M Telang was appointed as Managing Director – India Operations from June 2, 2009 till June 21, 2012 and stepped down as Managing Director – India Operations and Director w.e.f. June 21, 2012. Mr Ravindra Pisharody and Mr Satish Borwankar were appointed as Executive Directors w.e.f. June 21, 2012 for a period of 5 years.

2. As per the terms of appointment, the remuneration of Managing Directors and Executive Directors comprises of (a) salary: upto a maximum salary of ₹6,75,000 per month for Mr Telang and ₹7,00,000 per month for the Executive Directors with authority to the Board or a Committee thereof to fix the salary within the said maximum amount. The annual increments would be effective April 1, every year, as may be decided by the Board, based on merit and taking into account the Company's performance; (b) incentive remuneration, if any, and/or commission based on certain performance criteria to be laid down by Board; (c) benefits, perquisites and allowances as may be determined by the Board from time to time.
3. The Contracts with the Executive Directors may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of Severance fees.
4. The appointment and terms of remuneration of the Managing Director and Executive Directors are subject to approval of the members and attention is drawn to the respective items in the notice of the forthcoming Annual General Meeting.

The Remuneration paid to the Managing Directors in FY 2011-12 is as under: (₹ in Lakhs)

| Name                                     | P M Telang           | Carl-Peter Forster      |
|--|----------------------|-------------------------|
| <b>Salary</b>                            | 72.00                | 174.50                  |
| <b>Perquisites &amp; Allowances</b>      | 59.92 <sup>(1)</sup> | 2,201.24 <sup>(2)</sup> |
| <b>Commission</b>                        | 250 <sup>(3)</sup>   | -                       |
| <b>Retirement Benefits<sup>(4)</sup></b> | 19.44                | 20.94                   |

(1) Includes leave encashment

(2) Includes termination payment of ₹ 1,409.35 lakhs, Mr Forster stepped down as Managing Director & CEO w.e.f. September 9, 2011

(3) Payable in FY 2012-13

(4) Excludes provision for encashable leave and gratuity as separate actuarial valuation is not available

### Retirement Policy for Directors

The Company has adopted the Guidelines for retirement age wherein Managing and Executive Directors retire at the age of 65 years whilst the Non-Executive Directors retire at the age of 75 years. The Company has also adopted a Retirement Policy for Managing and Executive Directors which has also

been approved by the Members of the Company, offering special retirement benefits including pension, ex-gratia, medical and other benefits. In addition to the above, the retiring Managing Directors is entitled to residential accommodation or compensation in lieu of accommodation on retirement. The quantum and payment of the said benefits are subject to an eligibility criteria of the retiring director and is payable at the discretion of the Board in each individual case on the recommendation of the Remuneration Committee.

### INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee comprises two Independent Directors (including the Chairman of the Committee) and one Non-Executive Director. The Investors' Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share/debenture transfers, non-receipt of annual reports, interest/dividend payments, issue of duplicate certificates, transmission (with and without legal representation) of shares and debentures matters pertaining to Company's fixed deposit programme and other miscellaneous complaints. During the year under review, a meeting of the Committee was held on August 11, 2011. The composition of the Investors' Grievance Committee and attendance at its meeting is as follows:

| Composition          | Meetings attended |
|----------------------|-------------------|
| S M Palia (Chairman) | 1                 |
| Ravi Kant            | 1                 |
| V K Jairath          | 1                 |

### Compliance Officer

Mr H K Sethna, Company Secretary, who is the Compliance Officer, can be contacted at: Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai - 400 001, India.

Tel: 91 22 6665 8282, 91 22 6665 7824 / Fax: 91 22 6665 7260  
Email: inv\_rel@tatamotors.com.

Complaints or queries relating to the shares can be forwarded to the Company's Registrar and Transfer Agents – M/s TSR Darashaw Ltd. at csg-unit@tsrdarashaw.com, whereas complaints or queries relating to the public fixed deposits can be forwarded to the Registrars to the Fixed Deposits Scheme – M/s TSR Darashaw Ltd. at tmlfd@tsrdarashaw.com.

The status on the total number of investors' complaints during FY 2011-12 is as follows:

| Type   | Nos.  |
|--|-------|
| Complaints regarding non-receipt of dividend/interest, shares lodged for transfer              | 161   |
| Complaints received from the shareholders through SEBI and other statutory bodies and resolved | 53    |
| Complaints redressed out of the above  | 212   |
| Pending complaints as on 31.3.2012   | 2*    |
| Other Queries received from shareholders and depositors and replied                            | 19163 |

\*SEBI complaints were replied within 1-15 days but the same have been reflected as unresolved as on March 31, 2012, as per the condition for complete resolution defined by SEBI.

All letters received from the investors are replied to and the response time for attending to investors' correspondence during FY2011-12 is shown in the following table:

|   | Number | %     |
|---|--------|-------|
| Total number of correspondence received during 2011-2012      | 19377  | 100   |
| Replied within 1 to 4 days of receipt                         | 12327  | 63.62 |
| Replied within 5 to 7 days of receipt                         | 2951   | 15.23 |
| Replied within 8 to 15 days of receipt                        | 3917   | 20.21 |
| Replied after 15 days of receipt <sup>(1)</sup>               | 85     | 0.44  |
| Received in last week of March 2012 and replied in April 2012 | 97     | 0.50  |

(1) These correspondence pertained to court cases which involved retrieval of case files, cases involving retrieval of very old records, co-ordination with the Company Advocates etc, partial documents awaited from the Investors, cases involving registration of legal documents, executed documents received for issue of duplicate certificates and transmission of shares without legal representation which involved checking of the documents, sending notices to Stock Exchange and issue of duplicate certificates/transmission of shares after approval from the Company. However, all these cases have been attended to within the statutory limit of 30 days.

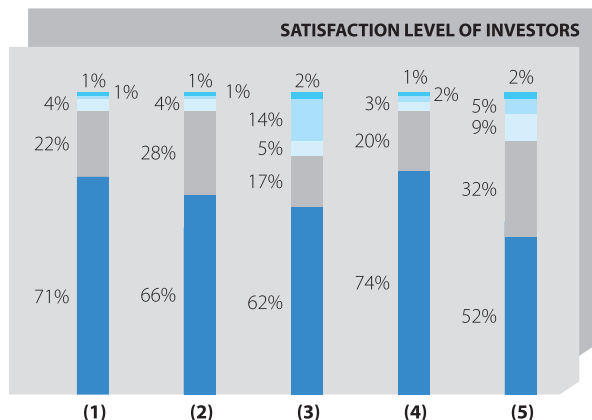
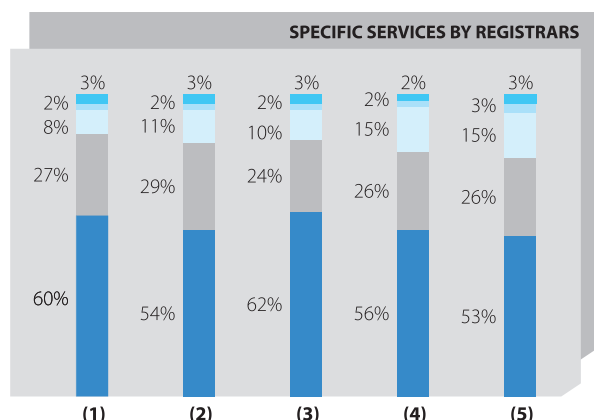
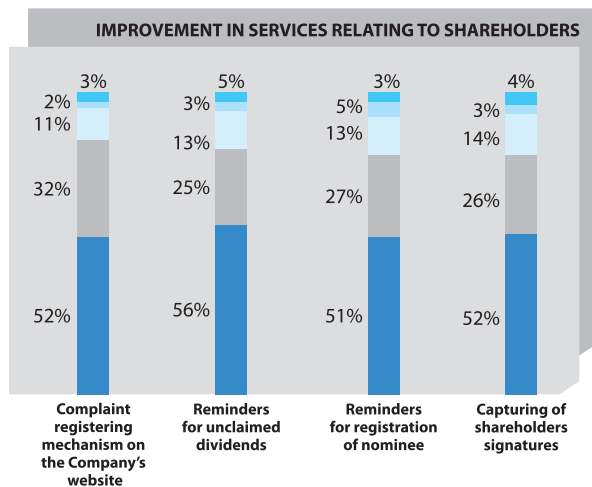
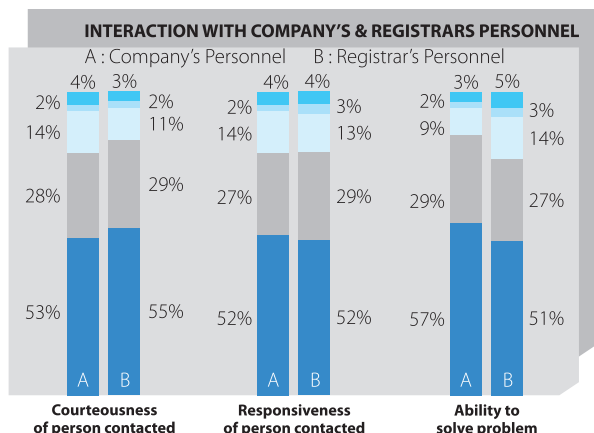
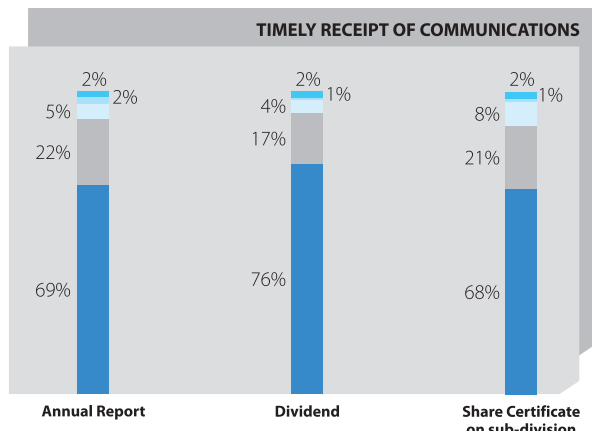
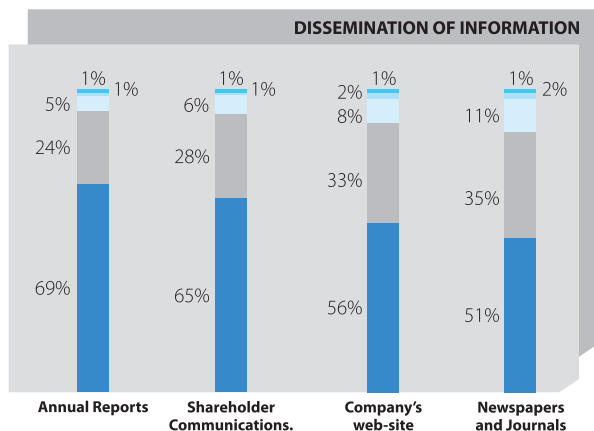
There were 8 pending share transfers pertaining to the Financial Year ended March 31, 2012, which were received in last week of March 2012. Out of the total number of complaints mentioned above, 69 complaints pertained to letters received through Statutory/Regulatory bodies and those related to Court/Consumer forum matters, fraudulent encashment and non-receipt of dividend amounts.

TSR Darashaw Limited (TSRD), the Company's Registrar and Transfer Agents, are also the Registrar for the Company's Fixed Deposits Scheme (FD). TSRDL is the focal point of contact for investor services in order to address various FD related matters mainly including repayment / revalidation, issue of duplicate FD receipts / warrants, TDS certificates, change in bank details/ address and PAN corrections. In view of increase in the correspondence, TSRDL have increased their investor interface strength (telephone and counter departments), and have taken other steps for rendering speedy and satisfactory services to the FD holders.

On recommendations of the Investors' Grievance Committee, the Company has taken various investor friendly initiatives like organising Shareholders' visit to Company Works at Pune, sending reminders to investors who have not claimed their dues, sending nominations forms etc.

On the recommendation of the Investors' Grievance Committee, a survey on Shareholders' satisfaction was conducted in December 2011/January 2012 to assess service quality delivery to its shareholders. 2287 shareholders responded to the survey. Overall the Company was rated high on all aspects with 7 out of 10 investors expressing delight-rating a perfect '5' on the 5 point scale across various parameters measured in the survey. Placed below are the graphs depicting satisfaction levels on various parameters of service/quality related to the Investor interface with the Company.

■ Extremely Dissatisfied   
 ■ Somewhat Dissatisfied   
 ■ Neither Satisfied/Dissatisfied   
 ■ Somewhat Satisfied   
 ■ Extremely Satisfied



**(1)** Transfer/De-materialisation of shares **(2)** Transmission or issue of Duplicate Share Certificates/Revalidation of of Dividend Warrants  
**(3)** Change of Address/Mandates/NECS instruction **(4)** Registration of Nomination **(5)** Issue of fresh cheque in lieu of lost dividend or interest warrants

**(1)** Services received from the Company, pertaining to investments  
**(2)** Overall quality of the latest Annual Report  
**(3)** Arrangements made at the General Meeting  
**(4)** Security of investment in the Company's Shares  
**(5)** Investment / Appreciation in the Company's Shares

## OTHER COMMITTEES

**The Executive Committee of Board** reviews capital and revenue budgets, long-term business strategies and plans, the organizational structure of the Company, real estate and investment transactions, allotment of shares and/or debentures, borrowing and other routine matters. The Committee also discusses the matters pertaining to legal cases, acquisitions and divestment, new business forays and donations. During the year under review, three Committee meetings were held on September 8, 2011, January 16, 2012 and March 20, 2012. The Executive Committee of Board comprises three Independent Directors, two Non-Executive Directors and one Executive Director.

The composition of the Executive Committee of Board and attendance at meetings is given hereunder:

| Composition             | Meetings attended |
|-------------------------|-------------------|
| Ratan N Tata (Chairman) | 3                 |
| Ravi Kant               | 3                 |
| J J Irani*              | -                 |
| N N Wadia               | 2                 |
| N Munjee                | 3                 |
| S Bhargava**            | 1                 |
| Carl-Peter Forster***   | -                 |
| P M Telang#             | 3                 |

\* Ceased to be a Member w.e.f. June 2, 2011

\*\* Appointed as a member w.e.f. January 23, 2012

\*\*\* Ceased to be a member w.e.f. September 9, 2011

# Ceased to be a Member w.e.f. June 21, 2012

The Board, at its meeting held on May 29, 2012, appointed Mr Cyrus P Mistry as Member of the Committee.

The Executive Committee of the Board formed a **Donations Committee** in September 2003 and a **Corporate Social Responsibility (CSR) Committee** in January 2006, comprising the Managing Director and the Senior Management which meets from time to time to fulfill the community and social responsibilities of its stakeholders.

**The Nominations Committee of the Board** was constituted with the objective of identifying independent directors to be inducted on the Board and to take steps to refresh the constitution of the Board from time to time. During the year under review, a meeting was held on May 26, 2011 and attended by all the members. The Nominations Committee comprises Mr N N Wadia as the Chairman, Mr Ratan N Tata, Mr Ravi Kant and Mr S M Palia.

**The Ethics and Compliance Committee** was constituted to formulate policies relating to the implementation of the Tata Code of Conduct for Prevention of Insider Trading (the Code), take on record the monthly reports on dealings in securities by the "Specified Persons" and decide penal action in respect of violations of the applicable regulations/the Code. During the year under review, a meeting of the Committee was held on August 11, 2011. The composition of the Ethics and Compliance Committee and attendance at meetings, is given hereunder:

| Composition          | Meetings attended |
|----------------------|-------------------|
| S M Palia (Chairman) | 1                 |
| Ravi Kant            | 1                 |
| V K Jairath          | 1                 |

Mr C Ramakrishnan, Chief Financial Officer, acts as the Compliance Officer under the said Code. Apart from the above, the Board of Directors also constitutes Committee(s) of Directors with specific terms of reference, as it may deem fit.

**Code of Conduct:** Whilst the Tata Code of Conduct is applicable to all Whole-time Directors and employees of the Company, the Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the Company's website. All the Board members and senior management of the Company as on March 31, 2012 have affirmed compliance with their respective Codes of Conduct. A Declaration to this effect, duly signed by the Managing Director is annexed hereto.

## SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company. The Audit Committee also has a meeting wherein the CEO and CFO of the subsidiary companies make a presentation on significant issues in audit, internal control, risk management, etc. Significant issues pertaining to subsidiary companies are also discussed at Audit Committee meetings of the Company. Apart from disclosures made in the Directors' Report, there were no strategic investments

made by the Company's non-listed subsidiaries during the year under review.

The minutes of the subsidiary companies are placed before the Board of Directors of the Company and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance of its subsidiaries is also reviewed by the Board periodically.

### GENERAL BODY MEETINGS

| Date              | Year      | Special Resolutions Passed |
|-------------------|-----------|----------------------------|
| August 12, 2011   | 2010-2011 | NIL                        |
| September 1, 2010 | 2009-2010 | NIL                        |
| August 25, 2009   | 2008-2009 | NIL                        |

**Venue** : Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai - 400 020

**Time** : 3:00 p.m.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

### DISCLOSURES

- Details of related party transactions entered into by the Company are included in the Notes to Accounts. Material individual transactions with related parties are in the normal course of business on an arm's length basis and do not have potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business are placed before the Audit Committee.
- As at March 31, 2012, deposits held by the Directors of the Company amounted to ₹52 lacs which were placed at the rate of interest which is as applicable to the public, employees and shareholders as per the terms of the fixed deposit scheme.
- The Company has complied with various rules and regulations prescribed by stock exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years.

No penalties or strictures have been imposed by them on the Company.

- In October 2010, the Company raised ₹3,351.01 crores through Qualified Institutions Placement route (QIP), which had been fully utilized for the purpose specified in the offer document, as on March 31, 2012. Details of this issue and end use were provided to the Audit Committee on a quarterly basis.
- The Audit Committee and the Board have adopted a Whistle-Blower Policy which provides a formal mechanism for all employees of the Company to approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Company affirms that no employee of the Company has been denied access to the Audit Committee.

### The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

**Chairman of the Board:** The Non-Executive Chairman maintains a separate office, for which the Company does not reimburse expenses.

At its meeting held on July 25, 2006, the Board of Directors has adopted the Revised Guidelines (2006) regarding the retirement age of Directors. In line with best practice to continuously refresh the Board's membership, the Board is encouraged to seek a balance between change and continuity. A tenure of 9 years may be considered a threshold for granting further tenure for independent directors based, *inter alia*, on the merit and contribution of each Director. The Nomination Committee takes into consideration criteria such as qualifications and expertise whilst recommending induction of non-executive directors on the Board.

**Remuneration Committee:** Details are given under the heading "Remuneration Committee".

**Shareholder Rights:** Details are given under the heading "Means of Communications".



**Audit Qualifications:** During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

**Training of Board Members:** The Directors interact with the management in a very free and open manner on information that may be required by them. Orientation and factory visits are arranged for new Directors. The Independent Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's stakeholders.

**Mechanism for evaluating non-executive Board members:** The performance evaluation of non-executive members is done by the Board annually based on criteria of attendance and contributions at Board/Committee Meetings as also for the role played other than at Meetings.

**Whistle Blower Mechanism:** The Company has adopted a Whistle-Blower Policy. Please refer to 'DISCLOSURES' given above.

## MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are generally published in Indian Express, Financial Express and Loksatta (Marathi). The information regarding the performance of the Company is shared with the shareholders every six months through a half yearly communiqué and the Annual Report. The official news releases, including on the quarterly and annual results and presentations made to institutional investors and analysts are also posted on the Company's website [www.tatamotors.com](http://www.tatamotors.com).

The 'Investors' section on the Company's website keeps the investors updated on material developments in the Company by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, presentations made to Analysts etc. A brief profile of Directors is also on the Company's website. Members also have the facility of raising their queries/complaints on share related matters through a facility provided on the Company's website.

The Annual Report, Quarterly Results, Shareholding Pattern of the Company are posted through Corporate Filing and Dissemination System (CFDS), a portal to view information filed by listed companies. Also, Corporate Governance Report and Shareholding Pattern of the Company are filed with National Stock Exchange of India Limited through NSE Electronic Application Processing System (NEAPS). Hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.

## Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company had during the year 2010-11 sent various communications including the Annual Report, intimation of dividend, Shareholders' Satisfaction Survey Form and Half Yearly Communiqué by email to those shareholders whose email addresses were made available to the depositories or the Registrar and Transfer Agents. Physical copies were sent to only those shareholders whose email addresses were not available and for the bounced email cases.

However, in view of the recently amended Listing Agreement with the Stock exchanges, companies can send soft copies of the Annual Reports to all those shareholders who have registered their email address for the said purpose. However, the Company has not made much progress as not many shareholders have opted for this mode of communication.

**As a responsible citizen, your Company strongly urges you to support the Green Initiative by giving positive consent by registering/updating your email addresses with the Depositories Participants or the Registrar and Transfer Agents for receiving soft copies of various communications including the Annual Reports.**

## GENERAL INFORMATION FOR MEMBERS

The Company is registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L28920MH1945PLC004520.

**Annual General Meeting**

|                              |  |
|------------------------------|--|
| <b>Date and Time</b>         | Friday, August 10, 2012 at 3:00 p.m.   |
| <b>Venue</b>                 | Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020   |
| <b>Date of Book Closure</b>  | Friday, July 20 to Friday, August 10, 2012 (both days inclusive)   |
| <b>Dividend Payment Date</b> | August 14, 2012. The Dividend warrants will be posted/dividend amount will be remitted into the shareholders account on or after August 14, 2012 |

**Financial Calendar (Tentative)**

|                                |                                |
|--------------------------------|--------------------------------|
| Financial Year                 | ending March 31                |
| Results for the Quarter ending |                                |
| June 30, 2012                  | On or before August 14, 2012   |
| September 30, 2012             | On or before November 14, 2012 |
| December 31, 2012              | On or before February 14, 2013 |
| March 31, 2013                 | On or before May 30, 2013      |

**Listing**

The Company's securities are listed on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

The following are the details of the Company's shares:

| Type                | BSE          |            |   | NSE        |  |
|---------------------|--------------|------------|---|------------|--|
|                     | ISIN *       | Stock Code | Address   | Stock Code | Address  |
| Ordinary Shares     | IN155A01022  | 500570     | Phiroze Jeejeebhoy Towers, Dalal Street<br>Mumbai 400 001<br>www.bseindia.com | TATAMOTORS | "Exchange Plaza"<br>Bandra Kurla Complex,<br>Bandra (E),<br>Mumbai 400 051<br>www.nseindia.com |
| 'A' Ordinary Shares | IN9155A01020 | 570001     |   | TATAMTRDVR |  |

\* New ISINs allotted by National Securities Depository Limited on Sub-division of face value of the Shares of the Company from ₹ 10/- to ₹ 2/- each.

For details on listings of Non-Convertible Debentures on the Wholesale Debt market segment of the NSE, please refer to 'Outstanding Securities' section of this Report.

**International Listing**

There are two separate programs for the Company's Depository Receipts.

- The American Depository Shares (ADSs) through the conversion of its International Global Depository Shares into American Depository Shares (ADSs) are listed on the New York Stock Exchange (NYSE) since September 27, 2004.
- The Global Depository Shares (GDSs) issued in October 2009 are listed on the Luxembourg Stock Exchange since then. The said GDSs are also traded on London Stock Exchange on IOB platform. Please also refer to the section on 'Outstanding Depository Receipts and Convertible Instruments' for details pertaining to international listing of Foreign Currency Convertible Notes.

The following are the details of the Company's ADSs/GDSs:

| Type                                | ADS  | GDS   |
|-------------------------------------|--|---|
| <b>Stock Exchange &amp; Address</b> | New York SE,<br>20 Broad Street<br>New York,<br>NY 100 005 | Luxembourg SE,<br>11, Avenue de<br>la porte- Neuve,<br>L - 2227,<br>Luxembourg. |
| <b>Ticker Symbol</b>                | TTM  | TTMT LX   |
| <b>Description</b>                  | Common Shares  | Common Shares   |
| <b>ISIN</b>                         | US8765685024   | US8765686014  |
| <b>CUSIP</b>                        | 876568502  | 876568601   |
| <b>SEDOL</b>                        | B02ZP96  | B4YT1P2   |

## Two-way Fungibility of Depository Receipts

The Company offers foreign investors a limited facility for conversion of Ordinary Shares into American Depository Receipts/Global Depository Receipts within the limits permissible for two-way Fungibility, as announced by the Reserve Bank of India vide its operative guidelines for the limited two way fungibility under the "Issue of Foreign Currency Convertible Bond and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993", circular dated February 13, 2002.

## Payment of Listing Fees

The Company has paid Annual Listing fees for FY 2012-13 to all the Stock Exchanges (both domestic and international) where the Company's securities are listed.

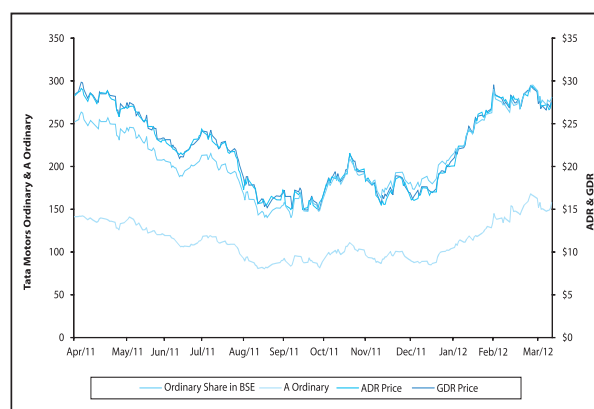
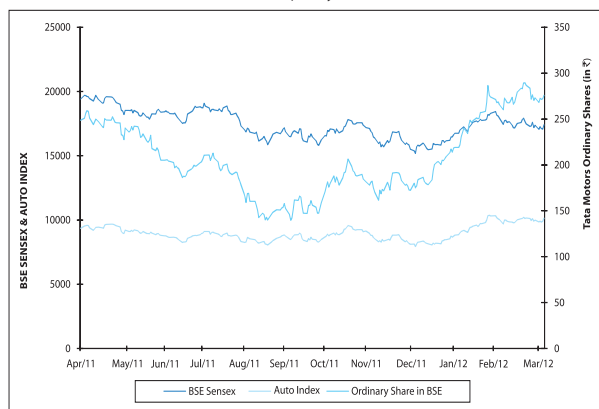
## Market Information

Market price data - monthly high/low of the closing price and trading volumes on BSE/NSE depicting liquidity of the Company's Ordinary Shares and 'A' Ordinary Shares on the said exchanges is given hereunder:-

| Month   | Ordinary Shares |         |               |          |          |               | 'A' Ordinary Shares |         |               |          |         |               |
|---------|-----------------|---------|---------------|----------|----------|---------------|---------------------|---------|---------------|----------|---------|---------------|
|         | BSE             |         |               | NSE      |          |               | BSE                 |         |               | NSE      |         |               |
|         | High (₹)        | Low (₹) | No. of Shares | High (₹) | Low (₹)  | No. of Shares | High (₹)            | Low (₹) | No. of Shares | High (₹) | Low (₹) | No. of Shares |
| Apr-11  | 1295.05         | 1203.30 | 4488031       | 1,298.70 | 1,201.30 | 27229616      | 711.50              | 673.50  | 2574103       | 711.20   | 673.45  | 6997214       |
| May-11  | 1228.55         | 1078.15 | 8129852       | 1,225.35 | 1,077.35 | 49439105      | 704.50              | 610.95  | 1624880       | 704.70   | 612.10  | 10371636      |
| Jun-11  | 1079.45         | 930.25  | 9077883       | 1,079.90 | 931.00   | 54260480      | 624.55              | 530.75  | 1698215       | 623.90   | 530.10  | 10762198      |
| Jul-11  | 1063.95         | 947.40  | 5064329       | 1068.10  | 948.10   | 40312158      | 595.45              | 541.10  | 4361503       | 595.45   | 539.05  | 12108645      |
| Aug-11  | 960.30          | 699.20  | 10403186      | 961.50   | 698.50   | 68950520      | 545.75              | 402.65  | 2507062       | 546.95   | 401.65  | 11960052      |
| Sep-11* | 788.95          | 139.65  | 39594376      | 790.65   | 139.60   | 243198046     | 462.15              | 83.45   | 3466085       | 462.90   | 83.40   | 22710963      |
| Oct-11  | 206.20          | 147.25  | 48452466      | 206.80   | 146.70   | 295815107     | 111.00              | 81.60   | 5967020       | 111.05   | 81.65   | 44768463      |
| Nov-11  | 193.50          | 161.45  | 59023249      | 193.45   | 161.55   | 342234796     | 103.40              | 86.80   | 5253742       | 103.40   | 86.90   | 39790207      |
| Dec-11  | 191.60          | 172.25  | 45479837      | 191.90   | 172.40   | 280697077     | 100.95              | 85.15   | 4167245       | 101.15   | 85.50   | 30281089      |
| Jan-12  | 243.60          | 183.80  | 48836247      | 243.75   | 183.95   | 350026365     | 118.75              | 87.90   | 5937663       | 118.65   | 88.00   | 54295353      |
| Feb-12  | 286.40          | 246.10  | 51373748      | 287.85   | 246.45   | 332490346     | 154.05              | 118.20  | 11457320      | 153.85   | 118.10  | 104004643     |
| Mar-12  | 289.40          | 266.00  | 33381894      | 290.45   | 267.00   | 247755144     | 167.95              | 143.50  | 27386742      | 168.05   | 143.55  | 138660227     |

\* The face value of shares of the Company sub-divided to face value of ₹2/- each and was effective for all trade done on and from Ex-Date i.e. September 12, 2011.

The Performance of the Company's Stock Price vis-à-vis Sensex, Auto Index, ADR and GDR:



The monthly high and low of the Company's ADRs and GDRs is given below:

| ADRs <span style="float: right;">(in US \$)</span> |       |       |        |       |       |
|--|-------|-------|--------|-------|-------|
| Month  | High  | Low   | Month  | High  | Low   |
| Apr-11   | 28.58 | 26.89 | Oct-11 | 21.34 | 15.00 |
| May-11   | 27.26 | 24.23 | Nov-11 | 19.52 | 15.41 |
| Jun-11   | 23.50 | 21.10 | Dec-11 | 18.59 | 15.94 |
| Jul-11   | 24.05 | 21.26 | Jan-12 | 24.08 | 18.11 |
| Aug-11   | 21.50 | 15.46 | Feb-12 | 28.14 | 24.98 |
| Sept-11*   | 17.10 | 14.89 | Mar-12 | 28.87 | 26.22 |

| GDRs <span style="float: right;">(in US \$)</span> |       |       |        |       |       |
|--|-------|-------|--------|-------|-------|
| Month  | High  | Low   | Month  | High  | Low   |
| Apr-11   | 29.32 | 27.05 | Oct-11 | 21.17 | 14.78 |
| May-11   | 27.71 | 24.11 | Nov-11 | 19.63 | 15.51 |
| Jun-11   | 24.09 | 20.73 | Dec-11 | 18.71 | 16.13 |
| Jul-11   | 23.91 | 21.46 | Jan-12 | 24.64 | 18.25 |
| Aug-11   | 21.79 | 15.15 | Feb-12 | 29.03 | 25.05 |
| Sept-11*   | 17.32 | 14.65 | Mar-12 | 28.90 | 26.19 |

\*Each Depository Receipt represents 5 underlying Ordinary Shares of face value of ₹2/- each w.e.f. September 14, 2012.

### Registrar and Transfer Agents

For share related matters, Members are requested to correspond with the Company's Registrar and Transfer Agents - M/s TSR Darashaw Limited quoting their folio no./DP ID & Client ID at the following addresses:

- For transfer lodgement, delivery and correspondence : TSR Darashaw Limited, Unit: Tata Motors Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, (Nr. Famous Studios) Mahalaxmi, Mumbai - 400 011.  
Tel: 022-6656 8484; Fax: 022- 6656 8494;  
e-mail : csg-unit@tsrdarashaw.com;  
website:www.tsrdarashaw.com
- For the convenience of investors based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSR Darashaw Limited:
  - Bangalore:** 503, Barton Centre, 5th Floor, 84, Mahatma Gandhi Road, Bangalore - 560 001.  
Tel: 080 - 25320321, Fax: 080 - 25580019,  
e-mail: tsrdlbang@tsrdarashaw.com
  - Jamshedpur:** Bungalow No.1, "E" Road, Northern Town, Bistupur, Jamshedpur - 831 001.  
Tel: 0657 - 2426616, Fax: 0657 - 2426937,  
email : tsrdljsr@tsrdarashaw.com

- Kolkata:** Tata Centre, 1st Floor, 43, Jawaharlal Nehru Road, Kolkata - 700 071.  
Tel: 033 - 22883087, Fax: 033 - 22883062,  
e-mail: tsrdlcal@tsrdarashaw.com
- New Delhi:** Plot No.2/42, Sant Vihar, Ansari Road, Daryaganj, New Delhi - 110 002.  
Tel : 011 - 23271805, Fax : 011 - 23271802,  
e-mail : tsrdldel@tsrdarashaw.com
- Ahmedabad: Agent of TSRDL - Shah Consultancy Services Pvt Limited:** 3-Sumathinath Complex, Pritam Nagar Akhada Road, Ellisbridge, Ahmedabad -380 006.  
Tel: 079-2657 6038,  
e-mail: shahconsultancy8154@gmail.com

**For Fixed Deposits, the investors are requested to correspond with the Registrars to the Fixed Deposits Scheme - TSR Darashaw Limited at the same addresses as mentioned above or send an e-mail at tmlfd@tsrdarashaw.com. Tel:022-66178575 to 66178579**

### Share Transfer System

Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Senior Executives of the Company are empowered to approve transfer of shares and debentures and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 15 days.

### Reconciliation of Share Capital Audit/ Compliance of Share Transfer Formalities

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.
- A Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

## Shareholding Pattern as on March 31, 2012

| Category   | Ordinary Shares                         |            |  |            |                            | 'A' Ordinary Shares                     |            |  |            |                            |
|--|---|------------|--|------------|----------------------------|---|------------|--|------------|----------------------------|
|  | As on March 31, 2012                    |            | As on March 31, 2011                     |            | variance<br>12 v/s 11<br>% | As on March 31, 2012                    |            | As on March 31, 2011                     |            | variance<br>12 v/s 11<br>% |
|  | No. of shares (Face value of ₹2/- each) | %          | No. of shares (Face value of ₹10/- each) | %          |                            | No. of shares (Face value of ₹2/- each) | %          | No. of shares (Face value of ₹10/- each) | %          |                            |
| Promoters and Promoter Group   | *937056205                              | 34.82      | *187471466                               | 34.83      | (0.01)                     | 18600448                                | 3.86       | 18210330                                 | 18.90      | (15.04)                    |
| Mutual Funds and Unit Trust of India                                   | 44355749                                | 1.65       | 7547665                                  | 1.40       | 0.25                       | 182545509                               | 37.88      | 24146102                                 | 25.06      | 12.81                      |
| Government Companies, Financial Institutions, Banks and Insurance cos. | 315505382                               | 11.72      | 63584927                                 | 11.81      | (0.09)                     | 44883879                                | 9.31       | 8586280                                  | 8.91       | 0.40                       |
| Foreign Institutional Investors  | 743765001                               | 27.63      | 127020938                                | 23.60      | 4.03                       | 188323828                               | 39.08      | 38650993                                 | 40.12      | (1.04)                     |
| NRIs, Foreign companies and ADRs/GDRs                                  | 454827555                               | 16.90      | 113434533                                | 21.07      | (4.17)                     | 2920334                                 | 0.60       | 573162                                   | 0.60       | 0.00                       |
| Others   | 196103563                               | 7.28       | 39212755                                 | 7.29       | (0.01)                     | 44659117                                | 9.27       | 6174839                                  | 6.41       | 2.86                       |
| <b>Total</b>   | <b>2691613455</b>                       | <b>100</b> | <b>538272284</b>                         | <b>100</b> |                            | <b>481933115</b>                        | <b>100</b> | <b>96341706</b>                          | <b>100</b> |                            |

\*Out of the Promoter holding, 7,85,00,000 shares of face value of ₹2/- each (March 31, 2011 – 4,40,00,000 shares of face value of ₹10/- each) aggregating 2.92% (March 31, 2011 – 8.17% ) of the paid-up capital were pledged. TATA AIG LIFE INSURANCE COMPANY LIMITED, which holds 5,473,110 Ordinary Shares representing 0.20% of the paid up Ordinary Share Capital of the Company is not considered part of Promoter Group as on March 31, 2012 and is included under the head 'Government Companies, Financial Institutions, Banks and Insurance Companies.'

### Distribution of shareholding as on March 31, 2012

#### Ordinary Shares

| Range of Shares | No. of Shares     |                   |                |               | No. of shareholders |                   |                |               |
|-----------------|-------------------|-------------------|----------------|---------------|---------------------|-------------------|----------------|---------------|
|                 | No. of shares     | Physical form (%) | Demat form (%) | % of Capital  | No. of Holders      | Physical form (%) | Demat form (%) | % of Capital  |
| 1 - 500         | 41192376          | 0.26              | 1.27           | 1.53          | 327192              | 10.48             | 70.85          | 81.33         |
| 501 - 1000      | 23361193          | 0.20              | 0.66           | 0.86          | 31003               | 1.88              | 5.83           | 7.71          |
| 1001 - 2000     | 31155790          | 0.26              | 0.89           | 1.15          | 21456               | 1.24              | 4.10           | 5.34          |
| 2001 - 5000     | 48187000          | 0.33              | 1.46           | 1.79          | 15518               | 0.74              | 3.11           | 3.85          |
| 5001 - 10000    | 28156723          | 0.16              | 0.89           | 1.05          | 4032                | 0.16              | 0.85           | 1.01          |
| Above 10000     | 2519560373        | 0.33              | 93.28          | 93.61         | 3040                | 0.08              | 0.68           | 0.76          |
| <b>Total</b>    | <b>2691613455</b> | <b>1.55</b>       | <b>98.45</b>   | <b>100.00</b> | <b>402241</b>       | <b>14.58</b>      | <b>85.42</b>   | <b>100.00</b> |

**'A' Ordinary Shares**

| Range of Shares | No. of Shares    |                   |                |               | No. of shareholders |                   |                |               |
|-----------------|------------------|-------------------|----------------|---------------|---------------------|-------------------|----------------|---------------|
|                 | No. of shares    | Physical form (%) | Demat form (%) | % of Capital  | No. of Holders      | Physical form (%) | Demat form (%) | % of Capital  |
| 1 - 500         | 5528952          | 0.03              | 1.12           | 1.15          | 36016               | 2.47              | 74.76          | 77.23         |
| 501 - 1000      | 3306600          | 0.01              | 0.67           | 0.68          | 4161                | 0.16              | 8.76           | 8.92          |
| 1001 - 2000     | 3617076          | 0.01              | 0.74           | 0.75          | 2476                | 0.06              | 5.25           | 5.31          |
| 2001 - 5000     | 7252259          | 0.01              | 1.50           | 1.51          | 2206                | 0.02              | 4.71           | 4.73          |
| 5001 - 10000    | 5814434          | 0.00              | 1.21           | 1.21          | 774                 | 0.00              | 1.66           | 1.66          |
| Above 10000     | 456413794        | 0.00              | 94.70          | 94.70         | 1002                | 0.00              | 2.15           | 2.15          |
| <b>Total</b>    | <b>481933115</b> | <b>0.06</b>       | <b>99.94</b>   | <b>100.00</b> | <b>46635</b>        | <b>2.71</b>       | <b>97.29</b>   | <b>100.00</b> |

**Top shareholders (holding in excess of 1% of capital) as on March 31, 2012**

| 'A' Ordinary Shares                                |                    |                      |
|--|--------------------|----------------------|
| Name of Shareholder                                | No. of shares held | % to paid-up capital |
| HDFC Trustee Company Limited - HDFC TOP 200 FUND   | 32,137,761         | 6.67                 |
| HDFC Trustee Company Limited - HDFC EQUITY FUND    | 29,246,932         | 6.07                 |
| PCA India Equity Open Limited                      | 17,264,090         | 3.58                 |
| Barclays Capital Mauritius Limited                 | 16,359,515         | 3.39                 |
| Tata Sons Limited                                  | 12,489,493         | 2.59                 |
| HDFC Trustee Company Limited - HDFC PRUDENCE FUND  | 11,342,346         | 2.35                 |
| Birla Sun Life Insurance Company Limited           | 11,317,685         | 2.35                 |
| Swiss Finance Corporation (Mauritius) Limited      | 9,933,278          | 2.06                 |
| Copthall Mauritius Investment Limited              | 9,240,543          | 1.92                 |
| SBI Mutual Fund - Magnum Tax Gain 1993             | 8,525,678          | 1.77                 |
| Dragon Peacock Investments Limited                 | 8,294,025          | 1.72                 |
| Bajaj Allianz Life Insurance Company Ltd.          | 7,834,500          | 1.63                 |
| HDFC Trustee Company Limited - HDFC TAX SAVER FUND | 6,685,418          | 1.39                 |
| Blackrock India Equities Fund (Mauritius) Limited  | 6,147,850          | 1.28                 |
| SBIMF Magnum Sector Fund Umbrella Contra           | 5,972,099          | 1.24                 |
| Government Pension Fund Global                     | 5,845,425          | 1.21                 |
| ICICI Prudential Dynamic Plan                      | 5,450,409          | 1.13                 |
| Robeco Capital Growth Funds                        | 4,869,999          | 1.01                 |
| Government Of Singapore                            | 4,863,129          | 1.01                 |
| DSP Blackrock Top 100 Equity Fund                  | 4,839,630          | 1.00                 |

| Ordinary Shares  |                    |                      |
|--|--------------------|----------------------|
| Name of Shareholder  | No. of shares held | % to paid-up capital |
| Tata Sons Limited  | 698,833,345        | 25.96                |
| Citibank N.A. New York, NYADR department   | 435,357,250        | 16.17                |
| Life Insurance Corporation of India Limited  | 181,710,232        | 6.75                 |
| Tata Steel Limited   | 147,810,695        | 5.49                 |
| Europacific Growth Fund  | 99,230,044         | 3.69                 |
| Tata Industries Limited  | 68,436,485         | 2.54                 |
| Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund | 27,736,289         | 1.03                 |

**Dematerialisation of shares**

The electronic holding of the shares as on March 31, 2012 through NSDL and CDSL are as follows:

| Particulars  | Ordinary Shares (%) |              | 'A' Ordinary Shares (%) |              |
|--------------|---------------------|--------------|-------------------------|--------------|
|              | 2012                | 2011         | 2012                    | 2011         |
| NSDL         | 97.28               | 97.34        | 96.59                   | 98.78        |
| CDSL         | 1.17                | 0.88         | 3.35                    | 1.15         |
| <b>Total</b> | <b>98.45</b>        | <b>98.22</b> | <b>99.94</b>            | <b>99.93</b> |

### Outstanding Securities:

Outstanding Depository Receipts/Warrants or Convertible instruments, conversion date and likely impact on equity as on March 31, 2012:

**A. Depository Receipts** (Each Depository Receipts represents 5 underlying Ordinary Shares of ₹2/- each post subdivision of face value of shares in September 2011)

- 8,70,75,700 ADSs listed on the New York Stock Exchange.
- 9,972 GDSs listed on the Luxembourg Stock Exchange.

### B. Foreign Currency Convertible Notes

- 4,730-Zero Coupon Convertible Alternative Reference Securities (due 2012) of US\$100,000 each (CARS) aggregating US\$ 473 million issued in July 2007. The conversion option expired on June 12, 2012 and the outstanding 4,729 CARS would be redeemed in July 2012.
- 1,174-4% Convertible Notes (due 2014) of US\$100,000 each aggregating US\$117.4 million issued in October 2009 may, at the option of the Note holders, be converted into Ordinary Shares of ₹2/- each at ₹121.34 per share or ADS/GDS of ₹10/- each (each ADS represents five Ordinary Shares of ₹2/- each) (Reset Price) at any time into GDSs during November 25, 2009 to October 16, 2014 and ADSs at anytime during October 15, 2010 to October 16, 2014.

**The following are the relevant details of the notes:**

| Security Type          | ISIN         | CUSIP     | Listing at   |
|------------------------|--------------|-----------|--|
| CARS                   | XS0307881762 | 030788176 | Singapore Stock Exchange,<br>2 Shenton Way,<br>#19-00 SGX Center 1,<br>Singapore 068804  |
| 4% Notes<br>(due 2014) | XS0457793510 | 045779351 | Luxembourg Stock Exchange,<br>11, Avenue de la porte –<br>Neuve, L – 2227,<br>Luxembourg |

### Overseas Depository

Citibank N.A., 388  
Greenwich Street, 14th  
Floor, New York,  
NY 10013

### Domestic Custodian

Citibank N.A., Trent House,  
3rd Floor, G-60, Bandra  
Kurla Complex, Bandra  
(East), Mumbai 400 051

There are no outstanding warrants issued by the Company. Apart from Shares and Convertible Instruments, the following Non Convertible Debentures (NCDs) are listed on the National Stock Exchange under Wholesale Debt Market segment\*:

| ISIN           | Principal Amount<br>(₹ crores) | Redemption Premium<br>(₹ crores) | Yield to Maturity<br>(%) | Date of Maturity  |
|----------------|--------------------------------|----------------------------------|--------------------------|---|
| INE155A07177   | 350                            | 96.55                            | 8.40                     | March 31, 2013  |
| INE155A07185   | 1,800                          | 658.05                           | 8.45                     | March 31, 2014  |
| INE155A07193   | 1,250                          | 919.23                           | 10.03                    | March 31, 2016  |
| INE155A07219   | 200                            | Nil                              | 9.95                     | March 2, 2020   |
| INE155A07227   | 500                            | Nil                              | 10.25                    | ₹100 crores on<br>April 30, 2022,<br>₹150 crores on<br>April 30, 2023,<br>April 30, 2024,<br>April 30, 2025 |
| INE155A08043   | 150                            | Nil                              | 9.90                     | May 7, 2020   |
| INE155A08050   | 100                            | Nil                              | 9.75                     | May 24, 2020  |
| INE155A08068   | 150                            | Nil                              | 9.70                     | July 18, 2020   |
| INE155A08076** | 250                            | Nil                              | 10.00                    | May 26, 2017  |
| INE155A08084** | 250                            | Nil                              | 10.00                    | May 28, 2019  |

\*Detailed information on the above debentures is included in the 'Notes to Accounts'.  
\*\* Listed w.e.f. June 8, 2012.

Trustee for all the above debentures is Vijaya Bank, Merchant Banking Division, Head Office, 41/2, M.G. Road, Trinity Circle, Bangalore - 560 001

**Plant Locations**

| Location   | Range of Products Produced   | Address for correspondence  |
|--|--|---|
| Pimpri, Pune - 411 018;<br>Chikhali, Pune - 410 501;<br><br>Chinchwad, Pune - 411 033                                  | Medium and Heavy Commercial Vehicles (M&HCVs), Light Commercial Vehicles (LCVs), Utility Vehicles (UVs) and Cars | Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai - 400 001, India  |
| Jamshedpur - 831 010   | M&HCVs   | <b>Action required regarding non-receipt of dividends, proceeds of matured deposits and interest and redeemed debentures and interest thereon:</b><br><br>(i) Pursuant to Sections 205A and 205C of the Act, all unclaimed/ unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits pertaining to the Company and erstwhile Tata Finance Limited (TFL) remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment, have been transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government.<br><br>(ii) In case of non receipt/non encashment of the dividend warrants, Members are requested to correspond with the Company's Registrars/the Registrar of Companies, as mentioned hereunder: |
| Chinhat Industrial Area, Lucknow - 226 019   | M&HCVs and LCVs  |   |
| Plot No. 1, Sector 11 and Plot No. 14, Sector 12, I.I.E., Pantnagar, District Udham Singh Nagar, Uttarakhand - 263 145 | LCVs   |   |
| Revenue Survey No. 1, Village Northkotpura, Tal, Sanand, Dist. Ahmedabad - 380 015                                     | Cars   |   |
| KIADB Block II, Belur Industrial Area, Mummigatti Post, Dharwad - 580 007  | LCVs   |   |

| Dividend for         | Whether it can be claimed | Contact Office  | Action to be taken   |
|----------------------|---------------------------|---|--|
| 2005-06 to 2010-11   | Yes                       | TSR Darashaw Limited  | Letter on plain paper.   |
| 2002-03 to 2004-05   | No                        | -   | None. Already transferred to IEPF. In respect of 2004-05, would be transferred in July 2012  |
| 2000-01 and 2001-02  | N.A.                      | -   | Not Applicable due to non declaration of dividend.   |
| 1995-96 to 1999-2000 | No                        | -   | None. Already transferred to IEPF.   |
| 1978-79 to 1994-95   | Yes                       | Office of the Registrar of Companies, CGO Complex, 'A' Wing, 2nd floor, Next to RBI, CBD - Belapur, Navi Mumbai - 400614. Maharashtra 91 22 2757 6802 | Claim in Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. |



(iii) Following table gives information relating to outstanding dividend accounts and due dates for claiming dividend:

| Financial Year | Date of Declaration | Last date for claiming dividend * |
|----------------|---------------------|-----------------------------------|
| 2005-06        | July 11, 2006       | July 10, 2013                     |
| 2006-07        | July 9, 2007        | July 8, 2014                      |
| 2007-08        | July 24, 2008       | July 23, 2015                     |
| 2008-09        | August 25, 2009     | August 24, 2016                   |
| 2009-10        | September 1, 2010   | August 31, 2017                   |
| 2010-11        | August 12, 2011     | August 11, 2018                   |

\*Indicative dates. Actual dates may vary.

(iv) As of March 31, 2012, the Company transferred ₹15,15,84,029.34 to IEPF including the following amounts during the year

| Particulars  | (in ₹)<br>FY 11-12 |
|--|--------------------|
| Unpaid dividend amounts of the Company   | 40,06,180          |
| Application moneys received for allotment of any securities and due for refund | NIL                |
| Unpaid matured deposit with the Company  | 17,75,286          |
| Unpaid matured debentures with the Company                                     | NIL                |
| Interest accrued on matured deposits with the Company                          | 7,81,565           |
| Interest accrued on matured debentures with the Company                        | NIL                |
| <b>Total</b>   | <b>65,63,031</b>   |

(v) While the Company's Registrar has already written to the Members, Debenture holders and Depositors informing them about the due dates for transfer to IEPF for unclaimed dividends/interest payments, attention of the stakeholders is again drawn to this matter through the Annual Report.

(vi) Investors of the Company and of the erstwhile TFL who have not yet encashed their unclaimed/unpaid amounts are requested to do so at the earliest.

(vii) Other facilities of interest to shareholders holding shares in physical form

- Nomination facility: Shareholders, who hold shares in single name and wish to make/change the nomination in respect of their shares as permitted under Section 109A of the Act, may submit to the Registrars and Transfer Agents, the prescribed Form 2B.

- Bank details: Shareholders are requested to notify/send the following to the Company's Registrars and Share Transfer Agents to facilitate better services:

1. Any change in their address/mandate/NECS bank details; and
2. Particulars of the bank account in which they wish their dividend to be credited, in case they have not been furnished earlier.

- During the year 2011-12, the Company has issued share certificates to all the shareholders holding shares in physical form post sub-division of face value from ₹10/- to ₹2/- each, without exchange of old share certificates. The Members, holding Company's shares in physical form, are requested to tally their holding with the certificates in their possession and revert in case of any discrepancy in holdings.

(viii) Shareholders are advised that respective bank details and address as furnished by them to the Company will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

**DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2012.

For Tata Motors Limited

**P M Telang**

Managing Director - India Operations

Mumbai, May 29, 2012

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**PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE****TO THE MEMBERS OF TATA MOTORS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Tata Motors Limited ('the Company') for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**

Practising Company Secretaries

**P.N. PARIKH**

FCS: 327 CP: 1228

Mumbai, June 21, 2012

## PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF TATA MOTORS LIMITED

We have examined the registers, records, books and papers of **TATA MOTORS LIMITED** ("the Company") as required to be maintained under the Companies Act, 1956, ('the Act') and the rules made thereunder and the provisions contained in the Memorandum and Articles of Association of the Company as also under the Listing Agreement with the Stock Exchanges and the guidelines of SEBI as applicable for the financial year ended 31<sup>st</sup> March 2012.

1. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers and agents, we report that the Company has complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of Register of Members/ Debentureholders;
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities;
- d) service of documents by the Company on its Members, Debentureholders, Auditors and the Registrar of Companies;
- e) notice of Board and Committee meetings of Directors;
- f) meetings of Directors and Committees of Directors and passing of circular resolutions;
- g) notice and convening of Annual General Meeting held on 12<sup>th</sup> August, 2011;
- h) minutes of the proceedings of the Board Meetings, Committee Meetings and General Meetings;
- i) approvals of the Board of Directors, Committee of Directors, Members and government authorities, wherever required;
- j) constitution of the Board of Directors, Committees of Directors and appointment, retirement and reappointment of Directors including Managing Directors;
- k) payment of remuneration to Directors, Managing Directors and Executive Directors;
- l) appointment and remuneration of Statutory Auditors and Cost Auditors;
- m) transfer and transmission of the Company's shares, issue and allotment of shares and issue and delivery of certificates of shares;
- n) declaration and payment of dividend.
- o) transfer of amounts as required under the Act to the Investor Education and Protection Fund;
- p) borrowings and registration of charges;
- q) report of the Board of Directors;
- r) investment of the Company's funds including inter corporate loans and investments;
- s) generally, all other applicable provisions of the Act and the Rules thereunder.

2. We further report that:

- a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other Companies and interest in other entities;
- b) the Directors have complied with the disclosure requirements in respect to their eligibility of appointment, their being independent, compliance with Insider Trading Code of Conduct and the Code of Conduct for Directors and Management Personnel;
- c) the Company has obtained all necessary approvals under various provisions of the Act;
- d) there was no prosecution initiated against or show cause notice received by the Company during the year under review under the Companies Act, SEBI Act, Depositories Act, Listing Agreement and rules, regulations and guidelines under these Acts.

3. We further report that:

- a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited;
- b) the Company has complied with the requirements under the Debt Listing Agreement for the securities listed on Wholesale Debt Market segment of National Stock Exchange of India Limited;
- c) the Company has complied with the provisions of the Securities and Exchange Board of India ( Substantial Acquisition of Shares and Takeovers ) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- d) the Company has complied with the provisions of the Securities and Exchange Board of India ( Prohibition of Insider Trading ) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- e) the Company has complied with the provisions of the Securities and Exchange Board of India ( Depositories and Participants Regulations, 1996 including submitting of Reconciliation of Share Capital Audit Reports;
- f) there were no issues during the year which required specific compliance of the provisions of the Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements ) Regulations, 2009;
- g) there were no issues during the year which required specific compliance of the provisions of the Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made under that Act.

### For Parikh & Associates

Practising Company Secretaries

**P. N. PARIKH**

FCS: 327 CP: 1228

**Mumbai, June 21, 2012**

## AWARDS AND ACHIEVEMENTS

### Awards won by Tata Motors include :

- Customer Support CVBU conferred with the **'Golden Peacock National Training Award'** 2011
- Ranked **'No. 1 in Nielsen's Corporate Image Monitor Survey 2012'** in India (for innovative techniques, providing reliable products & striving for excellence)
- Ranked **No.1 Employer** in the Engineering & Automotive Sector and No. 10 overall for 2011 in a survey conducted by Business Today, for **'Best Companies to Work for in India'**
- Conferred with the prestigious **'Golden Peacock Award'** for Excellence in Corporate Governance for 2011
- Won the **'Golden Peacock Environment Management Award'** for Corporate Social Responsibility for 2011
- Pantnagar plant
  - was conferred with the **'Sword of Honour Award'** by the British Safety Council, UK
  - won the prestigious **'Safety Innovation Award'** 2011
- Lucknow plant won
  - the **'Greentech Environment Silver Award'** 2011
  - the **'Golden Peacock National Quality Award'** 2011
  - the **'National Energy Conservation Award (NECA)'** for two consecutive years
  - the **'CII Excellent Energy Efficient Unit Award'** 2011 for the third consecutive year

### Various awards won by Jaguar Land Rover and products from its stable include :

- Jaguar Land Rover campaign, **'Ultimate Destination'** received two awards for its innovative multi-platform recruitment

### Jaguar C-X16

- **'Most Exciting Car to be Launched in 2012'** at the What Car? Awards
- Autoweek "Best in Show" Award at Frankfurt

### Jaguar XF

- **'Best Executive Car'** by TOPCAR magazine (China)
- **'Best Cars of 2012: Upper middle-sized class imports'** by Auto Motor und Sport (Germany) Awards 2011
- Auto Express Driver **'Power Car of the Decade'**
- Executive and Luxury category in the What Car?

### Range Rover Evoque

- North American **'Truck of the Year'** (USA)
- The Scotsman's **'Car of the Year'** (UK)
- **'Best Truck of 2011'** by Autoweek (USA)
- Decisive Magazine's **'Urban Truck of the Year'** Award (USA)
- Illustrierte magazine's **'Best Car 2012'** (Switzerland)
- Auto Express' **'New Car Champion'** in the Compact SUV category (UK)
- MSN **'Car of the Year 2011'**
- **Design trophy** at the L'Automobile Magazine Awards (France) and shortlisted for the Auto Hoje Magazine Best Car Award (Portugal)
- **'Car of the Year'** at the Auto Express Awards
- **'Best Compact SUV'** and **'Scottish Car of the Year'**
- Stuff magazine's 2011 **'Car of the Year'** (UK) in the annual technology award ceremony held at London's Globe Theatre
- Top Gear **'Car of the Year'** 2011
- Illustrierte magazine's **'Best Car 2012'** (Switzerland)

### Land Rover DC100 Sport

- Autoweek **'Best Concept'** Award

### Jaguar XKR-S

- **'Best Sports Car'**
- **'2011 Sports Car of the Year'** by the German motoring magazine, Auto Bild Sportscars

### Jaguar E-Type

- **'The most iconic Car of the Past 50 Years'**
- **'Engineering Heritage Award'** by the Institution of Mechanical Engineers

### Jaguar XJ 3.0 litre Diesel

- **'Green Apple Environment Award (UK)'** after being named Gold Winner for Luxury Green Vehicles

## AUDITORS' REPORT

### TO THE MEMBERS OF TATA MOTORS LIMITED

1. We have audited the attached Balance Sheet of **TATA MOTORS LIMITED** ("the Company") as at March 31, 2012, the Profit and Loss Statement and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (ii) in the case of the Profit and Loss Statement, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117366W)

**N. VENKATRAM**  
Partner  
(Membership No.71387)

MUMBAI, May 29, 2012

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business activities during the year are such that clauses (xiii), and (xiv) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification;
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal, in our opinion, has not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the stock of finished goods (other than a significant part of the spare parts held for sale) and work-in-progress in the Company's custody have been physically verified by the Management as at the end of the financial year, before the year-end or after the year-end, and in respect of stocks of stores and spares, the aforesaid spare parts held for sale, and raw materials in the Company's custody, there is a perpetual inventory system and a substantial portion of the stocks have been verified during the year. In our opinion, the frequency of verification is reasonable. In case of materials and spare parts held for sale lying with the third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held during the year or at the year-end;
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business;
  - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and have been properly dealt with in the books of account.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) the Company has granted unsecured loans aggregating ₹521.33 Crores to four parties covered in the register maintained under Section 301 of the Companies Act, 1956 (including ₹86.92 Crores granted during the year to two parties). At the year-end, the outstanding balances of such loans aggregated ₹579.36 Crores and maximum amount outstanding during the year was ₹579.36 Crores.
  - (b) the rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company having regard to the market yields and the business relationship with the Company to whom loans have been granted.
  - (c) The receipts of principal amount have been as per stipulations. However, there have been delays in receipts of interest.
  - (d) There are no overdue amounts in respect of principal amount outstanding. In respect of overdue interest amounts of more than rupees one lakh remaining outstanding as at the year-end, except in respect of interest outstanding from a subsidiary company for which the provision has been made, the Management has taken reasonable steps for the recovery of the overdue interest amounts.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

## ANNEXURE TO THE AUDITORS' REPORT

- (e) the Company has taken loans aggregating ₹11.52 Crores from six parties covered in the Register maintained under Section 301 of the Companies Act, 1956. At the year-end, the outstanding balance of such loans taken aggregated ₹ 0.20 Crores and the maximum amount outstanding during the year was ₹11.92 Crores.
- (f) the rate of interest and other terms and conditions of such loans taken are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (g) The principal amount is not due for repayment and the Company has been regular in payment of interest.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the register maintained under the said section have been so entered.
  - (b) Where each of such transaction is in excess of rupees five lakhs in respect of any party, and having regard to our comments in para (v) above, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing with the appropriate authorities undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. With regard to the contribution under the Employees' Deposit Linked Insurance Scheme, 1976 (the Scheme), we are informed that the Company has its own Life Cover Scheme, and consequently, an application has been made seeking an extension of exemption from contribution to the Scheme, which is awaited.
  - (b) There were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to the Company that were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

## ANNEXURE TO THE AUDITORS' REPORT

(c) Details of dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on March 31, 2012 on account of any disputes are given below:

| Nature of the Statute | Nature of the Dues        | Amount<br>(₹in crores) | Period to which the amount<br>relates to  | Forum where Pending     |
|-----------------------|---------------------------|------------------------|---|-------------------------|
| Income Tax Laws       | Income Tax                | 7.48                   | 1998-99, 1999-00, 2005-06   | Appellate Tribunal      |
|                       | Income Tax                | 45.24                  | 2003-04 to 2010-11  | Commissioner            |
| Central Excise Laws   | Excise Duty & Service Tax | 6.53                   | 2008-09 to 2011-12  | High Court              |
|                       | Excise Duty & Service Tax | 564.55                 | 2004-05 to 2011-12  | Appellate Tribunal      |
|                       | Excise Duty & Service Tax | 77.24                  | 1984-85, 1995-96, 2003-04,<br>2006-07 to 2011-12  | Commissioner (Appeals)  |
|                       | Excise Duty & Service Tax | 0.20                   | 2011-12   | Additional Commissioner |
|                       | Excise Duty & Service Tax | 0.03                   | 2011-12   | Deputy Commissioner     |
| Sales Tax Laws        | Sales Tax                 | 13.01                  | 1995-96   | Supreme Court           |
|                       | Sales Tax                 | 77.52                  | 1984-85 to 1990-91, 1993-94,<br>1994-95, 1997-98, 2000-01,<br>2002-03, 2005-06 to 2007-08             | High Court              |
|                       | Sales Tax                 | 21.46                  | 1988-89, 1989-90, 1992-93,<br>1994-95, 1995-96, 1998-99 to<br>2000-01, 2002-03 to 2007-08,<br>2010-11 | Tribunal                |
|                       | Sales Tax                 | 0.20                   | 1996-97, 1998-99, 2001-02   | Commissioner (Appeals)  |
|                       | Sales Tax                 | 215.79                 | 1997-98, 1999-00, 2001-02<br>to 2008-09   | Joint Commissioner      |
|                       | Sales Tax                 | 24.34                  | 1988-89, 1989-90, 1995-96,<br>1997-98, 2005-06 to 2007-08,<br>2009-10, 2010-11                        | Additional Commissioner |
|                       | Sales Tax                 | 1.26                   | 1979-80, 1994-95 to 1997-98,<br>2000-01, 2003-04, 2006-07,<br>2010-11                                 | Deputy Commissioner     |
|                       | Sales Tax                 | 0.07                   | 1986-87, 1995-96, 1997-98,<br>1988-89, 1990-91, 1999-2000   | Assistant Commissioner  |
|                       | Sales Tax                 | 0.44                   | 1995-96, 2000-01, 2001-02,<br>2004-05, 2006-07, 2007-08,<br>2009-10                                   | Trade Tax Officer       |

(xi) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.



## ANNEXURE TO THE AUDITORS' REPORT

- (xiii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause (xv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, as at March 31, 2012, we report that funds raised on short term basis of ` 3,595.61 Crores have been used during the year for long-term investment. Further the Company has explained that steps are being taken to augment long term funds.
- (xvii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any secured debentures. .
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the Company has not raised any money by public issue.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117366W)

**N. VENKATRAM**

Partner  
(Membership No.71387)

MUMBAI, May 29, 2012.

## BALANCE SHEET AS AT MARCH 31, 2012

(₹ in crores)

|   | Note  | Page | As at March 31, 2012 | As at March 31, 2011 |
|---|-------|------|----------------------|----------------------|
| <b>I EQUITY AND LIABILITIES</b>   |       |      |                      |                      |
| <b>1. SHAREHOLDERS' FUNDS</b>   |       |      |                      |                      |
| (a) Share capital   | 2     | 136  | 634.75               | 637.71               |
| (b) Reserves and surplus  | 3     | 138  | 18,991.26            | 19,375.59            |
|   |       |      | <b>19,626.01</b>     | <b>20,013.30</b>     |
| <b>2. NON-CURRENT LIABILITIES</b>   |       |      |                      |                      |
| (a) Long-term borrowings  | 4     | 139  | 8,004.50             | 9,679.42             |
| (b) Deferred tax liabilities (net)  | 5 (a) | 142  | 2,105.41             | 2,023.16             |
| (c) Other long-term liabilities   | 6     | 142  | 1,959.63             | 2,221.05             |
| (d) Long-term provisions  | 7     | 143  | 646.26               | 1,253.25             |
|   |       |      | <b>12,715.80</b>     | <b>15,176.88</b>     |
| <b>3. CURRENT LIABILITIES</b>   |       |      |                      |                      |
| (a) Short-term borrowings   | 8     | 143  | 3,007.13             | 4,958.77             |
| (b) Trade payables  | 9     | 144  | 8,744.83             | 8,817.27             |
| (c) Other current liabilities   | 10    | 144  | 7,470.95             | 3,210.37             |
| (d) Short-term provisions   | 11    | 144  | 2,954.56             | 2,013.86             |
|   |       |      | <b>22,177.47</b>     | <b>19,000.27</b>     |
|   |       |      | <b>54,519.28</b>     | <b>54,190.45</b>     |
| <b>II ASSETS</b>  |       |      |                      |                      |
| <b>1. NON-CURRENT ASSETS</b>  |       |      |                      |                      |
| (a) Fixed assets  |       |      |                      |                      |
| (i) Tangible assets   | 12    | 145  | 11,746.47            | 10,911.96            |
| (ii) Intangible assets  | 13    | 145  | 3,273.05             | 2,505.11             |
| (iii) Capital work-in-progress  |       |      | 1,910.30             | 1,719.86             |
| (iv) Intangible assets under development                                      |       |      | 2,126.37             | 2,079.17             |
|   |       |      | <b>19,056.19</b>     | <b>17,216.10</b>     |
| (b) Non-current investments   | 14    | 146  | 17,903.29            | 22,538.21            |
| (c) Long-term loans and advances  | 16    | 150  | 3,488.11             | 3,429.64             |
| (d) Other non-current assets  | 17    | 150  | 100.42               | 34.84                |
|   |       |      | <b>40,548.01</b>     | <b>43,218.79</b>     |
| <b>2. FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (NET)</b> |       |      |                      |                      |
|   | 27    | 155  | 258.35               | -                    |
| <b>3. CURRENT ASSETS</b>  |       |      |                      |                      |
| (a) Current investments   | 15    | 149  | 2,590.26             | 86.00                |
| (b) Inventories   | 18    | 151  | 4,588.23             | 3,891.39             |
| (c) Trade receivables   | 19    | 151  | 2,708.32             | 2,602.88             |
| (d) Cash and bank balances  | 20    | 152  | 1,840.96             | 2,428.92             |
| (e) Short-term loans and advances   | 21    | 152  | 1,871.74             | 1,850.62             |
| (f) Other current assets  | 22    | 152  | 113.41               | 111.85               |
|   |       |      | <b>13,712.92</b>     | <b>10,971.66</b>     |
|   |       |      | <b>54,519.28</b>     | <b>54,190.45</b>     |
| <b>III NOTES FORMING PART OF FINANCIAL STATEMENTS</b>                         |       |      |                      |                      |

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**N VENKATRAM**  
Partner

**RATAN N TATA**  
Chairman

**RAVI KANT**  
Vice-Chairman

For and on behalf of the Board

**N N WADIA**  
**S M PALIA**  
**R A MASHELKAR**  
**N MUNJEE**  
**S BHARGAVA**  
**V K JAIRATH**  
**R SEN**  
**R SPETH**

Directors

**P M TELANG**  
Managing Director - India Operations

**C RAMAKRISHNAN**  
Chief Financial Officer

**H K SETHNA**  
Company Secretary

Mumbai, May 29, 2012

Mumbai, May 29, 2012

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in crores)

|   | Note   | Page | 2011 - 2012       | 2010 - 2011 |
|---|--------|------|-------------------|-------------|
| <b>I. REVENUE FROM OPERATIONS</b>   | 23 (1) | 153  | <b>59,220.94</b>  | 51,183.95   |
| Less : Excise duty  |        |      | <b>(4,914.38)</b> | (4,095.51)  |
|   |        |      | <b>54,306.56</b>  | 47,088.44   |
| <b>II. OTHER INCOME</b>   | 23 (2) | 153  | <b>574.08</b>     | 422.97      |
| <b>III. TOTAL REVENUE (I + II)</b>  |        |      | <b>54,880.64</b>  | 47,511.41   |
| <b>IV. EXPENSES :</b>   |        |      |                   |             |
| (a) Cost of materials consumed  | 40     | 166  | <b>33,894.82</b>  | 27,058.47   |
| (b) Purchase of products for sale   | 34     | 164  | <b>6,433.95</b>   | 7,363.13    |
| (c) Changes in inventories of finished goods, work-in-progress and products for sale                |        |      | <b>(623.84)</b>   | (354.22)    |
| (d) Employee cost/benefits expense  | 24     | 154  | <b>2,691.45</b>   | 2,294.02    |
| (e) Finance cost  | 25     | 154  | <b>1,218.62</b>   | 1,383.70    |
| (f) Depreciation and amortisation expense   |        | 145  | <b>1,606.74</b>   | 1,360.77    |
| (g) Product development expense/ Engineering expenses   |        |      | <b>234.25</b>     | 141.23      |
| (h) Other expenses  | 26     | 154  | <b>8,405.51</b>   | 6,738.35    |
| (i) Expenditure transferred to capital and other accounts   |        |      | <b>(907.13)</b>   | (817.68)    |
| <b>TOTAL EXPENSES</b>   |        |      | <b>52,954.37</b>  | 45,167.77   |
| <b>V. PROFIT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEMS AND TAX (III - IV)</b>                     |        |      | <b>1,926.27</b>   | 2,343.64    |
| <b>VI. EXCEPTIONAL ITEMS</b>  |        |      |                   |             |
| (a) Exchange loss (net) including on revaluation of foreign currency borrowings, deposits and loans |        |      | <b>455.24</b>     | 147.12      |
| (b) Provision for loan given to a subsidiary  |        |      | <b>130.00</b>     | -           |
|   |        |      | <b>585.24</b>     | 147.12      |
| <b>VII. PROFIT BEFORE EXTRA ORDINARY ITEMS AND TAX (V - VI)</b>                                     |        |      | <b>1,341.03</b>   | 2,196.52    |
| VIII. Extraordinary items   |        |      | -                 | -           |
| <b>IX. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (VII - VIII)</b>                                |        |      | <b>1,341.03</b>   | 2,196.52    |
| X. Tax expense  | 5(b)   | 142  | <b>98.80</b>      | 384.70      |
| <b>XI. PROFIT AFTER TAX FOR THE YEAR FROM CONTINUING OPERATIONS (IX - X)</b>                        |        |      | <b>1,242.23</b>   | 1,811.82    |
| <b>XII. EARNINGS PER SHARE</b>  | 28     | 155  |                   |             |
| A. Ordinary shares  |        |      |                   |             |
| a. Basic  | ₹      |      | <b>3.90</b>       | 6.06        |
| b. Diluted  | ₹      |      | <b>3.77</b>       | 5.78        |
| B. 'A' Ordinary shares  |        |      |                   |             |
| a. Basic  | ₹      |      | <b>4.00</b>       | 6.16        |
| b. Diluted  | ₹      |      | <b>3.87</b>       | 5.88        |
| <b>XIII. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>   |        |      |                   |             |

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**N VENKATRAM**  
Partner

**RATAN N TATA**  
Chairman

**RAVI KANT**  
Vice-Chairman

For and on behalf of the Board

**N N WADIA**  
**S M PALIA**  
**R A MASHELKAR**  
**N MUNJEE**  
**S BHARGAVA**  
**V K JAIRATH**  
**R SEN**  
**R SPETH**

Directors

**P M TELANG**  
Managing Director - India Operations

**C RAMAKRISHNAN**  
Chief Financial Officer

**H K SETHNA**  
Company Secretary

Mumbai, May 29, 2012

Mumbai, May 29, 2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in crores)

|   | 2011-2012         | 2010-2011         |
|---|-------------------|-------------------|
| <b>A. Cash flow from operating activities</b>                                     |                   |                   |
| Profit after tax  | 1,242.23          | 1,811.82          |
| Adjustments for:  |                   |                   |
| Depreciation / amortisation (including lease equalisation adjusted in income)     | 1,602.22          | 1,356.26          |
| Loss / (profit) on sale of assets (net) (including assets scrapped / written off) | (1.79)            | 5.18              |
| Profit on sale of investments (net)   | (29.78)           | (2.28)            |
| Provision for loan given to a subsidiary  | 130.00            | -                 |
| Provision for diminution in value of investments (net)                            | -                 | 34.00             |
| Reversal of provision for loans and inter corporate deposits (net)                | -                 | (8.02)            |
| Wealth tax  | 0.90              | 0.81              |
| Tax expense   | 98.80             | 384.70            |
| Interest / dividend (net)   | 674.32            | 965.27            |
| Exchange differences  | 587.59            | 108.97            |
|   | <b>3,062.26</b>   | <b>2,844.89</b>   |
| Operating Profit before working capital changes                                   | <b>4,304.49</b>   | 4,656.71          |
| Adjustments for:  |                   |                   |
| Inventories   | (696.84)          | (955.80)          |
| Trade receivables   | (92.79)           | (216.44)          |
| Finance receivables   | 144.97            | 366.41            |
| Other current and non-current assets  | 33.80             | (505.91)          |
| Trade payables & acceptances  | (78.02)           | (1580.16)         |
| Other current and non-current liabilities   | 170.42            | 5.14              |
| Provisions  | 204.04            | 240.47            |
|   | <b>(314.42)</b>   | <b>(2,646.29)</b> |
| Cash generated from operations  | <b>3,990.07</b>   | 2,010.42          |
| Income taxes paid (net)   | <b>(336.48)</b>   | (504.86)          |
| Net cash from operating activities  | <b>3,653.59</b>   | 1,505.56          |
| <b>B. Cash flow from investing activities</b>                                     |                   |                   |
| Purchase of fixed assets  | <b>(2,852.56)</b> | (2,391.12)        |
| Sale of fixed assets  | 17.09             | 9.47              |
| Loans to associates and subsidiaries  | <b>(86.92)</b>    | (174.24)          |
| Refund received against loans to associates and subsidiaries                      | -                 | 8.62              |
| Advance towards investments in subsidiary companies                               | <b>(122.86)</b>   | (20.00)           |
| Advance towards investments in other companies                                    | <b>(25.00)</b>    | -                 |
| Investments in subsidiary companies   | <b>(1,684.01)</b> | (463.36)          |
| Investments in associate companies  | <b>(4.45)</b>     | (4.09)            |
| Investments in joint venture  | <b>(42.50)</b>    | (200.00)          |
| Investments - others  | -                 | (106.08)          |
| Investments in Mutual Fund sold (net)   | <b>114.78</b>     | 437.28            |
| Decrease in investments in retained interests in securitisation transactions      | <b>0.18</b>       | 3.20              |
| Redemption of investments in subsidiary companies                                 | <b>4,146.98</b>   | -                 |
| Redemption of investments - others  | <b>0.75</b>       | 0.75              |

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

|   | (₹ in crores)        |                        |
|---|----------------------|------------------------|
|   | 2011-2012            | 2010-2011              |
| Decrease in short term Inter-corporate deposits   | 16.04                | 34.11                  |
| Deposits of margin money / cash collateral  | (5.85)               | (59.89)                |
| Realisation of margin money / cash collateral   | 364.24               | 215.74                 |
| Fixed/restricted deposits with scheduled banks made   | (868.44)             | (1,090.10)             |
| Fixed/restricted deposits with scheduled banks realised   | 665.51               | 894.68                 |
| Interest received   | 331.11               | 202.15                 |
| Dividend / income on investments received   | 180.63               | 181.00                 |
| Net cash from / (used in) investing activities  | <u>144.72</u>        | <u>(2,521.88)</u>      |
| <b>C. Cash Flow from Financing Activities</b>   |                      |                        |
| Expenses on Foreign Currency Convertible Notes (FCCN) conversion                                | -                    | (3.59)                 |
| Premium on redemption of FCCN (including tax)   | (0.97)               | -                      |
| Brokerage and other expenses on Non-Convertible Debentures (NCD)                                | (76.69)              | (90.66)                |
| Proceeds from issue of shares held in abeyance  | 0.02                 | 3.08                   |
| Proceeds from issue of shares through QIP (net of issue expenses)                               | -                    | 3,249.80               |
| Reimbursement of expenses incurred on issue of GDS and FCCN                                     | -                    | 0.51                   |
| Proceeds from fixed deposits  | -                    | 339.39                 |
| Repayment of fixed deposits   | (1,069.25)           | (233.58)               |
| Proceeds from long term borrowings  | 2,498.24             | 1,221.68               |
| Repayment of long term borrowings   | (74.94)              | (1,274.56)             |
| Premium paid on redemption of NCD   | -                    | (71.96)                |
| Proceeds from short term borrowings   | 4,242.26             | 6,399.01               |
| Repayment of short term borrowings  | (6,942.24)           | (3,721.78)             |
| Net change in other short-term borrowings (with maturity up to three months)                    | 132.61               | (1,971.78)             |
| Dividend paid (including dividend distribution tax)   | (1,462.28)           | (990.21)               |
| Interest paid [including discounting charges paid, ₹ 365.62 crores (2010-2011 ₹ 418.50 crores)] | (1,482.35)           | (1,206.93)             |
| Net cash (used in) / from financing activities  | <u>(4,235.59)</u>    | <u>1,648.42</u>        |
| Net (decrease) / increase in cash and cash equivalents  | <u>(437.28)</u>      | <u>632.10</u>          |
| Cash and cash equivalents as at March 31, (opening balance)                                     | 1,352.14             | 716.27                 |
| Exchange fluctuation on foreign currency bank balances  | 4.78                 | 3.77                   |
| <b>Cash and cash equivalents as at March 31, (closing balance)</b>                              | <u><u>919.64</u></u> | <u><u>1,352.14</u></u> |
| <b>Non-cash transactions:</b>   |                      |                        |
| FCCN / CARS converted to ordinary shares  | -                    | 1,490.25               |

Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**N VENKATRAM**  
Partner

Mumbai, May 29, 2012

**RATAN N TATA**  
Chairman

**RAVI KANT**  
Vice-Chairman

For and on behalf of the Board

**N N WADIA**  
**S M PALIA**  
**R A MASHELKAR**  
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**V K JAIRATH**  
**R SEN**  
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Directors

**P M TELANG**  
Managing Director - India Operations

**C RAMAKRISHNAN**  
Chief Financial Officer

**H K SETHNA**  
Company Secretary

Mumbai, May 29, 2012

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. Significant accounting policies

#### (a) Basis of preparation

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof.

#### (b) Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

#### (c) Revenue recognition

The Company recognises revenue on the sale of products, net of discounts, when the products are delivered to the dealer / customer or when delivered to the carrier for export sales, which is when risks and rewards of ownership pass to the dealer / customer.

Sales include income from services, and exchange fluctuations relating to export receivables. Sales include export and other recurring and non-recurring incentives from the Government at the national and state levels. Sale of products is presented gross of excise duty where applicable, and net of other indirect taxes.

Revenues are recognised when collectibility of the resulting receivables is reasonably assured.

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

Interest income is recognized on the time basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.

#### (d) Depreciation and amortisation

(i) Depreciation is provided on Straight Line Method (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in the case of :

- Leasehold land – amortised over the period of the lease
- Technical know-how – at 16.67% (SLM)
- Laptops – at 23.75% (SLM)
- Cars – at 23.75% (SLM)
- Assets acquired prior to April 1, 1975 – on Written Down Value basis at rates specified in Schedule XIV to the Companies Act, 1956.
- Software in excess of ₹25,000 is amortised over a period of 60 months or on the basis of estimated useful life whichever is lower.
- Assets taken on lease are amortised over the period of lease.

(ii) Product development cost are amortised over a period of 36 months to 120 months or on the basis of actual production to planned production volume over such period.

(iii) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life.

(iv) Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use.

#### (e) Fixed assets

(i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization.

(ii) The product development cost incurred on new vehicle platform, engines, transmission and new products are recognised as fixed assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future benefits.

(iii) Cost includes purchase price, taxes and duties, labour cost and directly attributable costs for self constructed assets and other direct costs incurred upto the date the asset is ready for its intended use. Borrowing cost incurred for qualifying assets is capitalised up to the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. The cost of acquisition is further adjusted for exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.

(iv) Software not exceeding ₹25,000 and product development costs relating to minor product enhancements, facelifts and upgrades are charged off to the Profit and Loss Statement as and when incurred.

#### (f) Impairment

At each Balance Sheet date, the Company assesses whether there is any indication that the fixed assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As per the assessment conducted by the Company at March 31, 2012, there were no indications that the fixed assets have suffered an impairment loss.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(g) **Leases**

(i) **Finance lease**

Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

(ii) **Operating lease**

Leases other than finance lease, are operating leases, and the leased assets are not recognised on the Company's Balance Sheet. Payments under operating leases are recognised in the Profit and Loss Statement on a straight-line basis over the term of the lease.

(h) **Transactions in foreign currencies and accounting of derivatives**

(i) **Exchange differences**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates.

(1) Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (2) below are recognized as income or expense in the year in which they arise. Exchange differences considered as borrowing cost are capitalized to the extent these relate to the acquisition / construction of qualifying assets and the balance amount is recognized in the Profit and Loss Statement.

(2) Exchange differences relating to long term foreign currency monetary assets / liabilities are accounted for with effect from April 1, 2007 in the following manner:

- Differences relating to borrowings attributable to the acquisition of the depreciable capital asset are added to / deducted from the cost of such capital assets.
- Other differences are accumulated in Foreign Currency Monetary Item Translation Difference Account, to be amortized over the period, beginning April 1, 2007 or date of inception of such item, as applicable, and ending on March 31, 2011 or the date of its maturity, whichever is earlier.
- Pursuant to notification issued by the Ministry of Corporate Affairs, on December 29, 2011, the exchange differences on long term foreign currency monetary items (other than those relating to acquisition of depreciable asset) are amortised over the period till the date of maturity or March 31, 2020, whichever is earlier.

(ii) **Hedge accounting**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. With effect from April 1, 2008, the Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30 - Financial Instruments: Recognition and Measurement.

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve Account under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Profit and Loss Statement.

Amounts accumulated in Hedging Reserve Account are reclassified to profit and loss in the same periods during which the forecasted transaction affects Profit and Loss Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss Statement.

(iii) Premium or discount on forward contracts other than those covered in (ii) above is amortised over the life of such contracts and is recognised as income or expense. Foreign currency options and other derivatives are stated at fair value as at the year end with changes in fair value recognized in the Profit and Loss Statement.

(i) **Product warranty expenses**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

(j) **Income on vehicle loan**

Interest income on loan contracts are accounted for by using the Internal Rate of Return method. Consequently, a constant rate of return on the net outstanding amount is accrued over the period of contract. The Company provides an allowance for hire purchase and loan receivables that are in arrears for more than 11 months, to the extent of an amount equivalent to the outstanding principal and amounts due but unpaid, considering probable inherent loss including estimated realisation based on past performance trends. In respect of loan contracts that are in arrears for more than 6 months but not more than 11 months, allowance is provided to the extent of 10% of the outstanding and amount due but unpaid.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### (k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a moving weighted average / monthly moving weighted average basis. Cost, including variable and fixed overheads, are allocated to work-in-progress, stock-in-trade and finished goods determined on full absorption cost basis. Net realisable value is estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

### (l) Employee benefits

#### (i) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

#### (ii) Superannuation

The Company has two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. The Company accounts for the liability for superannuation benefits payable in future under the plan based on an independent actuarial valuation.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

The Company maintains a separate irrevocable trust for employees covered and entitled to benefits. The Company contributes up to 15% of the eligible employees' salary to the trust every year. The Company recognizes such contributions as an expense when incurred. The Company has no further obligation beyond this contribution.

#### (iii) Bhavishya Kalyan Yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan include pension in certain case, payable upto the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the Company's Medical Board. The monthly payment to dependents of the deceased / disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is higher. The Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation.

#### (iv) Post-retirement medicare scheme

Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The liability for post-retirement medical scheme is based on an independent actuarial valuation.

#### (v) Provident fund

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to the provident fund and pension fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(vi) **Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(m) **Investments**

Long term investments are stated at cost less other than temporary diminution in value, if any. Current investments are stated at lower of cost and fair value. Fair value of investments in mutual funds are determined on a portfolio basis.

(n) **Income taxes**

Tax expense comprises current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT).

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

(o) **Redemption premium on Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS) / Non-Convertible Debentures (NCD)**

Premium payable on redemption of FCCN / CARS / NCD as per the terms of issue, is provided fully in the year of issue by adjusting against the Securities Premium Account (SPA) (net of tax). Any change in the premium payable, consequent to conversion or exchange fluctuations is adjusted to the SPA.

(p) **Borrowing costs**

Fees towards structuring / arrangements and underwriting and other incidental costs incurred in connection with borrowings are amortised over the period of the loan.

(q) **Liabilities and contingent liabilities**

The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

(r) **Business segments**

The Company is engaged mainly in the business of automobile products consisting of all types of commercial and passenger vehicles including financing of the vehicles sold by the Company. These, in the context of Accounting Standard 17 on Segment Reporting, as specified in the Companies (Accounting Standards) Rules, 2006, are considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. Geographical Segment.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

**(₹ in crores)**
**2. Share capital**

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| <b>(a) Authorised :</b>  |                            |                            |
| 350,00,00,000 Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 70,00,00,000 shares of ₹ 10 each)                            | <b>700.00</b>              | 700.00                     |
| 100,00,00,000 'A' Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 20,00,00,000 shares of ₹ 10 each)                        | <b>200.00</b>              | 200.00                     |
| 30,00,00,000 Convertible Cumulative Preference shares of ₹ 100 each<br>(as at March 31, 2011: 30,00,00,000 shares of ₹ 100 each) | <b>3,000.00</b>            | 3,000.00                   |
|  | <b><u>3,900.00</u></b>     | <b><u>3,900.00</u></b>     |
| <b>(b) Issued, subscribed and fully paid :</b>   |                            |                            |
| 269,16,13,455 Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 53,82,72,284 shares of ₹ 10 each)                            | <b>538.32</b>              | 538.27                     |
| 48,19,33,115 'A' Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 9,63,41,706 shares of ₹ 10 each)                          | <b>96.39</b>               | 96.34                      |
|  | <b>634.71</b>              | 634.61                     |
| <b>(c) Calls unpaid - Ordinary shares</b>  | <b>(0.01)</b>              | (0.01)                     |
| <b>(d) Forfeited Shares - Ordinary shares</b>  | <b>0.05</b>                | 0.05                       |
| <b>(e) Amount received in respect of Ordinary shares pending allotment</b>   | <b>-</b>                   | 3.06                       |
|  | <b><u>634.75</u></b>       | <b><u>637.71</u></b>       |

**(f) Movement of number of shares and share capital :**

|  | 2011-2012            |               | 2010-2011     |               |
|--|----------------------|---------------|---------------|---------------|
|  | No. of shares        | (₹ in crores) | No. of shares | (₹ in crores) |
| <b>(i) Ordinary shares:</b>  |                      |               |               |               |
| Shares as on April 1   | <b>53,82,72,284</b>  | <b>538.27</b> | 50,63,81,170  | 506.38        |
| Add: Shares issued out of held in abeyance   | <b>50,199</b>        | <b>0.05</b>   | 388           | -*            |
| Add: Shares issued through Qualified Institutional Placement (QIP)                 | -                    | -             | 83,20,300     | 8.32          |
| Add: Shares issued through conversion of Foreign Currency Convertible Notes (FCCN) | -                    | -             | 2,35,70,426   | 23.57         |
|  | <b>53,83,22,483</b>  | <b>538.32</b> | 53,82,72,284  | 538.27        |
| Subdivision of ordinary shares of ₹ 10 each into 5 shares of ₹ 2 each              | <b>269,16,12,415</b> | <b>538.32</b> | -             | -             |
| Add: Shares issued out of held in abeyance   | <b>1,040</b>         | <b>-*</b>     | -             | -             |
| Shares as on March 31  | <b>269,16,13,455</b> | <b>538.32</b> | 53,82,72,284  | 538.27        |
| <b>(ii) 'A' Ordinary shares:</b>   |                      |               |               |               |
| Shares as on April 1   | <b>9,63,41,706</b>   | <b>96.34</b>  | 6,41,76,374   | 64.18         |
| Add: Shares issued out of held in abeyance   | <b>44,765</b>        | <b>0.05</b>   | 332           | -*            |
| Add: Shares issued through Qualified Institutional Placement (QIP)                 | -                    | -             | 3,21,65,000   | 32.16         |
|  | <b>9,63,86,471</b>   | <b>96.39</b>  | 9,63,41,706   | 96.34         |
| Subdivision of 'A' ordinary shares of ₹ 10 each into 5 shares of ₹ 2 each          | <b>48,19,32,355</b>  | <b>96.39</b>  | -             | -             |
| Add: Shares issued out of held in abeyance   | <b>760</b>           | <b>-*</b>     | -             | -             |
| Shares as on March 31  | <b>48,19,33,115</b>  | <b>96.39</b>  | 9,63,41,706   | 96.34         |

\* Less than ₹ 5,000/-

**(g) Rights, preferences and restrictions attached to shares :**
**(i) Ordinary shares of ₹ 2 each :**

- In respect of every Ordinary share (whether fully paid or partly paid), voting right shall be in same proportion as the capital paid upon such Ordinary share bears to the total paid up ordinary capital of the Company.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
- In the event of liquidation, the shareholders of Ordinary shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

**(ii) 'A' Ordinary shares ₹ 2 each :**

- The holders of 'A' Ordinary shares shall be entitled to dividend on each 'A' Ordinary share which will be of five percentage on face value more than the aggregate rate of dividend payable on Ordinary shares for the financial year.
- If any resolution at any general meeting of shareholders is put to vote on poll, or if any resolution is put to vote by postal ballot, each 'A' Ordinary shareholder shall be entitled to one vote for every ten 'A' Ordinary shares held.
- In case there is a resolution put to vote in the shareholders meeting and is to be decided on a show of hands, the holders of 'A' Ordinary shares shall be entitled to the same number of votes as available to holders of Ordinary shares.

**(iii) American Depository Shares (ADSs) and Global Depository Shares (GDSs) :**

- Holders of ADS and GDS are not entitled to attend or vote at shareholders meetings. Holders of ADS may exercise voting rights with respect to the Ordinary shares represented by ADS only in accordance with the provisions of the Company's ADS deposit agreement and Indian Law. The depository for the holders of the Global Depository Receipts (GDRs) shall exercise voting rights in respect of the GDS by issue of an appropriate proxy or power of attorney in terms of the deposit agreement pertaining to the GDRs.
- Shares issued upon conversion of ADSs will rank pari passu with existing Ordinary shares of ₹2/- each in all respects including entitlement of the dividend declared.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### (h) Number of shares held by each shareholder holding more than 5 percent of the issued share capital:

|   | As at March 31, 2012   |               | As at March 31, 2011   |               |
|---|------------------------|---------------|------------------------|---------------|
|   | % Issued share capital | No. of shares | % Issued share capital | No. of shares |
| (i) <b>Ordinary shares :</b>                    |                        |               |                        |               |
| (a) Tata Sons Limited                           | 25.96%                 | 69,88,33,345  | 25.61%                 | 13,78,58,939  |
| (b) Life Insurance Corporation of India         | 6.75%                  | 18,17,10,232  | 7.61%                  | 4,09,53,666   |
| (c) Tata Steel Limited                          | 5.49%                  | 14,78,10,695  | 5.49%                  | 2,95,62,139   |
| (d) Citibank N A as Depository                  | #                      | 43,54,28,360  | #                      | 10,97,28,393  |
| (ii) <b>'A' Ordinary shares :</b>               |                        |               |                        |               |
| (a) HDFC Trustee Co Limited - HDFC Top 200 Fund | 6.67%                  | 3,21,37,761   | *                      | -             |
| (b) HDFC Trustee Co Limited - HDFC Equity Fund  | 6.07%                  | 2,92,46,932   | *                      | -             |
| (c) Tata Sons Limited                           | *                      | -             | 17.54%                 | 1,69,01,979   |
| (d) IVY Funds, INC. Asset Strategy Fund         | *                      | -             | 9.65%                  | 92,98,590     |

# held by Citibank, N.A. as depository for American Depository Shares (ADSs) and Global Depository Shares (GDSs)

\* Less than 5%

During the year the Company has subdivided Ordinary shares and 'A' Ordinary shares having face value of ₹10 each into 5 shares having face value of ₹ 2 each. Consequently the number of shares as at March 31, 2011 is not comparable.

### (i) Information regarding issue of shares in the last five years

- The Company has not issued any shares without payment being received in cash.
- The Company has not issued any bonus shares.
- The Company has not undertaken any buy-back of shares.

### (j) Other Notes

- The Company has issued the Foreign Currency Convertible Notes (FCCNs) and Convertible Alternative Reference Securities (CARS) which are convertible into Ordinary shares or ADSs. Additionally, CARS can be converted into Qualifying securities in case there has been a qualifying issue as per the terms of issue. The terms of issue along with the earliest dates of conversion are given on page 141 note (iv).
- The entitlements to 4,93,000 Ordinary shares of ₹ 2 each (as at March 31, 2011 : 99,310 Ordinary shares of ₹ 10 each) and 2,73,400 'A' Ordinary shares of ₹ 2 each (as at March 31, 2011: 54,832 'A' Ordinary shares of ₹10 each) are subject matter of various suits filed in the courts / forums by third parties for which final order is awaited and hence kept in abeyance.
- The application for 49,836 Ordinary shares of ₹10 each and 44,626 'A' Ordinary shares of ₹10 each have been received, to be issued out of shares kept in abeyance as on March 31, 2011, for which allotment is pending.
- During the year ended March 31, 2011, the Company has issued shares aggregating US\$ 750 million, comprising 'A' Ordinary shares aggregating US\$ 550 million and Ordinary shares aggregating US\$ 200 million through Qualified Institutional Placement (QIP). Consequently, the Company has allotted 3,21,65,000 'A' Ordinary shares at a price of ₹ 764 per 'A' Ordinary share (including a premium of ₹ 754 per 'A' Ordinary share) and 83,20,300 Ordinary shares at a price of ₹ 1,074 per Ordinary share (including a premium of ₹ 1,064 per Ordinary share) aggregating to a total issue size of ₹ 3,351 crores.
- Subsequent to the year ended March 31, 2012, the Company has allotted :
  - 25 Ordinary shares and 26,075 'A' Ordinary shares out of shares held in abeyance; and
  - 22,370 Ordinary shares upon conversion of one Convertible Alternative Reference Securities (CARS) due 2012 and 1,60,95,391 Ordinary shares upon conversion of 422, 4% Foreign Currency Convertible Notes (FCCN) due 2014.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|  | As at<br>March 31,<br>2011 | Additions       | Deductions      | As at<br>March 31,<br>2012 |
|--|----------------------------|-----------------|-----------------|----------------------------|
| <b>3. Reserves and surplus</b>                     |                            |                 |                 |                            |
| (a) Capital Redemption Reserve                     | 2.28                       | -               | -               | 2.28                       |
|  | 2.28                       | -               | -               | 2.28                       |
| (b) Securities Premium Account [Note (i) and (ii)] | 11,350.68                  | 9.18            | 173.10          | 11,186.76                  |
|  | 6,714.59                   | 4,829.80        | 193.71          | 11,350.68                  |
| (c) Debenture Redemption Reserve                   | 1,102.15                   | 70.00           | -               | 1,172.15                   |
|  | 1,102.15                   | -               | -               | 1,102.15                   |
| (d) Revaluation Reserve [Note (iii)]               | 24.19                      | -               | 0.44            | 23.75                      |
|  | 24.63                      | -               | 0.44            | 24.19                      |
| (e) Amalgamation Reserve                           | 0.05                       | -               | -               | 0.05                       |
|  | 0.05                       | -               | -               | 0.05                       |
| (f) General Reserve [Note (iv)]                    | 4,817.32                   | 125.04          | -               | 4,942.36                   |
|  | 4,617.04                   | 200.28          | -               | 4,817.32                   |
| (g) Profit and Loss Account (Surplus) [Note (v)]   | 2,078.92                   | 1,243.71        | 1,658.72        | 1,663.91                   |
|  | 1,934.13                   | 1,811.82        | 1,667.03        | 2,078.92                   |
|  | <u>19,375.59</u>           | <u>1,447.93</u> | <u>1,832.26</u> | <u>18,991.26</u>           |
|  | <u>14,394.87</u>           | <u>6,841.90</u> | <u>1,861.18</u> | <u>19,375.59</u>           |

**Notes -**

|   | 2011-2012       |                 | 2010-2011       |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | Additions       | Deductions      | Additions       | Deductions      |
| (i) The opening and closing balances of Securities Premium Account are net of calls in arrears of ₹ 0.03 crore  |                 |                 |                 |                 |
| (ii) <b>Securities Premium Account :</b>  |                 |                 |                 |                 |
| (a) Premium on shares issued which were held in abeyance out of Rights issue of shares [previous year premium on shares issued on conversion of Foreign Currency Convertible Notes (FCCN) and held in abeyance out of Rights issue of shares] | 2.98            | -               | 1,466.70        | -               |
| (b) Premium on issue of shares through Qualified Institutional Placement (QIP)  | -               | -               | 3,310.52        | -               |
| (c) FCCN conversion expenses / QIP issue expenses, recovery of expenses on issue of GDS and FCCN and brokerage, stamp duty and other fees on Non-Convertible Debentures [net of tax ₹ Nil (2010-11 ₹ 1.77 crores)]                            | -               | 76.69           | 0.51            | 193.71          |
| (d) Premium on redemption of Debentures / FCCN / Convertible Alternative Reference Securities (CARS) (net) (including exchange differences and withholding tax) [net of tax ₹ 15.99 crores (2010-11 ₹ 139.99 crores)]                         | -               | 96.41           | 52.07           | -               |
| (e) Profit on sale of plant items written off in earlier years  | 6.20            | -               | -               | -               |
|   | <u>9.18</u>     | <u>173.10</u>   | <u>4,829.80</u> | <u>193.71</u>   |
| (iii) <b>Revaluation Reserve :</b>  |                 |                 |                 |                 |
| Depreciation on revalued portion of assets taken over on amalgamation of a company  | -               | 0.44            | -               | 0.44            |
|   | -               | 0.44            | -               | 0.44            |
| (iv) <b>General Reserve :</b>   |                 |                 |                 |                 |
| (a) Amount recovered (net) towards indemnity relating to business amalgamated in prior year   | 0.04            | -               | 0.28            | -               |
| (b) Amount transferred from Profit and Loss Account (Surplus)   | 125.00          | -               | 200.00          | -               |
|   | <u>125.04</u>   | <u>-</u>        | <u>200.28</u>   | <u>-</u>        |
| (v) <b>Profit and Loss Account (Surplus) :</b>  |                 |                 |                 |                 |
| (a) Profit after tax for the year   | 1,242.23        | -               | 1,811.82        | -               |
| (b) Credit for dividend distribution tax  | 1.48            | -               | -               | -               |
| (c) Proposed dividend   | -               | 1,280.70        | -               | 1,274.23        |
| (d) Tax on proposed dividend  | -               | 183.02          | -               | 192.80          |
| (e) Debenture Redemption Reserve  | -               | 70.00           | -               | -               |
| (f) General Reserve   | -               | 125.00          | -               | 200.00          |
|   | <u>1,243.71</u> | <u>1,658.72</u> | <u>1,811.82</u> | <u>1,667.03</u> |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

|   | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|---|----------------------------|----------------------------|
| <b>4. Long-term borrowings</b>  |                            |                            |
| <b>(A) Secured</b>  |                            |                            |
| (a) Privately placed Non-Convertible Debentures [Notes (i) and (ii) (a), page 140]  | <b>3,750.00</b>            | 4,100.00                   |
| (b) Term loans from banks :   |                            |                            |
| Buyers' line of credit (at floating interest rate) [Note (iii), page 140]   | <b>327.05</b>              | 420.08                     |
| (c) Finance lease obligations [Note 30(A)(a)(ii), page 157]   | <b>30.71</b>               | 10.49                      |
|   | <b><u>4,107.76</u></b>     | <u>4,530.57</u>            |
| <b>(B) Unsecured</b>  |                            |                            |
| (a) Foreign Currency Convertible Notes (FCCN) /<br>Convertible Alternative Reference Securities (CARS) [ Note (iv), page 141] | <b>597.36</b>              | 2,632.59                   |
| (b) Privately placed Non-Convertible Debentures [Note (ii)(b), page 140]  | <b>400.00</b>              | 400.00                     |
| (c) Term loans from banks :   |                            |                            |
| (i) External Commercial Borrowings (ECB) -USD 500 million<br>(at floating interest rate) [Note (vi), page 141]                | <b>2,544.13</b>            | -                          |
| (ii) Buyers' line of credit (at floating interest rate) [ note (iii), page 140]   | <b>38.02</b>               | 22.93                      |
| (d) Deposits* [Note (v) page 141] :   |                            |                            |
| (i) Deposits accepted from public   | <b>238.28</b>              | 1,523.34                   |
| (ii) Deposits accepted from shareholders  | <b>78.95</b>               | 569.99                     |
|   | <b><u>3,896.74</u></b>     | <u>5,148.85</u>            |
|   | <b><u>8,004.50</u></b>     | <u>9,679.42</u>            |
|   | -                          | 1.32                       |
| * Includes from Directors   |                            |                            |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

**Information regarding long-term borrowings****(i) Nature of security (on loans including interest accrued thereon) :**

- (a) Rated, Listed, Secured, Credit Enhanced, 2% Coupon, Premium Redemption Non-Convertible Debentures amounting to ₹ 3,400 crores (including current maturities of long term debts) are secured by a second charge in favour of Vijaya Bank , Debenture Trustee and first ranking *pari passu* charge in favour of State Bank of India as security trustee on behalf of the guarantors, by way of English mortgage of the Company's lands, freehold and leasehold, together with all buildings, constructions and immovable and movable properties situated at Chinchwad, Pimpri, Chikhali and Maval in Pune District and plant and machinery and other movable assets situated at Pantnagar in the State of Uttarakhand and at Jamshedpur in the State of Jharkhand. ₹350 crores are classified as current liabilities being maturing before March 31, 2013.
- (b) Rated, Listed, Secured, 9.95% Coupon, Non-Convertible Debentures amounting to ₹ 200 crores and 10.25% Coupon, Non-Convertible Debentures amounting to ₹ 500 crores are secured by a *pari passu* charge by way of an English mortgage of the Company's freehold land together with immovable properties, plant and machinery and other movable assets (excluding stock and book debts) situated at Sanand in the State of Gujarat.
- (c) Buyers line of credit from banks are secured by hypothecation of existing current assets of the Company viz. stock of raw materials, stock in process, semi-finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts including receivable from hire purchase / leasing and all other movable current assets except cash and bank balances, loans and advances of the Company both present and future.

**(ii) Schedule of repayment and redemption for Non-Convertible Debentures :****(₹ in crores)**

| <b>Non-Convertible Debentures (NCD's)</b>  | <b>Redeemable on</b> | <b>Principal</b> | <b>Premium</b> | <b>Total</b> |
|--|----------------------|------------------|----------------|--------------|
| <b>(a) Secured :</b>                       |                      |                  |                |              |
| 10.25% Non-Convertible Debentures (2025) # | April 30, 2025       | 150.00           | -              | 150.00       |
| 10.25% Non-Convertible Debentures (2024) # | April 30, 2024       | 150.00           | -              | 150.00       |
| 10.25% Non-Convertible Debentures (2023) # | April 30, 2023       | 100.00           | -              | 100.00       |
| 10.25% Non-Convertible Debentures (2022) # | April 30, 2022       | 100.00           | -              | 100.00       |
| 9.95% Non-Convertible Debentures (2020)    | March 2, 2020        | 200.00           | -              | 200.00       |
| 2% Non-Convertible Debentures (2016)       | March 31, 2016       | 1,250.00         | 919.23         | 2,169.23     |
| 2% Non-Convertible Debentures (2014)       | March 31, 2014       | 1,800.00         | 658.05         | 2,458.05     |

# The Company has a call option to redeem, either in part or full, at the end of 8th year from the date of allotment i.e. April 30, 2018.

**(b) Unsecured :**

|   |               |        |   |        |
|---|---------------|--------|---|--------|
| 9.70% Non-Convertible Debentures (2020) | June 18, 2020 | 150.00 | - | 150.00 |
| 9.75% Non-Convertible Debentures (2020) | May 24, 2020  | 100.00 | - | 100.00 |
| 9.90% Non-Convertible Debentures (2020) | May 7, 2020   | 150.00 | - | 150.00 |

- (iii) The buyers line of credit from banks is repayable within a maximum period of three years from the drawdown dates. All the repayments are due from 2012-13 to 2014-15.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### (iv) Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS) :

The Company issued the FCCN and CARS which are convertible into Ordinary shares or ADSs. Additionally, CARS can be converted into Qualifying securities\* in case there has been a qualifying issue as per the terms of issue. The particulars, terms of issue and the status of conversion as at March 31, 2012 are given below :

| Issue  | 1% FCCN (due 2011)  | 0% CARS (due 2012) **   | 4% FCCN (due 2014)   |
|--|---|---|--|
| Issued on  | April 27, 2004  | July 11, 2007   | October 15, 2009   |
| Issue amount (in INR at the time of the issue)                                     | US \$ 300 million<br>(₹ 1,315.50 crores)  | US \$ 490 million<br>(₹ 1,992.71 crores)  | US \$ 375 million<br>(₹ 1,794.19 crores)   |
| Face value   | US \$ 1,000   | US \$ 100,000   | US \$ 100,000  |
| Conversion Price per share at fixed exchange rate                                  | ₹ 780.40<br>US \$ 1 = ₹ 43.85   | ₹ 960.96<br>US \$ 1 = ₹ 40.59   | ₹ 623.88<br>US \$ 1 = ₹ 46.28  |
| Reset conversion price (Due to Rights issue, GDS issue and subdivision of shares)  | ₹ 736.72<br>US \$ 1 = ₹ 43.85   | ₹ 181.43<br>US \$ 1 = ₹ 40.59   | ₹ 121.34<br>US \$ 1 = ₹ 46.28  |
| Exercise period  | June 7, 2004 to March 28, 2011  | October 11, 2011 to June 12, 2012   | November 25, 2009 (for conversion into shares or GDSs) and October 15, 2010 (for conversion into ADSs) to October 9, 2014  |
| Early redemption at the option of the Company subject to certain conditions        | any time (in whole but not in part) in the event of certain changes affecting taxation in India | i) after October 11, 2011 at our option (in whole but not in part)<br><br>or<br><br>ii) any time (in whole but not in part) in the event of certain changes affecting taxation in India | i) any time on or after October 15, 2012 (in whole but not in part) at our option<br><br>or<br><br>ii) any time (in whole but not in part) in the event of certain changes affecting taxation in India |
| Redeemable on  | April 27, 2011  | July 12, 2012   | October 16, 2014   |
| Redemption percentage of the principal amount                                      | 121.781%  | 131.820%  | 108.505%   |
| Amount converted   | US \$ 299.10 million  | Nil   | US \$ 257.60 million   |
| Aggregate conversion into shares / ADRs  | 2,29,50,915   | Nil   | 1,94,23,734  |
| Aggregate notes redeemed   | 898   | Nil   | Nil  |
| Aggregate notes bought back  | Nil   | 170   | Nil  |
| Notes outstanding as at March 31, 2012   | Nil   | 4,730   | 1,174  |
| Amount outstanding as at March 31, 2012  | Nil   | US \$ 473.00 million<br>(₹ 2,406.74 crores)   | US \$ 117.40 million<br>(₹ 597.36 crores)  |
| Aggregate amount of shares that could be issued on conversion of outstanding notes | Nil   | 10,58,18,480  | 4,47,77,255 @  |

\* Qualifying securities holders will have no or differential voting rights in comparison to the existing shareholders and will have no rights to withdraw the underlying shares except upon certain conditions as per the terms of issue.

@ Increased due to cash dividend distribution antidilution adjustment as per terms of issue.

\*\* Classified as current liabilities as maturing before March 31, 2013.

### (v) Fixed deposits from public and shareholders :

These are unsecured deposits for a fixed tenor of up to three years bearing interest rates ranging from 8% to 12.5%

### (vi) ECB loan schedule of repayment:

| Date               | Repayment Amount<br>(USD Million) | Repayment Amount<br>(₹ crores)* |
|--------------------|-----------------------------------|---------------------------------|
| September 12, 2018 | 150                               | 763.24                          |
| September 12, 2017 | 150                               | 763.24                          |
| September 12, 2016 | 100                               | 508.83                          |
| September 14, 2015 | 100                               | 508.83                          |

\* at exchange rate of 1 US \$ = ₹ 50.8825 as at March 31, 2012.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|   | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|---|----------------------------|----------------------------|
| <b>5. Deferred tax liabilities (net)</b>  |                            |                            |
| (a) <b>Major components of deferred tax arising on account of timing differences are:</b> |                            |                            |
| <b>Liabilities:</b>   |                            |                            |
| Depreciation  | (1,237.11)                 | (1,176.14)                 |
| Product development cost  | (1,808.58)                 | (1,530.73)                 |
| Others  | (50.35)                    | (1.29)                     |
|   | <u>(3,096.04)</u>          | <u>(2,708.16)</u>          |
| <b>Assets:</b>  |                            |                            |
| Employee benefits / expenses allowable on payment basis                                   | 101.82                     | 92.54                      |
| Provision for doubtful debts  | 171.29                     | 157.69                     |
| Premium on redemption of CARS<br>(including exchange fluctuation on premium)              | 126.74                     | 111.13                     |
| Unabsorbed depreciation and business losses   | 566.99                     | 281.83                     |
| Others  | 23.79                      | 41.81                      |
|   | <u>990.63</u>              | <u>685.00</u>              |
| <b>Net deferred tax liability</b>   | <u>(2,105.41)</u>          | <u>(2,023.16)</u>          |
| (b) <b>Tax expense :</b>  |                            |                            |
| (i) <b>Current tax</b>  |                            |                            |
| Current tax   | 289.44                     | 434.76                     |
| Less : Minimum Alternate Tax (MAT credit)   | (288.88)                   | (426.36)                   |
|   | <b>0.56</b>                | <b>8.40</b>                |
| (ii) <b>Deferred tax</b>  |                            |                            |
| Opening deferred tax  | 2,023.16                   | 1,508.64                   |
| Debited /(credited) to Securities Premium Account   | (15.99)                    | 138.22                     |
|   | <u>2,007.17</u>            | <u>1,646.86</u>            |
| <b>Closing Deferred Tax</b>   | <u>2,105.41</u>            | <u>2,023.16</u>            |
| Deferred tax charge for the period  | 98.24                      | 376.30                     |
| <b>Total</b>  | <u>98.80</u>               | <u>384.70</u>              |
| <b>6. Other long-term liabilities</b>   |                            |                            |
| (a) Liability towards premium on redemption of Non-Convertible Debentures                 | 1,577.28                   | 1,673.83                   |
| (b) Deferred payment liabilities  | 286.25                     | 328.32                     |
| (c) Interest accrued but not due on borrowings  | 33.24                      | 151.47                     |
| (d) Others  | 62.86                      | 67.43                      |
|   | <u>1,959.63</u>            | <u>2,221.05</u>            |



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| <b>7. Long-term provisions</b>   |                            |                            |
| (a) Employee benefit obligation  | 401.33                     | 378.13                     |
| (b) Product warranty [Note 37(a), page 164]  | 65.50                      | 51.98                      |
| (c) Provision for delinquency [Note 37(b), page 164]   | 108.81                     | 9.96                       |
| (d) Premium for redemption of Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS) [Note 37(c), page 164] | 56.77                      | 800.22                     |
| (e) Others   | 13.85                      | 12.96                      |
|  | <u>646.26</u>              | <u>1,253.25</u>            |
| <b>8. Short-term borrowings</b>  |                            |                            |
| <b>(A) Secured</b>   |                            |                            |
| From banks [Note below]  |                            |                            |
| (i) Loans, cash credit and overdrafts accounts   | 326.91                     | 221.88                     |
| (ii) Buyers line of credit   | 1,020.01                   | 585.31                     |
| (iii) Foreign Currency Non Repatriable Borrowings [FCNR(B)]  | 1,461.09                   | 2,370.76                   |
|  | <u>2,808.01</u>            | <u>3,177.95</u>            |
| <b>(B) Unsecured</b>   |                            |                            |
| (a) From banks   | -                          | 200.00                     |
| (b) Loans and advances from subsidiaries and associates  | 67.85                      | 11.00                      |
| (c) Deposits   | -                          | 50.00                      |
| (d) Commercial paper [maximum balance outstanding during the year ₹ 1,540 crores (2010-2011 : ₹ 3,390 crores)]   | 131.27                     | 1,519.82                   |
|  | <u>199.12</u>              | <u>1,780.82</u>            |
|  | <u>3,007.13</u>            | <u>4,958.77</u>            |

**Note :**

Loans, cash credits, overdrafts and buyers line of credit from banks and Foreign Currency Non Repatriable Borrowings [FCNR(B)] are secured by hypothecation of existing current assets of the Company viz. stock of raw materials, stock in process, semi-finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts including receivable from hire purchase / leasing and all other moveable current assets except cash and bank balances, loans and advances of the Company both present and future.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| <b>9. Trade payables</b>   |                            |                            |
| (a) Acceptances  | 3,808.24                   | 4,864.73                   |
| (b) Other than acceptances* [Note 44 (iv), page 168]   | 4,936.59                   | 3,952.54                   |
|  | <u>8,744.83</u>            | <u>8,817.27</u>            |
| * Includes payable to subsidiary companies :   |                            |                            |
| Sheba Properties Ltd   | -                          | 0.52                       |
| TAL Manufacturing Solutions Ltd  | 16.09                      | 37.45                      |
| Tata Motors European Technical Centre Plc  | 7.91                       | 10.35                      |
| Tata Motors Finance Ltd  | 84.84                      | 62.05                      |
| Tata Technologies Ltd  | 18.15                      | 21.05                      |
| TML Distribution Company Ltd   | 102.22                     | -                          |
| Jaguar Cars Ltd  | 6.44                       | 14.32                      |
| Land Rover   | 41.10                      | 24.51                      |
| Trilix Srl, Turin (Italy)  | 14.02                      | 2.30                       |
|  |                            |                            |
|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
| <b>10. Other current liabilities</b>   |                            |                            |
| (a) Interest accrued but not due on borrowings   | 365.05                     | 239.98                     |
| (b) Current maturities of long term borrowings [Note below]  | 4,868.94                   | 1,277.24                   |
| (c) Liability for capital expenditure  | 415.78                     | 334.66                     |
| (d) Liability for deposits & retention   | 37.67                      | 53.74                      |
| (e) Deferred payment liabilities   | 75.30                      | 75.30                      |
| (f) Advance and progress payments from customers   | 717.55                     | 596.70                     |
| (g) Statutory dues (VAT, Excise, Service tax, Octroi etc)  | 591.98                     | 540.10                     |
| (h) Liability towards premium on redemption of Non-Convertible Debentures  | 96.55                      | -                          |
| (i) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 (IEPF) not due                           |                            |                            |
| (i) Unpaid dividends   | 15.83                      | 12.55                      |
| (ii) Unclaimed matured deposits  | 171.69                     | 9.66                       |
| (iii) Unclaimed matured debentures   | 0.21                       | 0.21                       |
| (iv) Unclaimed interest on deposits and debentures   | 1.68                       | 0.92                       |
| (j) Derivative financial instruments   | 27.02                      | 1.91                       |
| (k) Others   | 85.70                      | 67.40                      |
|  | <u>7,470.95</u>            | <u>3,210.37</u>            |
| <b>Note :</b>  |                            |                            |
| <b>Current maturities of long term borrowings consist of :</b>   |                            |                            |
| (i) Non-Convertible Debentures   | 350.00                     | -                          |
| (ii) Buyers credit (capex) in foreign currency   | 354.34                     | 68.01                      |
| (iii) Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS)  | 2,406.74                   | 4.00                       |
| (iv) Fixed deposits*   | 1,744.03                   | 1,199.02                   |
| (v) Finance lease obligations [Note 30(A)(a)(ii), page 157]  | 13.83                      | 6.21                       |
|  | <u>4,868.94</u>            | <u>1,277.24</u>            |
| * Includes from Directors  | 0.20                       | 10.20                      |
|  |                            |                            |
|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
| <b>11. Short-term provisions</b>   |                            |                            |
| (a) Employee benefit obligation  | 38.17                      | 26.16                      |
| (b) Product warranty [Note 37(a), page 164]  | 387.26                     | 346.27                     |
| (c) Current income tax (net of payment)  | 181.08                     | 160.42                     |
| (d) Premium on redemption of Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS)[Note 37(c), page 164] | 855.73                     | 0.87                       |
| (e) Proposed dividend  | 1,280.70                   | 1,274.23                   |
| (f) Provision for tax on dividends   | 183.02                     | 192.80                     |
| (g) Others   | 28.60                      | 13.11                      |
|  | <u>2,954.56</u>            | <u>2,013.86</u>            |

# NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

| 12. Tangible assets   |                          |                                     |                          |                           |  |                           |                                       |   |                                     |
|---|--------------------------|-------------------------------------|--------------------------|---------------------------|--|---------------------------|---------------------------------------|---|-------------------------------------|
| Particulars   | Cost as at April 1, 2011 | Additions / adjustments [Note (iv)] | Deductions / adjustments | Cost as at March 31, 2012 | Accumulated depreciation April 1, 2011 | Depreciation for the year | Deductions / adjustments for the year | Accumulated depreciation up to March 31, 2012 | Net book value as at March 31, 2012 |
| <b>[I] Owned assets :</b>                                     |                          |                                     |                          |                           |  |                           |                                       |   |                                     |
| (i) Land  | 519.76                   | -                                   | -                        | 519.76                    | -                                      | -                         | -                                     | -   | 519.76                              |
|   | 519.76                   | -                                   | -                        | 519.76                    | -                                      | -                         | -                                     | -   | 519.76                              |
| (ii) Buildings [Notes (i) & (ii) (a)]                         | 2,063.46                 | 289.23                              | 0.58                     | 2,352.11                  | 411.90                                 | 63.35                     | 0.28                                  | 474.97  | 1,877.14                            |
|   | 1,542.80                 | 521.03                              | 0.37                     | 2,063.46                  | 353.82                                 | 58.16                     | 0.08                                  | 411.90  | 1,651.56                            |
| (iii) Plant, machinery and equipment [Notes (ii) (a) & (iii)] | 14,345.53                | 1,554.42                            | 74.69                    | 15,825.26                 | 6,124.39                               | 1,016.73                  | 69.67                                 | 7,071.45                                      | 8,753.81                            |
|   | 11,741.32                | 2,699.02                            | 94.81                    | 14,345.53                 | 5,293.77                               | 920.33                    | 89.71                                 | 6,124.39                                      | 8,221.14                            |
| (iv) Furniture and fixtures [Note (iii)]                      | 78.88                    | 31.19                               | 0.22                     | 109.85                    | 39.68                                  | 4.98                      | 0.20                                  | 44.46   | 65.39                               |
|   | 66.97                    | 11.96                               | 0.05                     | 78.88                     | 36.14                                  | 3.57                      | 0.03                                  | 39.68   | 39.20                               |
| (v) Vehicles [Note (iii)]                                     | 133.29                   | 26.43                               | 20.18                    | 139.54                    | 75.59                                  | 19.52                     | 16.75                                 | 78.36   | 61.18                               |
|   | 117.68                   | 25.86                               | 10.25                    | 133.29                    | 68.06                                  | 15.94                     | 8.41                                  | 75.59   | 57.70                               |
| (vi) Office equipment   | 45.05                    | 2.58                                | 1.36                     | 46.27                     | 15.77                                  | 2.52                      | 0.18                                  | 18.11   | 28.16                               |
|   | 39.10                    | 6.25                                | 0.30                     | 45.05                     | 14.07                                  | 2.00                      | 0.30                                  | 15.77   | 29.28                               |
| (vii) Computers and other IT assets                           | 524.17                   | 43.34                               | 13.64                    | 553.87                    | 415.50                                 | 34.74                     | 12.91                                 | 437.33  | 116.54                              |
|   | 489.12                   | 45.29                               | 10.24                    | 524.17                    | 378.41                                 | 43.00                     | 5.91                                  | 415.50  | 108.67                              |
| (viii) Water system and sanitation [Note (ii)(a)]             | 141.36                   | 22.95                               | -                        | 164.31                    | 40.06                                  | 6.66                      | -                                     | 46.72   | 117.59                              |
|   | 109.08                   | 32.28                               | -                        | 141.36                    | 33.82                                  | 6.24                      | -                                     | 40.06   | 101.30                              |
| <b>[II] Assets given on lease :</b>                           |                          |                                     |                          |                           |  |                           |                                       |   |                                     |
| (i) Plant, machinery and equipment                            | 395.81                   | -                                   | 3.02                     | 392.79                    | 379.09                                 | 4.86                      | 6.95                                  | 377.00  | 15.79                               |
|   | 395.81                   | -                                   | -                        | 395.81                    | 378.75                                 | 4.86                      | 4.52                                  | 379.09  | 16.72                               |
| <b>[III] Assets taken on lease :</b>                          |                          |                                     |                          |                           |  |                           |                                       |   |                                     |
| (i) Leasehold land [Note (ii)(b)]                             | 118.73                   | -                                   | -                        | 118.73                    | 10.08                                  | 1.18                      | -                                     | 11.26   | 107.47                              |
|   | 102.47                   | 16.26                               | -                        | 118.73                    | 8.51                                   | 1.57                      | -                                     | 10.08   | 108.65                              |
| (ii) Buildings  | 31.28                    | -                                   | -                        | 31.28                     | 3.21                                   | 0.08                      | (0.43)                                | 3.72  | 27.56                               |
|   | 31.28                    | -                                   | -                        | 31.28                     | 2.70                                   | 0.08                      | (0.43)                                | 3.21  | 28.07                               |
| (iii) Plant, machinery and equipment                          | 36.43                    | -                                   | -                        | 36.43                     | 27.86                                  | 2.08                      | -                                     | 29.94   | 6.49                                |
|   | 36.43                    | -                                   | -                        | 36.43                     | 25.30                                  | 2.55                      | (0.01)                                | 27.86   | 8.57                                |
| (iv) Computers and other IT assets                            | 63.92                    | 49.29                               | -                        | 113.21                    | 42.58                                  | 21.04                     | -                                     | 63.62   | 49.59                               |
|   | 53.22                    | 10.70                               | -                        | 63.92                     | 29.93                                  | 12.65                     | -                                     | 42.58   | 21.34                               |
| <b>TOTAL TANGIBLE ASSETS</b>                                  | <b>18,497.67</b>         | <b>2,019.43</b>                     | <b>113.69</b>            | <b>20,403.41</b>          | <b>7,585.71</b>                        | <b>1,177.74</b>           | <b>106.51</b>                         | <b>8,656.94</b>                               | <b>11,746.47</b>                    |
|   | 15,245.04                | 3,368.65                            | 116.02                   | 18,497.67                 | 6,623.28                               | 1,070.95                  | 108.52                                | 7,585.71                                      | 10,911.96                           |

**Notes:**

- (i) Buildings include ₹ 8,631 (as at March 31, 2011 ₹ 8,631) being value of investments in shares of Co-operative Housing Societies.
- (ii) (a) Buildings, water system and sanitation and plant and machinery include gross block of ₹ 4.76 crores, ₹ 1.93 crores and ₹ 8.83 crores (as at March 31, 2011 ₹ 4.76 crores, ₹ 1.93 crores and ₹ 3.76 crores) and net block of ₹ 0.08 crore, ₹ 0.18 crore and ₹ 4.69 crores respectively (as at March 31, 2011 ₹ 0.08 crore, ₹ 0.26 crore and ₹ 0.31 crore) in respect of expenditure incurred on capital assets, ownership of which does not vest in the Company.
- (b) The registration of leasehold land of ₹ 10.80 crores (as at March 31, 2011 ₹ 10.80 crores) is in process.
- (iii) Includes plant, machinery and equipment, furniture and fixtures, office equipments, vehicles and computers and other IT assets having gross block of ₹ 142.84 crores, ₹ 0.14 crore, ₹ 1.27 crores, ₹ 1.39 crores and ₹ 119.46 crores (as at March 31, 2011 ₹ 154.22 crores, ₹ 0.11 crore, ₹ 0.33 crore, ₹ 0.40 crore and ₹ 141.58 crores), and net block of ₹ 5.24 crores, ₹ 0.01 crore, ₹ 0.07 crore, ₹ 0.02 crore and ₹ 0.28 crore (as at March 31, 2011 ₹ 5.80 crores, ₹ 0.01 crore, ₹ 0.01 crore, ₹ 0.02 crore and ₹ 0.48 crore) respectively, held for disposal.
- (iv) Additions / adjustments include capitalisation of exchange loss mainly on plant, machinery and equipment of ₹ 165.08 crores (2010-2011 capitalisation of exchange loss of ₹ 54.18 crores).
- (v) Depreciation excludes :
  - (a) Lease equalisation of ₹ 4.51 crores (2010-2011 ₹ 4.51 crores) adjusted in lease rental income.
  - (b) Depreciation of ₹ 0.44 crore (2010-2011 ₹ 0.44 crore) on revalued portion of gross block transferred to Revaluation Reserve.

**13. Intangible assets**

| Particulars                      | Cost as at April 1, 2011 | Additions / adjustments ** | Deductions / adjustments | Cost as at March 31, 2012 | Accumulated amortisation as at April 1, 2011 | Amortisation for the year | Deductions / adjustments for the year | Accumulated amortisation up to March 31, 2012 | Net book value as at March 31, 2012 |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------|--|---------------------------|---------------------------------------|---|-------------------------------------|
| (i) Technical Know-how #         | 34.51                    | -                          | -                        | 34.51                     | 34.51  | -                         | -                                     | 34.51   | -                                   |
|                                  | 34.51                    | -                          | -                        | 34.51                     | 34.51  | -                         | -                                     | 34.51   | -                                   |
| (ii) Computer software #         | 307.56                   | 75.63                      | 0.87                     | 382.32                    | 235.79                                       | 41.63                     | 0.56                                  | 276.86  | 105.46                              |
|                                  | 259.82                   | 47.74                      | -                        | 307.56                    | 194.67                                       | 38.74                     | (2.38)                                | 235.79  | 71.77                               |
| (iii) Product development cost * | 3,043.58                 | 1,121.57                   | -                        | 4,165.15                  | 610.24                                       | 387.37                    | 0.05                                  | 997.56  | 3,167.59                            |
|                                  | 2,877.44                 | 166.14                     | -                        | 3,043.58                  | 360.46                                       | 251.08                    | 1.30                                  | 610.24  | 2,433.34                            |
| <b>TOTAL INTANGIBLE ASSETS</b>   | <b>3,385.65</b>          | <b>1,197.20</b>            | <b>0.87</b>              | <b>4,581.98</b>           | <b>880.54</b>                                | <b>429.00</b>             | <b>0.61</b>                           | <b>1,308.93</b>                               | <b>3,273.05</b>                     |
|                                  | 3,171.77                 | 213.88                     | -                        | 3,385.65                  | 589.64                                       | 289.82                    | (1.08)                                | 880.54  | 2,505.11                            |

**Notes :**

- \* Internally generated intangible asset
- # Other than internally generated intangible asset
- \*\* Additions / adjustments include capitalisation of exchange loss mainly on product development cost of ₹ 25.47 crores (2010-2011 capitalisation of exchange gain of ₹ 0.69 crores).

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|   |                        |   | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
|---|------------------------|---|-------------------------|-------------------------|
| <b>14. Non-current investments</b>                        |                        |   |                         |                         |
| Number  | Face value<br>per unit | Description   |                         |                         |
| <b>Long-term investments (at cost)</b>                    |                        |   |                         |                         |
| <b>(A) Trade investments</b>                              |                        |   |                         |                         |
| <b>(1) Fully paid Ordinary / Equity shares (quoted)</b>   |                        |   |                         |                         |
| <b>(i) Associates</b>                                     |                        |   |                         |                         |
| 29,81,749   | 10                     | Automobile Corporation of Goa Ltd.<br>(142,936 shares acquired during the period)   | 108.21                  | 103.76                  |
| 44,32,497   | 10                     | (ii) <b>Others</b><br>Tata Steel Ltd  | 245.04                  | 245.04                  |
| 70,249  | 10                     | Tata Chemicals Ltd  | 0.24                    | 0.24                    |
|   |                        |   | <u>353.49</u>           | <u>349.04</u>           |
| <b>(2) Fully paid Ordinary / Equity shares (unquoted)</b> |                        |   |                         |                         |
| <b>(i) Investments in subsidiary companies</b>            |                        |   |                         |                         |
| 75,00,000   | 100                    | Sheba Properties Ltd  | 75.00                   | 75.00                   |
| 3,03,00,600   | 10                     | Tata Technologies Ltd   | 224.10                  | 224.10                  |
| 36,98,120   | 10                     | Concorde Motors (India) Ltd<br>(1,250,000 shares acquired during the period)  | 49.63                   | 29.63                   |
| 6,50,00,000   | 10                     | TAL Manufacturing Solutions Ltd   | 150.00                  | 150.00                  |
| -   | 10                     | HV Transmissions Ltd [Note 14 page 148]   | -                       | 68.00                   |
| 7,70,00,000   | 10                     | TML Drivelines Limited [Note 14 page 148]<br>(Formerly known as HV Axles Ltd)   | 448.85                  | 76.50                   |
| 25,00,000   | 10                     | (11,550,000 shares acquired during the period)<br>Tata Motors Insurance Broking and Advisory Services Ltd<br>[Note 12 page 148] | 19.31                   | 19.31                   |
| 30,16,060 (KRW)   | 5,000                  | Tata Daewoo Commercial Vehicle Co. Ltd (Korea)  | 245.41                  | 245.41                  |
| 32,62,494 (GBP)   | 1                      | Tata Motors European Technical Centre Plc, UK<br>[Note 6, page 147]<br>(794,341 shares acquired during the period)              | 25.89                   | 19.85                   |
| 7,900   | -                      | Tata Technologies Inc   | 0.63                    | 0.63                    |
| 117,00,00,000   | 10                     | Tata Motors Finance Ltd<br>(120,000,000 shares acquired during the period)  | 2,050.00                | 1,750.00                |
| 8,67,00,000   | 10                     | Tata Marcopolo Motors Ltd [Note 7, page 148]  | 86.70                   | 86.70                   |
| 22,50,00,000  | 10                     | TML Distribution Company Ltd  | 225.00                  | 225.00                  |
| 1,48,69,900 (THB)   | 100                    | Tata Motors (Thailand) Ltd [Note 8, page 148]<br>(5,000,000 shares acquired during the period)                                  | 209.89                  | 135.15                  |
| 1,19,02,200 (ZAR)   | 1                      | Tata Motors (SA) (Proprietary) Ltd<br>(200 shares acquired during the period)   | 7.81                    | 7.81                    |
| 100 (SGD)   | 1                      | TML Holdings Pte Ltd, (Singapore) [₹2,778.73]   | -                       | -                       |
| 254,66,59,318 (USD)                                       | 1                      | (91,666,700 shares sold during the period)<br>[Note 9, page 148]  | 11,816.76               | 12,814.00               |
| 1,34,523 (EUR)  | 31.28                  | Tata Hispano Motors Carrocera S.A. [Note 10, page 148]  | 17.97                   | 17.97                   |
| 1,83,59,203 (SGD)   | 1                      | Tata Precision Industries Pte. Ltd (Singapore)  | 40.53                   | 40.53                   |
|   |                        | Trilix Srl., Turin (Italy) [Note 13, page 148]  | 11.94                   | 11.94                   |
|   |                        |   | <u>15,705.42</u>        | <u>15,997.53</u>        |
| <b>(ii) Associates</b>                                    |                        |   |                         |                         |
| 16,000 (TK)   | 1,000                  | NITA Co. Ltd (Bangladesh)   | 1.27                    | 1.27                    |
| 9,00,00,000   | 10                     | Tata Cummins Ltd  | 90.00                   | 90.00                   |
| 5,23,33,170   | 10                     | Tata AutoComp Systems Ltd   | 77.47                   | 77.47                   |
| 3,97,50,000   | 10                     | Telco Construction Equipment Company Ltd [Note 5, page 147]   | 79.50                   | 79.50                   |
|   |                        |   | <u>248.24</u>           | <u>248.24</u>           |
| <b>(iii) Joint venture (JV)</b>                           |                        |   |                         |                         |
| 9,59,96,395   | 100                    | Fiat India Automobiles Ltd [Note 11, page 148]<br>(4,250,000 shares acquired during the period)                                 | 1,242.04                | 1,199.54                |
| <b>(iv) Others</b>  |                        |   |                         |                         |
| 25,000  | 1,000                  | Tata International Ltd  | 3.85                    | 3.85                    |
| 1,383   | 1,000                  | Tata Services Ltd   | 0.14                    | 0.14                    |
| 350   | 900                    | The Associated Building Company Ltd   | 0.01                    | 0.01                    |
| 1,03,10,242   | 100                    | Tata Industries Ltd.  | 183.19                  | 183.19                  |
| 1,35,000  | 100                    | Tata Projects Ltd   | 4.68                    | 4.68                    |
| 33,600  | 100                    | Kulkarni Engineering Associates Ltd   | 0.67                    | 0.67                    |
| 12,375  | 1,000                  | Tata Sons Ltd   | 68.75                   | 68.75                   |
| 2,25,00,001   | 10                     | Haldia Petrochemicals Ltd.  | 22.50                   | 22.50                   |
| 2,40,000  | 10                     | Oriental Floratech (India) Pvt. Ltd   | 0.24                    | 0.24                    |
| 39,05,624   | 10                     | Tata Capital Ltd  | 5.86                    | 5.86                    |
|   |                        |   | <u>289.89</u>           | <u>289.89</u>           |
|   |                        | Carried forward   | <u>17,839.08</u>        | <u>18,084.24</u>        |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

### 14. Non-current investments (contd.)

| Number  | Face value per unit | Description  | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
|---|---------------------|--|-------------------------|-------------------------|
| <b>Long-term investments (at cost) (contd.)</b> |                     |  |                         |                         |
|   |                     | Brought forward  | <b>17,839.08</b>        | 18,084.24               |
|   |                     | <b>(3) Fully paid Cumulative Redeemable Preference shares (unquoted)</b> |                         |                         |
|   |                     | <b>(a) Subsidiaries</b>  |                         |                         |
| 13,54,195                                       | 100                 | 7% Concorde Motors (India) Ltd   | <b>13.54</b>            | 13.54                   |
| -   | -                   | 6.25% TML Holdings Pte Ltd, (Singapore) [Note 5, page 149]               | -                       | 4,487.03                |
| 13,63,624                                       | (GBP) 1             | 6% Tata Motors European Technical Centre Plc, UK                         | <b>11.12</b>            | <b>9.75</b>             |
|   |                     |  | <b>24.66</b>            | 4,510.32                |
|   |                     | <b>(b) Associates</b>  |                         |                         |
| -   | -                   | 8% Tata AutoComp Systems Ltd   | -                       | 21.00                   |
|   |                     | <b>(c) Others</b>  |                         |                         |
| -   | -                   | 7.5% Tata Sons Ltd   | -                       | 10.00                   |
|   |                     |  | <b>24.66</b>            | 4,541.32                |
|   |                     | <b>(4) Non-Convertible Debentures (unquoted)</b>                         |                         |                         |
|   |                     | <b>(i) Others</b>  |                         |                         |
| -   | -                   | 8% Tata Projects Ltd   | -                       | 0.75                    |
|   |                     | <b>(B) Other investments</b>   |                         |                         |
|   |                     | <b>(1) Fully paid Equity shares (unquoted)</b>                           |                         |                         |
| 50,000  | 10                  | NICCO Jubilee Park Ltd.  | <b>0.05</b>             | 0.05                    |
|   |                     |  | <b>17,863.79</b>        | 22,626.36               |
|   |                     | Less : Provision for Diminution in value of Long-term investments        | <b>108.73</b>           | 108.73                  |
|   |                     | <b>(2) Retained interest in securitisation transactions (unquoted)</b>   | <b>0.37</b>             | 0.58                    |
|   |                     | <b>(3) Advance towards investments</b>                                   |                         |                         |
|   |                     | Tata Motors European Technical Centre Plc, UK                            | <b>121.56</b>           | -                       |
|   |                     | Tata International   | <b>25.00</b>            | -                       |
|   |                     | PT Tata Motors Indonesia   | <b>1.30</b>             | -                       |
|   |                     | Concorde Motors (India) Ltd  | -                       | 20.00                   |
|   |                     |  | <b>147.86</b>           | 20.00                   |
|   |                     | <b>Total non-current investments</b>                                     | <b>17,903.29</b>        | <b>22,538.21</b>        |

### Notes :

(1) Face value per unit is in Rupees unless stated otherwise

|   | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
|---|-------------------------|-------------------------|
| (2) Book value of quoted investments  | <b>353.49</b>           | 349.04                  |
| (3) Book value of unquoted investments  | <b>17,549.80</b>        | 22,190.15               |
| (4) Market value of quoted investments  | <b>299.54</b>           | 379.16                  |
| (5) As per the shareholders agreement dated March 30, 2010, between Hitachi Construction Machinery Co. Ltd and the Company, these shares are under restriction for sale, assignment or transfer for a period of 3 years from the date of the agreement except under certain circumstances as provided in the said agreement.  |                         |                         |
| (6) The Company has given a letter of comfort to Standard Chartered Bank, London for GBP 15 million (₹122.30 crores as on March 31, 2012) against loan extended by the bank to Tata Motors European Technical Centre Plc, UK (TMETC). Also the Company has given an undertaking to Standard Chartered Bank, London to retain 100% ownership of TMETC at all times during the tenor of the loan. |                         |                         |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

- (7) The Company has given a letter of comfort to HDFC Bank against the short term and long term loans aggregating ₹235 crores given by HDFC Bank to Tata Marcopolo Motors Ltd (TMML). The letter of comfort is restricted to 51% of loan amount i.e. ₹ 120 crores. Also the Company has given an undertaking to HDFC Bank that it will not dilute its stake below 51% during the tenor of the loan.
- (8) The Company has given a letter of comfort to Citibank NA towards the short term and long term loans aggregating THB 1,055 million (₹ 174.19 crores as on March 31, 2012) given by Citibank NA to Tata Motors (Thailand) Ltd (TMTL). The Company has also given letter of comfort to ICICI Bank towards working capital facility aggregating THB 300 million (₹ 49.53 crores as on March 31, 2012) given by ICICI Bank to TMTL. Further the Company has given an undertaking to Citibank NA as well as to ICICI Bank for non-disposal of its shareholding in TMTL below 51% during the tenor of the loan.
- (9) The Company has given a letter of comfort to GE Commercial Distribution Finance Europe Ltd for revolving syndicated loan facility to Jaguar Cars Ltd and Land Rover for outstanding balance of GBP 50.20 million (₹ 409.31 crores as on March 31, 2012). Also the Company has given an undertaking to GE Commercial Distribution Finance Europe Ltd to retain ultimate 100% ownership of Jaguar Cars Ltd and Land Rover at all times during the tenor of the loan.
- (10) The Company has given a letter of comfort to Citibank NA against working capital loans extended by the bank to Tata Hispano Motors Carrocera, S.A. (Hispano) aggregating Euro 25 million (₹ 169.86 crores as on March 31, 2012). The Company has also given a letter of comfort to Banco de Valencia against bill discounting facility extended by the bank to Hispano aggregating Euro 2 million (₹ 13.59 crores as on March 31, 2012). The Company has also given an undertaking to Citibank NA and Banco de Valencia for non-disposal of its shareholding in Hispano during the tenor of the loan.
- (11) The Company has given letter of comfort to certain banks and other lenders against credit facilities extended to Fiat India Automobiles Ltd for Rs 1,600 crores and Euro 130 million (₹ 883.29 crores as on March 31, 2012). The letter of comfort is restricted to 50% of the value of credit facilities extended i.e. ₹ 1,241.65 crores.
- (12) The Company has given a letter of comfort to HDFC Bank amounting to ₹ 1 crore against working capital facility to Tata Motors Insurance Broking and Advisory Services Limited (TMIBASL). Also the Company has given an undertaking to HDFC Bank that it will not dilute its stake below 51% during the tenor of the loan.
- (13) Trilix Srl., Turin (Italy) is a limited liability company.
- (14) In terms of the Scheme of Amalgamation sanctioned by order dated July 29, 2011 of Hon'ble High Court of Bombay, HV Transmission Ltd has been amalgamated with TML Drivelines Ltd (formerly known as HV Axles Ltd) with effect from April 1, 2011.
- (15) Trade investments also include :

| Number    | Face value per unit | Description                         | ₹             | ₹      |
|-----------|---------------------|-------------------------------------|---------------|--------|
| 5,000     | 10                  | Metal Scrap Trade Corporation Ltd   | <b>25,000</b> | 25,000 |
| 50        | 5                   | Jamshedpur Co-operative Stores Ltd  | <b>250</b>    | 250    |
| 16,56,517 | 1(M\$)              | Tatab Industries Sdn. Bhd. Malaysia | <b>1</b>      | 1      |
| 4         | 25,000              | ICICI Money Multiplier Bond         | <b>1</b>      | 1      |
| 100       | 10                  | Optel Telecommunications            | <b>1,995</b>  | 1,995  |
| 200       | 10                  | Punjab Chemicals                    | <b>1</b>      | 1      |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

| 15. Current investments  |                        |  | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
|--|------------------------|--|-------------------------|-------------------------|
| Number   | Face value<br>per unit | Description  |                         |                         |
| <b>Current investments - others (at cost or fair value whichever is lower)</b> |                        |  |                         |                         |
| <b>(A) Trade investments</b>   |                        |  |                         |                         |
| <b>(1) Fully paid Cumulative Redeemable Preference shares (unquoted)</b>       |                        |  |                         |                         |
| <b>(i) Subsidiaries</b>  |                        |  |                         |                         |
| 50,28,999  | (USD) 100              | 6.25% TML Holdings Pte Ltd, (Singapore)[Note 5, below] (7,055,000 shares redeemed and 2,020,000 shares acquired during the period) | <b>2,558.25</b>         | -                       |
| <b>(ii) Associates</b>   |                        |  |                         |                         |
| 2,10,00,000  | 10                     | 8% Tata AutoComp Systems Ltd   | <b>21.00</b>            | -                       |
| <b>(iii) Others</b>  |                        |  |                         |                         |
| 1,00,000   | 1,000                  | 7.5% Tata Sons Ltd   | <b>10.00</b>            | -                       |
|  |                        |  | <b>31.00</b>            | -                       |
|  |                        |  | <b>2,589.25</b>         | -                       |
| <b>(B) Other investments</b>   |                        |  |                         |                         |
| <b>(1) Investments in mutual fund (unquoted) liquid/liquid plus schemes</b>    |                        |  |                         |                         |
| -  | -                      | SBI Debt Fund Series 90 Days - 38 Dividend   | -                       | 25.00                   |
| -  | -                      | Birla Sun Life Short Term FMP - Series 6 Dividend Payout   | -                       | 15.00                   |
| -  | -                      | Tata Fixed Maturity Plan - Series 28 Scheme A - Dividend   | -                       | 20.00                   |
| -  | -                      | DSP Blackrock FMP - 3M Series 29 - Dividend Payout   | -                       | 25.00                   |
|  |                        |  |                         | 85.00                   |
| <b>(2) Investments in Equity shares (unquoted)</b>                             |                        |  |                         |                         |
| 35,000   | 10                     | Elcot Power Control Ltd  | <b>0.37</b>             | 0.37                    |
| 91,800   | 10                     | Munis Forge Ltd.   | <b>0.37</b>             | 0.37                    |
| 30,997   | 10                     | Roofit Industries Ltd.   | <b>0.19</b>             | 0.19                    |
|  |                        |  | <b>0.93</b>             | 0.93                    |
| <b>(3) Investments in Government securities (quoted)</b>                       |                        |  |                         |                         |
| -  | -                      | 12.00% Uttar Pradesh 2011 Stock (redeemed during the period)   | -                       | 0.02                    |
| <b>(4) Investments in Preference shares (unquoted)</b>                         |                        |  |                         |                         |
| 1,00,000   | 100                    | 15.50% Pennar Paterson Securities Ltd  | <b>1.00</b>             | 1.00                    |
| 2,00,000   | 100                    | 15.00% Atcom Technologies Ltd. - Cumulative Preference Shares  | <b>2.00</b>             | 2.00                    |
|  |                        |  | <b>3.00</b>             | 3.00                    |
| <b>(5) Non-Convertible Debentures (unquoted)</b>                               |                        |  |                         |                         |
| 2,500  | 3,000                  | 8% Tata Projects Ltd (2,500 debentures redeemed during the period)   | <b>0.75</b>             | 0.75                    |
|  |                        |  | <b>4.68</b>             | 89.7                    |
| Less : Provision for diminution in value of current investments                |                        |  | <b>3.93</b>             | 3.93                    |
|  |                        |  | <b>0.75</b>             | 85.77                   |
| <b>(C) Retained interest in securitisation transactions (unquoted)</b>         |                        |  | <b>0.26</b>             | 0.23                    |
| <b>Total current investments</b>   |                        |  | <b>2,590.26</b>         | <b>86.00</b>            |

**Notes:**

- (1) Face value per unit is in Rupees unless stated otherwise
- (2) Book value of quoted investments
- (3) Book value of unquoted investments
- (4) Market value of quoted investments
- (5) During the year, the terms of 6.25 % Cumulative Redeemable Preference Shares (CRPS) of TML Holdings Pte Ltd, (Singapore) (TMLHS) were revised vide a special resolution whereby any holder or issuer can redeem its holdings by giving one months' notice in writing.

|     |                 |       |
|-----|-----------------|-------|
| (2) | -               | 0.02  |
| (3) | <b>2,590.26</b> | 85.98 |
| (4) | -               | 0.02  |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|   | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|---|----------------------------|----------------------------|
| <b>16. Long-term loans and advances</b>   |                            |                            |
| <b>(A) Secured</b>  |                            |                            |
| (a) Finance receivables [Note below]  | -                          | 124.67                     |
|   | -                          | 124.67                     |
| <b>(B) Unsecured</b>  |                            |                            |
| (a) Loans to employees  | 43.10                      | 46.90                      |
| (b) Loan to a Joint Venture (FIAT India Automobiles Ltd)  | 265.00                     | 265.00                     |
| (c) Loans to subsidiaries (net of provision for impairment and doubtful loans of ₹ 153.95 crores [as at March 31, 2011 ₹ 23.95 crores]) | 407.51                     | 405.28                     |
| (d) Taxes recoverable, statutory deposits and dues from government  | 723.76                     | 872.52                     |
| (e) Capital advances  | 163.66                     | 259.53                     |
| (f) Credit entitlement of Minimum Alternate Tax (MAT)   | 1,447.04                   | 1,158.16                   |
| (g) Non-current income tax assets (net of provisions)   | 321.89                     | 248.17                     |
| (h) Others  | 116.15                     | 49.41                      |
|   | <b>3,488.11</b>            | <b>3,304.97</b>            |
|   | <b>3,488.11</b>            | <b>3,429.64</b>            |

**Note :**
**Finance receivables (Secured) \*\*\***

Vehicle loans \*

Considered good

Considered doubtful

Less: Allowances for doubtful loans \*\*

Current portion

Non-current portion

\* Includes ₹ 204.84 crores (as at March 31, 2011 ₹ 257.07 crores) on account of overdue securitised receivables

\*\* Includes ₹ 159.50 crores (as at March 31, 2011 ₹ 154.57 crores) towards securitised receivables.

\*\*\* Loans are secured against hypothecation of vehicles.

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
|  | 101.95                     | 246.91                     |
|  | 313.23                     | 291.48                     |
|  | 415.18                     | 538.39                     |
|  | (313.23)                   | (291.48)                   |
|  | <b>101.95</b>              | <b>246.91</b>              |
|  | 101.95                     | 122.24                     |
|  | -                          | 124.67                     |

**17. Other non-current assets**

(a) Prepaid debt issue cost

(b) Prepaid expenses

(c) Interest accrued on deposits / loans

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
|  | 53.55                      | -                          |
|  | -                          | 0.25                       |
|  | 46.87                      | 34.59                      |
|  | <b>100.42</b>              | <b>34.84</b>               |



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

### 18. Inventories

|   | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|---|----------------------------|----------------------------|
| (a) Stores and spare parts (at or below cost)                 | 140.89                     | 117.65                     |
| (b) Consumable tools (at cost)                                | 18.90                      | 17.75                      |
| (c) Raw materials and components                              | 1,462.14                   | 1,487.94                   |
| (d) Work-in-progress  | 427.55                     | 423.80                     |
| (e) Finished goods  | 2,189.58                   | 1,481.78                   |
| (f) Stock-in-trade (in respect of goods acquired for trading) | 93.38                      | 181.09                     |
| (g) Goods-in-transit (at cost)                                |                            |                            |
| (i) Raw materials and components                              | 132.82                     | 115.35                     |
| (ii) Finished goods   | 122.97                     | 66.03                      |
|   | <u>4,588.23</u>            | <u>3,891.39</u>            |

Note : Items (c), (d), (e) and (f) above are valued at lower of cost and net realisable value.

### 19. Trade receivables

|                                      | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--------------------------------------|----------------------------|----------------------------|
| (a) <b>Due over six months :</b>     |                            |                            |
| Considered good (unsecured)          | 274.23                     | 445.61                     |
| Considered doubtful                  | 178.30                     | 135.66                     |
|                                      | <u>452.53</u>              | <u>581.27</u>              |
| Less : Allowances for doubtful debts | (178.30)                   | (135.66)                   |
|                                      | <u>274.23</u>              | <u>445.61</u>              |
| (b) <b>Others :</b>                  |                            |                            |
| Considered good (unsecured)          | 2,434.09                   | 2,157.27                   |
| Considered doubtful                  | 2.93                       | -                          |
|                                      | <u>2,437.02</u>            | <u>2,157.27</u>            |
| Less : Allowances for doubtful debts | (2.93)                     | -                          |
|                                      | <u>2,434.09</u>            | <u>2,157.27</u>            |
|                                      | <u>2,708.32</u>            | <u>2,602.88</u>            |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| <b>20. Cash and bank balances</b>  |                            |                            |
| <b>(A) Cash and cash equivalents</b>   |                            |                            |
| (a) Cash on hand   | 1.76                       | 3.22                       |
| (b) Cheques on hand  | 54.25                      | 173.23                     |
| (c) Current accounts with banks #  | 863.50                     | 450.00                     |
| (d) Bank deposits with upto 3 months maturity  | 0.13                       | 725.69                     |
|  | <u>919.64</u>              | <u>1,352.14</u>            |
| <b>(B) Other bank balances (with more than 3 months but less than 12 months maturity)</b>  |                            |                            |
| (a) Earmarked balance with banks   | 195.57                     | 82.34                      |
| (b) Bank deposits*   | 600.07                     | 525.27                     |
| (c) Margin money / cash collateral with banks  | 0.02                       | 90.31                      |
|  | <u>795.66</u>              | <u>697.92</u>              |
| <b>(C) Other bank balances (with more than 12 months maturity)</b>   |                            |                            |
| (a) Margin money / cash collateral with banks  | 95.66                      | 363.76                     |
| (b) Bank deposits with maturity more than 12 months  | 30.00                      | 15.10                      |
|  | <u>125.66</u>              | <u>378.86</u>              |
|  | <u>1,840.96</u>            | <u>2,428.92</u>            |
| # Includes   |                            |                            |
| - Remittances in transit   | 43.56                      | 318.55                     |
| - In foreign currencies  | 759.19                     | 34.17                      |
| * Includes unutilised proceeds from Qualified Institutional Placement (QIP) issue  | -                          | 505.00                     |
| <b>21. Short-term loans and advances</b>   |                            |                            |
| <b>(A) Secured</b>   |                            |                            |
| (a) Finance receivables [Note 16, page 150]  | 101.95                     | 122.24                     |
|  | <u>101.95</u>              | <u>122.24</u>              |
| <b>(B) Unsecured</b>   |                            |                            |
| (a) Advances and other receivables recoverable [Note i]<br>(net of provision for doubtful advances of ₹ 59.63 crores<br>(as at March 31, 2011 ₹ 61.14 crores)) | 173.77                     | 272.51                     |
| (b) Inter corporate deposits (ICD)<br>(net of provision for Doubtful ICDs of ₹ 1.22 crores<br>( as at March 31, 2011 ₹ 1.22 crores))                           | 48.82                      | 64.85                      |
| (c) Dues from subsidiary companies [Note ii]   | 79.53                      | 109.23                     |
| (d) VAT, other taxes recoverable, statutory deposits<br>and dues from Government   | 1,102.92                   | 887.54                     |
| (e) Current income tax assets (net of provisions)  | 357.83                     | 363.86                     |
| (f) Others   | 6.92                       | 30.39                      |
|  | <u>1,769.79</u>            | <u>1,728.38</u>            |
|  | <u>1,871.74</u>            | <u>1,850.62</u>            |
| <b>Note :</b>  |                            |                            |
| (i) Loans and advances due from Directors & officers   | 0.09                       | 0.10                       |
| (ii) Dues from subsidiary companies  |                            |                            |
| (i) TML Drivelines Ltd (formerly known as HV Axles Ltd)  | 7.07                       | 2.34                       |
| (ii) HV Transmissions Ltd (merged with TML Drivelines Ltd w.e.f.April 1, 2011)   | -                          | 4.22                       |
| (iii) Tata Daewoo Commercial Vehicle Co. Ltd   | 0.24                       | 1.00                       |
| (iv) Tata Marcopolo Motors Ltd.  | 10.87                      | 59.86                      |
| (v) Tata Motors (Thailand) Ltd   | 24.91                      | 15.28                      |
| (vi) TML Distribution Company Ltd  | -                          | 8.96                       |
| (vii) TML Holdings Pte. Ltd, Singapore   | -                          | 2.13                       |
| (viii) Tata Motors (SA) (Proprietary) Ltd  | 2.32                       | -                          |
| (ix) TAL Manufacturing Solutions Ltd   | 0.27                       | 0.27                       |
| (x) Tata Hispano Motors Carrocera S.A.   | 33.85                      | 15.17                      |
|  | <u>79.53</u>               | <u>109.23</u>              |
| <b>22. Other current assets</b>  |                            |                            |
| (a) Prepaid debt issue cost  | 13.96                      | -                          |
| (b) Prepaid expenses   | 39.65                      | 64.83                      |
| (c) Interest accrued on deposits / loans   | 59.34                      | 38.99                      |
| (d) Derivative financial instruments   | 0.46                       | 8.03                       |
|  | <u>113.41</u>              | <u>111.85</u>              |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

### 23. Total revenue

#### 1. Revenue from operations

|   | 2011-2012        | 2010-2011        |
|---|------------------|------------------|
| (a) Sale of products [Note 1] [Note 39, page 166]       | 58,650.42        | 50,710.45        |
| (b) Sale of services                                    | 195.11           | 125.96           |
| (c) Income from hire purchase / loan contracts [Note 2] | 74.25            | 114.50           |
|   | <b>58,919.78</b> | <b>50,950.91</b> |
| (d) Other operating revenues                            | 301.16           | 233.04           |

#### 2. Other income

|   |               |               |
|---|---------------|---------------|
| (a) Interest income                     | 363.67        | 239.71        |
| (b) Dividend income [Note 3]            | 180.63        | 180.98        |
| (c) Profit on sale of investments [Net] | 29.78         | 2.28          |
|   | <b>574.08</b> | <b>422.97</b> |

#### Note :

|  | 2011-2012 | 2010-2011 |
|--|-----------|-----------|
| (1) Includes exchange (loss)/ gain (net)                                     | (52.48)   | 64.38     |
| (2) Income from vehicle loan contract includes :                             |           |           |
| (a) Income from securitisation / sale of receivables of loan contracts (net) | 0.67      | (1.54)    |
| (b) Interest income from loan contracts (net)                                | 64.82     | 104.94    |
| (3) Includes dividend on   |           |           |
| (a) Trade investments (non-current)  | 65.56     | 65.46     |
| (b) Dividend from subsidiary companies                                       | 113.83    | 92.33     |
| (c) Other investments (current)  | 1.24      | 23.19     |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|   | <u>2011-2012</u>       | <u>2010-2011</u> |
|---|------------------------|------------------|
| <b>24. Employee cost/ benefits expense</b>                                  |                        |                  |
| (a) Salaries, wages and bonus   | <b>2,193.80</b>        | 1,841.62         |
| (b) Contribution to provident fund and other funds                          | <b>210.55</b>          | 219.49           |
| (c) Staff welfare expenses  | <b>287.10</b>          | 232.91           |
|   | <b><u>2,691.45</u></b> | <u>2,294.02</u>  |
| <b>25. Finance cost</b>   |                        |                  |
| (a) Interest  | <b>1,058.61</b>        | 1,064.95         |
| Less: Transferred to capital account  | <b>(209.17)</b>        | (148.00)         |
|   | <b>849.44</b>          | 916.95           |
| (b) Discounting charges   | <b>369.18</b>          | 466.75           |
|   | <b><u>1,218.62</u></b> | <u>1,383.70</u>  |
| <b>26. Other Expenses</b>   |                        |                  |
| (a) Processing charges  | <b>2,057.51</b>        | 1,676.07         |
| (b) Consumption of stores and spare parts                                   | <b>753.02</b>          | 625.45           |
| (c) Power and fuel  | <b>550.89</b>          | 471.28           |
| (d) Rent  | <b>65.34</b>           | 52.43            |
| (e) Repairs to buildings  | <b>80.43</b>           | 50.86            |
| (f) Repairs to plant, machinery etc   | <b>95.15</b>           | 77.39            |
| (g) Insurance   | <b>68.35</b>           | 55.11            |
| (h) Rates and taxes   | <b>34.03</b>           | 28.70            |
| (i) Freight, transportation, port charges, etc.                             | <b>1,052.87</b>        | 743.90           |
| (j) Publicity   | <b>948.65</b>          | 724.52           |
| (k) Excise duty on closing stock  | <b>89.34</b>           | 15.12            |
| (l) Works operation and other expenses [Note below]                         | <b>2,609.93</b>        | 2,217.52         |
|   | <b><u>8,405.51</u></b> | <u>6,738.35</u>  |
| <b>Note:</b>  |                        |                  |
| <b>Works operation and other expenses include</b>                           |                        |                  |
| (a) Warranty expenses   | <b>368.92</b>          | 382.81           |
| (b) Computer expenses   | <b>432.93</b>          | 338.53           |
| (c) Consultancy   | <b>275.23</b>          | 177.58           |
| (d) Provisions and write off for sundry debtors, vehicle loans and advances | <b>103.04</b>          | 184.08           |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

### 27. Movement of Foreign Currency Monetary Item Translation Difference Account (net) :

|   | 2011-2012       | 2010-2011 |
|---|-----------------|-----------|
| Opening balance                                   | -               | 161.69    |
| Exchange loss during the year                     | <b>630.47</b>   | (14.08)   |
| Amortisation of exchange fluctuation for the year | <b>(372.12)</b> | (147.61)  |
| Closing balance                                   | <b>258.35</b>   | -         |

### 28. Earnings Per Share :

|  |          | 2011-2012            | 2010-2011     |
|--|----------|----------------------|---------------|
| (a) Profit after tax   | ₹ crores | <b>1,242.23</b>      | 1,811.82      |
| (b) The weighted average number of Ordinary shares for Basic EPS   | Nos.     | <b>269,15,42,867</b> | 258,88,00,690 |
| (c) The weighted average number of 'A' Ordinary shares for Basic EPS   | Nos.     | <b>48,19,00,898</b>  | 39,66,69,200  |
| (d) The nominal value per share (Ordinary and 'A' Ordinary)  | ₹        | <b>2.00</b>          | 10.00 ^       |
| (e) Share of profit for Ordinary shares for Basic EPS  | ₹ crores | <b>1,049.50</b>      | 1,567.65      |
| (f) Share of profit for 'A' Ordinary shares for Basic EPS *  | ₹ crores | <b>192.73</b>        | 244.17        |
| (g) Earnings Per Ordinary share (Basic)#   | ₹        | <b>3.90</b>          | 6.06          |
| (h) Earnings Per 'A' Ordinary share (Basic)#   | ₹        | <b>4.00</b>          | 6.16          |
| (i) Profit after tax   | ₹ crores | <b>1,242.23</b>      | 1,811.82      |
| (j) Add: Interest payable on outstanding Foreign Currency Convertible Notes  | ₹ crores | -                    | 53.98         |
| (k) Profit after tax for Diluted EPS   | ₹ crores | <b>1,242.23</b>      | 1,865.80      |
| (l) The weighted average number of Ordinary shares for Basic EPS   | Nos.     | <b>269,15,42,867</b> | 258,88,00,690 |
| (m) Add: Adjustment for options relating to warrants, shares held in abeyance, Foreign Currency Convertible Notes and Convertible Alternative Reference Securities | Nos.     | <b>10,63,47,857</b>  | 23,34,05,703  |
| (n) The weighted average number of Ordinary shares for Diluted EPS   | Nos.     | <b>279,78,90,724</b> | 282,22,06,393 |
| (o) The weighted average number of 'A' Ordinary shares for Basic EPS   | Nos.     | <b>48,19,00,898</b>  | 39,66,69,200  |
| (p) Add: Adjustment for 'A' Ordinary shares held in abeyance   | Nos.     | <b>3,05,518</b>      | 4,97,650      |
| (q) The weighted average number of 'A' Ordinary shares for Diluted EPS   | Nos.     | <b>48,22,06,416</b>  | 39,71,66,850  |
| (r) Share of profit for Ordinary shares for Diluted EPS  | ₹ crores | <b>1,055.50</b>      | 1,632.14      |
| (s) Share of profit for 'A' Ordinary shares for Diluted EPS *  | ₹ crores | <b>186.73</b>        | 233.66        |
| (t) Earnings Per Ordinary share (Diluted) #  | ₹        | <b>3.77</b>          | 5.78          |
| (u) Earnings Per 'A' Ordinary share (Diluted) #  | ₹        | <b>3.87</b>          | 5.88          |

\* 'A' Ordinary shareholders are entitled to receive dividend @ 5% points more than the aggregate rate of dividend determined by the Company on Ordinary shares for the financial year.

# Earnings Per Share of previous periods have been restated to make them comparable due to sub-division of shares of ₹ 10 each to 5 shares of ₹ 2 each.

^ Considered 5 shares of ₹ 2 each in calculation of EPS.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

|   |  | (₹ in crores)              |                            |
|---|--|----------------------------|----------------------------|
|   |  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
| <b>30. Disclosure in respect of leases:</b> |  |                            |                            |
| <b>(A) Finance leases:</b>                  |  |                            |                            |
| <b>Assets taken on lease:</b>               |  |                            |                            |
| (a)   | (i) Total of minimum lease payments  | <b>48.47</b>               | 18.24                      |
|   | The total of minimum lease payments for a period :   |                            |                            |
|   | Not later than one year  | <b>14.11</b>               | 6.85                       |
|   | Later than one year and not later than five years  | <b>34.36</b>               | 11.39                      |
|   | (ii) Present value of minimum lease payments   | <b>44.54</b>               | 16.70                      |
|   | Present value of minimum lease payments for a period :   |                            |                            |
|   | Not later than one year  | <b>13.83</b>               | 6.21                       |
|   | Later than one year and not later than five years  | <b>30.71</b>               | 10.49                      |
| (b)   | A general description of the significant leasing arrangements -<br>The Company has entered into finance lease arrangements for<br>computers and data processing equipments from a vendor |                            |                            |
| <b>(B) Operating leases:</b>                |  |                            |                            |
| <b>Assets given on lease:</b>               |  |                            |                            |
| (a)   | Total of minimum lease payments receivable   | <b>66.65</b>               | 59.18                      |
|   | The total of minimum lease payments receivable for a period :  |                            |                            |
|   | Not later than one year  | <b>4.71</b>                | 3.81                       |
|   | Later than one year and not later than five years  | <b>18.83</b>               | 15.23                      |
|   | Later than five years  | <b>43.11</b>               | 40.14                      |
| (b)   | Gross block  | <b>78.52</b>               | 75.78                      |
|   | Accumulated depreciation   | <b>14.75</b>               | 10.43                      |
|   | Depreciation for the year ₹ <b>4.30</b> crores (2010-11 ₹ 3.63 crores)   |                            |                            |
| (c)   | A general description of significant leasing arrangements-<br>The Company has entered into operating lease arrangements<br>for buildings and plant and machinery.                        |                            |                            |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

**31. (i) Related party disclosures for the year ended March 31, 2012****(a) Related party and their relationship****1. Subsidiaries :**

|   |  |
|---|--|
| Tata Technologies Ltd   | INCAT International Plc.   |
| TAL Manufacturing Solutions Ltd   | Tata Technologies Europe Ltd   |
| TML Drivelines Ltd  | INCAT GmbH   |
| <i>(formerly known as HV Axles Ltd)</i>                                     | Tata Technologies Inc  |
| HV Transmissions Ltd  | Tata Technologies de Mexico, S.A. de CV  |
| <i>(merged into TML Drivelines Ltd w.e.f. April 1, 2011)</i>                | Tata Technologies (Canada) Inc   |
| Sheba Properties Ltd  | Tata Technologies (Thailand) Ltd   |
| Concorde Motors (India) Ltd   | Tata Technologies Pte Ltd, Singapore   |
| Tata Daewoo Commercial Vehicle Co. Ltd                                      | Miljobil Grenland AS   |
| Tata Motors Insurance Broking & Advisory Services Ltd                       | Tata Hispano Motors Carrocerries Maghreb   |
| Tata Motors European Technical Centre Plc                                   | Tata Daewoo Commercial Vehicles Sales and Distribution Co. Ltd                       |
| Tata Motors Finance Ltd   | Tata Engineering Services (Pte) Ltd  |
| Tata Marcopolo Motors Ltd   | Jaguar Land Rover North America LLC  |
| Tata Motors (Thailand) Ltd  | Land Rover Belux SA/NV   |
| Tata Motors (SA) (Proprietary) Ltd  | Land Rover Ireland Ltd   |
| PT Tata Motors Indonesia <i>(incorporated on December 29, 2011)</i>         | Jaguar Land Rover Nederland BV   |
| TML Holdings Pte. Ltd, (Singapore)  | Jaguar Land Rover Portugal - Veiculos e Pecas, LDA                                   |
| TML Distribution Company Ltd  | Jaguar Land Rover Australia Pty Ltd  |
| Tata Hispano Motors Carrocera S.A.  | Land Rover Exports Ltd   |
| Trilix S.r.l  | <i>(business transferred to Jaguar Land Rover Exports Ltd w.e.f. March 30, 2012)</i> |
| Tata Precision Industries Pte. Ltd  | Jaguar Land Rover Italia Spa   |
| Jaguar Land Rover PLC   | <i>(name changed from Land Rover Italia Spa w.e.f. December 31, 2011)</i>            |
| <i>(name changed from Jaguar Land Rover Ltd w.e.f. April 6, 2011)</i>       | Land Rover Espana SL   |
| Jaguar Cars Overseas Holdings Ltd   | Land Rover Deutschland GmbH  |
| Jaguar Land Rover Austria GmbH  | <i>(merged into Jaguar Deutschland w.e.f. November 28, 2011)</i>                     |
| Jaguar Belux NV   | Jaguar Land Rover Korea Co. Ltd  |
| Jaguar Cars Ltd   | Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd                              |
| Jaguar Land Rover Japan Ltd   | Jaguar Land Rover Canada ULC   |
| Jaguar Cars South Africa (Pty) Ltd  | Jaguar Land Rover France, SAS  |
| Jaguar Italia Spa   | Jaguar Land Rover (South Africa) (Pty) Limited                                       |
| <i>(merged into Landrover Italia w.e.f. December 31, 2011)</i>              | Jaguar Land Rover Brazil LLC   |
| Jaguar Land Rover Exports Ltd   | Limited Liability Company "Jaguar Land Rover" (Russia)                               |
| <i>(name changed from Jaguar Cars Exports Ltd w.e.f. March 30, 2012)</i>    | Land Rover Parts Ltd   |
| The Daimler Motor Company Ltd   | Land Rover Parts US LLC <i>(dissolved w.e.f. September 30, 2011)</i>                 |
| The Jaguar Collection Ltd   | Jaguar Land Rover (South Africa) Holdings Ltd  |
| Daimler Transport Vehicles Ltd  | <i>(incorporated on September 9, 2011)</i>   |
| S.S. Cars Ltd   |  |
| The Lanchester Motor Company Ltd  |  |
| Jaguar Hispania Sociedad  |  |
| Jaguar Land Rover Deutschland   |  |
| <i>(name changed from Jaguar Deutschland GmbH w.e.f. November 28, 2011)</i> |  |
| Land Rover  |  |
| Land Rover Group Ltd  |  |

**2. Associates :**

Tata AutoComp Systems Ltd  
Tata Cummins Ltd  
Tata Precision Industries (India) Ltd  
Telco Construction Equipment Co. Ltd  
Jaguar Cars Finance Ltd  
Nita Company Ltd  
Tata Sons Ltd *(Investing party)*  
Automobile Corporation of Goa Ltd  
Spark44 Ltd *(w.e.f. June 27, 2011)*

**3. Joint Ventures :**

Fiat India Automobiles Ltd  
TATA HAL Technologies Ltd

**4. Key Management Personnel :**

Mr. Carl-Peter Forster *(upto September 8, 2011)*  
Mr. P M Telang



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

### (b) Transactions with the related parties

|   | Subsidiaries    | Joint Venture   | Associates      | Key Management Personnel | 2011-2012<br>Total |
|---|-----------------|-----------------|-----------------|--------------------------|--------------------|
| Purchase of goods                           | <b>1,151.05</b> | <b>3,728.41</b> | <b>4,107.23</b> | -                        | <b>8,986.69</b>    |
|   | 1,819.45        | 4,400.87        | 3,232.28        | -                        | 9,452.60           |
| Sale of goods (inclusive of sales tax)      | <b>3,424.27</b> | <b>477.99</b>   | <b>464.71</b>   | -                        | <b>4,366.97</b>    |
|   | 19,152.65       | 456.33          | 371.31          | -                        | 19,980.29          |
| Purchase of fixed assets                    | <b>45.96</b>    |                 |                 |                          | <b>45.96</b>       |
|   | 45.28           | -               | -               | -                        | 45.28              |
| Purchase of investments                     | -               | -               | -               | -                        | -                  |
|   | -               | -               | 5.86            | -                        | 5.86               |
| Redemption / buy back of investments        | <b>4,150.34</b> | -               | -               | -                        | <b>4,150.34</b>    |
|   | -               | -               | -               | -                        | -                  |
| Services received                           | <b>2,129.48</b> | -               | <b>51.27</b>    | <b>33.07</b>             | <b>2,213.82</b>    |
|   | 1,681.03        | -               | 56.70           | 19.19                    | 1,756.92           |
| Services rendered                           | <b>134.44</b>   | <b>8.32</b>     | <b>16.73</b>    | -                        | <b>159.49</b>      |
|   | 109.32          | 0.02            | 15.84           | -                        | 125.18             |
| Finance given (including loans and equity)  | <b>3,325.74</b> | <b>42.50</b>    | <b>11.00</b>    | -                        | <b>3,379.24</b>    |
|   | 2,087.49        | 200.00          | 126.42          | -                        | 2,413.91           |
| Finance taken (including loans and equity)  | <b>1,905.20</b> | -               | <b>9.00</b>     | -                        | <b>1,914.20</b>    |
|   | 1,451.77        | -               | 83.00           | -                        | 1,534.77           |
| Interest / dividend paid / (received) (net) | <b>(111.28)</b> | <b>(32.89)</b>  | <b>230.02</b>   | -                        | <b>85.85</b>       |
|   | (83.33)         | (21.29)         | 177.93          | -                        | 73.31              |
| Provision for loan given                    | <b>130.00</b>   | -               | -               | -                        | <b>130.00</b>      |
|   | -               | -               | -               | -                        | -                  |

### (c) Balances with related parties

|  |               |               |               |             |               |
|--|---------------|---------------|---------------|-------------|---------------|
| Amount receivable  | <b>240.55</b> | -             | <b>62.38</b>  | -           | <b>302.93</b> |
|  | 1,159.70      | 2.09          | 56.29         | -           | 1,218.08      |
| Amount payable   | <b>290.77</b> | <b>112.68</b> | <b>116.53</b> | -           | <b>519.98</b> |
|  | 172.56        | -             | 111.49        | -           | 284.05        |
| Amount receivable (in respect of loans, interest and dividend) | <b>577.00</b> | <b>303.75</b> | <b>23.83</b>  | <b>0.09</b> | <b>904.67</b> |
|  | 459.75        | 289.89        | 30.83         | 0.10        | 780.57        |
| Amount payable (in respect of loans, interest and dividend)    | <b>62.85</b>  | -             | <b>5.00</b>   | -           | <b>67.85</b>  |
|  | 4.00          | -             | -             | -           | 4.00          |
| Bills discounted<br>(in respect of amount receivable)          | -             | -             | <b>25.53</b>  | -           | <b>25.53</b>  |
|  | -             | -             | -             | -           | -             |
| Bank guarantee /<br>deposits given as security                 | <b>36.50</b>  | -             | <b>3.00</b>   | -           | <b>39.50</b>  |
|  | 194.89        | -             | 3.00          | -           | 197.89        |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

(d) **Disclosure in respect of material transactions with related parties**

|   |                                      | <b>2011-2012</b>                  | 2010-2011     |        |
|---|--------------------------------------|-----------------------------------|---------------|--------|
| (i) <b>Purchase of goods</b>                            | Fiat India Automobiles Ltd           | <b>3,728.41</b>                   | 4,400.87      |        |
|   | Tata Cummins Ltd                     | <b>3,267.67</b>                   | 2,472.84      |        |
|   | Tata Marcopolo Motors Ltd            | <b>508.85</b>                     | 113.23        |        |
|   | Jaguar Land Rover                    | <b>537.62</b>                     | 281.13        |        |
|   | Tata AutoComp Systems Ltd            | <b>561.80</b>                     | 455.51        |        |
| (ii) <b>Sale of goods</b>                               | TML Distribution Company Ltd         | <b>2,464.72</b>                   | 18,752.36     |        |
|   | Fiat India Automobiles Ltd           | <b>477.99</b>                     | 456.33        |        |
|   | Tata Cummins Ltd                     | <b>250.53</b>                     | 227.49        |        |
|   | Concorde Motors (India) Ltd          | <b>724.74</b>                     | 168.30        |        |
|   | Nita Company Ltd                     | <b>168.75</b>                     | 105.24        |        |
| (iii) <b>Redemption / buy back of investment</b>        | TML Holdings Pte Ltd, (Singapore)    | <b>4150.34</b>                    | -             |        |
| (iv) <b>Purchase of fixed assets</b>                    | Tata Technologies Ltd                | <b>34.44</b>                      | 27.42         |        |
|   | TAL Manufacturing Solutions Ltd      | <b>6.24</b>                       | 17.85         |        |
|   | Jaguar Land Rover                    | <b>5.28</b>                       | -             |        |
| (v) <b>Services received</b>                            | TML Drivelines Ltd                   | <b>1,057.97</b>                   | 569.68        |        |
|   | HV Transmissions Ltd                 | -                                 | 367.20        |        |
|   | Tata Technologies Ltd                | <b>405.95</b>                     | 301.08        |        |
|   | Tata Sons Ltd.                       | <b>51.27</b>                      | 56.70         |        |
| (vi) <b>Services rendered</b>                           | TML Drivelines Ltd                   | <b>42.24</b>                      | 19.86         |        |
|   | HV Transmissions Ltd                 | -                                 | 17.37         |        |
|   | Tata Marcopolo Motors Ltd            | <b>14.37</b>                      | 15.20         |        |
|   | Telco Construction Equipment Co. Ltd | <b>9.62</b>                       | 9.76          |        |
|   | Tata Cummins Ltd                     | <b>5.76</b>                       | 6.03          |        |
|   | Fiat India Automobiles Ltd           | <b>8.32</b>                       | 0.02          |        |
|   |                                      |                                   |               |        |
| (vii) <b>Finance given (including loans and equity)</b> | Investment in equity                 | TML Holdings Pte Ltd, (Singapore) | <b>998.89</b> | -      |
|   | Investment in equity                 | Fiat India Automobiles Ltd        | <b>42.50</b>  | 200.00 |
|   | Inter corporate deposit              | TML Distribution Company Ltd      | <b>763.00</b> | 585.00 |
|   | Inter corporate deposit              | Tata Technologies Ltd             | <b>462.40</b> | 326.00 |
|   | Inter corporate deposit              | TML Drivelines Ltd                | <b>560.20</b> | 222.00 |
|   | Inter corporate deposit              | Automobile Corporation of Goa Ltd | <b>11.00</b>  | 89.00  |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|   |  | 2011-2012       | 2010-2011 |
|---|--|-----------------|-----------|
| <b>(vii) Finance taken (including loans and equity)</b>         |  |                 |           |
| Inter corporate deposit   | TML Distribution Company Ltd           | <b>763.00</b>   | 585.00    |
| Inter corporate deposit   | TML Drivelines Ltd                     | <b>617.05</b>   | 221.00    |
| Inter corporate deposit   | HV Transmissions Ltd                   | -               | 169.00    |
| Inter corporate deposit   | Automobile Corporation of Goa Ltd      | <b>9.00</b>     | 83.00     |
| <b>(viii) Interest / dividend paid / (received)</b>             |  |                 |           |
| Dividend paid   | Tata Sons Ltd                          | <b>290.77</b>   | 240.86    |
| Dividend received   | Tata Sons Ltd                          | <b>(10.60)</b>  | (9.36)    |
| Dividend received   | Tata Cummins Ltd                       | <b>(27.00)</b>  | (22.50)   |
| Dividend received   | Tata Technologies Ltd                  | <b>(42.42)</b>  | (42.99)   |
| Dividend received   | Tata Daewoo Commercial Vehicle Co. Ltd | <b>(22.00)</b>  | (12.23)   |
| Dividend received   | TML Drivelines Ltd                     | <b>(22.95)</b>  | (19.13)   |
| Dividend received   | HV Transmissions Ltd                   | <b>(20.40)</b>  | (17.00)   |
| Interest paid   | Fiat India Automobiles Ltd             | <b>85.48</b>    | 45.30     |
| Interest paid   | TML Drivelines Ltd                     | <b>11.40</b>    | 5.43      |
| Interest paid   | HV Transmissions Ltd                   | -               | 1.65      |
| Interest received   | Fiat India Automobiles Ltd             | <b>(118.37)</b> | (66.59)   |
| <b>(ix) Bank guarantee / other assets given as security</b>     |  |                 |           |
| Bank guarantee / other assets given for securitisation of debts | Tata Motors Finance Ltd                | <b>36.50</b>    | 194.98    |
| Deposits given  | Tata Sons Ltd                          | -               | 3.00      |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

(ii) **Disclosures required by Clause 32 of the Listing Agreement**

Amount of loans / advances in nature of loans outstanding from subsidiaries and associates during 2011-2012

| Name of the Company                                     | Outstanding as at<br>March 31, 2012 | Maximum amount<br>outstanding during<br>the year | Investment in<br>shares of the<br>Company | Direct investment in<br>shares of subsidiaries<br>of the Company |
|---|-------------------------------------|--|---|--|
|   | (₹ in crores)                       | (₹ in crores)                                    | (No. of Shares)                           | (No. of Shares)  |
| <b>a) Subsidiaries</b>                                  |                                     |  |   |  |
| Sheba Properties Ltd                                    | -                                   | -  | -   | <b>8,11,992</b>  |
| [Shares in Tata Technologies Ltd]                       | -                                   | -  | -   | 8,11,992   |
| Tata Technologies Ltd                                   | -                                   | <b>3.00</b>                                      | -   | -  |
| TAL Manufacturing Solutions Ltd                         | -                                   | <b>34.00</b>                                     | -   | -  |
| Concorde Motors (India) Ltd                             | 12.00                               | 16.00  | -   | -  |
| Tata Motors European Technical Centre Plc., UK          | -                                   | 31.00  | -   | -  |
| [Shares in Miljobil Grenland AS]                        | <b>55.33</b>                        | <b>55.78</b>                                     | -   | <b>9,498</b>   |
| Tata Marcopolo Motors Ltd                               | 48.51                               | 48.51  | -   | 9,498  |
| Tata Motors (Thailand) Ltd                              | <b>5.00</b>                         | <b>5.00</b>                                      | -   | -  |
| TML Distribution Company Ltd                            | 5.00                                | 10.00  | -   | -  |
| Tata Hispano Motors Carrocera S.A.                      | <b>154.69</b>                       | <b>157.70</b>                                    | -   | -  |
| [Shares in Tata Hispano Motors Carroceries Maghreb]     | 138.04                              | 138.04   | -   | -  |
| Tata Precision Industries Pte. Ltd. (Singapore)         | -                                   | <b>35.00</b>                                     | -   | -  |
| Tata Motors Insurance Broking and Advisory Services Ltd | -                                   | 100.00   | -   | -  |
| Tata Motors (SA) Proprietary Ltd                        | <b>342.91</b>                       | <b>352.58</b>                                    | -   | <b>40,000</b>  |
| Fiat India Automobiles Ltd                              | 236.27                              | 236.27   | -   | 40,000   |
|   | -                                   | -  | -   | -  |
|   | -                                   | 8.02   | -   | -  |
|   | <b>1.70</b>                         | <b>1.70</b>                                      | -   | -  |
|   | 0.70                                | 0.70   | -   | -  |
|   | <b>8.53</b>                         | <b>8.53</b>                                      | -   | -  |
|   | 6.41                                | 6.41   | -   | -  |
| <b>b) Associates</b>                                    |                                     |  |   |  |
| Tata AutoComp Systems Ltd                               | <b>23.83</b>                        | <b>23.83</b>                                     | -   | -  |
|   | 23.83                               | 23.83  | -   | -  |
| <b>c) Joint Ventures :</b>                              |                                     |  |   |  |
| Fiat India Automobiles Ltd                              | <b>265.00</b>                       | <b>265.00</b>                                    | -   | -  |
|   | 265.00                              | 265.00   | -   | -  |

32. The Company has a joint venture with Fiat Group Automobiles S.p.A., Italy, Fiat India Automobiles Limited (FIAL), for manufacturing passenger cars, engines and transmissions at Ranjangaon in India. The Company has an investment of ₹ 1,242.04 crores as at March 31, 2012, representing 50% shareholding in FIAL.

The proportionate share of assets and liabilities as at March 31, 2012 and income and expenditure for the year 2011-12 of FIAL as per their unaudited financial statement are given below :

|                                    | As on<br>March 31,<br>2012 | As on<br>March 31,<br>2011 |   | 2011-2012       | 2010-2011       |
|------------------------------------|----------------------------|----------------------------|---|-----------------|-----------------|
| <b>RESERVES AND SURPLUS</b>        | <b>(650.58)</b>            | <b>(607.19)</b>            | <b>INCOME</b>   |                 |                 |
| <b>NON-CURRENT LIABILITIES</b>     |                            |                            | Revenue from operations   | <b>1,716.47</b> | 2,017.12        |
| Long-term borrowings               | <b>795.69</b>              | 932.66                     | Less : Excise duty  | <b>(247.73)</b> | (324.04)        |
| Long-term provisions               | <b>6.24</b>                | 3.98                       | Other operating income  | <b>169.21</b>   | 198.61          |
| <b>CURRENT LIABILITIES</b>         |                            |                            | Other income  | <b>92.92</b>    | 36.17           |
| Short-term borrowings              | <b>99.90</b>               | 50.00                      |   | <b>1,730.87</b> | <b>1,927.86</b> |
| Trade payables                     | <b>633.87</b>              | 859.65                     | <b>EXPENDITURE</b>  |                 |                 |
| Other current liabilities          | <b>304.41</b>              | 306.19                     | Manufacturing and other expenses  | <b>1,429.57</b> | 1,743.58        |
| Short-term provisions              | <b>8.61</b>                | 7.31                       | Product development cost  | <b>3.27</b>     | 3.46            |
| <b>NON-CURRENT ASSETS</b>          | <b>1,848.72</b>            | <b>2,159.79</b>            | Depreciation  | <b>160.76</b>   | 160.47          |
| Fixed assets                       | <b>1,516.50</b>            | 1,649.37                   | Finance cost  | <b>162.81</b>   | 143.23          |
| Other long-term loans and advances | <b>42.60</b>               | 31.88                      | Tax expense   | -               | -               |
| Other non-current assets           | <b>29.13</b>               | 37.50                      | Exchange loss (net) on revaluation of foreign currency borrowings, deposits and loans | <b>17.85</b>    | -               |
| <b>CURRENT ASSETS</b>              | <b>714.15</b>              | 895.58                     |   | <b>1,774.26</b> | <b>2,050.74</b> |
| Claims not acknowledged as debts   | <b>6.26</b>                | 4.15                       |   |                 |                 |
| Capital Commitments                | <b>12.19</b>               | 7.70                       |   |                 |                 |

# NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

## 33. Defined benefit plans/long term compensated absences - as per actuarial valuations as on March 31, 2012.

|  | Gratuity, Superannuation and BKY |               |               |               |               | Compensated Absences   |               |               |               |               | Post-retirement Medicare scheme                                |              |              |              |              |
|--|----------------------------------|---------------|---------------|---------------|---------------|--|---------------|---------------|---------------|---------------|--|--------------|--------------|--------------|--------------|
|  | 2012                             | 2011          | 2010          | 2009          | 2008          | 2012   | 2011          | 2010          | 2009          | 2008          | 2012   | 2011         | 2010         | 2009         | 2008         |
| <b>i Components of employer expense</b>  |                                  |               |               |               |               |  |               |               |               |               |  |              |              |              |              |
| Current service cost   | 37.98                            | 29.63         | 24.97         | 25.24         | 21.60         | 23.16  | 18.41         | 14.68         | 14.85         | 12.80         | 3.47   | 2.88         | 2.53         | 1.97         | 1.80         |
| Interest cost  | 48.77                            | 42.32         | 38.09         | 37.42         | 34.65         | 15.82  | 12.49         | 10.30         | 10.69         | 9.60          | 7.03   | 6.15         | 5.86         | 4.72         | 4.19         |
| Expected return on plan assets   | (43.69)                          | (39.56)       | (35.46)       | (32.56)       | (30.70)       | -  | -             | -             | -             | -             | -  | -            | -            | -            | -            |
| Actuarial (gains) / losses   | 9.50                             | 53.84         | 46.23         | (4.26)        | 39.41         | 17.81  | 34.05         | 22.92         | (9.80)        | 12.47         | (3.80)   | 4.21         | (1.74)       | 10.00        | 3.90         |
| <b>Total expense recognised in the Profit and Loss Statement in Note 24, page 154 under item :</b> | <b>52.56</b>                     | <b>86.23</b>  | <b>73.83</b>  | <b>25.84</b>  | <b>64.96</b>  | <b>56.79</b>   | <b>64.95</b>  | <b>47.90</b>  | <b>15.74</b>  | <b>34.87</b>  | <b>6.70</b>  | <b>13.24</b> | <b>6.65</b>  | <b>16.69</b> | <b>9.89</b>  |
|  | (b) & (c)                        |               |               |               |               | (a)  |               |               |               |               | (c)  |              |              |              |              |
| <b>ii Actual contribution and benefit payments for year ended March 31,</b>                        |                                  |               |               |               |               |  |               |               |               |               |  |              |              |              |              |
| Actual benefit payments  | 48.92                            | 55.21         | 54.15         | 57.20         | 54.98         | 25.62  | 25.93         | 18.24         | 22.49         | 21.42         | 2.82   | 3.10         | 3.17         | 3.43         | 3.75         |
| Actual contributions   | 46.91                            | 78.11         | 75.80         | 22.18         | 87.98         | 25.62  | 25.93         | 18.24         | 22.49         | 21.42         | 2.82   | 3.10         | 3.17         | 3.43         | 3.75         |
| <b>iii Net liability recognised in Balance Sheet as at March 31,</b>                               |                                  |               |               |               |               |  |               |               |               |               |  |              |              |              |              |
| Present value of defined benefit obligation  | 652.56                           | 606.73        | 534.60        | 485.95        | 474.36        | 230.14   | 198.97        | 159.95        | 130.29        | 137.04        | 88.66  | 84.13        | 73.99        | 70.51        | 57.25        |
| Fair value of plan assets  | 587.21                           | 547.03        | 483.02        | 432.39        | 424.45        | N/A  | N/A           | N/A           | N/A           | N/A           | N/A  | N/A          | N/A          | N/A          | N/A          |
| Net liability recognised in Balance Sheet  | (65.35)                          | (59.70)       | (51.58)       | (53.56)       | (49.91)       | (230.14)   | (198.97)      | (159.95)      | (130.29)      | (137.04)      | (88.66)  | (84.13)      | (73.99)      | (70.51)      | (57.25)      |
| Experience adjustment on plan liabilities  | (1.05)                           | (33.21)       | (3.35)        | (37.27)       | 30.22         | N/A  | N/A           | N/A           | N/A           | N/A           | (3.87)   | 4.62         | 0.84         | 2.21         | -            |
| Experience adjustment on plan assets   | (1.49)                           | 1.55          | (6.49)        | 10.41         | (6.45)        | N/A  | N/A           | N/A           | N/A           | N/A           | -  | -            | -            | -            | -            |
| <b>iv Change in Defined Benefit Obligations (DBO) during the year ended March 31,</b>              |                                  |               |               |               |               |  |               |               |               |               |  |              |              |              |              |
| Present value of DBO at the beginning of the year  | 606.73                           | 534.60        | 485.95        | 474.36        | 440.14        | 198.97   | 159.95        | 130.29        | 137.04        | 123.59        | 84.13  | 73.99        | 70.51        | 57.25        | 51.11        |
| Current service cost   | 37.98                            | 29.63         | 24.97         | 25.24         | 21.60         | 23.16  | 18.41         | 14.68         | 14.85         | 12.80         | 3.47   | 2.88         | 2.53         | 1.97         | 1.80         |
| Interest cost  | 48.77                            | 42.32         | 38.09         | 37.42         | 34.65         | 15.82  | 12.49         | 10.30         | 10.69         | 9.60          | 7.03   | 6.15         | 5.86         | 4.72         | 4.19         |
| Actuarial losses   | 8.00                             | 55.39         | 39.74         | 6.13          | 32.95         | 17.81  | 34.05         | 22.92         | (9.80)        | 12.47         | (3.80)   | 4.21         | (1.74)       | 10.00        | 3.90         |
| Benefits paid  | (48.92)                          | (55.21)       | (54.15)       | (57.20)       | (54.98)       | (25.62)  | (25.93)       | (18.24)       | (22.49)       | (21.42)       | (2.82)   | (3.10)       | (3.17)       | (3.43)       | (3.75)       |
| <b>Present value of DBO at the end of the year</b>   | <b>652.56</b>                    | <b>606.73</b> | <b>534.60</b> | <b>485.95</b> | <b>474.36</b> | <b>230.14</b>  | <b>198.97</b> | <b>159.95</b> | <b>130.29</b> | <b>137.04</b> | <b>88.01</b>   | <b>84.13</b> | <b>73.99</b> | <b>70.51</b> | <b>57.25</b> |
| <b>v Change in fair value of assets during the year ended March 31,</b>                            |                                  |               |               |               |               |  |               |               |               |               |  |              |              |              |              |
| Plan assets at the beginning of the year   | 547.03                           | 483.02        | 432.39        | 424.45        | 367.21        | N/A  | N/A           | N/A           | N/A           | N/A           | N/A  | N/A          | N/A          | N/A          | N/A          |
| Actual return on plan assets   | 42.19                            | 41.11         | 28.98         | 42.96         | 24.24         | N/A  | N/A           | N/A           | N/A           | N/A           | N/A  | N/A          | N/A          | N/A          | N/A          |
| Actual Company contributions   | 46.91                            | 78.11         | 75.80         | 22.18         | 87.98         | 25.62  | 25.93         | 18.24         | 22.49         | 21.42         | 2.82   | 3.10         | 3.17         | 3.43         | 3.75         |
| Benefits paid  | (48.92)                          | (55.21)       | (54.15)       | (57.20)       | (54.98)       | (25.62)  | (25.93)       | (18.24)       | (22.49)       | (21.42)       | (2.82)   | (3.10)       | (3.17)       | (3.43)       | (3.75)       |
| <b>Plan assets at the end of the year</b>  | <b>587.21</b>                    | <b>547.03</b> | <b>483.02</b> | <b>432.39</b> | <b>424.45</b> | <b>N/A</b>   | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>   | <b>N/A</b>   | <b>N/A</b>   | <b>N/A</b>   | <b>N/A</b>   |
| <b>vi Actuarial Assumptions</b>  |                                  |               |               |               |               |  |               |               |               |               |  |              |              |              |              |
| Discount rate (%)  | 6.75-8.50                        | 6.75-8.50     | 6.75-8.50     | 6.75-8.50     | 7.75-8.50     | 8.50   | 8.50          | 8.50          | 8.50          | 8.50          | 8.50   | 8.50         | 8.50         | 8.50         | 8.50         |
| Expected return on plan assets (%)   | 8.00                             | 8.00          | 8.00          | 8.00          | 8.00          | N/A  | N/A           | N/A           | N/A           | N/A           | N/A  | N/A          | N/A          | N/A          | N/A          |
| Medical cost inflation (%)   | N/A                              | N/A           | N/A           | N/A           | N/A           | N/A  | N/A           | N/A           | N/A           | N/A           | 4.00   | 4.00         | 4.00         | 4.00         | 4.00         |
| <b>vii The major categories of plan assets as percentage of total plan assets</b>                  |                                  |               |               |               |               |  |               |               |               |               |  |              |              |              |              |
| Debt securities  | 77%                              | 75%           | 74%           | 76%           | 68%           | N/A  | N/A           | N/A           | N/A           | N/A           | N/A  | N/A          | N/A          | N/A          | N/A          |
| Balances with banks  | 23%                              | 25%           | 26%           | 24%           | 32%           | N/A  | N/A           | N/A           | N/A           | N/A           | N/A  | N/A          | N/A          | N/A          | N/A          |
| <b>viii Effect of one percentage point change in assumed medical inflation rate</b>                |                                  |               |               |               |               | <b>One percentage point increase in medical inflation rate</b> |               |               |               |               | <b>One percentage point decrease in medical inflation rate</b> |              |              |              |              |
|  |                                  |               |               |               |               | 2012   | 2011          | 2010          | 2009          | 2008          | 2012   | 2011         | 2010         | 2009         | 2008         |
| Revised DBO as at March 31,  |                                  |               |               |               |               | 95.34  | 91.65         | 81.48         | 77.68         | 58.11         | 81.62  | 77.57        | 67.49        | 64.29        | 52.10        |
| Revised service cost for the year  |                                  |               |               |               |               | 4.01   | 3.37          | 2.95          | 2.30          | 1.95          | 3.04   | 2.48         | 2.17         | 1.69         | 1.42         |
| Revised interest cost for the year   |                                  |               |               |               |               | 7.66   | 6.79          | 6.47          | 4.79          | 4.63          | 6.46   | 5.60         | 5.33         | 4.28         | 3.80         |

- (a) **Defined contribution plans-**  
The Company's contribution to defined contribution plan aggregated ₹165.25 crores (2010-11 ₹ 144.97 crores) for the year ended March 31, 2012 has been recognised in the Profit and Loss Statement under note 24 page 154.
- (b) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.
- (c) The assumption of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (d) The Company expects to contribute ₹ 82.61 crores to the funded pension plans in the year 2012-13.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|  | <u>2011 -2012</u> | <u>2010-2011</u> |
|--|-------------------|------------------|
| <b>34. Purchase of products for Sale :</b>   |                   |                  |
| (a) Spare parts and accessories for sale   | 1,558.96          | 1,350.25         |
| (b) Bodies and trailers for mounting on chassis  | 1,637.87          | 956.50           |
| (c) Vehicles <b>53,583 nos.</b> (2010-11 : 82,563 nos.)  | 3,237.12          | 5,056.38         |
|  | <u>6,433.95</u>   | <u>7,363.13</u>  |
| <b>35. Expenditure incurred on Research and Development :</b>  |                   |                  |
| (a) Revenue expenditure - charged to Profit and Loss Statement   | 243.30            | 121.86           |
| (b) Revenue expenditure - capitalised  | 1,127.86          | 897.16           |
| (c) Capital expenditure  | 177.53            | 168.19           |
|  | <u>1,548.69</u>   | <u>1,187.21</u>  |
| <b>36. (a) Auditors' remuneration (excluding service tax) :</b>  |                   |                  |
| (i) Audit fees   | 4.00              | 4.00             |
| (ii) Audit fees for financial statements as per IFRS (including SOX certification)   | 3.50              | 3.75             |
| (iii) In other capacities :  |                   |                  |
| Company law matters (₹ <b>35,000 for 2011-12</b> , ₹ 35,000 for 2010-11)   | -                 | -                |
| Tax audit / Transfer pricing audit   | 0.49              | 0.56             |
| Taxation matters   | 0.20              | 0.22             |
| (iv) Other services @  | 0.07              | 0.08             |
| (v) Reimbursement of travelling and out-of-pocket expenses   | 0.34              | 0.14             |
| (b) Cost Auditors' remuneration (excluding service tax)  |                   |                  |
| (i) Cost Audit fees  | 0.14              | 0.10             |
| (ii) Reimbursement of travelling and out-of-pocket expenses  | 0.01              | 0.01             |
| Notes:   |                   |                  |
| @ Excludes audit fees debited to Securities Premium Account related to Qualified Institutional Placement (QIP) issue                   | -                 | 0.50             |
| <b>37. (a) Product warranty</b>  |                   |                  |
| Opening balance  | 398.25            | 248.63           |
| Add: Provision for the year (net)  | 368.42            | 376.47           |
| Less: Payments / debits (net of recoveries from suppliers)   | (313.91)          | (226.85)         |
| Closing balance  | <u>452.76</u>     | <u>398.25</u>    |
| Current  | 387.26            | 346.27           |
| Non-current  | 65.50             | 51.98            |
| (b) <b>Provision for Delinquency</b>   |                   |                  |
| Opening balance  | 9.96              | -                |
| Add: Provision for the year (net)  | 118.62            | 9.96             |
| Less: Payments / debits (net)  | 19.77             | -                |
| Closing balance  | <u>108.81</u>     | <u>9.96</u>      |
| Current  | -                 | -                |
| Non-current  | 108.81            | 9.96             |
| (c) <b>Premium on redemption of Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS):</b> |                   |                  |
| Opening balance  | 801.09            | 993.15           |
| Foreign currency exchange loss / (gain)  | 100.99            | (3.22)           |
| Premium on redemption of FCCN (including withholding tax)  | (0.97)            | -                |
| Reversal of provision for premium due to conversion of FCCN  | -                 | (168.57)         |
| Provision / (Reversal of provision) for withholding tax upon conversion / redemption / foreign currency exchange of FCCN               | 11.39             | (20.27)          |
| Closing balance  | <u>912.50</u>     | <u>801.09</u>    |
| Current  | 855.73            | 0.87             |
| Non-current  | 56.77             | 800.22           |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 38. Derivative transactions

The Company uses forward exchange contracts, principal only swaps, interest rate swaps, currency swaps and currency options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments is as follows :

(a) Derivative Instruments outstanding as at March 31, 2012

| <u>Currency</u>                                      | <u>Amount</u><br>(Foreign currency<br>in millions)      | <u>Buy / Sell</u>                          | <u>Amount</u><br>(₹ in crores)          |
|--|---|--|---|
| (i) Forward exchange contracts (net)<br>US \$ / IN ₹ | -<br>US \$ 106.57                                       | -<br>Buy                                   | -<br>475.17                             |
| (ii) Options (net)<br>US \$ / IN ₹                   | <b>US \$ 45.00</b><br><b>US \$ 15.00</b><br>US \$ 39.00 | <b>To Sell</b><br><b>To Buy</b><br>To Sell | <b>228.92</b><br><b>76.32</b><br>173.89 |
| (iii) Cross currency swaps<br>US \$ / IN ₹           | <b>US \$ 31.00</b><br>US \$ 31.00                       | <b>To Buy</b><br>To Buy                    | <b>157.74</b><br>138.22                 |

(b) Foreign exchange currency exposures not covered by derivative instruments as at March 31, 2012

|  | <u>Amount</u><br>(Foreign currency<br>in millions)   | <u>Amount</u><br>(₹ in crores)  |
|--|--|---|
| (i) Amount receivable on account of sales of goods,<br>investment in preference shares, loan<br>and interest charges | <b>US \$ 670.79</b><br>US \$ 1,076.74<br><br>€ 54.53<br>€ 39.00<br>£ 8.68<br>£ 8.52<br><b>THB 1,105.99</b><br>THB 949.00<br><b>ZAR 34.45</b><br>ZAR 10.33          | <b>3,411.33</b><br>4,800.71<br><br><b>370.28</b><br>247.04<br><b>70.88</b><br>61.34<br><b>182.38</b><br>139.66<br><b>22.96</b><br>6.78          |
| (ii) Creditors payable on account of loan and interest<br>charges and other foreign currency expenditure             | <b>US \$ 1,750.83</b><br>US \$ 1,281.55<br><br>€ 11.79<br>€ 11.23<br>£ 11.50<br>£ 7.67<br><b>¥ 373.22</b><br>¥ 574.08<br>-<br>THB 89.83<br><b>Others</b><br>Others | <b>8,908.64</b><br>5,714.43<br><br><b>80.08</b><br>71.27<br><b>93.75</b><br>54.81<br><b>22.98</b><br>30.79<br>-<br>13.24<br><b>1.56</b><br>1.87 |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

**39. Information in regard to sale of products effected by the Company**

|   | <u>2011 -2012</u>       | <u>2010-2011</u> |
|---|-------------------------|------------------|
| (1) Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon [including export and other incentives of ₹ <b>437.69 crores</b> (2010-2011 ₹ 803.57 crores)] | <b>54,154.01</b>        | 46,692.88        |
| (2) Spare parts for vehicles  | <b>2,910.60</b>         | 2,689.85         |
| (3) Others  | <b>1,585.81</b>         | 1,327.72         |
|   | <u><b>58,650.42</b></u> | <u>50,710.45</u> |

**40. Information in regard to raw materials and components consumed :**

|   | <u>2011 -2012</u>       | <u>2010-2011</u> |
|---|-------------------------|------------------|
| Engines                                   | <b>2,568.17</b>         | 2,115.33         |
| Tyres, tubes and flaps                    | <b>3,022.60</b>         | 2,031.98         |
| Paints, oils and lubricants               | <b>334.10</b>           | 247.70           |
| Steel , steel tubes, steel melting scrap  | <b>1,452.72</b>         | 1,172.36         |
| Non-ferrous alloys / metals, ferro alloys | <b>117.52</b>           | 99.22            |
| Other components                          | <b>26,399.71</b>        | 21,391.88        |
|   | <u><b>33,894.82</b></u> | <u>27,058.47</u> |

The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc. The figures of other components comprises finished/ semi finished components/ assemblies/ sub assemblies and other material (balancing figure based on the total consumption).



## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

### 41. Information regarding exports and imports and other matters :

|  | 2011 -2012 | 2010-2011 |
|--|------------|-----------|
| 1. Earnings in foreign exchange :  |            |           |
| (i) F.O.B. value of goods exported [including sales through export house, Exports to Nepal, Bhutan and local sales eligible for export incentives and exchange differences (net) - gain of ₹ 26.91 crores (2010-11 loss of ₹ 3.00 crores)] | 3,598.22   | 3,339.03  |
| (ii) Rent income   | 6.75       | 6.23      |
| (iii) Commission   | 0.70       | 0.21      |
| (iv) Interest and dividend   | 46.23      | 19.61     |
| (v) Sale of services   | 25.05      | -         |
| 2. C.I.F. value of imports   |            |           |
| (i) Raw material and components  | 1,364.69   | 1,825.30  |
| (ii) Machinery spares and tools  | 57.31      | 46.80     |
| (iii) Capital goods  | 362.48     | 158.71    |
| (iv) Vehicles / Spare parts / accessories for sale   | 525.51     | 273.67    |
| (v) Other items  | 15.47      | 12.39     |
| 3. (a) Value of imported and indigenous raw materials and components consumed [Note below]:  |            |           |
| (i) Imported at Rupee cost   | 1,635.39   | 1,598.91  |
| (ii) Indigenously obtained   | 32,259.43  | 25,459.56 |
| (b) Percentage to total consumption :  |            |           |
| (i) Imported   | 4.82       | 5.91      |
| (ii) Indigenously obtained   | 95.18      | 94.09     |

**Note:**

In giving the above information, the Company has taken the view that components and spares as referred to in Clause 5(viii)(c) of Part II of Revised Schedule VI covers only such items as consumed directly in production.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

|   | 2011-2012     | 2010-2011 |
|---|---------------|-----------|
| <b>42. Expenditure in foreign currency (subject to deduction of tax where applicable) :</b> |               |           |
| (i) Technical Know-how / services   | <b>387.44</b> | 223.39    |
| (ii) Interest   | <b>271.64</b> | 136.57    |
| (iii) Consultancy / Professional charges  | <b>35.66</b>  | 52.80     |
| (iv) Payments on other accounts [including exchange differences (net)]                      | <b>228.14</b> | 177.55    |

### 43. Remittances in foreign currencies for dividends :

The Company does not have complete information as to the extent to which remittances in foreign currencies on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividends declared during the year and payable to non - resident shareholders for the year 2010-11 are as under :

|   |      |                     |              |
|---|------|---------------------|--------------|
| (i) Number of non-resident shareholders |      |                     |              |
| a) For 2010-11                          | Nos. | <b>8,543</b>        | -            |
| b) For 2009-10                          | Nos. | -                   | 7,406        |
| (ii) Number of shares held by them      |      |                     |              |
| a) For 2010-11                          | Nos. | <b>23,05,21,921</b> | -            |
| b) For 2009-10                          | Nos. | -                   | 18,19,96,551 |
| (iii) Gross amount of dividend          |      |                     |              |
| a) For 2010-11                          |      | <b>461.04</b>       | -            |
| b) For 2009-10                          |      | -                   | 272.99       |

### 44. Other Notes

- (i) The revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.
- (ii) During the year ended March 31, 2012, TML Holding Pte Ltd. (Singapore) (TMLHS), a wholly owned subsidiary of the Company, bought back 91,666,700 equity shares for a consideration of USD 2.2 per share (₹108.79 per share), based on an independent valuation of TMLHS. The consideration of ₹ 997.24 crores has been credited to Investment account.
- (iii) Capital work-in-progress as at March 31, 2012 includes building under construction at Singur in West Bengal of ₹309.88 crores for the purposes of manufacturing automobiles. In October 2008, the Company moved the Nano project from Singur in West Bengal to Sanand in Gujarat. The newly elected Government of West Bengal enacted a legislation on June 14, 2011, which was notified on June 20, 2011, to cancel the land lease relating to the project at Singur. The Company has challenged the legal validity of the legislation including the process of compensation in the Courts of Law, the outcome of which is pending as of the date of approval of these financials by the Board of Directors. Based on management's assessment no provision is considered necessary for the carrying cost of buildings at Singur.
- (iv) **Micro, Small and Medium Enterprise Development Act, 2006 :**  
The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during 2011-12 is given below :

|   |            | 2011-2012    | 2010-2011 |
|---|------------|--------------|-----------|
| (a) Amounts outstanding but not due as at March 31,       |            | <b>52.69</b> | 254.35    |
| (b) Amounts due but unpaid as at March 31,                | -Principal | -            | 0.06      |
| (c) Amounts paid after appointed date during the year     | -Principal | <b>28.61</b> | 339.71    |
| (d) Amount of interest accrued and unpaid as at March 31, | -Interest  | <b>0.28</b>  | 1.58      |

(v) Current year figures are shown in bold prints.

# AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF TATA MOTORS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TATA MOTORS LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at March 31, 2012, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
  - (a) Attention is invited to Note k(i) under Significant Accounting Policies. As stated in the note, the changes in actuarial valuation (net) amounting to ₹ 128.12 crores (credit) (net of tax credit of ₹ 1,272.50 crores) for the year ended March 31, 2012 and ₹ 3,870.58 crores (debit) as at March 31, 2012, have been accounted in "Reserves and Surplus" in respect of a group of subsidiary companies.
  - (b) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 27,532.31 crores as at March 31, 2012, total revenues of ₹ 1,07,862.16 crores and net cash inflows amounting to ₹ 6,323.31 crores and of certain associates whose financial statements reflect the Group's share of profit (net) of ₹ 34.24 crores for the year then ended and Group's share of profit of ₹ 19.68 crores up to March 31, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Company's Management, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associates is based solely on the reports of the other auditors.
  - (c) As stated in note 37, the financial statements of certain subsidiaries, whose financial statements reflect total liabilities (net) of ₹ 222.98 crores as at March 31, 2012, total revenues of ₹ 575.36 crores and net cash inflows amounting to ₹ 64.57 crores, the financial statements of a joint venture, whose financial statements reflect the Group's share of total assets (net) of ₹ 453.65 crores as at March 31, 2012, total revenues of ₹ 1,730.86 crores and net cash outflow amounting to ₹ 17.83 crores and financial statements of certain associates, whose financial statements reflect the Group's share of loss (net) for the year ended March 31, 2012 of ₹ 17.65 crores and Group's share of profit (net) of ₹ 264.04 crores up to March 31, 2012, are incorporated in the Consolidated Financial Statements based on management's estimates and are not audited by their auditors.
4. Subject to the matters referred to in paragraph 3(c) and read with our comments in paragraph 3(a) above:
  - (a) we report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006;
  - (b) based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, joint ventures and associates and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
    - (ii) in the case of the Consolidated Profit and Loss Statement, of the profit of the Group for the year ended on that date; and
    - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117366W)

**N. VENKATRAM**  
Partner  
(Membership No.71387)

MUMBAI, May 29, 2012

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(₹ in crores)

|   | Note | Page | As at March 31, 2012 | As at March 31, 2011 |
|---|------|------|----------------------|----------------------|
| <b>I. EQUITY AND LIABILITIES</b>  |      |      |                      |                      |
| <b>1. SHAREHOLDERS' FUNDS</b>   |      |      |                      |                      |
| (a) Share capital   | 2    | 180  | 634.75               | 637.71               |
| (b) Reserves and surplus  | 3    | 182  | 32,515.18            | 18,533.76            |
|   |      |      | <b>33,149.93</b>     | 19,171.47            |
| <b>2. MINORITY INTEREST</b>   |      |      | <b>307.13</b>        | 246.60               |
| <b>3. NON-CURRENT LIABILITIES</b>   |      |      |                      |                      |
| (a) Long-term borrowings  | 4    | 183  | 27,962.48            | 17,256.00            |
| (b) Deferred tax liabilities (net)  | 5    | 185  | 2,165.07             | 2,096.13             |
| (c) Other long-term liabilities   | 6    | 186  | 2,458.58             | 2,292.72             |
| (d) Long-term provisions  | 7    | 186  | 6,071.38             | 4,825.64             |
|   |      |      | <b>38,657.51</b>     | 26,470.49            |
| <b>4. CURRENT LIABILITIES</b>   |      |      |                      |                      |
| (a) Short-term borrowings   | 8    | 187  | 10,741.59            | 13,106.15            |
| (b) Trade payables  | 9    | 187  | 36,686.32            | 27,903.06            |
| (c) Other current liabilities   | 10   | 187  | 19,069.78            | 8,984.92             |
| (d) Short-term provisions   | 11   | 187  | 6,770.38             | 5,131.49             |
|   |      |      | <b>73,268.07</b>     | 55,125.62            |
| <b>TOTAL</b>  |      |      | <b>145,382.64</b>    | 101,014.18           |
| <b>II. ASSETS</b>   |      |      |                      |                      |
| <b>1. NON-CURRENT ASSETS</b>  |      |      |                      |                      |
| (a) Fixed Assets  |      |      |                      |                      |
| (i) Tangible assets   | 12   | 188  | 27,118.58            | 22,762.22            |
| (ii) Intangible assets  | 13   | 188  | 13,148.09            | 9,002.04             |
| (iii) Capital work-in-progress  |      |      | 3,121.51             | 2,244.54             |
| (iv) Intangible assets under development                                      |      |      | 12,824.32            | 9,212.25             |
|   |      |      | <b>56,212.50</b>     | 43,221.05            |
| (b) Goodwill (on consolidation)   | 14   | 189  | 4,093.74             | 3,584.79             |
| (c) Non-current investments   | 15   | 189  | 1,391.54             | 1,336.61             |
| (d) Deferred tax assets (net)   | 5    | 185  | 4,539.33             | 632.34               |
| (e) Long-term loans and advances  | 16   | 190  | 13,657.95            | 9,818.30             |
| (f) Other non-current assets  | 17   | 190  | 574.68               | 332.27               |
|   |      |      | <b>80,469.74</b>     | 58,925.36            |
| <b>2. FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (NET)</b> | 18   | 190  | <b>451.43</b>        | -                    |
| <b>3. CURRENT ASSETS</b>  |      |      |                      |                      |
| (a) Current investments   | 19   | 191  | 7,526.17             | 1,207.65             |
| (b) Inventories   | 20   | 191  | 18,216.02            | 14,070.51            |
| (c) Trade receivables   | 21   | 191  | 8,236.84             | 6,525.65             |
| (d) Cash and bank balances  | 22   | 192  | 18,238.13            | 11,409.60            |
| (e) Short-term loans and advances   | 23   | 192  | 11,337.22            | 8,023.92             |
| (f) Other current assets  | 24   | 192  | 907.09               | 851.49               |
|   |      |      | <b>64,461.47</b>     | 42,088.82            |
| <b>TOTAL</b>  |      |      | <b>145,382.64</b>    | 101,014.18           |
| <b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>                        |      |      |                      |                      |

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**N VENKATRAM**  
Partner

**RATAN N TATA**  
Chairman

**RAVI KANT**  
Vice-Chairman

For and on behalf of the Board

**N N WADIA**  
**S M PALIA**  
**R A MASHELKAR**  
**N MUNJEE**  
**S BHARGAVA**  
**V K JAIRATH**  
**R SEN**  
**R SPETH**

Directors

**P M TELANG**  
Managing Director - India Operations

**C RAMAKRISHNAN**  
Chief Financial Officer

**H K SETHNA**  
Company Secretary

Mumbai, May 29, 2012

Mumbai, May 29, 2012

## CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in crores)

|   | Note    | Page | 2011 - 2012       | 2010 - 2011 |
|---|---------|------|-------------------|-------------|
| <b>I. REVENUE FROM OPERATIONS</b>   | 25 (I)  | 193  | <b>170,677.58</b> | 126,414.24  |
| Less: Excise duty   |         |      | <b>(5,023.09)</b> | (4,286.32)  |
|   |         |      | <b>165,654.49</b> | 122,127.92  |
| <b>II. OTHER INCOME</b>   | 25 (II) | 193  | <b>661.77</b>     | 429.46      |
| <b>III. TOTAL REVENUE (I + II)</b>  |         |      | <b>166,316.26</b> | 122,557.38  |
| <b>IV. EXPENSES :</b>   |         |      |                   |             |
| (a) Cost of materials consumed  |         |      | <b>100,797.44</b> | 70,453.73   |
| (b) Purchases of products for sale  |         |      | <b>11,205.86</b>  | 10,390.84   |
| (c) Changes in inventories of finished goods,<br>work-in-progress and products for sale               |         |      | <b>(2,535.72)</b> | (1,836.19)  |
| (d) Employee cost / benefits expense  | 26      | 194  | <b>12,298.45</b>  | 9,342.67    |
| (e) Finance costs   | 27      | 194  | <b>2,982.22</b>   | 2,385.27    |
| (f) Depreciation and amortisation expense   |         |      | <b>5,625.38</b>   | 4,655.51    |
| (g) Product development / engineering expenses  |         |      | <b>1,389.23</b>   | 997.55      |
| (h) Other expenses  | 28      | 194  | <b>28,453.97</b>  | 21,703.09   |
| (i) Expenditure transferred to capital and other accounts   |         |      | <b>(8,265.98)</b> | (5,741.25)  |
| <b>TOTAL EXPENSES</b>   |         |      | <b>151,950.85</b> | 112,351.22  |
| <b>V. PROFIT BEFORE EXCEPTIONAL AND EXTRA ORDINARY<br/>ITEMS AND TAX (III - IV)</b>                   |         |      | <b>14,365.41</b>  | 10,206.16   |
| <b>VI. EXCEPTIONAL ITEMS</b>  |         |      |                   |             |
| (a) Exchange loss / (gain) (net) on revaluation of foreign<br>currency borrowings, deposits and loans |         |      | <b>654.11</b>     | (231.01)    |
| (b) Goodwill impairment and other costs   |         |      | <b>177.43</b>     | -           |
|   |         |      | <b>831.54</b>     | (231.01)    |
| <b>VII. PROFIT BEFORE EXTRA ORDINARY ITEMS AND TAX (V - VI)</b>                                       |         |      | <b>13,533.87</b>  | 10,437.17   |
| VIII. Extraordinary items   |         |      | -                 | -           |
| <b>IX. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (VII - VIII)</b>                                  |         |      | <b>13,533.87</b>  | 10,437.17   |
| X. Tax expense / (credit)   | 5       | 185  | <b>(40.04)</b>    | 1,216.38    |
| <b>XI. PROFIT AFTER TAX FROM CONTINUING OPERATIONS (IX - X)</b>                                       |         |      | <b>13,573.91</b>  | 9,220.79    |
| XII. Share of profit of associates (net)  |         |      | <b>24.92</b>      | 101.35      |
| XIII. Minority interest   |         |      | <b>(82.33)</b>    | (48.52)     |
| <b>XIV. PROFIT FOR THE YEAR</b>   |         |      | <b>13,516.50</b>  | 9,273.62    |
| <b>XV. EARNINGS PER SHARE</b>   | 29      | 195  |                   |             |
| A. Ordinary Shares  |         |      |                   |             |
| a. Basic  |         | ₹    | <b>42.58</b>      | 31.05       |
| b. Diluted  |         | ₹    | <b>40.71</b>      | 28.96       |
| B. 'A' Ordinary Shares  |         |      |                   |             |
| a. Basic  |         | ₹    | <b>42.68</b>      | 31.15       |
| b. Diluted  |         | ₹    | <b>40.81</b>      | 29.06       |
| <b>XVI. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>  |         |      |                   |             |

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**N VENKATRAM**  
Partner

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Chief Financial Officer

**H K SETHNA**  
Company Secretary

Mumbai, May 29, 2012

Mumbai, May 29, 2012

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in crores)

|  | 2011 - 2012       | 2010 - 2011       |
|--|-------------------|-------------------|
| <b>A. Cash flow from operating activities</b>                                |                   |                   |
| Profit for the year  | 13,516.50         | 9,273.62          |
| Adjustments for:   |                   |                   |
| Depreciation (including lease equalisation adjusted in income)               | 5,620.86          | 4,651.00          |
| Loss on sale of assets (including assets scrapped/written off)               | 76.72             | 22.54             |
| Profit on sale of investments (net)  | (48.45)           | (17.35)           |
| Impairment of goodwill   | 139.18            | 19.37             |
| Reversal of provision for inter corporate deposits (net)                     | -                 | (8.02)            |
| Gain on settlement of deferred sales tax liability                           | (153.74)          | (194.36)          |
| Share of profit of associates (net)  | (24.92)           | (101.35)          |
| Share of minority interest   | 82.33             | 48.52             |
| Tax expense / (credit)   | (40.04)           | 1,216.38          |
| Interest / dividend (net)  | 2,470.96          | 1,978.14          |
| Non-cash dividend income on mutual funds                                     | (14.56)           | -                 |
| Profit on issue of shares by a subsidiary                                    | (47.36)           | -                 |
| Exchange difference  | 854.86            | (208.74)          |
|  | <b>8,915.84</b>   | <b>7,406.13</b>   |
| Operating profit before working capital changes                              | <b>22,432.34</b>  | <b>16,679.75</b>  |
| Adjustments for:   |                   |                   |
| Inventories  | (2,718.98)        | (2,410.68)        |
| Trade receivables  | (1,006.86)        | 931.93            |
| Finance receivables  | (5,652.07)        | (2,354.15)        |
| Other current and non-current assets   | (980.94)          | (1,311.63)        |
| Trade payables   | 5,866.85          | 343.99            |
| Other current and non-current liabilities                                    | 2,321.06          | 1,624.41          |
| Provisions   | (109.14)          | (872.27)          |
|  | <b>(2,280.08)</b> | <b>(4,048.40)</b> |
| Cash generated from operations   | <b>20,152.26</b>  | <b>12,631.35</b>  |
| Income taxes paid (net)  | <b>(1,767.94)</b> | <b>(1,391.20)</b> |
| Net cash from operating activities   | <b>18,384.32</b>  | <b>11,240.15</b>  |
| <b>B. Cash flow from investing activities</b>                                |                   |                   |
| Purchase of fixed assets   | (13,875.55)       | (8,123.98)        |
| Sale of fixed assets   | 92.70             | 11.21             |
| Refund received against loan to associates                                   | -                 | 8.62              |
| Advance towards investments  | (25.00)           | -                 |
| Investment in associate companies  | (8.76)            | (4.09)            |
| Investments in mutual funds made (net)                                       | (5,840.09)        | (32.14)           |
| Investments in subsidiary companies  | (304.33)          | (70.42)           |
| Decrease in investments in retained interests in securitisation transactions | 0.18              | 4.52              |
| Investments - others   | (17.33)           | (114.76)          |
| Sale / redemption of investments - others                                    | 83.75             | 7.44              |
| Deposits of margin money / cash collateral                                   | (5.85)            | (800.81)          |
| Realisation of margin money / cash collateral                                | 506.06            | 1,828.30          |
| Fixed deposits / restricted deposits with banks made                         | (2,560.76)        | (1,310.82)        |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in crores)

|  | 2011 - 2012        | 2010 - 2011       |
|--|--------------------|-------------------|
| Fixed deposits / restricted deposits with banks realised                                 | 877.51             | 894.68            |
| Interest received  | 467.25             | 313.64            |
| Dividend received from associates  | 46.60              | 40.07             |
| Dividend / Income on investments received  | 23.73              | 57.75             |
| (Increase) / decrease in short term Inter-corporate deposit                              | (2.96)             | 5.30              |
| Net cash used in investing activities  | <u>(20,542.85)</u> | <u>(7,285.49)</u> |
| <b>C. Cash flow from financing activities</b>  |                    |                   |
| Expenses on Foreign Currency Convertible Notes (FCCN) conversion                         | -                  | (3.59)            |
| Brokerage and other expenses on Non-Convertible Debentures (NCD)                         | (76.69)            | (90.66)           |
| Reimbursement of expenses / (Expenses) incurred on issue of GDS and FCCN                 | -                  | 0.51              |
| Proceeds from QIP issue (net of issue expenses)  | -                  | 3,249.80          |
| Proceeds from issue of shares to minority shareholders (net of issue expenses)           | 138.54             | 5.19              |
| Premium paid on redemption of FCCN / NCD   | (0.97)             | (71.96)           |
| Proceeds from issue of shares held in abeyance   | 0.02               | 3.08              |
| Proceeds from long term borrowings (net of issue expenses)                               | 19,030.04          | 5,413.62          |
| Repayment of long term borrowings  | (4,664.13)         | (2,395.69)        |
| Proceeds from short term borrowings  | 7,911.22           | 10,116.51         |
| Repayment of short term borrowings   | (10,345.65)        | (12,698.95)       |
| Net change in other short-term borrowings (with maturity up to three months)             | 520.85             | (1,546.36)        |
| Proceeds from fixed deposits   | -                  | 339.39            |
| Repayment of fixed deposits  | (1,069.25)         | (233.58)          |
| Dividend paid (including dividend distribution tax)                                      | (1,479.33)         | (1,003.26)        |
| Dividend paid to minority shareholders   | (23.78)            | (16.27)           |
| Interest paid [including discounting charges paid<br>₹624.31 (2010-2011 ₹618.53 crores)] | (3,373.69)         | (2,469.07)        |
| Net cash (used in) / from financing activities   | <u>6,567.18</u>    | <u>(1,401.29)</u> |
| Net Increase in Cash and cash equivalents  | <u>4,408.65</u>    | <u>2,553.37</u>   |
| Cash and cash equivalents as at March 31 (Opening balance)                               | 9,345.41           | 6,529.96          |
| Cash and bank balance on acquisition of subsidiaries                                     | -                  | 2.47              |
| Effect of foreign exchange on Cash and cash equivalents                                  | 1,078.96           | 259.61            |
| Cash and cash equivalents as at March 31 (Closing balance)                               | <u>14,833.02</u>   | <u>9,345.41</u>   |

Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**N VENKATRAM**  
Partner

**RATAN N TATA**  
Chairman

**RAVI KANT**  
Vice-Chairman

For and on behalf of the Board

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Directors

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Managing Director - India Operations

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Chief Financial Officer

**H K SETHNA**  
Company Secretary

Mumbai, May 29, 2012

Mumbai, May 29, 2012

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of consolidation and significant accounting policies

(l) **Basis of consolidation:**

The consolidated financial statements relate to Tata Motors Limited (the Company), its subsidiary companies, joint ventures and associates. The Company and its subsidiaries constitute the Group.

(a) **Basis of preparation**

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof.

(b) **Use of estimates**

The preparation of financial statements requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

(c) **Principles of consolidation:**

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the subsidiary companies / joint ventures used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2012.
- ii. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- iii. The consolidated financial statements include the share of profit / loss of the associate companies which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.  
An associate is an enterprise in which the investor has significant influence and which is neither a Subsidiary nor a joint venture of the investor.
- iv. The financial statements of the joint venture companies have been combined by using proportionate consolidation method and accordingly, venturer's share of each of the assets, liabilities, income and expenses of jointly controlled entity is reported as separate line items in the Consolidated Financial Statements.
- v. The excess of cost to the Company of its investments in the subsidiary companies / joint ventures over its share of equity of the subsidiary companies / joint ventures, at the dates on which the investments in the subsidiary companies / joint ventures are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies / joint ventures as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- vi. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

(d) **The following subsidiary companies are considered in the consolidated financial statements:**

| Sr No.                     | Name of the subsidiary company                               | Country of incorporation | % of holding either directly or through subsidiaries |                      |
|----------------------------|--|--------------------------|--|----------------------|
|                            |  |                          | As at March 31, 2012                                 | As at March 31, 2011 |
| <b>Direct subsidiaries</b> |  |                          |  |                      |
| 1                          | Tata Daewoo Commercial Vehicle Co. Ltd                       | South Korea              | 100  | 100                  |
| 2                          | TML Drivelines Ltd (formerly known as HV Axles Ltd)          | India                    | 100  | 85                   |
| 3                          | HV Transmissions Ltd. (merged with TML Drivelines Ltd)       | India                    | -  | 85                   |
| 4                          | TAL Manufacturing Solutions Ltd                              | India                    | 100  | 100                  |
| 5                          | Sheba Properties Ltd   | India                    | 100  | 100                  |
| 6                          | Concorde Motors (India) Ltd                                  | India                    | 100  | 100                  |
| 7                          | Tata Motors Insurance Broking & Advisory Services Ltd        | India                    | 100  | 100                  |
| 8                          | Tata Motors European Technical Centre Plc                    | UK                       | 100  | 100                  |
| 9                          | Tata Technologies Ltd  | India                    | 72.41  | 83.38                |
| 10                         | Tata Motors Finance Ltd                                      | India                    | 100  | 100                  |
| 11                         | Tata Marcopolo Motors Ltd                                    | India                    | 51   | 51                   |
| 12                         | Tata Motors (Thailand) Ltd                                   | Thailand                 | 90.82  | 86.78                |
| 13                         | TML Holdings Pte Ltd, Singapore                              | Singapore                | 100  | 100                  |
| 14                         | TML Distribution Company Ltd                                 | India                    | 100  | 100                  |
| 15                         | Tata Motors (SA) (Proprietary) Ltd                           | South Africa             | 60   | 60                   |
| 16                         | Tata Hispano Motors Carrocera S.A                            | Spain                    | 100  | 100                  |
| 17                         | Trilix S.r.l   | Italy                    | 80   | 80                   |
| 18                         | Tata Precision Industries Pte Ltd                            | Singapore                | 78.39  | 78.39                |
| 19                         | PT Tata Motors Indonesia (incorporated on December 29, 2011) | Indonesia                | 100  | -                    |



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No.                        | Name of the subsidiary company   | Country of incorporation | % of holding either directly or through subsidiaries |                      |
|-------------------------------|--|--------------------------|--|----------------------|
|                               |  |                          | As at March 31, 2012                                 | As at March 31, 2011 |
| <b>Indirect subsidiaries*</b> |  |                          |  |                      |
| 20                            | Tata Technologies (Thailand) Ltd   | Thailand                 | 72.41  | 83.38                |
| 21                            | Tata Technologies Pte. Ltd, Singapore  | Singapore                | 72.41  | 83.38                |
| 22                            | INCAT International PLC.   | UK                       | 72.41  | 83.38                |
| 23                            | Tata Technologies Europe Ltd   | UK                       | 72.41  | 83.38                |
| 24                            | INCAT GmbH.  | Germany                  | 72.41  | 83.38                |
| 25                            | Tata Technologies Inc  | USA                      | 72.62  | 83.51                |
| 26                            | Tata Technologies de Mexico, S.A. de C.V.  | Mexico                   | 72.62  | 83.51                |
| 27                            | Tata Technologies (Canada) Inc.  | Canada                   | 72.62  | 83.51                |
| 28                            | Miljobil Greenland AS  | Norway                   | 71.69  | 71.69                |
| 29                            | Jaguar Land Rover Plc ( <i>formerly known as Jaguar Land Rover Ltd</i> )                       | UK                       | 100  | 100                  |
| 30                            | Jaguar Cars Overseas Holdings Ltd  | UK                       | 100  | 100                  |
| 31                            | Jaguar Land Rover Austria GmbH   | Austria                  | 100  | 100                  |
| 32                            | Jaguar Belgium NV  | Belgium                  | 100  | 100                  |
| 33                            | Jaguar Cars Ltd  | UK                       | 100  | 100                  |
| 34                            | Jaguar Land Rover Japan Ltd  | Japan                    | 100  | 100                  |
| 35                            | Jaguar Cars South Africa (pty) Ltd   | South Africa             | 100  | 100                  |
| 36                            | Jaguar Italia SpA ( <i>merged into Land Rover Italia w.e.f December 31, 2011</i> )             | Italy                    | -  | 100                  |
| 37                            | Jaguar Land Rover Exports Ltd ( <i>formerly known as Jaguar Cars Exports Ltd</i> )             | UK                       | 100  | 100                  |
| 38                            | The Daimler Motor Company Ltd  | UK                       | 100  | 100                  |
| 39                            | The Jaguar Collection Ltd  | UK                       | 100  | 100                  |
| 40                            | Daimler Transport Vehicles Ltd   | UK                       | 100  | 100                  |
| 41                            | S.S. Cars Ltd  | UK                       | 100  | 100                  |
| 42                            | The Lanchester Motor Company Ltd   | UK                       | 100  | 100                  |
| 43                            | Jaguar Hispania SL   | Spain                    | 100  | 100                  |
| 44                            | Jaguar Land Rover Deutschland ( <i>formerly known as Jaguar Deutschland GmbH</i> )             | Germany                  | 100  | 100                  |
| 45                            | Land Rover   | UK                       | 100  | 100                  |
| 46                            | Land Rover Group Ltd   | UK                       | 100  | 100                  |
| 47                            | Jaguar Land Rover North America LLC  | USA                      | 100  | 100                  |
| 48                            | Land Rover Belux SA/NV   | Belgium                  | 100  | 100                  |
| 49                            | Land Rover Ireland Ltd   | Ireland                  | 100  | 100                  |
| 50                            | Land Rover Nederland BV  | Netherlands              | 100  | 100                  |
| 51                            | Jaguar Land Rover Portugal - Veiculos e Pecas, LDA   | Portugal                 | 100  | 100                  |
| 52                            | Jaguar Land Rover Australia Pty Ltd  | Australia                | 100  | 100                  |
| 53                            | Land Rover Exports Ltd   | UK                       | 100  | 100                  |
| 54                            | Jaguar Land Rover Italia SpA ( <i>formerly known as Land Rover Italia SpA</i> )                | Italy                    | 100  | 100                  |
| 55                            | Land Rover Espana SL   | Spain                    | 100  | 100                  |
| 56                            | Land Rover Deutschland GmbH ( <i>merged into Jaguar Deutschland w.e.f. November 28, 2011</i> ) | Germany                  | -  | 100                  |
| 57                            | Jaguar Land Rover Korea Co. Ltd  | South Korea              | 100  | 100                  |
| 58                            | Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd  | China                    | 100  | 100                  |
| 59                            | Jaguar Land Rover Canada ULC   | Canada                   | 100  | 100                  |
| 60                            | Jaguar Land Rover France, SAS  | France                   | 100  | 100                  |
| 61                            | Jaguar Land Rover (South Africa) (pty) Ltd   | South Africa             | 100  | 100                  |
| 62                            | Jaguar Land Rover Brazil LLC   | Brazil                   | 100  | 100                  |
| 63                            | Limited Liability Company "Jaguar Land Rover" (Russia)   | Russia                   | 100  | 100                  |
| 64                            | Land Rover Parts Ltd   | UK                       | 100  | 100                  |
| 65                            | Land Rover Parts US LLC ( <i>dissolved w.e.f. September 30, 2011</i> )                         | USA                      | -  | 100                  |
| 66                            | Tata Hispano Motors Crossoveries Maghreb, Morocco  | Spain                    | 100  | 100                  |
| 67                            | Tata Daewoo Commercial Vehicle Sales and Distribution Co. Ltd.                                 | South Korea              | 100  | 100                  |
| 68                            | Tata Engineering Services (Pte) Limited  | Singapore                | 78.39  | 78.39                |
| 69                            | Jaguar Land Rover (South Africa) Holdings Ltd. ( <i>Incorporated on September 9, 2011</i> )    | UK                       | 100  | -                    |

(e) The following joint venture companies are considered in the consolidated financial statements:

| Sr No. | Name of the joint venture company | Country of incorporation | % of holding either directly or through subsidiaries |                      |
|--------|-----------------------------------|--------------------------|--|----------------------|
|        |                                   |                          | As at March 31, 2012                                 | As at March 31, 2011 |
| 1      | Fiat India Automobiles Limited    | India                    | 50.00  | 50.00                |
| 2      | Tata HAL Technologies Ltd **      | India                    | 36.20  | 41.69                |

\*\* Effective holding % of the Company as it is a Joint Venture of Tata Technologies Ltd

### (II) Significant accounting policies:

#### (a) Revenue recognition

##### (i) Sale of products

The Company recognises revenue on the sale of products, net of discounts when the products are delivered to the dealer / customer or when delivered to the carrier for exports sales, which is when risks and rewards of ownership pass to the dealer / customer. Sales include income from services and exchange fluctuations relating to export receivables. Sales include export and other recurring and non-recurring incentives from the Government at the national and state levels. Sale of products is presented gross of excise duty where applicable, and net of other indirect taxes. Revenues are recognised when collectibility of the resulting receivables is reasonably assured.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**(ii) Revenue from sale of vehicles with guaranteed repurchase option /repurchase arrangement**

Some of the subsidiary companies sell vehicles to daily rental car companies and other fleet customers subject to guaranteed repurchase options and to Ford Motor Group management employees, with repurchase arrangements. At the time of sale, the proceeds are recorded as deferred revenue in other current liabilities and the cost of the vehicles are recorded as inventories. The difference between the proceeds and the guaranteed repurchase amount is recognised in Sales over the term of the arrangement, using a straight-line method. The difference between the cost of the vehicle and the estimated auction value is netted off against revenue over the term of the lease.

- (iii) Revenue from software consultancy on time and materials contracts is recognised based on certification of time sheet and billed to clients as per the terms of specific contracts. On fixed price contracts, revenue is recognised based on milestone achieved as specified in the contracts on the proportionate completion method on the basis of the work completed. Foreseeable losses on such contracts are recognized when probable. Revenue from rendering annual maintenance services is recognised proportionately over the period in which services are rendered. Revenue from third party software products and hardware sale is recognised upon delivery.
- (iv) Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.
- (v) Interest income is recognized on the time basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.

**(b) Depreciation and amortisation**

- (i) Depreciation is provided on Straight Line Method basis (SLM) over the estimated useful lives of the assets. Estimated useful lives of assets are as follows:

| <u>Type of Asset</u>                      | <u>Estimated useful life</u>           |
|---|--|
| Leasehold land                            | amortised over the period of the lease |
| Buildings                                 | 20 to 40 years                         |
| Plant, machinery and equipment            | 9 to 30 years                          |
| Computers and other IT assets             | 3 to 6 years                           |
| Vehicles                                  | 3 to 10 years                          |
| Furniture, fixtures and office appliances | 3 to 20 years                          |
| Technical know-how                        | 2 to 10 years                          |
| Developed technologies                    | 10 years                               |
| Computer software                         | 1 to 8 years                           |

Special tools are amortised on a straight line basis over the lives of the model concerned, which is 7 to 10 years.

Capital assets, the ownership of which does not vest with the Company, other than leased assets, are depreciated over the estimated period of their utility or five years, whichever is less.

- (ii) Product development cost are amortised over a period of 36 months to 120 months or on the basis of actual production to planned production volume over such period.
- (iii) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life.
- (iv) Depreciation is not recorded on capital work-in-progress / intangible assets under development until construction and installation are complete and asset is ready for its intended use.
- (c) Fixed assets**
- (i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortisation.
- (ii) The product development cost incurred on new vehicle platform, engines, transmission and new products are recognised as fixed assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future benefits.
- (iii) Cost includes purchase price, taxes and duties, labour cost and directly attributable costs for self constructed assets and other direct costs incurred upto the date the asset is ready for its intended use. Borrowing cost incurred for qualifying assets is capitalised up to the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. The cost of acquisition is further adjusted for exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.
- (iv) Software not exceeding ₹ 25,000 and product development costs relating to minor product enhancements, facelifts and upgrades are charged off to the Profit and Loss Statement as and when incurred.

**(d) Impairment**

At each Balance Sheet date, the Company assesses whether there is any indication that the fixed assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. As per the assessment conducted by the Company at March 31, 2012, there were no indications that the fixed assets have suffered an impairment loss.

**(e) Leases****(i) Finance lease**

Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

**(ii) Operating lease**

Leases other than finance lease, are operating leases and the leased assets are not recognised on the Company's Balance Sheet. Payments under operating leases are recognised in the Profit and Loss Statement on a straight line basis over the lease term.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### (f) Transactions in foreign currencies and accounting of derivatives

#### (i) Exchange differences

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates.

- (1) Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (2) below are recognised as income or expense in the year in which they arise. Exchange differences considered as borrowing cost are capitalised to the extent these relate to the acquisition / construction of qualifying assets and the balance amount is recognised in the Profit & Loss Statement.
- (2) Exchange differences relating to long term foreign currency monetary assets / liabilities are accounted for with effect from April 1, 2007 in the following manner:
  - Differences relating to borrowings attributable to the acquisition of the depreciable capital asset are added to / deducted from the cost of such capital assets.
  - Other differences are accumulated in Foreign Currency Monetary Item Translation Difference Account, to be amortised over the period, beginning April 1, 2007 or date of inception of such item, as applicable, and ending on March 31, 2011 or the date of its maturity, whichever is earlier.
  - Pursuant to notification issued by the Ministry of Corporate Affairs, on December 29, 2011, the exchange differences on long term foreign currency monetary items (other than those relating to acquisition of depreciable asset) are amortised over the period till the date of maturity or March 31, 2020, whichever is earlier.
- (3) On consolidation, the assets, liabilities and goodwill or capital reserve arising on the acquisition, of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expenditure items are translated at the average exchange rates for the year/ month. Exchange differences arising in case of integral foreign operations are recognised in the Profit and Loss Statement and exchange differences arising in case of non integral foreign operations are recognised in the Group's Translation Reserve classified under Reserves and surplus.

#### (ii) Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. With effect from April 1, 2008, the Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30- Financial Instruments: Recognition and Measurement.

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in Hedging Reserve Account under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Profit and Loss Statement.

Amounts accumulated in Hedging Reserve Account are reclassified to profit and loss in the same periods during which the forecasted transaction affects Profit and Loss Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss Statement for the year.

- (iii) Premium or discount on forward contracts other than those covered in (ii) above is amortised over the life of such contracts and is recognised as income and expense. Foreign currency options and other derivatives are stated at fair value as at the year end with change in fair value recognised in the Profit and Loss Statement.

### (g) Product warranty expenses

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto five years.

### (h) Income on vehicle loan

Interest income from loan contracts in respect of vehicles and income from plant given on lease, are accounted for by using the Internal Rate of Return method. Consequently, a constant rate of return on the net outstanding amount is accrued over the period of contract. The Company and its subsidiary provides an allowance for finance receivables that are in arrears for more than 11 months, to the extent of an amount equivalent to the outstanding principal and amounts due but unpaid considering probable inherent loss including estimated realisation based on past performance trends. In respect of loan contracts that are in arrears for more than 6 months but not more than 11 months, allowance is provided to the extent of 10% of the outstanding and amount due but unpaid.

### (i) Sale of finance receivables

The Company and its subsidiary sells finance receivables to Special Purpose Entities ("SPE") in securitisation transactions. Recourse is in the form of the Company and its subsidiary's investment in subordinated securities issued by these special purpose entities, cash collateral and bank guarantees. The loans are derecognised in the balance sheet when they are sold and consideration has been received by the Company and its subsidiary. Sales and transfers that do not meet the criteria for surrender of control are accounted for as secured borrowings.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Gains or losses from the sale of loans are recognised in the period the sale occurs based on the relative fair value of the portion sold and the portion allocated to retained interests, except for subsidiaries which are governed by prudential norms for income recognition issued by the Reserve Bank of India for Non Banking Financial Companies (NBFC), where gains or losses on sale are accounted for as per these norms.

In case of a subsidiary, the estimated liability for servicing expenses in respect of assigned receivables is made based on the ratio between the cost incurred for servicing current receivables and the collection made during the year.

### (j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a moving weighted average / monthly moving weighted average basis, except for Jaguar and Land Rover which is on FIFO basis. Cost, including variable and fixed overheads, are allocated to work-in-progress and finished goods determined on full absorption cost basis. Net realisable value is estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

### (k) Employee benefits

#### (i) Pension plans

One of the major subsidiary group, Jaguar Land Rover, operates several defined benefit pension plan, which are contracted out of the second state pension scheme. The assets of the plan are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service period as set out in rules of each fund.

Contributions to the plans by the subsidiary group take into consideration the results of actuarial valuations. The plans with a surplus position at the year end have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or reduction in future contributions. Where the subsidiary group is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognised.

The actuarial losses (net) and movement in restriction of pension assets (net) of ₹128.12 crores (credit) (net of tax) for the year ended March 31, 2012 and ₹3,870.58 crores (debit) (net of tax) as at March 31, 2012 of pension plans of Jaguar Cars Ltd and Land Rover, UK, have been accounted in "Reserves and surplus" in the consolidated financial statements in accordance with IFRS principles and permitted by AS21.

A separate defined contribution plan is available to employees of a major subsidiary group, Jaguar Land Rover. Costs in respect of this plan are charged to the Profit and Loss Statement as incurred.

#### (ii) Gratuity

The Company and some of its subsidiaries in India have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company and the said subsidiaries make annual contributions to gratuity funds established as trusts. Some subsidiaries have obtained insurance policies with the Life Insurance Corporation of India. The Company and some of its subsidiaries account for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

#### (iii) Superannuation

The Company and some of its subsidiaries have two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. The Company and the said subsidiaries account for superannuation benefits payable in future under the plan based on an independent actuarial valuation.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

The Company and some of its subsidiaries maintain separate irrevocable trusts for employees covered and entitled to benefits. The Company and its subsidiaries contributes up to 15% of the eligible employees' salary to the trust every year. Such contributions are recognised as an expense when incurred. The Company and the said subsidiaries have no further obligation beyond this contribution.

#### (iv) Bhavishya Kalyan Yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan include pension in certain case, payable upto the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the Company's medical board. The monthly payment to dependents of the deceased / disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is higher. The Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**(v) Severance indemnity**

Tata Daewoo Commercial Vehicle Company Ltd and Tata Daewoo Commercial Vehicle Service Company Ltd, subsidiary companies incorporated in Korea has an obligation towards severance indemnity, a defined benefit retirement plan, covering eligible employees. The plan provides for a lump sum payment to all employees with more than one year of employment equivalent to 30 days' salary payable for each completed year of service.

**(vi) Post-retirement medicare scheme**

Under this scheme, employees of the Company and some of its subsidiaries get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The Company and the said subsidiaries account for the liability for post-retirement medical scheme based on an independent actuarial valuation.

**(vii) Provident fund and family pension**

The eligible employees of the Company and some of its subsidiaries are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the company/subsidiaries make monthly/annual contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, are made to the provident fund and pension fund set up as irrevocable trust by the Company and its subsidiaries or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company and some of its subsidiaries are generally liable for monthly/annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.

**(viii) Compensated absences**

The Company and some of its subsidiaries provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on basis of an independent actuarial valuation.

**(l) Investments**

- i. Long term investments are stated at cost less other than temporary diminution in value, if any.
- ii. Investment in associate companies are accounted as per the 'Equity method', and accordingly, the share of post acquisition reserves of each of the associate companies has been added to / deducted from the cost of investments.
- iii. Current investments are stated at lower of cost and fair value. Fair value of investments in mutual funds are determined on portfolio basis.

**(m) Income taxes**

Tax expense comprises current and deferred taxes. Current taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions. Current tax is net of credit for entitlement for Minimum Alternative Tax.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

The tax expense is not comparable with the profit before tax, since it is consolidated on a line-by-line addition for each subsidiary company and no tax effect is recorded in respect of consolidation adjustments. This accounting treatment is as per accounting standard AS-21.

**(n) Redemption premium on Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS) / Non Convertible Debentures (NCD)**

Premium payable on redemption of FCCN / CARS / NCD as per the terms of issue, is provided fully in the year of issue by adjusting against the Securities Premium Account (SPA) (net of tax). Any change in the premium payable, consequent to conversion or exchange fluctuations is adjusted to the SPA.

**(o) Borrowing costs**

Fees towards structuring / arrangements and underwriting and other incidental costs incurred in connection with borrowings are amortised over the period of the loan.

**(p) Liabilities and contingent liabilities**

The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

### 2 Share capital

|   | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|---|----------------------------|----------------------------|
| <b>(a) Authorised:</b>  |                            |                            |
| 350,00,00,000 Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 70,00,00,000 shares of ₹ 10 each)                           | 700.00                     | 700.00                     |
| 100,00,00,000 'A' Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 20,00,00,000 shares of ₹ 10 each)                       | 200.00                     | 200.00                     |
| 30,00,00,000 Convertible Cumulative Preference shares of ₹100 each<br>(as at March 31, 2011: 30,00,00,000 shares of ₹ 100 each) | <u>3,000.00</u>            | <u>3,000.00</u>            |
|   | <u>3,900.00</u>            | <u>3,900.00</u>            |
| <b>(b) Issued, subscribed and fully paid:</b>   |                            |                            |
| 269,16,13,455 Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 53,82,72,284 shares of ₹ 10 each)                           | 538.32                     | 538.27                     |
| 48,19,33,115 'A' Ordinary shares of ₹ 2 each<br>(as at March 31, 2011: 9,63,41,706 shares of ₹ 10 each)                         | <u>96.39</u>               | <u>96.34</u>               |
|   | <u>634.71</u>              | <u>634.61</u>              |
| <b>(c) Calls unpaid - Ordinary shares</b>   | <b>(0.01)</b>              | <b>(0.01)</b>              |
| <b>(d) Forfeited shares - Ordinary shares</b>   | <b>0.05</b>                | <b>0.05</b>                |
| <b>(e) Amount received in respect of Ordinary shares pending allotment</b>  | <b>-</b>                   | <b>3.06</b>                |
|   | <u>634.75</u>              | <u>637.71</u>              |

### (f) Movement of number of shares and share capital:

#### (i) Ordinary shares:

Shares as on April 1  
Add: Shares issued out of held in abeyance  
Add: Shares issued through Qualified Institutional Placement (QIP)  
Add: Shares issued through conversion of  
Foreign Currency Convertible Notes (FCCN)

|   | 2011-2012            |               | 2010-2011           |               |
|---|----------------------|---------------|---------------------|---------------|
|   | No. of Shares        | (₹ in crores) | No. of Shares       | (₹ in crores) |
| Shares as on April 1  | 53,82,72,284         | 538.27        | 50,63,81,170        | 506.38        |
| Add: Shares issued out of held in abeyance  | 50,199               | 0.05          | 388                 | -*            |
| Add: Shares issued through Qualified Institutional Placement (QIP)                    | -                    | -             | 8,320,300           | 8.32          |
| Add: Shares issued through conversion of<br>Foreign Currency Convertible Notes (FCCN) | -                    | -             | 2,35,70,426         | 23.57         |
|   | <u>53,83,22,483</u>  | <u>538.32</u> | 53,82,72,284        | 538.27        |
| Subdivision of Ordinary shares of ₹ 10 each into 5 shares of ₹ 2 each                 | 269,16,12,415        | 538.32        | -                   | -             |
| Add: Shares issued out of held in abeyance  | 1,040                | -*            | -                   | -             |
| Shares as on March 31   | <u>269,16,13,455</u> | <u>538.32</u> | <u>53,82,72,284</u> | <u>538.27</u> |
| <b>(ii) 'A' Ordinary shares:</b>  |                      |               |                     |               |
| Shares as on April 1  | 9,63,41,706          | 96.34         | 6,41,76,374         | 64.18         |
| Add: Shares issued out of held in abeyance  | 44,765               | 0.05          | 332                 | -*            |
| Add: Shares issued through Qualified Institutional Placement (QIP)                    | -                    | -             | 3,21,65,000         | 32.16         |
|   | <u>9,63,86,471</u>   | <u>96.39</u>  | 9,63,41,706         | 96.34         |
| Subdivision of 'A' Ordinary shares of ₹ 10 each into 5 shares of ₹ 2 each             | 48,19,32,355         | 96.39         | -                   | -             |
| Add: Shares issued out of held in abeyance  | 760                  | -*            | -                   | -             |
| Shares as on March 31   | <u>48,19,33,115</u>  | <u>96.39</u>  | <u>9,63,41,706</u>  | <u>96.34</u>  |

Subdivision of Ordinary shares of ₹ 10 each into 5 shares of ₹ 2 each  
Add: Shares issued out of held in abeyance  
Shares as on March 31

#### (ii) 'A' Ordinary shares:

Shares as on April 1  
Add: Shares issued out of held in abeyance  
Add: Shares issued through Qualified Institutional Placement (QIP)

Subdivision of 'A' Ordinary shares of ₹ 10 each into 5 shares of ₹ 2 each  
Add: Shares issued out of held in abeyance

Shares as on March 31

\* Less than ₹ 5,000/-

### (g) Rights, preferences and restrictions attaching to shares:

#### (i) Ordinary shares of ₹ 2 each:

- In respect of every Ordinary share (whether fully paid or partly paid), voting right shall be in same proportion as the capital paid upon such Ordinary share bears to the total paid up ordinary capital of the Company.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend.
- In the event of liquidation, the shareholders of Ordinary shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

#### (ii) 'A' Ordinary shares of ₹ 2 each:

- The holders of 'A' Ordinary shares shall be entitled to dividend on each 'A' Ordinary share which will be of five percentage on face value more than the aggregate rate of dividend payable on Ordinary shares for financial year.
- If any resolution at any general meeting of shareholders is put to vote on poll, or if any resolution is put to vote by postal ballot, each 'A' Ordinary shareholder shall be entitled to one vote for every ten 'A' Ordinary shares held.
- In case there is a resolution put to vote in the shareholders meeting and is to be decided on a show of hands, the holders of 'A' Ordinary shares shall be entitled to the same number of votes as available to holders of Ordinary shares.

#### (iii) American Depository Shares (ADSs) and Global Depository Shares (GDSs):

- Holders of ADS and GDS are not entitled to attend or vote at shareholders meetings. Holders of ADS may exercise voting rights with respect to the Ordinary shares represented by ADS only in accordance with the provisions of the Company's ADS deposit agreement and Indian Law. The depository for the holders of the Global Depository Receipts (GDRs) shall exercise voting rights in respect of the GDS by issue of an appropriate proxy or power of attorney in terms of the deposit agreement pertaining to the GDRs.
- Shares issued upon conversion of ADSs will rank pari passu with existing Ordinary Shares of ₹2/- each in all respects including entitlement of the dividend declared.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### (h) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :

|   | As at March 31, 2012   |               | As at March 31, 2011   |               |
|---|------------------------|---------------|------------------------|---------------|
|   | % Issued share capital | No. of shares | % Issued share capital | No. of shares |
| <b>(i) Ordinary shares :</b>                    |                        |               |                        |               |
| (a) Tata Sons Limited                           | 25.96%                 | 69,88,33,345  | 25.61%                 | 13,78,58,939  |
| (b) Life Insurance Corporation of India         | 6.75%                  | 18,17,10,232  | 7.61%                  | 4,09,53,666   |
| (c) Tata Steel Limited                          | 5.49%                  | 14,78,10,695  | 5.49%                  | 2,95,62,139   |
| (d) Citibank N A as Depository                  | #                      | 43,54,28,360  | #                      | 10,97,28,393  |
| <b>(ii) 'A' Ordinary shares :</b>               |                        |               |                        |               |
| (a) HDFC Trustee Co Limited - HDFC Top 200 Fund | 6.67%                  | 3,21,37,761   | *                      | -             |
| (b) HDFC Trustee Co Limited - HDFC Equity Fund  | 6.07%                  | 2,92,46,932   | *                      | -             |
| (c) Tata Sons Limited                           | *                      | -             | 17.54%                 | 1,69,01,979   |
| (d) IVY Funds, INC. Asset Strategy Fund         | *                      | -             | 9.65%                  | 92,98,590     |

# held by Citibank, N.A. as depository for American Depository Shares (ADSS) and Global Depository Shares (GDSs)

\* Less than 5%

During the year, the Company has subdivided Ordinary shares and 'A' Ordinary shares having face value of ₹ 10 each into 5 shares having face value of ₹ 2 each. Consequently the number of shares as at March 31, 2011 is not comparable.

### (i) Information regarding issue of shares in the last five years

- The Company has not issued any shares without payment being received in cash.
- The Company has not issued any bonus shares.
- The Company has not undertaken any buy-back of shares.

### (j) Other Notes

- The Company has issued the Foreign Currency Convertible Notes (FCCNs) and Convertible Alternative Reference Securities (CARS) which are convertible into Ordinary shares or ADSs. Additionally, CARS can be converted into Qualifying Securities in case there has been a qualifying issue as per the terms of Issue. The terms of issue along with the earliest dates of conversion are given on page 184, note 3.
- The entitlements to 4,93,000 Ordinary shares of ₹ 2 each (as at March 31, 2011 : 99,310 Ordinary shares of ₹ 10 each) and 2,73,400 'A' Ordinary shares of ₹ 2 each (as at March 31, 2011: 54,832 'A' Ordinary shares of ₹ 10 each) are subject matter of various suits filed in the courts / forums by third parties for which final order is awaited and hence kept in abeyance.
- The application for 49,836 Ordinary shares of ₹ 10 each and 44,626 'A' Ordinary shares of ₹ 10 each have been received, to be issued out of shares kept in abeyance as on March 31, 2011, for which allotment is pending.
- During the year ended March 31, 2011, the Company has issued shares aggregating US\$ 750 million, comprising 'A' Ordinary shares aggregating US\$ 550 million and Ordinary shares aggregating US\$ 200 million through Qualified Institutional Placement (QIP). Consequently, the Company has allotted 3,21,65,000 'A' Ordinary shares at a price of ₹ 764 per 'A' Ordinary share (including a premium of ₹ 754 per 'A' Ordinary share) and 83,20,300 Ordinary shares at a price of ₹ 1,074 per Ordinary share (including a premium of ₹ 1,064 per Ordinary share) aggregating to a total issue size of ₹ 3,351 crores.
- Subsequent to the year ended March 31, 2012, the Company has allotted :
  - 25 Ordinary shares and 26,075 'A' Ordinary shares out of shares held in abeyance; and
  - 22,370 Ordinary shares upon conversion of one Convertible Alternative Reference Securities (CARS) due 2012 and 1,60,95,391 Ordinary shares upon conversion of 422, 4% Foreign Currency Convertible Notes (FCCN) due 2014.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

|   | As at<br>March 31,<br>2011 | Additions        | Deductions      | As at<br>March 31,<br>2012 |
|---|----------------------------|------------------|-----------------|----------------------------|
| <b>3. Reserves and surplus</b>  |                            |                  |                 |                            |
| (a) Securities Premium Account [Notes (i) and (ii)]                             | <b>11,350.68</b>           | <b>9.18</b>      | <b>173.10</b>   | <b>11,186.76</b>           |
|   | 6,714.59                   | 4,829.80         | 193.71          | 11,350.68                  |
| (b) Capital Redemption Reserve  | <b>2.28</b>                | -                | -               | <b>2.28</b>                |
|   | 2.28                       | -                | -               | 2.28                       |
| (c) Capital Reserve (on consolidation) [Note (iii)]                             | <b>367.30</b>              | <b>38.06</b>     | -               | <b>405.36</b>              |
|   | 358.89                     | 8.41             | -               | 367.30                     |
| (d) Debenture Redemption Reserve  | <b>1,102.15</b>            | <b>70.00</b>     | -               | <b>1,172.15</b>            |
|   | 1,102.15                   | -                | -               | 1,102.15                   |
| (e) Amalgamation Reserve  | <b>0.05</b>                | -                | -               | <b>0.05</b>                |
|   | 0.05                       | -                | -               | 0.05                       |
| (f) Special Reserve   | <b>95.76</b>               | <b>49.29</b>     | -               | <b>145.05</b>              |
|   | 68.96                      | 26.80            | -               | 95.76                      |
| (g) Revaluation Reserve [Note (iv)]   | <b>144.63</b>              | -                | <b>51.73</b>    | <b>92.90</b>               |
|   | 185.73                     | -                | 41.10           | 144.63                     |
| (h) Hedging Reserve Account [Note (v)]  | <b>208.76</b>              | -                | <b>369.93</b>   | <b>(161.17)</b>            |
|   | -                          | 208.76           | -               | 208.76                     |
| (i) Pension Reserve [Note (vi)]   | <b>(3,998.70)</b>          | <b>1,619.10</b>  | <b>1,490.98</b> | <b>(3,870.58)</b>          |
|   | (1,722.61)                 | -                | 2,276.09        | (3,998.70)                 |
| (j) Earned Surplus Reserve [Note (vii)]   | <b>11.83</b>               | <b>2.68</b>      | -               | <b>14.51</b>               |
|   | 10.62                      | 1.21             | -               | 11.83                      |
| (k) Reserves on Research and Human Resource Development [Note (viii), page 183] | <b>155.88</b>              | <b>13.41</b>     | -               | <b>169.29</b>              |
|   | 99.69                      | 56.19            | -               | 155.88                     |
| (l) Restricted Reserve  | <b>0.39</b>                | -                | -               | <b>0.39</b>                |
|   | 0.39                       | -                | -               | 0.39                       |
| (m) Translation Reserve [Note (ix), page 183]                                   | <b>(2,186.13)</b>          | <b>2,363.59</b>  | -               | <b>177.46</b>              |
|   | (2,749.92)                 | 563.79           | -               | (2,186.13)                 |
| (n) General Reserve [Note (x), page 183]  | <b>4,817.39</b>            | <b>185.17</b>    | <b>17.79</b>    | <b>4,984.77</b>            |
|   | 4,582.91                   | 234.48           | -               | 4,817.39                   |
| (o) Profit and Loss Account / Surplus [Note (xi), page 183]                     | <b>6,461.49</b>            | <b>13,516.50</b> | <b>1,782.03</b> | <b>18,195.96</b>           |
|   | (1,017.85)                 | 9,273.62         | 1,794.28        | 6,461.49                   |
|   | <b>18,533.76</b>           | <b>17,866.98</b> | <b>3,885.56</b> | <b>32,515.18</b>           |
|   | 7,635.88                   | 15,203.06        | 4,305.18        | 18,533.76                  |

**Notes:-**

|   | 2011-2012       |                 | 2010-2011       |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | Additions       | Deductions      | Additions       | Deductions      |
| (i) The opening and closing balances of Securities Premium Account are net of calls in arrears of ₹ 0.03 crore  |                 |                 |                 |                 |
| (ii) <b>Securities Premium Account:</b>   |                 |                 |                 |                 |
| (a) Premium on shares issued which were held in abeyance out of Rights issue of shares (previous year premium on shares issued on conversion of Foreign Currency Convertible Notes (FCCN) and held in abeyance out of Rights issue of shares) | <b>2.98</b>     | -               | 1,466.70        | -               |
| (b) Premium on issue of shares through Qualified Institutional Placement (QIP)  | -               | -               | 3,310.52        | -               |
| (c) FCCN conversion expenses / QIP issue expenses, recovery of expenses on issue of GDS and FCCN and brokerage, stamp duty and other fees on Non-Convertible Debentures [net of tax ₹ Nil (2010-11 ₹ 1.77 crores)]                            | -               | <b>76.69</b>    | 0.51            | 193.71          |
| (d) Premium on redemption of Debentures / FCCN / Convertible Alternative Reference Securities (CARS) (net) (including exchange differences and withholding tax) [net of tax ₹ 15.99 crore (2010-11 ₹ 139.99 crores)]                          | -               | <b>96.41</b>    | 52.07           | -               |
| (e) Profit on sale of plant items written off in earlier years  | <b>6.20</b>     | -               | -               | -               |
|   | <b>9.18</b>     | <b>173.10</b>   | <b>4,829.80</b> | <b>193.71</b>   |
| (iii) The addition to Capital Reserve represents exchange gain (net) on opening balances in respect of foreign subsidiaries.  |                 |                 |                 |                 |
| (iv) <b>Revaluation Reserve:</b>  |                 |                 |                 |                 |
| (a) Depreciation on revalued portion of assets taken over on amalgamation of a company  | -               | <b>0.44</b>     | -               | 0.44            |
| (b) Depreciation on revalued portion of assets of a subsidiary company  | -               | <b>51.29</b>    | -               | 40.66           |
|   | -               | <b>51.73</b>    | -               | 41.10           |
| (v) The deduction to Hedging Reserve Account is net of tax ₹ 45.88 crores (2010-11 ₹ Nil).  |                 |                 |                 |                 |
| (vi) <b>Pension Reserve:</b>  |                 |                 |                 |                 |
| (a) Actuarial losses (net)  | -               | <b>1,490.98</b> | -               | 1,387.42        |
| (b) Movement in restriction of pension assets   | <b>346.60</b>   | -               | -               | 888.67          |
| (c) Tax impact on actuarial losses (net) and movement in restriction of pension assets  | <b>1,272.50</b> | -               | -               | -               |
|   | <b>1,619.10</b> | <b>1,490.98</b> | -               | <b>2,276.09</b> |

(vii) Under the Korean Commercial Code, Tata Daewoo Commercial Vehicle Company Ltd. (TDCV), a subsidiary, is required to appropriate annually at least 10% of cash dividend declared each year to a legal reserve, Earned Surplus Reserve until such reserve equals 50% of capital stock of TDCV. This reserve may not be utilized for cash dividends but may only be used to off-set against future deficit, if any, or may be transferred to capital stock of TDCV.



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

(viii) **Reserve for Research and Human Resource Development**

Under the Special Tax Treatment Control Law, TDCV appropriated retained earnings for research and human resource development. The reserve, which was used for its own purpose, is regarded as 'Discretionary Appropriated Retained Earnings'.

(ix) Translation Reserve represents conversion of balances in functional currency of foreign subsidiaries (net of minority share) and associates. [Note (f)(i)(3), page 177]

|   | As at March 31, 2012 |                 | As at March 31, 2011 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | Additions            | Deductions      | Additions            | Deductions      |
| (x) <b>General Reserve :</b>  |                      |                 |                      |                 |
| (a) Amount recovered (net) towards indemnity relating to business amalgamated in prior year   | 0.04                 | -               | 0.28                 | -               |
| (b) Amount written off / written back by a subsidiary against Securities Premium Account [net of tax of ₹ 1.50 crores (2010-11: ₹ Nil)] | 0.77                 | 3.13            | 5.42                 | -               |
| (c) Amount written off by an associate against Securities Premium Account   | -                    | 14.66           | -                    | -               |
| (d) Incentives received by an associate   | 26.33                | -               | -                    | -               |
| (e) Amount transferred from Profit and Loss Account (Surplus)   | 158.03               | -               | 228.78               | -               |
|   | <b>185.17</b>        | <b>17.79</b>    | <b>234.48</b>        | <b>-</b>        |
| (xi) <b>Profit and Loss Account (Surplus) :</b>   |                      |                 |                      |                 |
| (a) Profit for the year   | 13,516.50            | -               | 9,273.62             | -               |
| (b) Tax on interim dividend by subsidiaries (including Group's share of subsidiaries' dividend tax)                                     | -                    | 3.00            | -                    | 3.61            |
| (c) Proposed dividend   | -                    | 1,280.70        | -                    | 1,274.23        |
| (d) Tax on proposed dividend (including Group's share of subsidiaries' dividend tax)  | -                    | 204.92          | -                    | 203.46          |
| (e) Debenture Redemption Reserve  | -                    | 70.00           | -                    | -               |
| (f) General Reserve   | -                    | 158.03          | -                    | 228.78          |
| (g) Special Reserve   | -                    | 49.29           | -                    | 26.80           |
| (h) Earned Surplus Reserve  | -                    | 2.68            | -                    | 1.21            |
| (i) Reserve on Research and Human Resource Development  | -                    | 13.41           | -                    | 56.19           |
|   | <b>13,516.50</b>     | <b>1,782.03</b> | <b>9,273.62</b>      | <b>1,794.28</b> |

4. **Long-term borrowings**

(A) **Secured :**

- (a) Privately placed Non-Convertible Debentures [Notes 1(a) below, 2(a), 2(b) and 2(c), page 184]
- (b) Term loans from banks [Notes 1(b) below, 2(d) and 2(e), page 184]
- (c) Finance lease obligations [Notes 31(A) (a) (ii), page 196]

(B) **Unsecured :**

- (a) Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS) [Note 3, page 184]
- (b) Privately placed Non-Convertible Debentures [Note 1(a) below]
- (c) Subordinated perpetual debentures
- (d) Term loans :
  - (i) From banks [Note 1(b) below]
  - (ii) From other
- (e) Senior Notes (Note 37 (c), page 204)
- (f) Deposits [Note 1(c) below] :
  - (i) Deposits accepted from public
  - (ii) Deposits accepted from shareholders

**TOTAL (A+B)**

|   | (₹ in crores)        |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2012 | As at March 31, 2011 |
| (A) Secured :   |                      |                      |
| (a) Privately placed Non-Convertible Debentures   | 4,646.65             | 4,725.00             |
| (b) Term loans from banks   | 2,957.52             | 4,520.24             |
| (c) Finance lease obligations   | 32.28                | 12.38                |
|   | <b>7,636.45</b>      | <b>9,257.62</b>      |
| (B) Unsecured :   |                      |                      |
| (a) Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS) | 597.36               | 2,632.60             |
| (b) Privately placed Non-Convertible Debentures   | 1,049.40             | 899.95               |
| (c) Subordinated perpetual debentures   | 150.00               | 150.00               |
| (d) Term loans :  |                      |                      |
| (i) From banks  | 5,668.26             | 2,021.23             |
| (ii) From other   | 216.59               | 201.27               |
| (e) Senior Notes  | 12,327.19            | -                    |
| (f) Deposits :  |                      |                      |
| (i) Deposits accepted from public   | 238.28               | 1,523.34             |
| (ii) Deposits accepted from shareholders  | 78.95                | 569.99               |
|   | <b>20,326.03</b>     | <b>7,998.38</b>      |
| <b>TOTAL (A+B)</b>  | <b>27,962.48</b>     | <b>17,256.00</b>     |

**Notes :**

(1) **Terms of redemption / repayments :**

- (a) Privately placed Non-Convertible Debentures will be redeemed from 2013-14 to 2025-26.
- (b) Term loans from banks are repayable from 2013-14 to 2018-19.
- (c) Deposits accepted from public and shareholders are for a fixed tenor of up to three years.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Notes:**
**(2) Nature of security (on loans including interest accrued thereon):**

- (a) Rated, Listed, Secured, Credit Enhanced, 2% Coupon, Premium Redemption Non-Convertible Debentures amounting to ₹3,400 crores (including current maturities of long term debts) are secured by a second charge in favour of Vijaya Bank, Debenture Trustee and first ranking *pari passu* charge in favour of State Bank of India as Security trustee on behalf of the Guarantors, by way of English mortgage of the Company's lands, freehold and leasehold, together with all buildings, constructions and immovable and movable properties situated at Chinchwad, Pimpri, Chikhali and Maval in Pune District and plant and machinery and other movable assets situated at Pantnagar in the State of Uttarakhand and at Jamshedpur in the State of Jharkhand. ₹350 crores are classified as current liabilities being maturing before March 31, 2013.
- (b) Rated, Listed, Secured, 9.95% Coupon, Non-Convertible Debentures amounting to ₹200 crores and 10.25% Coupon, Non-Convertible Debentures amounting to ₹ 500 crores are secured by a *pari passu* charge by way of an English mortgage of the Company's freehold land together with immovable properties, plant and machinery and other movable assets (excluding stock and book debts) situated at Sanand in the State of Gujarat.
- (c) Privately placed Non-Convertible Debentures amounting to ₹1,554 crores are fully secured by :
- First charge on residential flat of Tata Motors Finance Limited (TMFL), a subsidiary of the Company.
  - Pari passu* charge is created with the security trustee for loans from banks on:
    - All receivables of TMFL arising out of loan and trade advances,
    - All book debts of TMFL arising out of loan and trade advances.
  - First charge on secured / unsecured loans given by TMFL as identified from time to time and accepted by the debenture trustee.
  - Any other security as identified by TMFL and acceptable to the debenture trustee.
  - ₹525 crores are classified as current liabilities being maturing before March 31, 2013.
- (d) Loans from banks are secured by hypothecation of existing current assets of the Company viz. stock of raw materials, stock in process, semi-finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts including receivable from Hire Purchase / Leasing and all other moveable current assets except cash and bank balances, loans and advances of the Company both present and future.
- (e) Term loans from banks amounting to ₹2,100 crores are secured by a *pari passu* charge in favour of the security trustee on receivables and book debts arising out of loans and advances and such current assets as may be identified by TMFL from time to time and accepted by the security trustee.

**(3) Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS):**

The Company issued the FCCN and CARS which are convertible into Ordinary shares or ADSs. Additionally, CARS can be converted into Qualifying Securities\* in case there has been a Qualifying Issue as per the terms of Issue. The particulars, terms of issue and the status of conversion as at March 31, 2012 are given below :

| Issue  | 1% FCCN (due 2011)  | 0% CARS (due 2012) **   | 4% FCCN (due 2014)   |
|--|---|---|--|
| Issued on  | April 27, 2004  | July 11, 2007   | October 15, 2009   |
| Issue Amount (in INR at the time of the issue)                                     | US \$ 300 million<br>(₹ 1,315.50 crores)  | US \$ 490 million<br>(₹ 1,992.71 crores)  | US \$ 375 million<br>(₹ 1,794.19 crores)   |
| Face Value   | US \$ 1,000   | US \$ 100,000   | US \$ 100,000  |
| Conversion Price per share at fixed exchange rate                                  | ₹ 780.400<br>US \$ 1 = ₹ 43.85  | ₹ 960.96<br>US \$ 1 = ₹ 40.59   | ₹ 623.88<br>US \$ 1 = ₹ 46.28  |
| Reset Conversion Price (Due to Rights Issue, GDS Issue and subdivision of shares)  | ₹ 736.72<br>US \$ 1 = ₹ 43.85   | ₹ 181.43<br>US \$ 1 = ₹ 40.59   | ₹ 121.34<br>US \$ 1 = ₹ 46.28  |
| Exercise Period  | June 7, 2004 to<br>March 28, 2011   | October 11, 2011 to<br>June 12, 2012  | November 25, 2009<br>(for conversion into shares or GDSs)<br>and October 15, 2010 (for conversion into ADSs) to October 9, 2014  |
| Early redemption at the option of the Company subject to certain conditions        | any time (in whole but not in part) in the event of certain changes affecting taxation in India | i) after October 11, 2011 at our option (in whole but not in part)<br>or<br>ii) any time (in whole but not in part) in the event of certain changes affecting taxation in India | i) any time on or after October 15, 2012 (in whole but not in part) at our option<br>or<br>ii) any time (in whole but not in part) in the event of certain changes affecting taxation in India |
| Redeemable on  | April 27, 2011  | July 12, 2012   | October 16, 2014   |
| Redemption percentage of the Principal Amount                                      | 121.781%  | 131.820%  | 108.505%   |
| Amount converted   | US \$ 299.10 million  | Nil   | US \$ 257.60 million   |
| Aggregate conversion into Shares / ADRs  | 2,29,50,915   | Nil   | 1,94,23,734  |
| Aggregate Notes Redeemed   | 898   | Nil   | Nil  |
| Aggregate Notes Bought Back  | Nil   | 170   | Nil  |
| Notes Outstanding as at March 31, 2012   | Nil   | 4,730   | 1,174  |
| Amount outstanding as at March 31, 2012  | Nil   | US \$ 473.00 million<br>(₹ 2,406.74 crores)   | US \$ 117.40 million<br>(₹ 597.36 crores)  |
| Aggregate amount of shares that could be issued on conversion of outstanding notes | Nil   | 10,58,18,480  | 4,47,77,255@   |

\* Qualifying Securities holders will have no or differential voting rights in comparison to the existing shareholders and will have no rights to withdraw the underlying Shares except upon certain conditions as per the terms of issue.

@ Increased due to cash dividend distribution antidilution adjustment as per terms of issue.

\*\* Classified as current liabilities as maturing before March 31, 2013.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

|  | (₹ in crores)              |                            |
|--|----------------------------|----------------------------|
|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
| <b>5. Deferred tax assets and liabilities (net)</b>  |                            |                            |
| <b>(a) Classified on a company wise basis :</b>  |                            |                            |
| (i) Deferred tax asset   | 4,539.33                   | 632.34                     |
| (ii) Deferred tax liability  | (2,165.07)                 | (2,096.13)                 |
| Net deferred tax asset / (liability)   | <u>2,374.26</u>            | <u>(1,463.79)</u>          |
| <b>(b) Major components of deferred tax arising on account of timing differences are:</b>          |                            |                            |
| <b>Liabilities:</b>  |                            |                            |
| Depreciation   | (1,522.35)                 | (1,271.81)                 |
| Intangibles / product development cost and<br>Reserves for Research and Human Resource Development | (5,711.42)                 | (2,921.45)                 |
| Others   | (137.80)                   | (30.17)                    |
|  | <u>(7,371.57)</u>          | <u>(4,223.43)</u>          |
| <b>Assets:</b>   |                            |                            |
| Unabsorbed depreciation/ business loss   | 6,984.83                   | 1,678.48                   |
| Employee benefits / expenses allowable on payment basis  | 2,122.29                   | 543.75                     |
| Provision for doubtful debts   | 326.85                     | 346.53                     |
| Premium on redemption of CARS (net of exchange fluctuation on premium)                             | 126.74                     | 111.13                     |
| Others   | 185.12                     | 79.75                      |
|  | <u>9,745.83</u>            | <u>2,759.64</u>            |
| <b>Net deferred tax asset / (liability)</b>  | <u>2,374.26</u>            | <u>(1,463.79)</u>          |
|  | <b>2011-2012</b>           | <b>2010-2011</b>           |
| <b>(c) Tax expense :</b>   |                            |                            |
| <b>(i) Current tax</b>   |                            |                            |
| Current Tax  | 2,524.74                   | 1,453.75                   |
| Less : MAT credit entitlement  | (293.29)                   | (422.55)                   |
| Current tax (net of credit for Minimum Alternate Tax)  | <u>2,231.45</u>            | <u>1,031.20</u>            |
| <b>(ii) Deferred tax</b>   |                            |                            |
| Opening net deferred tax liability   | 1,463.79                   | 1,153.63                   |
| Debited/(Credited) to Securities Premium Account   | (15.99)                    | 138.22                     |
| Debited /(Credited) to Hedging Reserve   | (45.88)                    | -                          |
| Debited /(Credited) to Pension Reserve   | (1,272.50)                 | -                          |
| Debited /(Credited) to General Reserve   | (1.50)                     | -                          |
| Translation differences on opening balances in respect of foreign subsidiaries                     | (230.69)                   | (13.24)                    |
|  | <u>(102.77)</u>            | <u>1,278.61</u>            |
| <b>Closing deferred tax assets / (liability)</b>   | <u>2,374.26</u>            | <u>(1,463.79)</u>          |
| Deferred tax (credit) / charge for the year [Note below]   | <u>(2,271.49)</u>          | <u>185.18</u>              |
| <b>Total (i + ii)</b>  | <u>(40.04)</u>             | <u>1,216.38</u>            |

**Note:**

During the year ended March 31, 2012, a UK subsidiary company has recognised a tax credit of **GBP 225 million (₹ 1,793.66 crores)** (₹Nil for the year ended March 31, 2011) for past income tax losses, consequent to establishing certainty of utilization on the basis of future profit forecasts and the planned consolidation of certain subsidiaries in the UK.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

|  | <b>As at<br/>March 31,<br/>2012</b> | As at<br>March 31,<br>2011 |
|--|-------------------------------------|----------------------------|
| <b>6. Other long-term liabilities</b>  |                                     |                            |
| (a) Liability towards premium on redemption of Non-Convertible Debentures  | <b>1,577.28</b>                     | 1,673.83                   |
| (b) Deferred payment liabilities   | <b>286.25</b>                       | 328.32                     |
| (c) Interest accrued but not due on borrowings   | <b>33.24</b>                        | 153.62                     |
| (d) Derivative financial instruments   | <b>271.31</b>                       | -                          |
| (e) Others   | <b>290.50</b>                       | 136.95                     |
|  | <b><u>2,458.58</u></b>              | <u>2,292.72</u>            |
| <b>7. Long-term provisions</b>   |                                     |                            |
| (a) Employee benefit obligation  | <b>3,026.91</b>                     | 1,888.86                   |
| (b) Warranty and product liability [Note 35(i), page 203]  | <b>2,520.77</b>                     | 1,930.13                   |
| (c) Premium on redemption of Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS) [Note 35(ii), page 203] | <b>56.77</b>                        | 800.22                     |
| (d) Residual risk [Note 35(iii), page 203]   | <b>113.40</b>                       | 43.09                      |
| (e) Environmental cost [Note 35(iv), page 203]   | <b>164.86</b>                       | 130.90                     |
| (f) Current income tax (net of payment)  | <b>147.88</b>                       | -                          |
| (g) Others   | <b>40.79</b>                        | 32.44                      |
|  | <b><u>6,071.38</u></b>              | <u>4,825.64</u>            |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

|  | (₹ in crores)              |                            |
|--|----------------------------|----------------------------|
|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
| <b>8. Short-term borrowings</b>  |                            |                            |
| <b>(A) Secured :</b>   |                            |                            |
| (a) From banks [Note 2(d), page 184]   | 7,937.59                   | 9,248.91                   |
| (b) From others  | <u>200.00</u>              | <u>239.13</u>              |
|  | <b>8,137.59</b>            | <b>9,488.04</b>            |
| <b>(B) Unsecured :</b>   |                            |                            |
| (a) (i) From banks   | 1,266.67                   | 1,128.65                   |
| (ii) From others   | <u>54.38</u>               | <u>0.43</u>                |
| (b) Inter corporate deposits   |                            |                            |
| (i) From associates  | 30.00                      | 7.00                       |
| (ii) From others   | -                          | 50.00                      |
| (c) Commercial paper   | <u>1,252.95</u>            | <u>2,432.03</u>            |
|  | <b>2,604.00</b>            | <b>3,618.11</b>            |
| <b>Total (A+B)</b>   | <u><b>10,741.59</b></u>    | <u><b>13,106.15</b></u>    |
| <b>9. Trade payables</b>   |                            |                            |
| (a) Acceptances  | 4,078.74                   | 5,389.03                   |
| (b) Other than acceptances   | <u>32,607.58</u>           | <u>22,514.03</u>           |
|  | <b>36,686.32</b>           | <b>27,903.06</b>           |
| <b>10. Other current liabilities</b>   |                            |                            |
| (a) Liability towards vehicles sold under repurchase arrangements  | 1,253.44                   | 867.80                     |
| (b) Liability for capital expenditure  | <u>1,107.30</u>            | <u>911.67</u>              |
| (c) Deposits and retention money   | 41.89                      | 59.32                      |
| (d) Interest accrued but not due on borrowings   | <u>762.56</u>              | <u>354.55</u>              |
| (e) Current maturities of long term borrowings [Note below]  | <b>8,444.89</b>            | <b>2,448.40</b>            |
| (f) Deferred payment Liabilities   | 75.30                      | 75.30                      |
| (g) Advance and progress payments from customers   | <u>2,368.83</u>            | <u>1,967.20</u>            |
| (h) Statutory dues (VAT, Excise, Service Tax, Octroi etc)  | <b>3,664.53</b>            | <b>2,102.90</b>            |
| (i) Employee benefit obligations   | 52.42                      | 41.45                      |
| (j) Liability towards premium on redemption of Non-Convertible Debentures  | <u>96.55</u>               | <u>-</u>                   |
| (k) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 (IEPF) not due                             | 190.05                     | 23.84                      |
| (l) Derivative financial instruments   | <u>906.13</u>              | <u>42.94</u>               |
| (m) Others   | <b>105.89</b>              | <b>89.55</b>               |
|  | <u><b>19,069.78</b></u>    | <u><b>8,984.92</b></u>     |
| <b>Note :</b>  |                            |                            |
| <b>Current maturities of long term borrowings consists of :</b>  |                            |                            |
| (i) Privately placed Non-Convertible Debentures  | 875.00                     | 500.00                     |
| (ii) Term loans from banks and others  | <u>3,404.97</u>            | <u>738.85</u>              |
| (iii) Finance lease obligations  | 14.15                      | 6.53                       |
| (v) Foreign Currency Convertible Notes (FCCN) / Convertible Alternative Reference Securities (CARS)  | <u>2,406.74</u>            | <u>4.00</u>                |
| (v) Deposits accepted from public and shareholders   | <b>1,744.03</b>            | <b>1,199.02</b>            |
|  | <u><b>8,444.89</b></u>     | <u><b>2,448.40</b></u>     |
| <b>11. Short-term provisions</b>   |                            |                            |
| (a) Employee benefit obligations   | 424.46                     | 884.41                     |
| (b) Warranty and product liability [Note 35(i), page 203]  | <u>2,731.40</u>            | <u>2,196.06</u>            |
| (c) Current income tax (net of payment)  | <u>1,163.83</u>            | <u>506.90</u>              |
| (d) Premium on redemption of Foreign Currency Convertible Notes (FCCN) and Convertible Alternative Reference Securities (CARS) [Note 35(ii), page 203] | <b>855.73</b>              | <b>0.87</b>                |
| (e) Proposed dividend  | <u>1,280.70</u>            | <u>1,274.23</u>            |
| (f) Provision for tax on dividends   | <u>206.30</u>              | <u>205.20</u>              |
| (g) Residual risk [Note 35(iii), page 203]   | 17.58                      | 7.14                       |
| (h) Others   | <u>90.38</u>               | <u>56.68</u>               |
|  | <u><b>6,770.38</b></u>     | <u><b>5,131.49</b></u>     |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 12. Tangible Assets

(₹ in crores)

| Particulars   | Cost as at March 31, 2011     | Acquisitions | Additions/adjustments [Note (ii)] | Translation adjustment      | Deductions/adjustments  | Cost as at March 31, 2012     | Accumulated depreciation as at April 1, 2011 | Accumulated depreciation on acquisitions | Depreciation for the year   | Translation adjustment-accumulated depreciation | Deductions/adjustments  | Accumulated depreciation up to March 31, 2012 [Note (iii)] | Net book value as at March 31, 2012 |
|---|-------------------------------|--------------|-----------------------------------|-----------------------------|-------------------------|-------------------------------|--|--|-----------------------------|---|-------------------------|--|-------------------------------------|
| <b>[I] Owned Assets :</b>                                 |                               |              |                                   |                             |                         |                               |  |  |                             |   |                         |  |                                     |
| (i) Land  | 745.30<br>740.08              | -            | -                                 | 23.65<br>5.22               | -                       | 768.95<br>745.30              | -  | -  | -                           | -   | -                       | -  | 768.95<br>745.30                    |
| (ii) Buildings  | 7,750.37<br>6,932.66          | -            | 533.65<br>615.90                  | 697.81<br>226.49            | 14.15<br>24.68          | 8,967.68<br>7,750.37          | 3,946.04<br>3,644.34                         | -  | 169.17<br>165.33            | 489.96<br>161.27                                | 0.36<br>24.90           | 4,604.81<br>3,946.04                                       | 4,362.87<br>3,804.33                |
| (iii) Plant, machinery and equipment [Note (i)]           | 47,156.11<br>42,131.72        | -<br>2.50    | 5,509.75<br>4,073.75              | 4,431.15<br>1,372.53        | 217.20<br>424.36        | 56,879.81<br>47,156.14        | 30,631.95<br>27,238.03                       | -<br>0.82                                | 2,942.65<br>2,801.36        | 3,455.68<br>958.83                              | 169.90<br>367.06        | 36,860.38<br>30,631.98                                     | 20,019.43<br>16,524.16              |
| (iv) Furniture, fixtures and office appliances [Note (i)] | 465.14<br>426.52              | -<br>0.01    | 112.36<br>79.21                   | 38.81<br>8.99               | 12.66<br>49.59          | 603.65<br>465.14              | 308.80<br>283.96                             | -  | 51.09<br>55.94              | 31.61<br>9.90                                   | 9.44<br>41.00           | 382.06<br>308.80   | 221.59<br>156.34                    |
| (v) Vehicles [Note (i)]                                   | 255.97<br>169.49              | -            | 145.16<br>107.87                  | 19.13<br>2.48               | 62.62<br>23.87          | 357.64<br>255.97              | 122.53<br>99.82                              | -  | 56.02<br>38.36              | 5.17<br>1.08                                    | 35.03<br>16.73          | 148.69<br>122.53   | 208.95<br>133.44                    |
| (vi) Computers and other IT assets [Note (i)]             | 1,178.38<br>1,105.72          | -            | 85.03<br>72.66                    | 76.83<br>28.93              | 24.46<br>28.93          | 1,315.78<br>1,178.38          | 892.11<br>715.61                             | -  | 91.40<br>73.60              | 66.14<br>127.22                                 | 21.80<br>24.32          | 1,027.85<br>892.11   | 287.93<br>286.27                    |
| <b>[II] Assets given on Lease:</b>                        |                               |              |                                   |                             |                         |                               |  |  |                             |   |                         |  |                                     |
| (i) Plant and machinery                                   | 398.96<br>398.96              | -            | -                                 | -                           | 3.03                    | 395.93<br>398.96              | 382.24<br>381.90                             | -  | 4.86                        | -   | 6.95                    | 380.15<br>382.24   | 15.78<br>16.72                      |
| <b>[III] Assets taken on Lease:</b>                       |                               |              |                                   |                             |                         |                               |  |  |                             |   |                         |  |                                     |
| (i) Leasehold land  | 1,073.49<br>1,008.68          | -            | 3.36<br>24.67                     | 126.97<br>42.62             | 9.72<br>2.48            | 1,194.10<br>1,073.49          | 46.33<br>35.69                               | -  | 8.91<br>9.58                | 0.40<br>1.02                                    | -<br>(0.04)             | 55.64<br>46.33   | 1,138.46<br>1,027.16                |
| (ii) Buildings  | 41.42<br>37.33                | -<br>0.30    | 5.34<br>3.75                      | 0.37<br>0.23                | 0.86<br>0.19            | 46.27<br>41.42                | 6.35<br>4.23                                 | -<br>0.26                                | 0.99<br>1.53                | 2.34<br>0.33                                    | (0.43)                  | 10.11<br>6.35  | 36.16<br>35.07                      |
| (iii) Plant and machinery                                 | 39.15<br>62.15                | -            | -<br>0.34                         | -<br>0.06                   | -<br>23.40              | 39.15<br>39.15                | 28.76<br>42.98                               | -  | 2.62<br>8.52                | 0.02  | -<br>22.74              | 31.40<br>28.76   | 7.75<br>10.39                       |
| (iv) Computers and other IT assets                        | 66.35<br>55.64                | -            | 49.37<br>10.71                    | 0.29                        | 0.44                    | 115.57<br>66.35               | 43.31<br>30.56                               | -  | 21.43<br>12.72              | 0.12<br>0.03                                    | -                       | 64.86<br>43.31   | 50.71<br>23.04                      |
| <b>TOTAL TANGIBLE ASSETS</b>                              | <b>59,170.64</b><br>53,068.95 | -<br>2.81    | <b>6,444.02</b><br>4,988.86       | <b>5,415.01</b><br>1,687.55 | <b>345.14</b><br>577.50 | <b>70,684.53</b><br>59,170.67 | <b>36,408.42</b><br>32,477.12                | -<br>1.08                                | <b>3,349.14</b><br>3,171.80 | <b>4,051.44</b><br>1,259.68                     | <b>243.05</b><br>501.23 | <b>43,565.95</b><br>36,408.45                              | <b>27,118.58</b><br>22,762.22       |

**Notes:**

- (i) Includes plant, machinery and equipment, furniture, fixtures and office equipments, vehicles and computers having gross block of ₹ 158.58 crores, ₹ 1.41 crores, ₹ 1.57 crores and ₹ 119.50 crores (as at March 31, 2011 ₹ 154.50 crores, ₹ 0.67 crore, ₹ 0.58 crore and ₹ 141.58 crores), and net block of ₹ 5.51 crores, ₹ 0.08 crore, ₹ 0.02 crore, and ₹ 0.28 crore (as at March 31, 2011 ₹ 6.30 crores, ₹ 0.02 crore, ₹ 0.02 crore and ₹ 0.48 crore) respectively, held for disposal.
- (ii) Additions / adjustments include capitalisation of exchange loss of ₹ 165.08 crores (2010-2011 capitalisation of exchange loss of ₹ 54.18 crores).
- (iii) Accumulated depreciation includes :
- (a) Lease equalisation of ₹ 4.51 crores (2010-2011 ₹ 4.51 crores) adjusted in lease rental income.
- (b) Depreciation of ₹ 51.73 crores (2010-2011 ₹ 41.10 crores) on revalued portion of gross block transferred to Revaluation Reserve.

### 13. Intangible Assets

(₹ in crores)

| Particulars                    | Cost as at March 31, 2011     | Acquisitions | Additions/adjustments *     | Translation adjustment    | Deductions/adjustments | Cost as at March 31, 2012     | Accumulated depreciation as at April 1, 2011 | Accumulated depreciation on acquisitions | Depreciation for the year   | Translation adjustment-accumulated depreciation | Deductions/adjustments | Accumulated depreciation up to March 31, 2012 | Net book value as at March 31, 2012 |
|--------------------------------|-------------------------------|--------------|-----------------------------|---------------------------|------------------------|-------------------------------|--|--|-----------------------------|---|------------------------|---|-------------------------------------|
| (i) Technical know-how         | 37.29<br>36.87                | -            | 0.12<br>0.83                | 0.01                      | -<br>0.41              | 37.42<br>37.29                | 26.29<br>26.29                               | -  | 0.52<br>0.81                | -   | -<br>0.81              | 26.81<br>26.29                                | 10.61<br>11.00                      |
| (ii) Computer software         | 1,686.07<br>1,365.46          | -<br>3.00    | 383.59<br>313.13            | 208.00<br>53.04           | 22.39<br>48.56         | 2,255.27<br>1,686.07          | 1,056.21<br>721.92                           | -<br>1.91                                | 287.02<br>325.23            | 126.75<br>26.42                                 | 11.64<br>19.27         | 1,458.34<br>1,056.21                          | 796.93<br>629.86                    |
| (iii) Product development cost | 6,828.41<br>5,785.27          | -<br>0.01    | 4,946.72<br>908.52          | 763.48<br>134.61          | -<br>6.828.41          | 12,538.61<br>6,828.41         | 1,948.45<br>857.06                           | -<br>0.01                                | 1,890.37<br>1,056.57        | 227.51<br>26.33                                 | 0.05<br>(8.48)         | 4,066.28<br>1,948.45                          | 8,472.33<br>4,879.96                |
| (iv) Trade marks and brand     | 2,841.73<br>2,706.53          | -            | -                           | 399.93<br>135.20          | -                      | 3,241.66<br>2,841.73          | -  | -  | -                           | -   | -                      | -   | 3,241.66<br>2,841.73                |
| (v) Developed technologies     | 898.79<br>859.72              | -            | -                           | 122.86<br>39.07           | -                      | 1,021.65<br>898.79            | 259.30<br>150.00                             | -  | 98.33<br>101.10             | 37.46<br>7.56                                   | -<br>(0.64)            | 395.09<br>259.30                              | 626.56<br>639.49                    |
| <b>TOTAL INTANGIBLE ASSETS</b> | <b>12,292.29</b><br>10,753.85 | -<br>3.01    | <b>5,330.43</b><br>1,222.48 | <b>1,494.28</b><br>361.92 | <b>22.39</b><br>48.97  | <b>19,094.61</b><br>12,292.29 | <b>3,290.25</b><br>1,755.27                  | -<br>1.92                                | <b>2,276.24</b><br>1,483.71 | <b>391.72</b><br>60.31                          | <b>11.69</b><br>10.96  | <b>5,946.52</b><br>3,290.25                   | <b>13,148.09</b><br>9,002.04        |

\* Additions / adjustments include capitalisation of exchange loss of ₹ 25.47 crores (2010-2011 capitalisation of exchange gain of ₹ 0.69 crores).

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| (₹ in crores)  |                            |                            |
| <b>14. Goodwill (on consolidation)</b>   |                            |                            |
| Opening balance  | 3,584.79                   | 3,422.87                   |
| Add: Goodwill on acquisitions  | -                          | 27.67                      |
| Add: Addition due to increase in stake in subsidiary companies                                 | 204.13                     | -                          |
| Less: Impairment   | (139.18)                   | (19.37)                    |
| Add: Impact of foreign currency translation  | 444.00                     | 153.62                     |
| <b>Closing balance</b>   | <b>4,093.74</b>            | <b>3,584.79</b>            |
| <b>15. Non-current investments</b>   |                            |                            |
| (A) Investments in equity accounted investees :  |                            |                            |
| (a) Carrying amount of investments in associates (Note 4 below)                                | 668.55                     | 664.64                     |
| (b) Fully paid Cumulative Redeemable Preference shares (Unquoted)                              | -                          | 21.00                      |
|  | <b>668.55</b>              | <b>685.64</b>              |
| (B) Others (at cost)   |                            |                            |
| (i) Quoted   |                            |                            |
| (a) Equity shares  | 297.98                     | 285.64                     |
| (b) Bonds  | 2.69                       | 2.44                       |
| (ii) Unquoted  |                            |                            |
| (a) Equity shares  | 353.49                     | 344.00                     |
| (b) Cumulative redeemable preference shares  | 2.00                       | 12.00                      |
| (c) Non convertible debentures   | 3.50                       | 4.25                       |
| (d) Mutual fund  | 38.00                      | -                          |
| (e) Optionally convertible debentures  | 4.11                       | 6.22                       |
| (f) Retained interest in securitisation transactions   | 0.38                       | 0.58                       |
|  | <b>702.15</b>              | <b>655.13</b>              |
| (C) Provision for diminution in value of Investments (net)                                     | (4.16)                     | (4.16)                     |
| (D) Advance against investments  | 25.00                      | -                          |
| <b>Total</b>   | <b>1,391.54</b>            | <b>1,336.61</b>            |
| <b>Notes:</b>  |                            |                            |
| (1) Book value of quoted investments (other than in associates)                                | 300.67                     | 288.08                     |
| (2) Book value of unquoted investments (other than in associates)                              | 422.32                     | 362.89                     |
| (3) Market value of quoted investments (other than in associates)                              | 288.35                     | 337.13                     |
| (4) The particulars of investments in associate companies as of March 31, 2012 are as follows: |                            |                            |

| Sr.No. | Name of the associates                    | Country of incorporation | Ownership interest (%) | Original cost of investment | Amount of goodwill/ (Capital Reserve) in original cost | Share of post acquisition Reserves and surplus | Carrying amount of investments |
|--------|---|--------------------------|------------------------|-----------------------------|--|--|--------------------------------|
| 1)     | Tata Cummins Ltd.                         | India                    | 50.00                  | 90.00                       | -  | 206.61   | 296.61                         |
|        |   |                          | 50.00                  | 90.00                       | -  | 155.09   | 245.09                         |
| 2)     | Tata AutoComp Systems Ltd.                | India                    | 26.00                  | 77.47                       | -  | 13.34  | 90.81                          |
|        |   |                          | 26.00                  | 77.47                       | -  | (22.97)  | 54.50                          |
| 3)     | NITA Company Ltd.                         | Bangladesh               | 40.00                  | 1.27                        | (0.43)   | 6.34   | 7.61                           |
|        |   |                          | 40.00                  | 1.27                        | (0.43)   | 6.67   | 7.94                           |
| 4)     | Automobile Corporation of Goa Ltd.        | India                    | 47.18                  | 109.62                      | 55.28  | 22.02  | 131.64                         |
|        |   |                          | 44.21                  | 103.76                      | 54.01  | 16.95  | 120.71                         |
| 5)     | Jaguar Cars Finance Ltd                   | UK                       | 49.90                  | 0.51                        | -  | -  | 0.51                           |
|        |   |                          | 49.90                  | 0.51                        | -  | -  | 0.51                           |
| 6)     | Telco Construction Equipment Company Ltd. | India                    | 40.00                  | 80.20                       | 0.20   | 57.77  | 137.97                         |
|        |   |                          | 40.00                  | 80.20                       | 0.20   | 155.69   | 235.89                         |
| 7)     | Spark 44 Limited (w.e.f. June 27, 2011)   | UK                       | 50.00                  | 3.40                        | -  | -  | 3.40                           |
|        |   |                          |                        |                             |  |  |                                |
|        | <b>Total</b>                              |                          |                        | <b>362.47</b>               | <b>55.05</b>   | <b>306.08</b>                                  | <b>668.55</b>                  |
|        |   |                          |                        | 353.21                      | 53.78  | 311.43   | 664.64                         |

(5) As per the shareholders agreement dated March 30, 2010, between Hitachi Construction Machinery Co. Ltd and the Company, shares of Telcon Construction Equipment Company Limited owned by the Company are under restriction for sale, assign or transfer for a period of three years from the date of the agreement.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| <b>16. Long-term loans and advances</b>  |                            |                            |
| <b>(A) Secured :</b>   |                            |                            |
| Finance receivables (Note below)   | <b>10,339.93</b>           | 6,791.35                   |
|  | <b>10,339.93</b>           | 6,791.35                   |
| <b>(B) Unsecured:</b>  |                            |                            |
| (a) Loans to employees   | 47.92                      | 51.87                      |
| (b) Loan to Joint Venture (FIAT India Automobiles Ltd.)                        | 132.50                     | 132.50                     |
| (c) Taxes recoverable, statutory deposits and dues from government             | 724.60                     | 872.66                     |
| (d) Capital advances   | 179.12                     | 272.06                     |
| (e) Credit entitlement of Minimum Alternate Tax (MAT)                          | 1,451.45                   | 1,158.16                   |
| (f) Non-current income tax assets (net of provision)                           | 534.26                     | 431.46                     |
| (g) Others   | 248.17                     | 108.24                     |
|  | <b>3,318.02</b>            | 3,026.95                   |
|  | <b>13,657.95</b>           | 9,818.30                   |
| <b>Note:</b>   |                            |                            |
| <b>Finance receivables (Gross) *</b>   | <b>16,691.89</b>           | 10,906.41                  |
| Less : Allowances for doubtful Loans **  | <b>(944.22)</b>            | (810.79)                   |
| Total  | <b>15,747.67</b>           | 10,095.62                  |
| Current portion  | <b>5,407.74</b>            | 3,304.27                   |
| Non-current portion  | <b>10,339.93</b>           | 6,791.35                   |
|  | <b>15,747.67</b>           | 10,095.62                  |
| * Loans are secured against hypothecation of vehicles                          | <b>352.82</b>              | 477.71                     |
| Includes on account of overdue securitised receivables                         | <b>173.09</b>              | 272.62                     |
| ** Includes on account of securitised receivables                              |                            |                            |
| <b>17. Other non-current assets</b>  |                            |                            |
| (a) Prepaid expenses   | 42.67                      | 35.41                      |
| (b) Prepaid debt issue cost  | 303.29                     | 268.27                     |
| (c) Interest accrued on loans and deposits                                     | 39.02                      | 28.59                      |
| (d) Derivative financial instruments   | 189.70                     | -                          |
|  | <b>574.68</b>              | 332.27                     |
| <b>18. Foreign Currency Monetary Item Translation Difference Account (Net)</b> |                            |                            |
| Opening balance  | -                          | (191.15)                   |
| (a) Exchange loss/(gain) during the year                                       | <b>1,086.52</b>            | (83.90)                    |
| (b) Amortisation of exchange fluctuation for the year                          | <b>(635.09)</b>            | 275.05                     |
| Closing balance  | <b>451.43</b>              | -                          |



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

|  | As at<br>March 31,<br>2012 | As at<br>March 31,<br>2011 |
|--|----------------------------|----------------------------|
| <b>19. Current investments</b>   |                            |                            |
| <b>(at Cost or fair value whichever is lower) (fully paid)</b>                           |                            |                            |
| <b>A. Quoted</b>   |                            |                            |
| (a) Equity shares  | 0.93                       | 6.49                       |
| (b) Securities   | -                          | 0.02                       |
|  | <u>0.93</u>                | <u>6.51</u>                |
| <b>B. Unquoted</b>   |                            |                            |
| (a) Cumulative Redeemable Preference Shares  | 34.00                      | 3.00                       |
| (b) Mutual fund  | 7,492.05                   | 1,122.67                   |
| (c) Optionally convertible debentures  | 2.11                       | 1.82                       |
| (d) Equity shares  | -                          | 76.60                      |
| (e) Non-convertible debentures   | 0.75                       | 0.75                       |
| (f) Retained interest in securitisation transactions                                     | 0.26                       | 0.23                       |
|  | <u>7,529.17</u>            | <u>1,205.07</u>            |
| Provision for diminution in value of Investments (net)                                   | <u>(3.93)</u>              | <u>(3.93)</u>              |
| <b>Total (A+B)</b>   | <u><u>7,526.17</u></u>     | <u><u>1,207.65</u></u>     |
| <b>Notes:</b>  |                            |                            |
| (1) Book value of quoted investments   | -                          | 5.58                       |
| (2) Book value of unquoted investments   | <u>7,526.17</u>            | <u>1,202.07</u>            |
| <b>20. Inventories</b>   |                            |                            |
| (a) Stores and spare parts (at or below cost)  | 178.39                     | 172.36                     |
| (b) Consumable tools (at cost)   | 88.06                      | 68.30                      |
| (c) Raw materials and components   | 2,011.65                   | 1,964.57                   |
| (d) Work-in-progress   | 1,924.84                   | 1,122.98                   |
| (e) Finished goods   | 13,378.42                  | 10,353.45                  |
| (f) Goods in-transit - Raw materials and components (at cost)                            | 634.66                     | 388.85                     |
|  | <u>18,216.02</u>           | <u>14,070.51</u>           |
| Note: Items (c), (d) and (e) above are valued at lower of cost and net realisable value. |                            |                            |
| <b>21. Trade receivables (unsecured)</b>   |                            |                            |
| (a) Over six months  | 593.47                     | 867.15                     |
| (b) Others   | 7,969.58                   | 5,895.27                   |
|  | <u>8,563.05</u>            | <u>6,762.42</u>            |
| Less : Allowances for doubtful debts   | <u>(326.21)</u>            | <u>(236.77)</u>            |
|  | <u><u>8,236.84</u></u>     | <u><u>6,525.65</u></u>     |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

|   | As at<br>March 31,<br>2012          | As at<br>March 31,<br>2011          |
|---|-------------------------------------|-------------------------------------|
| <b>22. Cash and bank balances</b>   |                                     |                                     |
| <b>(A) Cash and cash equivalents</b>  |                                     |                                     |
| (a) Cash on hand  | 21.56                               | 24.61                               |
| (b) Cheques on hand   | 79.84                               | 231.55                              |
| (c) Current account with banks #  | 6,419.09                            | 3,360.43                            |
| (d) Bank deposits with upto 3 months maturity   | 8,312.53                            | 5,728.82                            |
|   | <u>14,833.02</u>                    | <u>9,345.41</u>                     |
| <b>(B) Other bank balances (with more than 3 months but less than 12 months maturity)</b> |                                     |                                     |
| (a) Bank deposits *   | 1,187.95                            | 745.63                              |
| (b) Earmarked balances with banks   | 196.99                              | 82.70                               |
| (c) Other restricted deposits   | 1,070.91                            | -                                   |
| (d) Margin money / cash collateral with banks   | 40.50                               | 230.49                              |
|   | <u>2,496.35</u>                     | <u>1,058.82</u>                     |
| <b>(C) Other bank balances (with more than 12 months maturity)</b>                        |                                     |                                     |
| (a) Margin money / cash collateral with banks   | 218.44                              | 528.60                              |
| (b) Bank deposits with more than 12 months maturity                                       | 690.32                              | 15.10                               |
| (c) Other restricted deposits   | -                                   | 461.67                              |
|   | <u>908.76</u>                       | <u>1,005.37</u>                     |
| <b>Total (A + B + C)</b>  | <u>18,238.13</u>                    | <u>11,409.60</u>                    |
| # Includes remittances in transit   | 50.47                               | 386.34                              |
| * Includes unutilised proceeds from Qualified Institutional Placement issue               | -                                   | 505.00                              |
|   | <u>5,407.74</u>                     | <u>3,304.27</u>                     |
| <b>23. Short-term loans and advances</b>  |                                     |                                     |
| <b>(A) Secured :</b>  |                                     |                                     |
| Finance receivables (Note 16, page 190)   | 5,407.74                            | 3,304.27                            |
|   | <u>5,407.74</u>                     | <u>3,304.27</u>                     |
| <b>(B) Unsecured:</b>   |                                     |                                     |
| (a) Advances and other receivables  | 518.43                              | 516.50                              |
| (b) Inter corporate deposits  | 50.42                               | 47.46                               |
| (c) VAT, other taxes recoverable, statutory deposits and dues from government             | 4,902.10                            | 3,667.60                            |
| (d) Current income tax assets (net of provisions)   | 451.54                              | 455.35                              |
| (e) Others  | 6.99                                | 32.74                               |
|   | <u>5,929.48</u>                     | <u>4,719.65</u>                     |
|   | <u>11,337.22</u>                    | <u>8,023.92</u>                     |
|   | <u>As at<br/>March 31,<br/>2012</u> | <u>As at<br/>March 31,<br/>2011</u> |
| <b>24. Other current assets</b>   |                                     |                                     |
| (a) Prepaid debt borrowing cost   | 163.23                              | 39.94                               |
| (b) Prepaid expenses  | 286.69                              | 406.00                              |
| (c) Derivative financial instruments  | 395.04                              | 364.83                              |
| (d) Interest accrued on loans and deposits  | 62.13                               | 40.72                               |
|   | <u>907.09</u>                       | <u>851.49</u>                       |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

|  | (₹ in crores)      |             |
|--|--------------------|-------------|
|  | 2011-2012          | 2010-2011   |
| <b>25. Total revenue</b>   |                    |             |
| <b>(I) Revenue from operations</b>   |                    |             |
| (a) Sale of products   | <b>1,67,071.32</b> | 1,23,647.98 |
| (b) Sale of services   | <b>745.21</b>      | 590.92      |
| (c) Income from vehicle loan contracts (Note below)                          | <b>2,061.08</b>    | 1,468.23    |
|  | <b>1,69,877.61</b> | 1,25,707.13 |
| (d) Other operating revenues   | <b>799.97</b>      | 707.11      |
|  | <b>1,70,677.58</b> | 1,26,414.24 |
| <b>(II) Other income</b>   |                    |             |
| (a) Interest income  | <b>487.64</b>      | 339.85      |
| (b) Dividend income  | <b>37.92</b>       | 67.00       |
| (c) Profit on sale of investments (net)                                      | <b>48.45</b>       | 17.35       |
| (d) Profit on issue of shares by a subsidiary                                | <b>47.36</b>       | -           |
| (e) Other non-operating income   | <b>40.40</b>       | 5.26        |
|  | <b>661.77</b>      | 429.46      |
| <b>Note :</b>  |                    |             |
| Includes :   |                    |             |
| (a) Income from securitisation / sale of receivables of loan contracts (net) | <b>45.90</b>       | 75.56       |
| (b) Interest income from loan contracts (net)                                | <b>1,862.62</b>    | 1,264.94    |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

|  | 2011-2012        | 2010-2011        |
|--|------------------|------------------|
| <b>26. Employee cost / benefits expenses</b>                                     |                  |                  |
| (a) Salaries, wages and bonus  | 9,780.46         | 7,515.04         |
| (b) Contribution to provident fund and other funds                               | 1,303.97         | 877.13           |
| (c) Staff welfare expenses   | 1,214.02         | 950.50           |
|  | <u>12,298.45</u> | <u>9,342.67</u>  |
| <b>27. Finance cost</b>  |                  |                  |
| (a) Interest   | 3,182.42         | 2,229.72         |
| Less: Transferred to capital account   | (777.76)         | (511.23)         |
|  | <u>2,404.66</u>  | <u>1,718.49</u>  |
| (b) Discounting charges  | 577.56           | 666.78           |
|  | <u>2,982.22</u>  | <u>2,385.27</u>  |
| <b>28. Other Expenses</b>  |                  |                  |
| (a) Processing charges   | 1,539.14         | 1,172.48         |
| (b) Consumption of stores and spare parts  | 1,217.24         | 1,189.24         |
| (c) Power and fuel   | 1,017.19         | 851.60           |
| (d) Rent   | 128.84           | 104.72           |
| (e) Repairs to buildings   | 101.51           | 69.85            |
| (f) Repairs to plant, machinery etc  | 175.42           | 228.45           |
| (g) Insurance  | 227.18           | 161.71           |
| (h) Rates and taxes  | 259.15           | 193.56           |
| (i) Freight, transportation, port charges, etc.                                  | 3,734.55         | 2,436.93         |
| (j) Publicity  | 5,398.40         | 4,089.95         |
| (k) Excise duty on closing stock   | 116.80           | 139.05           |
| (l) Works operation and other expenses (Note below)                              | 14,538.55        | 11,065.55        |
|  | <u>28,453.97</u> | <u>21,703.09</u> |
| <b>Note :</b>  |                  |                  |
| Works operation and other expenses include:                                      |                  |                  |
| (i) Warranty and product liability expenses                                      | 3,427.45         | 2,927.68         |
| (ii) Computer expenses   | 1,124.64         | 881.06           |
| (iii) Lease rentals in respect of plant, machinery and equipment                 | 185.64           | 117.62           |
| (iv) Provision and write off of sundry debtors, vehicle loans and advances (net) | 554.45           | 548.25           |
| (v) Exchange gain  | (405.85)         | (78.06)          |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

|  |          | <b>2011-2012</b>     | 2010-2011          |
|--|----------|----------------------|--------------------|
| <b>29. Earnings Per Share</b>  |          |                      |                    |
| (a) Profit for the year  | ₹ crores | <b>13,516.50</b>     | 9,273.62           |
| (b) The weighted average number of Ordinary shares for Basic EPS   | Nos.     | <b>269,15,42,867</b> | 258,88,00,690      |
| (c) The weighted average number of 'A' Ordinary shares for Basic EPS   | Nos.     | <b>48,19,00,898</b>  | 39,66,69,200       |
| (d) The nominal value per share (Ordinary and 'A' Ordinary)  | ₹        | <b>2.00</b>          | 10.00 <sup>^</sup> |
| (e) Share of profit for Ordinary shares for Basic EPS  | ₹ crores | <b>11,459.87</b>     | 8,038.03           |
| (f) Share of profit for 'A' Ordinary shares for Basic EPS *  | ₹ crores | <b>2,056.63</b>      | 1,235.59           |
| (g) Earnings Per Ordinary share (Basic) #  | ₹        | <b>42.58</b>         | 31.05              |
| (h) Earnings Per 'A' Ordinary share (Basic) #  | ₹        | <b>42.68</b>         | 31.15              |
| (i) Profit for the year for Basic EPS  | ₹ crores | <b>13,516.50</b>     | 9,273.62           |
| (j) Add: Interest payable on outstanding Foreign Currency Convertible Notes  | ₹ crores | <b>24.70</b>         | 53.98              |
| (k) Profit for the year for Diluted EPS  | ₹ crores | <b>13,541.20</b>     | 9,327.60           |
| (l) The weighted average number of Ordinary shares for Basic EPS   | Nos.     | <b>269,15,42,867</b> | 258,88,00,690      |
| (m) Add: Adjustment for options relating to warrants, shares held in abeyance, Foreign Currency Convertible Notes and Convertible Alternative Reference Securities | Nos.     | <b>15,11,25,112</b>  | 23,34,05,703       |
| (n) The weighted average number of Ordinary shares for Diluted EPS   | Nos.     | <b>284,26,67,979</b> | 282,22,06,393      |
| (o) The weighted average number of 'A' Ordinary shares for Basic EPS   | Nos.     | <b>48,19,00,898</b>  | 39,66,69,200       |
| (p) Add: Adjustment for 'A' Ordinary shares held in abeyance   | Nos.     | <b>3,05,518</b>      | 4,97,650           |
| (q) The weighted average number of 'A' Ordinary shares for Diluted EPS   | Nos.     | <b>48,22,06,416</b>  | 39,71,66,850       |
| (r) Share of Profit for Ordinary shares for Diluted EPS  | ₹ crores | <b>11,573.20</b>     | 8,173.39           |
| (s) Share of Profit for 'A' Ordinary shares for Diluted EPS *  | ₹ crores | <b>1,968.00</b>      | 1,154.21           |
| (t) Earnings Per Ordinary share (Diluted) #  | ₹        | <b>40.71</b>         | 28.96              |
| (u) Earnings Per 'A' Ordinary share (Diluted) #  | ₹        | <b>40.81</b>         | 29.06              |

\* 'A' Ordinary shareholders are entitled to receive dividend @ 5% points more than the aggregate rate of dividend determined by the Company on Ordinary shares for the financial year.

# Earnings Per Share of previous periods have been restated to make them comparable due to sub-division of shares of ₹ 10 each to 5 shares of ₹ 2 each.

<sup>^</sup> Considered 5 shares of ₹ 2 each in calculation of EPS.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

**30. Contingent liabilities, commitments (to the extent not provided for) :**

Description of claims and assertions where a potential loss is possible, but not probable is reported under notes (1), (2) and (3) below :

|  | <b>As at<br/>March 31,<br/>2012</b> | As at<br>March 31,<br>2011 |
|--|-------------------------------------|----------------------------|
| (1) Claims against the company not acknowledged as debts   | <b>1,392.15</b>                     | 1,807.28                   |
| (2) Provision not made for income tax matters in dispute   | <b>171.05</b>                       | 452.05                     |
| (3) The claims / liabilities in respect of excise duty, sales tax and other matters where the issues were decided in favour of the Company for which Department is in further appeal | <b>73.50</b>                        | 133.82                     |
| (4) The Company has given guarantees for liability in respect of receivables assigned by way of securitisation   | <b>2,059.29</b>                     | 3,416.43                   |
| (5) Other money for which the Company is contingently liable:  |                                     |                            |
| (i) In respect of bills discounted and export sales on deferred credit   | <b>151.58</b>                       | 181.46                     |
| (ii) Cash margin / collateral  | <b>251.17</b>                       | 731.93                     |
| (iii) In respect of retained interest in securitisation transactions   | -                                   | 0.81                       |
| (iv) In respect of subordinated receivables  | <b>20.77</b>                        | 69.91                      |
| (v) Others   | <b>76.31</b>                        | 93.09                      |
| (6) Estimated amount of contracts remaining to be executed on capital account and not provided for   | <b>5,961.81</b>                     | 5,025.31                   |
| (7) Purchase commitments   | <b>13,321.97</b>                    | 14,089.20                  |

**31. Disclosure in respect of leases :****(A) Finance leases :****Assets taken on lease:**

|   | <b>As at<br/>March 31,<br/>2012</b> | As at<br>March 31,<br>2011 |
|---|-------------------------------------|----------------------------|
| (a) (i) Total of minimum lease payments   | <b>52.24</b>                        | 21.04                      |
| The total of minimum lease payments for a period :  |                                     |                            |
| Not later than one year   | <b>15.17</b>                        | 7.34                       |
| Later than one year and not later than five years   | <b>36.71</b>                        | 13.16                      |
| Later than five years   | <b>0.36</b>                         | 0.54                       |
| (ii) Present value of minimum lease payments  | <b>46.43</b>                        | 18.91                      |
| Present value of minimum lease payments for a period :  |                                     |                            |
| Not later than one year   | <b>14.15</b>                        | 6.53                       |
| Later than one year and not later than five years   | <b>31.95</b>                        | 11.90                      |
| Later than five years   | <b>0.33</b>                         | 0.48                       |
| (b) A general description of the significant leasing arrangements -<br>The Company has entered into finance lease arrangements for computers and data processing equipments from a vendor |                                     |                            |

**(B) Operating leases :****Assets taken on lease:**

|  |               |        |
|--|---------------|--------|
| (a) Total of minimum lease payments  | <b>392.40</b> | 255.64 |
| The total of minimum lease payments for a period :   |               |        |
| Not later than one year  | <b>96.85</b>  | 91.88  |
| Later than one year and not later than five years  | <b>243.08</b> | 162.54 |
| Later than five years  | <b>52.47</b>  | 1.22   |
| (b) A general description of significant leasing arrangements-<br>The Company has entered into finance lease arrangements for computers and data processing equipments from a vendor |               |        |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 32. Related party disclosures for the year ended March 31, 2012

#### (A) Related party and their relationship

##### Associates :

Tata AutoComp Systems Ltd  
Tata Cummins Ltd  
Tata Sons Ltd (Investing Party)  
Nita Company Ltd  
Tata Precision Industries (India) Ltd  
Automobile Corporation of Goa Ltd  
Jaguar Cars Finance Limited  
Telco Construction Equipment Co Ltd  
Spark 44 Limited (w.e.f. June 27, 2011)

##### Joint Ventures :

Fiat India Automobiles Ltd  
Tata HAL Technologies Ltd

##### Key Management Personnel :

Mr. P M Telang  
Mr. Carl Peter Forster (up to September 8, 2011)  
In Subsidiary Companies :  
Dr. Ralf Speth

#### (B) Transactions with the related parties

|  | Joint Venture | Associates | Key Management Personnel | (₹ in crores) |       |
|--|---------------|------------|--------------------------|---------------|-------|
|  |               |            |                          | 2011-2012     | Total |
| Purchase of goods  | 1,864.21      | 4,125.87   | -                        | 5,990.08      |       |
|  | 2,200.44      | 3,232.32   | -                        | 5,432.76      |       |
| Sale of goods (inclusive of sales tax)                       | 239.55        | 478.27     | -                        | 717.82        |       |
|  | 228.46        | 371.37     | -                        | 599.83        |       |
| Purchase of investment                                       | -             | -          | -                        | -             |       |
|  | -             | 5.86       | -                        | 5.86          |       |
| Services received  | 0.30          | 60.76      | 76.83                    | 137.89        |       |
|  | 1.35          | 63.36      | 29.02                    | 93.73         |       |
| Services rendered  | 4.33          | 20.56      | -                        | 24.89         |       |
|  | 1.53          | 21.85      | -                        | 23.38         |       |
| Finance given (including loans and equity)                   | -             | 71.00      | -                        | 71.00         |       |
|  | -             | 89.00      | -                        | 89.00         |       |
| Finance taken (including loans and equity)                   | -             | 94.00      | -                        | 94.00         |       |
|  | -             | 83.00      | -                        | 83.00         |       |
| Interest / dividend paid/(received) (net)                    | (16.45)       | 232.50     | -                        | 216.05        |       |
|  | (10.65)       | 177.93     | -                        | 167.28        |       |
| <b>(C) Balances with the related parties</b>                 |               |            |                          |               |       |
| Amount receivable  | 2.27          | 73.73      | -                        | 76.00         |       |
|  | 1.33          | 57.01      | -                        | 58.34         |       |
| Amount payable   | 56.34         | 108.69     | -                        | 165.03        |       |
|  | 0.36          | 117.82     | -                        | 118.18        |       |
| Amount receivable (in respect of loans, interest & dividend) | 151.88        | 27.63      | 0.09                     | 179.60        |       |
|  | 149.27        | 30.83      | 0.10                     | 180.20        |       |
| Amount payable (in respect of loans, interest & dividend)    | -             | 30.20      | -                        | 30.20         |       |
|  | -             | -          | -                        | -             |       |
| Bills discounted (in respect of amount receivable)           | -             | 25.53      | -                        | 25.53         |       |
|  | -             | -          | -                        | -             |       |
| Bank guarantee / deposits given as security                  | -             | 3.00       | -                        | 3.00          |       |
|  | -             | 3.00       | -                        | 3.00          |       |

#### (D) Disclosure in respect of material transactions with related parties

|   |                                      | 2011-2012 | 2010-2011 |
|---|--------------------------------------|-----------|-----------|
| (i) Purchase of goods                         | Tata Cummins Ltd                     | 3,267.67  | 2,472.84  |
|   | Fiat India Automobiles Ltd           | 1,864.21  | 2,200.44  |
|   | Tata AutoComp Systems Ltd            | 561.80    | 455.51    |
| (ii) Sale of goods                            | Tata Cummins Ltd                     | 250.53    | 227.49    |
|   | Fiat India Automobiles Ltd           | 238.99    | 228.17    |
|   | Nita Company Ltd                     | 168.75    | 105.24    |
|   | Telco Construction Equipment Co. Ltd | 58.10     | 38.62     |
| (iii) Purchase of investments                 | Tata Sons Ltd                        | -         | 5.86      |
| (iv) Services received                        | Tata Sons Ltd                        | 60.76     | 63.06     |
| (v) Services rendered                         | Tata Cummins Ltd                     | 5.76      | 6.03      |
|   | Telco Construction Equipment Co. Ltd | 12.20     | 12.49     |
|   | Fiat India Automobiles Ltd           | 4.15      | 1.52      |
| (vi) Finance given including loan and equity  | Automobile Corporation of Goa Ltd    | 36.00     | 89.00     |
|   | Telco Construction Equipment Co. Ltd | 35.00     | -         |
| (vii) Finance taken including loan and equity | Automobile Corporation of Goa Ltd    | 59.00     | 83.00     |
|   | Telco Construction Equipment Co. Ltd | 35.00     | -         |
| (viii) Interest / dividend paid / (received)  |                                      |           |           |
| Dividend paid                                 | Tata Sons Limited                    | 290.77    | 240.86    |
| Dividend received                             | Tata Cummins Ltd                     | (27.00)   | (22.50)   |
| Dividend received                             | Tata Sons Limited                    | (10.60)   | (9.36)    |
| Dividend received                             | Telco Construction Equipment Co. Ltd | (14.91)   | (23.86)   |
| Interest received                             | Fiat India Automobiles Ltd           | (59.19)   | (33.29)   |
| Interest paid                                 | Fiat India Automobiles Ltd           | 42.74     | 22.65     |
| Deposits given                                | Tata Sons Limited                    | -         | 3.00      |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

**33. Consolidated segment Information for the year ended March 31, 2012**
**(A) Primary segment**

|  | Automotive                                  |                       |                            | Total              | Others          | Inter segment eliminations | Total              |
|--|---|-----------------------|----------------------------|--------------------|-----------------|----------------------------|--------------------|
|  | Tata vehicles/spares and financing thereof* | Jaguar and Land Rover | Intra segment eliminations |                    |                 |                            |                    |
| <b>(a) Revenue</b>   |   |                       |                            |                    |                 |                            |                    |
| External sales and income from other operations  | 59,846.67                                   | 104,750.93            | -                          | 1,64,597.60        | 1,056.89        | -                          | 1,65,654.49        |
|  | 50,766.06                                   | 70,467.34             | -                          | 1,21,233.40        | 894.52          | -                          | 1,22,127.92        |
| Inter segment/Intra segment sales and other income   | 74.57                                       | -                     | (67.89)                    | 6.68               | 891.69          | (898.37)                   | -                  |
|  | 33.65                                       | -                     | (28.78)                    | 4.87               | 635.97          | (640.84)                   | -                  |
| <b>Total revenue</b>   | <b>59,921.24</b>                            | <b>104,750.93</b>     | <b>(67.89)</b>             | <b>1,64,604.28</b> | <b>1,948.58</b> | <b>(898.37)</b>            | <b>1,65,654.49</b> |
|  | 50,799.71                                   | 70,467.34             | (28.78)                    | 1,21,238.27        | 1,530.49        | (640.84)                   | 1,22,127.92        |
| <b>(b) Segment results before other income, finance cost, tax and exceptional items</b>          | <b>4,152.00</b>                             | <b>12,359.45</b>      | <b>-</b>                   | <b>16,511.45</b>   | <b>294.88</b>   | <b>(120.47)</b>            | <b>16,685.86</b>   |
|  | 4,274.10                                    | 7,750.78              | -                          | 12,024.88          | 203.48          | (66.39)                    | 12,161.97          |
| <b>(c) (i) Other income</b>  |   |                       |                            |                    |                 |                            | <b>661.77</b>      |
| (ii) Finance cost  |   |                       |                            |                    |                 |                            | 429.46             |
| (iii) Exceptional items :  |   |                       |                            |                    |                 |                            | <b>(2,982.22)</b>  |
| - Exchange gain / (Loss) (net) on revaluation of foreign currency borrowings, deposits and loans |   |                       |                            |                    |                 |                            | (2,385.27)         |
| - Goodwill impairment and other costs  |   |                       |                            |                    |                 |                            | <b>(654.11)</b>    |
|  |   |                       |                            |                    |                 |                            | 231.01             |
|  |   |                       |                            |                    |                 |                            | <b>(177.43)</b>    |
|  |   |                       |                            |                    |                 |                            | -                  |
| <b>(d) Profit before tax</b>   |   |                       |                            |                    |                 |                            | <b>13,533.87</b>   |
| Tax (expense) / credit   |   |                       |                            |                    |                 |                            | 10,437.17          |
|  |   |                       |                            |                    |                 |                            | <b>40.04</b>       |
|  |   |                       |                            |                    |                 |                            | (1,216.38)         |
| <b>(e) Profit after tax</b>  |   |                       |                            |                    |                 |                            | <b>13,573.91</b>   |
|  |   |                       |                            |                    |                 |                            | <b>9,220.79</b>    |
| <b>(f) Segment assets</b>  | <b>51,793.17</b>                            | <b>71,915.41</b>      | <b>(40.09)</b>             | <b>1,23,668.49</b> | <b>1,482.34</b> | <b>(568.02)</b>            | <b>1,24,582.81</b> |
|  | 43,917.08                                   | 47,058.84             | (13.89)                    | 90,962.03          | 1,244.97        | (436.30)                   | 91,770.70          |
| <b>(g) Segment liabilities</b>   | <b>13,730.61</b>                            | <b>40,649.75</b>      | <b>(40.09)</b>             | <b>54,340.27</b>   | <b>501.59</b>   | <b>(153.90)</b>            | <b>54,687.96</b>   |
|  | 14,570.96                                   | 26,412.94             | (13.89)                    | 40,970.01          | 407.83          | (128.01)                   | 41,249.83          |
| <b>(h) Other information</b>   |   |                       |                            |                    |                 |                            |                    |
| (a) Depreciation and amortisation expense  | 2,043.96                                    | 3,570.48              | -                          | 5,614.44           | 10.94           | -                          | 5,625.38           |
|  | 1,709.86                                    | 2,925.67              | -                          | 4,635.53           | 19.98           | -                          | 4,655.51           |
| (b) Capital expenditure  | 3,700.02                                    | 11,322.93             | -                          | 15,022.95          | 5.16            | (121.01)                   | 14,907.10          |
|  | 2,701.77                                    | 6,355.56              | -                          | 9,057.33           | 33.22           | (66.27)                    | 9,024.28           |
| <b>i) Segment assets exclude:</b>  |   |                       |                            |                    |                 |                            |                    |
| (i) Deferred tax assets  |   |                       |                            |                    |                 |                            | <b>4,539.33</b>    |
|  |   |                       |                            |                    |                 |                            | 632.34             |
| (ii) Current and non-current investments   |   |                       |                            |                    |                 |                            | <b>8,917.71</b>    |
|  |   |                       |                            |                    |                 |                            | 2,544.26           |
| (iii) Foreign Currency Monetary Item Translation Difference Account                              |   |                       |                            |                    |                 |                            | <b>451.43</b>      |
|  |   |                       |                            |                    |                 |                            | -                  |
| (iv) Income tax assets (Net of provision) including MAT credit                                   |   |                       |                            |                    |                 |                            | <b>2,437.25</b>    |
|  |   |                       |                            |                    |                 |                            | 2,044.97           |
| (v) Other unallocated assets   |   |                       |                            |                    |                 |                            | <b>4,454.11</b>    |
|  |   |                       |                            |                    |                 |                            | 4,021.91           |
|  |   |                       |                            |                    |                 |                            | <b>20,799.83</b>   |
|  |   |                       |                            |                    |                 |                            | <b>9,243.48</b>    |

\* Tata Vehicles includes Tata Daewoo and Fiat traded vehicles



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

**i) Segment liabilities exclude:**

|   |                  |
|---|------------------|
| (i) Minority interest                     | 307.13           |
| (ii) Long-term borrowings                 | 246.60           |
| (iii) Short-term borrowings               | <b>27,962.48</b> |
| (iv) Current maturities of long term debt | 17,256.00        |
| (v) Deferred tax liability                | <b>10,741.59</b> |
| (vi) Proposed dividend and tax thereon    | 13,106.15        |
| (vii) Provision for income tax            | <b>8,444.89</b>  |
| (viii) Other unallocated liabilities      | 2,448.40         |
|   | <b>2,165.07</b>  |
|   | 2,096.13         |
|   | <b>1,487.00</b>  |
|   | 1,479.43         |
|   | <b>1,311.71</b>  |
|   | 506.90           |
|   | <b>5,124.88</b>  |
|   | 3,453.28         |
|   | <b>57,544.75</b> |
|   | <b>40,592.89</b> |

| (B) Secondary segment                    | United States    | UK               | Rest of Europe   | India            | China            | Rest of World    | Total              |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Revenue from external customers</b>   | <b>15,813.26</b> | <b>18,092.61</b> | <b>18,909.47</b> | <b>54,123.98</b> | <b>29,726.40</b> | <b>28,988.77</b> | <b>1,65,654.49</b> |
|  | 14,765.34        | 13,850.20        | 15,060.59        | 45,051.44        | 11,633.58        | 21,766.77        | 1,22,127.92        |
| <b>Carrying amount of segment assets</b> | <b>4,942.36</b>  | <b>50,151.01</b> | <b>5,736.44</b>  | <b>48,528.88</b> | <b>5,000.15</b>  | <b>10,223.97</b> | <b>1,24,582.81</b> |
|  | 2,302.41         | 37,920.36        | 1,987.31         | 40,706.83        | 2,785.35         | 6,068.44         | 91,770.70          |
| <b>Capital expenditure</b>               | <b>9.39</b>      | <b>11,154.88</b> | <b>34.04</b>     | <b>3,433.72</b>  | <b>118.71</b>    | <b>156.36</b>    | <b>14,907.10</b>   |
|  | 16.42            | 6,305.72         | 74.42            | 2,410.34         | 78.97            | 138.41           | 9,024.28           |

**Notes:**

- (1) The Company has disclosed business segment as primary segment. Automotive segment consists of business of automobile products consisting of all types of commercial and passenger vehicles including financing of the vehicles sold by the Company, wherever applicable. Others primarily include engineering solutions and software operations.
- (2) Segment revenues, expenses and results include transfer between business segments. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in crores)

**34 (a) Defined benefit plans / Long term compensated absences**

| As at / for the year ended on March 31,  | Gratuity, Superannuation and BKY / PSY |                |                |                |                | Compensated Absences |                 |                 |                 |                 | Post-retirement Medicare scheme |                |                |                |                |
|--|--|----------------|----------------|----------------|----------------|----------------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|----------------|----------------|----------------|----------------|
|  | 2012                                   | 2011           | 2010           | 2009           | 2008           | 2012                 | 2011            | 2010            | 2009            | 2008            | 2012                            | 2011           | 2010           | 2009           | 2008           |
| <b>i Components of employer expense</b>  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Current service cost   | 46.66                                  | 35.79          | 31.60          | 31.60          | 26.75          | 27.95                | 22.29           | 18.66           | 18.31           | 15.22           | 4.22                            | 3.67           | 3.27           | 2.79           | 2.93           |
| Interest cost  | 55.26                                  | 47.96          | 44.96          | 43.98          | 40.55          | 17.83                | 14.07           | 12.16           | 12.53           | 11.22           | 8.14                            | 7.23           | 7.05           | 5.80           | 5.03           |
| Expected return on plan assets   | (49.74)                                | (44.70)        | (42.18)        | (38.49)        | (36.09)        | -                    | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| Past service cost  | -                                      | 0.07           | 0.57           | 3.07           | -              | -                    | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| Actuarial losses/(gains)   | 21.81                                  | 59.49          | 50.90          | (5.57)         | 52.77          | 23.23                | 40.45           | 29.16           | (8.89)          | 18.34           | (6.02)                          | 3.80           | (0.14)         | 10.57          | 5.74           |
| <b>Total expense recognised in the Profit and Loss Statement in Note 26(b), page 194 :</b> | <b>73.99</b>                           | <b>98.61</b>   | <b>85.85</b>   | <b>34.59</b>   | <b>83.98</b>   | <b>69.01</b>         | <b>76.81</b>    | <b>59.98</b>    | <b>21.95</b>    | <b>44.78</b>    | <b>6.34</b>                     | <b>14.70</b>   | <b>10.18</b>   | <b>19.16</b>   | <b>13.70</b>   |
|  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
|  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| <b>ii Actual contribution and benefit payments</b>   |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Actual benefit payments  | 56.26                                  | 64.43          | 63.95          | 67.01          | 68.43          | 32.26                | 33.00           | 23.60           | 29.55           | 28.77           | 3.90                            | 4.13           | 4.38           | 4.51           | 4.65           |
| Actual contributions   | 67.57                                  | 84.77          | 86.78          | 37.10          | 104.37         | 32.26                | 33.00           | 23.60           | 29.55           | 28.77           | 3.90                            | 4.13           | 4.38           | 4.51           | 4.65           |
| <b>iii Net asset/(liability) recognised in balance sheet</b>                               |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Present value of Defined Benefit Obligation  | 753.37                                 | 688.63         | 607.16         | 574.18         | 558.32         | 262.73               | 225.76          | 181.95          | 154.81          | 162.41          | 100.18                          | 97.74          | 87.17          | 85.18          | 70.53          |
| Fair value of plan assets  | 674.01                                 | 616.11         | 548.41         | 515.83         | 497.46         | -                    | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| <b>Net asset/(liability) recognised in balance sheet</b>                                   | <b>(79.36)</b>                         | <b>(72.52)</b> | <b>(58.75)</b> | <b>(58.35)</b> | <b>(60.86)</b> | <b>(262.73)</b>      | <b>(225.76)</b> | <b>(181.95)</b> | <b>(154.81)</b> | <b>(162.41)</b> | <b>(100.18)</b>                 | <b>(97.74)</b> | <b>(87.17)</b> | <b>(85.18)</b> | <b>(70.53)</b> |
| Experience adjustment on plan liabilities  | (7.73)                                 | (37.41)        | (4.41)         | (42.32)        | 39.33          | N/A                  | N/A             | N/A             | N/A             | N/A             | (2.83)                          | 5.32           | 0.39           | 4.87           | -              |
| Experience adjustment on plan assets   | (3.16)                                 | 2.72           | (5.11)         | 10.60          | (8.08)         | N/A                  | N/A             | N/A             | N/A             | N/A             | -                               | -              | -              | -              | -              |
| <b>iv Change in Defined Benefit Obligations (DBO)</b>                                      |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Present value of DBO at beginning of year  | 688.63                                 | 607.16         | 574.18         | 558.32         | 513.74         | 225.76               | 181.95          | 154.81          | 162.41          | 146.40          | 97.74                           | 87.17          | 85.18          | 70.53          | 61.48          |
| Liability on acquisitions  | 0.43                                   | -              | -              | -              | 0.73           | 0.22                 | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| Current service cost   | 46.66                                  | 35.79          | 31.60          | 31.60          | 26.75          | 27.95                | 22.29           | 18.66           | 18.31           | 15.22           | 4.22                            | 3.67           | 3.27           | 2.79           | 2.93           |
| Interest cost  | 55.26                                  | 47.96          | 44.96          | 43.98          | 40.55          | 17.83                | 14.07           | 12.16           | 12.53           | 11.22           | 8.14                            | 7.23           | 7.05           | 5.80           | 5.03           |
| Plan amendments  | -                                      | -              | 0.65           | 3.07           | -              | -                    | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| Actuarial (gains)/ losses  | 18.65                                  | 62.15          | 46.15          | 4.22           | 44.98          | 23.23                | 40.45           | 29.16           | (8.89)          | 18.34           | (6.02)                          | 3.80           | (0.14)         | 10.57          | 5.74           |
| Benefits paid  | (56.26)                                | (64.43)        | (63.95)        | (67.01)        | (68.43)        | (32.26)              | (33.00)         | (23.60)         | (29.55)         | (28.77)         | (3.90)                          | (4.13)         | (4.38)         | (4.51)         | (4.65)         |
| Sale of stake in subsidiary  | -                                      | -              | (26.43)        | -              | -              | -                    | -               | (9.24)          | -               | -               | -                               | -              | (3.81)         | -              | -              |
| <b>Present value of DBO at the end of year</b>   | <b>753.37</b>                          | <b>688.63</b>  | <b>607.16</b>  | <b>574.18</b>  | <b>558.32</b>  | <b>262.73</b>        | <b>225.76</b>   | <b>181.95</b>   | <b>154.81</b>   | <b>162.41</b>   | <b>100.18</b>                   | <b>97.74</b>   | <b>87.17</b>   | <b>85.18</b>   | <b>70.53</b>   |
| <b>v Change in fair value of assets</b>  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Plan assets at beginning of year   | 616.11                                 | 548.41         | 515.83         | 497.46         | 433.21         | -                    | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| Actual return on plan assets   | 46.59                                  | 47.36          | 37.43          | 48.28          | 28.31          | -                    | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| Actual Company contributions   | 67.57                                  | 84.77          | 86.78          | 37.10          | 104.37         | 32.26                | 33.00           | 23.60           | 29.55           | 28.77           | 3.90                            | 4.13           | 4.38           | 4.51           | 4.65           |
| Benefits paid  | (56.26)                                | (64.43)        | (63.95)        | (67.01)        | (68.43)        | (32.26)              | (33.00)         | (23.60)         | (29.55)         | (28.77)         | (3.90)                          | (4.13)         | (4.38)         | (4.51)         | (4.65)         |
| Sale of stake in subsidiary  | -                                      | -              | (27.68)        | -              | -              | -                    | -               | -               | -               | -               | -                               | -              | -              | -              | -              |
| <b>Plan assets at the end of year</b>  | <b>674.01</b>                          | <b>616.11</b>  | <b>548.41</b>  | <b>515.83</b>  | <b>497.46</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>                        | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>vi Actuarial assumptions</b>  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Discount rate (%)  | 6.75-8.50                              | 6.75-8.50      | 6.75-8.50      | 6.75-8.50      | 7.75-8.50      | 8.50                 | 8.50            | 8.50            | 8.50            | 8.50            | 8.50                            | 8.50           | 8.50           | 8.50           | 8.50           |
| Expected return on plan assets (%)   | 8.00                                   | 8.00           | 8.00           | 8.00           | 8.00           | N/A                  | N/A             | N/A             | N/A             | N/A             | N/A                             | N/A            | N/A            | N/A            | N/A            |
| Medical cost inflation (%)   | N/A                                    | N/A            | N/A            | N/A            | N/A            | N/A                  | N/A             | N/A             | N/A             | N/A             | 4.00                            | 4.00           | 4.00           | 4.00           | 4.00           |
| <b>vii The major categories of plan assets as percentage to total plan assets</b>          |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Debt securities  | 77%                                    | 75%            | 76%            | 78%            | 69%            | N/A                  | N/A             | N/A             | N/A             | N/A             | N/A                             | N/A            | N/A            | N/A            | N/A            |
| Balances with banks  | 23%                                    | 25%            | 24%            | 22%            | 31%            | N/A                  | N/A             | N/A             | N/A             | N/A             | N/A                             | N/A            | N/A            | N/A            | N/A            |
| <b>viii Effect of one percentage point change in assumed medical inflation rate</b>        |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
|  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
|  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
|  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
|  |  |                |                |                |                |                      |                 |                 |                 |                 |                                 |                |                |                |                |
| Revised DBO  | 108.44                                 | 104.57         | 100.15         | 93.68          | 72.10          | -                    | -               | -               | -               | -               | 81.62                           | 88.49          | 82.98          | 77.74          | 64.68          |
| Revised service cost   | 4.88                                   | 4.30           | 3.78           | 3.21           | 3.12           | -                    | -               | -               | -               | -               | 3.04                            | 3.16           | 2.80           | 2.50           | 2.35           |
| Revised interest cost  | 8.85                                   | 7.97           | 7.78           | 5.96           | 5.54           | -                    | -               | -               | -               | -               | 6.81                            | 6.59           | 6.42           | 5.30           | 4.54           |

- (a) Defined contribution plans- The Company's contribution to defined contribution plan aggregated ₹ 250.60 crores (2010-11 ₹ 193.23 crores) for the year ended March 31, 2012 has been recognised in the Profit and Loss Statement in note 26 (b) on page 194.
- (b) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.
- (c) The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (d) The Company expects to contribute ₹ 91.04 crores to the funded pension plans in the year 2012-2013.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

(b) Details of Severance indemnity plan applicable to Tata Daewoo Commercial Vehicle Co. Ltd. and Tata Daewoo Service Vehicle Co. Ltd., Korea.

| <b>Particulars</b><br><b>As at / for the year ended on March 31,</b>                      | <b>2012</b>     | 2011     | 2010     | 2009     | 2008     |
|---|-----------------|----------|----------|----------|----------|
| <b>i Components of employer expense</b>   |                 |          |          |          |          |
| Current service cost  | <b>21.18</b>    | 20.32    | 17.54    | 14.75    | 18.90    |
| Interest cost   | <b>10.26</b>    | 10.28    | 8.85     | 7.64     | 6.87     |
| Actuarial losses  | <b>(8.39)</b>   | (23.38)  | 19.75    | 19.96    | 7.69     |
| <b>Total expense recognised in the Profit and Loss Statement in Note 26(b), Page 194:</b> | <b>23.05</b>    | 7.22     | 46.14    | 42.35    | 33.46    |
| <b>ii Actual contribution and benefit payments</b>  |                 |          |          |          |          |
| Actual benefit payments   | <b>14.64</b>    | 8.96     | 16.26    | 10.16    | 7.87     |
| Actual contributions  | <b>14.64</b>    | 8.96     | 16.26    | 10.16    | 7.87     |
| <b>iii Net liability recognised in balance sheet</b>                                      |                 |          |          |          |          |
| Present value of Defined Benefit Obligation   | <b>252.58</b>   | 220.62   | 217.23   | 174.83   | 156.50   |
| Fair value of plan assets   | -               | -        | -        | -        | -        |
| <b>Net liability recognised in balance sheet</b>  | <b>(252.58)</b> | (220.62) | (217.23) | (174.83) | (156.50) |
| Experience adjustment on plan liabilities   | <b>19.01</b>    | 5.56     | (20.09)  | (15.42)  | (14.08)  |
| Experience adjustment on plan assets  | -               | -        | -        | -        | -        |
| <b>iv Change in Defined Benefit Obligations</b>   |                 |          |          |          |          |
| Present value of DBO at the beginning of the year   | <b>220.62</b>   | 217.23   | 174.83   | 156.50   | 149.63   |
| Current service cost  | <b>21.18</b>    | 20.32    | 17.54    | 14.75    | 18.90    |
| Interest cost   | <b>10.26</b>    | 10.28    | 8.85     | 7.64     | 6.87     |
| Actuarial losses  | <b>(8.39)</b>   | (23.38)  | 19.75    | 19.96    | 7.69     |
| Benefits paid   | <b>(14.64)</b>  | (8.96)   | (16.26)  | (10.16)  | (7.87)   |
| Exchange fluctuation  | <b>23.55</b>    | 5.13     | 12.52    | (13.86)  | (18.72)  |
| <b>Present value of DBO at the end of the year</b>  | <b>252.58</b>   | 220.62   | 217.23   | 174.83   | 156.50   |
| <b>v Change in fair value of assets</b>   |                 |          |          |          |          |
| Plan assets at the beginning of the year  | <b>N/A</b>      | N/A      | N/A      | N/A      | N/A      |
| Acquisition Adjustment  | <b>N/A</b>      | N/A      | N/A      | N/A      | N/A      |
| Actual return on plan assets  | <b>N/A</b>      | N/A      | N/A      | N/A      | N/A      |
| Actual Company contributions  | <b>14.64</b>    | 8.96     | 16.26    | 10.16    | 7.87     |
| Benefits paid   | <b>(14.64)</b>  | (8.96)   | (16.26)  | (10.16)  | (7.87)   |
| Plan assets at the end of the year  | -               | -        | -        | -        | -        |
| <b>vi Actuarial assumptions</b>   |                 |          |          |          |          |
| Discount rate   | <b>4.03%</b>    | 4.53%    | 4.84%    | 5.00%    | 5.38%    |
| Expected return on plan assets  | <b>N/A</b>      | N/A      | N/A      | N/A      | N/A      |
| Medical cost inflation  | <b>N/A</b>      | N/A      | N/A      | N/A      | N/A      |

The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

| (c) Details of defined benefit plans applicable to Jaguar and Land Rover group. |   | Post-retirement pension scheme |                   |                  |                  | Post-retirement medicare scheme |               |                |               |
|---|---|--------------------------------|-------------------|------------------|------------------|---------------------------------|---------------|----------------|---------------|
| Particulars   |   | 2012                           | 2011              | 2010             | 2009             | 2012                            | 2011          | 2010           | 2009          |
| <b>As at / for the year ended on March 31,</b>                                  |   |                                |                   |                  |                  |                                 |               |                |               |
| <b>i</b>  | <b>Components of employer expense</b>   |                                |                   |                  |                  |                                 |               |                |               |
|   | Current service cost  | 780.53                         | 752.63            | 480.03           | 483.89           | 0.46                            | 0.64          | 0.53           | 0.47          |
|   | Interest cost   | 1,829.87                       | 1,529.40          | 1,555.04         | 1,263.37         | 0.53                            | 0.71          | 0.61           | 0.47          |
|   | Expected return on plan assets  | (1,833.99)                     | (1,711.20)        | (1,314.87)       | (1,713.44)       | -                               | -             | -              | -             |
|   | Amortisation of past service cost   | 112.99                         | 35.41             | 13.63            | -                | -                               | -             | -              | -             |
|   | Curtailement  | -                              | -                 | (5.45)           | -                | -                               | -             | -              | -             |
|   | Settlement  | -                              | (1.20)            | -                | -                | -                               | -             | -              | -             |
|   | Asset restriction   | -                              | -                 | -                | (14.62)          | -                               | -             | -              | -             |
|   | Actuarial Losses  | -                              | -                 | -                | 16.25            | -                               | -             | -              | -             |
|   | <b>Total expense recognised in the Profit and Loss Statement in Note 26, Page 194 under item (b):</b>   | <b>889.40</b>                  | <b>605.04</b>     | <b>728.38</b>    | <b>35.45</b>     | <b>0.99</b>                     | <b>1.35</b>   | <b>1.14</b>    | <b>0.94</b>   |
| <b>ii</b>   | <b>Actual Contribution and Benefit Payments</b>   |                                |                   |                  |                  |                                 |               |                |               |
|   | Actual benefit payments   | 866.72                         | 910.70            | 826.05           | 563.68           | -                               | -             | -              | -             |
|   | Actual contributions  | 1,760.55                       | 1,545.97          | 398.06           | 552.64           | -                               | -             | -              | -             |
| <b>iii</b>  | <b>Amount recognised in Pension Reserve</b>   |                                |                   |                  |                  |                                 |               |                |               |
|   | Actuarial loss  | 1,490.14                       | 1,391.86          | 642.93           | 2,585.69         | 0.84                            | (4.39)        | 1.67           | -             |
|   | Movement in restriction of pension assets   | (42.75)                        | 888.67            | (481.33)         | (959.22)         | -                               | -             | -              | -             |
|   | Onerous obligation  | (37.41)                        | -                 | -                | -                | -                               | -             | -              | -             |
|   | Economic benefit from pre payment of normal contribution  | (266.44)                       | -                 | -                | -                | -                               | -             | -              | -             |
|   | Deferred tax  | (1,272.50)                     | -                 | -                | -                | -                               | -             | -              | -             |
|   | Exchange fluctuation  | -                              | -                 | 102.13           | (169.26)         | -                               | -             | -              | -             |
|   | <b>Amount recognised in Pension Reserve</b>   | <b>(128.96)</b>                | <b>2,280.53</b>   | <b>263.73</b>    | <b>1,457.21</b>  | <b>0.84</b>                     | <b>(4.39)</b> | <b>1.67</b>    | <b>-</b>      |
| <b>iv</b>   | <b>Net liability recognised in Balance Sheet</b>  |                                |                   |                  |                  |                                 |               |                |               |
|   | Present value of Defined Benefit Obligation   | 40,065.65                      | 30,723.35         | 26,340.24        | 22,119.55        | 10.76                           | 7.69          | 10.76          | 8.65          |
|   | Fair value of plan assets   | 38,372.91                      | 29,816.11         | 25,908.86        | 22,591.74        | -                               | -             | -              | -             |
|   | Restriction of pension asset  | (229.00)                       | (235.84)          | (17.64)          | (290.37)         | -                               | -             | -              | -             |
|   | Unrecognised actuarial gains and losses   | -                              | -                 | -                | (3.42)           | -                               | -             | -              | -             |
|   | Onerous obligation  | (1,001.94)                     | (902.99)          | (233.72)         | (436.01)         | -                               | -             | -              | -             |
|   | Economic benefit from pre payment of normal contribution  | 284.52                         | (15.28)           | 5.10             | -                | -                               | -             | -              | -             |
|   | Net asset recognised in balance sheet   | 15.49                          | 6.72              | 3.06             | 261.67           | -                               | -             | -              | -             |
|   | <b>Net (Liability) recognised in balance sheet</b>  | <b>(2,654.65)</b>              | <b>(2,068.07)</b> | <b>(680.70)</b>  | <b>(519.28)</b>  | <b>(10.76)</b>                  | <b>(7.69)</b> | <b>(10.76)</b> | <b>(8.65)</b> |
|   | Experience adjustment on plan liabilities   | 610.62                         | 696.80            | 4,404.25         | 241.26           | -                               | -             | -              | -             |
|   | Experience adjustment on plan assets  | (1,392.44)                     | 217.97            | 3,826.63         | 4,890.97         | -                               | -             | -              | -             |
| <b>v</b>  | <b>Change in Defined Benefit Obligations (DBO)</b>  |                                |                   |                  |                  |                                 |               |                |               |
|   | Present value of DBO at beginning of year   | 30,723.35                      | 26,340.24         | 22,119.55        | -                | 7.69                            | 10.76         | 8.65           | -             |
|   | Liability on Acquisition  | -                              | -                 | -                | 26,595.11        | 0.46                            | -             | -              | 7.59          |
|   | Current service cost  | 780.53                         | 752.63            | 480.03           | 483.89           | 0.53                            | 0.64          | 0.53           | 0.47          |
|   | Interest cost   | 1,829.87                       | 1,529.40          | 1,555.04         | 1,263.37         | -                               | 0.71          | 0.61           | 0.47          |
|   | Amendments  | 51.53                          | 35.41             | 12.25            | -                | -                               | -             | -              | -             |
|   | Actual member contributions   | 112.99                         | 46.39             | 147.81           | 237.87           | 0.84                            | -             | -              | -             |
|   | Actuarial losses  | 2,797.44                       | 1,608.01          | 4,902.21         | (2,462.41)       | -                               | (4.39)        | 1.67           | (1.02)        |
|   | Benefits paid   | (866.72)                       | (910.70)          | (826.05)         | (563.69)         | -                               | -             | -              | -             |
|   | Expenses paid   | (1.22)                         | (0.99)            | (0.15)           | (0.07)           | -                               | -             | -              | -             |
|   | Plan combinations   | -                              | -                 | 2.72             | 57.41            | -                               | -             | -              | -             |
|   | Plan curtailement   | -                              | -                 | (5.45)           | -                | -                               | -             | -              | -             |
|   | Plan settlement   | -                              | (9.42)            | (0.68)           | -                | -                               | -             | -              | -             |
|   | Exchange rates  | 4,637.88                       | 1,332.38          | (2,047.04)       | (3,491.93)       | 0.80                            | (0.03)        | (0.70)         | 1.14          |
|   | <b>Present value of DBO at the end of year</b>  | <b>40,065.65</b>               | <b>30,723.35</b>  | <b>26,340.24</b> | <b>22,119.55</b> | <b>10.32</b>                    | <b>7.69</b>   | <b>10.76</b>   | <b>8.65</b>   |
| <b>vi</b>   | <b>Change in fair value of assets</b>   |                                |                   |                  |                  |                                 |               |                |               |
|   | Plan assets at beginning of year  | 29,816.11                      | 25,908.88         | 22,591.74        | -                | N/A                             | N/A           | N/A            | N/A           |
|   | Plan assets on acquisition  | -                              | -                 | -                | 29,341.88        | N/A                             | N/A           | N/A            | N/A           |
|   | Actual return on plan assets  | 3,141.29                       | 1,927.28          | 5,574.15         | (3,520.28)       | N/A                             | N/A           | N/A            | N/A           |
|   | Actual Company contributions  | 1,760.55                       | 1,545.97          | 398.06           | 552.64           | N/A                             | N/A           | N/A            | N/A           |
|   | Actual member contributions   | 51.53                          | 46.39             | 147.81           | 237.87           | N/A                             | N/A           | N/A            | N/A           |
|   | Benefits paid   | (866.72)                       | (910.70)          | (826.04)         | (563.68)         | N/A                             | N/A           | N/A            | N/A           |
|   | Expenses paid   | (1.22)                         | (0.99)            | (0.15)           | (0.07)           | N/A                             | N/A           | N/A            | N/A           |
|   | Plan combinations   | -                              | -                 | -                | 54.50            | N/A                             | N/A           | N/A            | N/A           |
|   | Plan settlement   | -                              | (8.22)            | (0.68)           | -                | N/A                             | N/A           | N/A            | N/A           |
|   | Exchange rates  | 4,471.37                       | 1,307.50          | (1,976.01)       | (3,511.12)       | N/A                             | N/A           | N/A            | N/A           |
|   | Plan assets at the end of year  | 38,372.91                      | 29,816.11         | 25,908.88        | 22,591.74        | N/A                             | N/A           | N/A            | N/A           |
| <b>vii</b>  | <b>Actuarial assumptions</b>  |                                |                   |                  |                  |                                 |               |                |               |
|   | Discount rate (%)   | 4.38-5.10                      | 5.19- 5.50        | 5.50- 5.60       | 6.70-7.16        | 4.88                            | 5.74          | 6.22           | 7.77          |
|   | Inflation (%)   | 2.00-3.30                      | 2.00-3.40         | 2.00-3.50        | 2.52-3.30        | N/A                             | N/A           | N/A            | N/A           |
|   | Expected return on plan assets (%)  | 4.85-6.34                      | 5.75-6.57         | 6.50             | 5.80-6.40        | N/A                             | N/A           | N/A            | N/A           |
|   | Medical cost inflation (%)  | N/A                            | N/A               | N/A              | N/A              | 4.50                            | 4.20          | 7.80           | 4.90-8.10     |
| <b>viii</b>   | <b>The major categories of plan assets as percentage to total plan assets</b>   |                                |                   |                  |                  |                                 |               |                |               |
|   | Equity securities   | 19%-38.4%                      | 20%-40%           | 39%-53%          | 27%-36%          | N/A                             | N/A           | N/A            | N/A           |
|   | Debt securities   | 38.4%-67%                      | 40%-63%           | 39%-56%          | 36%-62%          | N/A                             | N/A           | N/A            | N/A           |
|   | Other   | 8%-23.2%                       | 2.4%-20%          | 1%-23%           | 3%-29%           | N/A                             | N/A           | N/A            | N/A           |
| (a)   | Defined contribution plans-<br>Jaguar and Land Rover group's contribution to defined contribution plan aggregated ₹ 82.45 crores (₹ 24.03 crores for the year ended March 31, 2011) has been recognised in the Profit and Loss Statement in note 26(b) on Page 194. |                                |                   |                  |                  |                                 |               |                |               |
| (b)   | The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.  |                                |                   |                  |                  |                                 |               |                |               |
| (c)   | The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.   |                                |                   |                  |                  |                                 |               |                |               |
| (d)   | The Company expects to contribute ₹ 336.67 crores to the funded pension plans in the year 2012-2013.  |                                |                   |                  |                  |                                 |               |                |               |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crores)

|  | 2011-2012  | 2010-2011  |
|--|------------|------------|
| <b>35. (i) Movement of provision for warranty and product liability</b>  |            |            |
| Opening balance  | 4,126.19   | 3,743.37   |
| Add: Provision for the year (net) (including additional provision for earlier years)   | 3,427.45   | 2,927.68   |
| Less: Payments / debits (net of recoveries from suppliers)   | (2,857.76) | (2,834.07) |
| Foreign currency translation   | 556.29     | 289.21     |
| Closing balance  | 5,252.17   | 4,126.19   |
| Current portion  | 2,731.40   | 2,196.06   |
| Non-current portion  | 2,520.77   | 1,930.13   |
|  | 5,252.17   | 4,126.19   |
| The provision is expected to be utilized for settlement of warranty claims within a period of 4 years.   |            |            |
| <b>(ii) Movement of provision for redemption of FCCN / CARS</b>  |            |            |
| Opening balance  | 801.09     | 993.15     |
| Foreign currency exchange loss / (gain)  | 100.99     | (3.22)     |
| Premium on redemption of FCCN (including withholding tax)  | (0.97)     | -          |
| Reversal of provision for premium due to conversion of FCCN  | -          | (168.57)   |
| Provision / (Reversal of provision) for withholding tax upon conversion / redemption / foreign currency exchange of FCCN   | 11.39      | (20.27)    |
| Closing balance  | 912.50     | 801.09     |
| Current portion  | 855.73     | 0.87       |
| Non-current portion  | 56.77      | 800.22     |
|  | 912.50     | 801.09     |
| <b>(iii) Movement of provision for residual risk</b>   |            |            |
| Opening balance  | 50.23      | 106.91     |
| Add: Provision for the year (net)  | 42.57      | (221.83)   |
| Less: Payments / debits  | -          | 166.03     |
| Foreign currency translation   | 38.18      | (0.88)     |
| Closing balance  | 130.98     | 50.23      |
| Current portion  | 17.58      | 7.14       |
| Non-current portion  | 113.40     | 43.09      |
|  | 130.98     | 50.23      |
| In certain markets, some subsidiaries are responsible for the residual risk arising on vehicles sold by dealers on a leasing arrangement. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically up to three years. |            |            |
| <b>(iv) Movement of provision towards environmental cost</b>   |            |            |
| Opening balance  | 130.90     | 128.11     |
| Add: Provision for the year (net)  | 19.47      | -          |
| Less: Payments   | (4.96)     | (3.54)     |
| Foreign currency translation   | 19.45      | 6.33       |
| Closing balance  | 164.86     | 130.90     |
| Current portion  | -          | -          |
| Non-current portion  | 164.86     | 130.90     |
|  | 164.86     | 130.90     |
| This provision relates to various environmental remediation costs such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.   |            |            |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 36. The additional disclosure as required by AS 7 (Revised) on construction contracts:

- (a) Advance received is ₹ **27.75 crores** (as at March 31, 2011 ₹ 13.57 crores)  
 (b) Retention money is ₹ **19.33 crores** (as at March 31, 2011 ₹ 17.61 crores)  
 (c) Contract revenue recognised during the year is ₹ **119.51 crores** (2010-11 ₹ 116.74 crores)  
 (d) Aggregate amount of costs incurred and recognised profits (less recognised losses) ₹ **381.25 crores** (as at March 31, 2011 ₹ 305.63 crores)

### 37. Other notes

- (a) The following subsidiaries / joint venture have been considered on unaudited basis. Details for the same as per individual entity's financials are as under :

|   | Net worth<br>As at<br>March 31,<br>2012 | Total revenue<br>for the year<br>ended<br>March 31,<br>2012 | (₹ in crores)<br>Net increase /<br>(decrease) in<br>cash & cash<br>equivalent during<br>2011-2012 |
|---|---|---|---|
| <b>(i) Subsidiaries :</b>                 |   |   |   |
| Tata Motors (SA) (Proprietary) Ltd        | 10.14                                   | 38.17   | (2.61)  |
| Tata Motors European Technical Centre Plc | 41.26                                   | 233.13  | 97.85   |
| Miljobil Greenland AS                     | (69.00)                                 | 46.89   | 5.64  |
| Tata Hispano Motors Carrocera S.A         | (428.27)                                | 211.49  | (31.24)   |
| TML Holdings Pte Ltd, Singapore           | 214.48                                  | 3.42  | (2.86)  |
| Trilix S.r.l                              | 7.39                                    | 42.26   | (1.93)  |
| Tata Precision Industries Pte Ltd         | 1.02                                    | -   | (0.28)  |
|   | <b>(222.98)</b>                         | <b>575.36</b>   | <b>64.57</b>  |
| <b>(ii) Joint Venture:</b>                |   |   |   |
| Fiat India Automobiles Ltd                | 453.65                                  | 1,730.86  | (17.83)   |

- (b) The share of profit / (loss) in respect of investments in associate companies include figures which are considered as per unaudited financial statements / profit and loss statement for the year ended March 31, 2012, as per details given below :

|   | Share in post<br>acquisition reserves<br>and surplus | (₹ in crores)<br>Profit / (Loss)<br>for the year<br>ended<br>March 31, 2012 |
|---|--|---|
| Telco Construction Equipment Company Ltd. | 57.77  | (69.83)   |
| Tata Cummins Ltd.                         | 206.61   | 52.18   |

- (c) During the year ended March 31, 2012, Jaguar Land Rover Plc., an indirect subsidiary of the Company has issued GBP 1,500 million equivalent Senior Notes (Notes). The Notes issued includes GBP 500 million Senior Notes due 2018 at a coupon of 8.125% per annum, GBP 500 million Senior Notes due 2020 at a coupon of 8.25% 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. The proceeds will be used to refinance existing debt and for general corporate purposes.
- (d) The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.
- (e) Capital work-in-progress as at March 31, 2012 includes building under construction at Singur in West Bengal of ₹309.88 crores for the purposes of manufacturing automobiles. In October 2008, the Company moved the Nano project from Singur in West Bengal to Sanand in Gujarat. The newly elected Government of West Bengal enacted a legislation on June 14, 2011, which was notified on June 20, 2011, to cancel the land lease relating to the project at Singur. The Company has challenged the legal validity of the legislation including the process of compensation in the Courts of Law, the outcome of which is pending as of the date of approval of these financials by the Board of Directors. Based on management's assessment no provision is considered necessary to the carrying cost of buildings at Singur.
- (f) Current year figures are shown in bold prints.









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

### Attendance Slip

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the SIXTY-SEVENTH ANNUAL GENERAL MEETING of the Company at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai-400 020 at 3.00 p.m. on Friday, August 10, 2012.

Full name of the Member (in block letters) Signature

Folio No.: DP ID No.\* Client ID No.\*

\*Applicable for member holding shares in electronic form

Full name of the Proxy (in block letters) Signature

- NOTES: 1. Member/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting. 2. Member/ Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.



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

### Proxy Form

I/We of in the district of being a Member/ Members of the above named Company hereby appoint of in the district of or failing him/her of in the district of as my/our Proxy to attend and vote for me/us and on my/our behalf at the Sixty-seventh Annual General Meeting of the Company, to be held on Friday, August 10, 2012 or at any adjournment thereof.

Signed this day of 2012.

Folio No.: DP ID No.\* Client ID No.\*

\* Applicable for members holding shares in electronic form

No. of Ordinary Shares

Signature

Affix Revenue Stamp

No. of 'A' Ordinary Shares

This form is to be used in favour of the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit. against

\*\*Strike out whichever is not desired.

- NOTES: (i) The Proxy must be returned so as to reach the Registered Office of the Company at Bombay House, 24, Homi Mody Street, Mumbai - 400 001, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting. (ii) Those members who have multiple folio with different jointholders may use copies of this Attendance Slip/Proxy.



# MEGA VISION INTO THE FUTURE



**The global imperative is fuel conservation and a move towards green energy. Tata Motors is responding to this urgency by unveiling the Megapixel, an advancement of the Pixel concept.**

The Megapixel concept was launched in 2011. A four-seater city-smart global Range Extended Electric Vehicle (REEV) concept, the Megapixel caters to the performance-seeking and environment-conscious motorists.

Combining a lithium ion phosphate battery and an on-board petrol engine generator for recharging on the move, the Tata Megapixel offers a range of up to 900 km (with a single fuel tank), path-breaking CO<sub>2</sub> emission of just 22 gm/km and fuel economy of 100 km/litre (under battery-only power).

The class-leading 'Zero Turn' drive system enables an exceptional 2.8 metre turning radius.

The at-home charging mechanism represents a distinct innovation. The car needs to be parked over the induction pad for charging to begin. An advanced human machine interface (HMI), the console docking point can connect a smart phone with the car.

The built-in large touchscreen HMI, at the centre of the instrument panel, becomes a common access point for the repertoire of the smart device, and for controlling multiple functions (temperature, ventilation, driving modes and performance).

The Megapixel harmonises Indian uniqueness (colours, graphic themes or materials) with global styling preferences. Leveraging the small-car knowhow from Tata Nano, the Megapixel combines the richness of tradition and innovativeness of technology.

**The class-leading 'Zero Turn' drive system enables an exceptional 2.8 metre turning radius.**

**2.8metre**



## **TATA MOTORS LIMITED**

Bombay House 24 Homi Mody Street Mumbai 400 001

