



As filed with the Securities and Exchange Commission on September 27, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2005

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number: 001-32294

TATA MOTORS LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Republic of India
(Jurisdiction of incorporation or organization)

Bombay House
24, Homi Mody Street,
Mumbai 400 001, India
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Ordinary Shares, par value Rs.10 per share *

The New York Stock Exchange, Inc

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)



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Page 2 of 2

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

361,751,751 Ordinary Shares, including 33,247,862 Ordinary Shares represented by 33,247,862 American Depositary Receipts were outstanding as of March 31, 2005.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ☐ Item 18 ☒

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

* Not for trading, but only in connection with the listed American Depositary Shares, each representing one share of common stock.



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In this annual report

- *References to “we”, “our” and “us” are to Tata Motors Limited and its consolidated subsidiaries; except as the context otherwise requires;*
- *References to “dollar”, and “US\$” are to the lawful currency of the United States of America, and references to “rupees” and “Rs.” are to the lawful currency of India;*
- *References to “US GAAP” are to accounting principles generally accepted in the United States, and references to “Indian GAAP” are to accounting principles generally accepted in India;*
- *References to an “ADS” are to an American Depositary Share, and references to an “ADR” are to an American Depositary Receipt;*
- *References to light commercial vehicles, or LCVs, medium commercial vehicles, or MCVs, and heavy commercial vehicles, or HCVs, refer to vehicles that have gross vehicle weight, or GVW, of up to 7.5 metric tonnes, between 7.5 and 16.2 metric tonnes, and over 16.2 metric tonnes, respectively;*
- *References to passenger cars refer to vehicles that have a seating capacity of up to six persons, excluding the driver, and is further classified into the following market segments: mini-cars – which have a length of up to 3,400 mm; compact cars – which have a length between 3,401mm and 4,000mm; mid-size cars – which have length of between 4,001mm and 4,500mm; executive cars – which have a length between 4,501mm and 4,700mm and; premium cars and luxury cars –which have a length between 4,701 and 5,000mm, and above 5,001mm, respectively.*
- *References to utility vehicles, or UVs, and multi-purpose vehicles, or MPVs, refer to vehicles that have a seating capacity of seven to twelve persons, excluding the driver, and van-type vehicles that have a seating capacity of seven to twelve persons, excluding the driver, respectively.*
- *Unless otherwise stated, comparative and empirical industry data in this annual report have been derived from published reports of the Society of Indian Automobile Manufacturers, or SIAM;*
- *References to a particular “fiscal” year, such as “fiscal 2005”, are to our fiscal year ended on March 31 of that year;*
- *Figures in tables may not add up to totals due to rounding;*
- *“Millimeters” or “mm” are equal to 1/1000 of a meter. A meter is equal to approximately 39.37 inches and a millimeter is equal to approximately 0.039 inch; and*
- *“Kilograms” or “kg” are each equal to approximately 2.2 pounds, and “metric tonnes” are equal to 1,000 kilograms or approximately 2,200 pounds.*
- *“Litres” are equivalent to 61.02 cubic inches of volume, or approximately 1.057 U.S. quarts of liquid measure.*

Special Note Regarding Forward-looking Statements

All statements contained in this annual report that are not statements of historical fact constitute “forward-looking statements”. Generally, these statements can be identified by the use of forward-looking terms such as “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this annual report regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this annual report (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements or other projections. Although we are a reporting company and will have ongoing disclosure obligations under U.S. federal securities laws, we are not undertaking to publicly update or revise any statements in this annual report, whether as a result of new information, future events or otherwise.

The risks and factors that could cause our actual results, performances and achievements to be materially different from the forward-looking statements set out in Item 3.D and elsewhere in this annual report include, among others:

- general political, social and economic conditions, and the competitive environment in India and other markets in which we operate and sell our products;
- fluctuations in the currency exchange rate of the rupee to the dollar and other currencies;
- accidents and natural disasters;
- terms on which we finance our working capital, and capital and product development expenditures and investment requirements;
- implementation of new projects, including mergers and acquisitions, planned by management;
- contractual arrangements with suppliers;



- government policies including those specifically regarding the automotive industry, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;
- significant movements in the prices of key inputs such as steel, aluminum, rubber and plastics; and
- other factors beyond our control.

**TABLE OF CONTENTS**

Part I		
Item 1	<u>Identity of Directors, Senior Management and Advisers</u>	4
Item 2	<u>Offer Statistics and Expected Timetable</u>	4
Item 3	<u>Key Information</u>	4
Item 4	<u>Information on the Company</u>	14
Item 5	<u>Operating and Financial Review and Prospects</u>	47
Item 6	<u>Directors, Senior Management and Employees</u>	64
Item 7	<u>Major Shareholders and Related Party Transactions</u>	71
Item 8	<u>Financial Information</u>	72
Item 9	<u>The Offer and Listing</u>	73
Item 10	<u>Additional Information</u>	74
Item 11	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	88
Item 12	<u>Description of Securities other than Equity Securities</u>	90
Part II		
Item 13	<u>Defaults, Dividend Arrearages and Delinquencies</u>	90
Item 14	<u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	90
Item 15	<u>Controls and Procedure</u>	90
Item 16 A	<u>Audit Committee Financial Expert</u>	90
Item 16 B	<u>Code of Ethics</u>	90
Item 16 C	<u>Principal Accountant Fees and Services</u>	91
Item 16 D	<u>Exemptions from the Listing Standards for Audit Committees</u>	92
Item 16 E	<u>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	92
Part III		
Item 17	<u>Financial Statements</u>	92
Item 18	<u>Financial Statements</u>	92
Item 19	<u>Exhibits</u>	92
	<u>Index to Consolidated Financial Statements</u>	F1

**PART 1****Item 1. Identity of Directors, Senior Management and Advisers.**

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information.**A. Selected Financial Data.**

The following table sets forth selected financial data including selected historical financial information as of and for each of the fiscal years ended March 31, 2002, 2003, 2004 and 2005 in accordance with accounting principles generally accepted in the United States or under US GAAP.

The selected US GAAP consolidated financial data as of March 31, 2004 and 2005 and for each of the fiscal years ended March 31, 2003, 2004 and 2005 are derived from our audited US GAAP consolidated financial statements included in this annual report together with the report of Deloitte Haskins & Sells, independent auditors, who have reported that they carried out their audit in accordance with standards of the Public Company Accounting Oversight Board (United States). The selected US GAAP consolidated financial data as of March 31, 2002 and 2003 and for the fiscal year ended March 31, 2002 are derived from our audited US GAAP consolidated financial statements not included in this annual report. Selected US GAAP financial data as of and for the year ended March 31, 2001 has not been included in this annual report, because US GAAP financial statements for such period have not previously been prepared and could not be without unreasonable effort or expense.

You should read our selected financial data in conjunction with Item 5 - "Operating and Financial Review and Prospects".



Selected Financial Data Prepared in Accordance with US GAAP

For the year ended March 31,

	2002	2003	2004	2005	2005
					(in US\$ millions, except share and per share data)
(in Rs. millions, except share and per share data)					
Statement of Operations Data					
Operating (loss) / Income					
Net sales	75,941.4	94,753.8	138,293.4	196,778.4	4,511.2
Finance income	750.2	976.7	1,402.3	1,608.6	36.9
Total revenues	76,691.6	95,730.5	139,695.7	198,387.0	4,548.1
Cost of sales	62,243.8	74,038.5	108,159.6	156,906.7	3,597.1
Gross margin	14,447.8	21,692.0	31,536.1	41,480.3	951.0
Operating Expenses					
Selling, general and administrative	13,079.1	13,040.9	15,276.9	20,144.9	461.8
Research and development	1,214.4	1,536.2	1,282.0	2,532.4	58.1
Employee separation compensation	886.7	32.6	386.3	11.5	0.3
Total operating expenses	15,180.2	14,609.7	16,945.2	22,688.8	520.2
Operating (loss) / income	(732.4)	7,082.3	14,590.9	18,791.5	430.8
Non-operating income (expense), net					
Non-operating income, net	1,888.9	1,222.0	1,773.2	1,821.6	41.8
Interest income	383.8	412.4	349.6	761.6	17.5
Interest expense	(5,199.9)	(4,090.4)	(2,684.3)	(2,993.3)	(68.6)
Total non-operating expense, net	(2,927.2)	(2,456.0)	(561.5)	(410.1)	(9.3)
(Loss) Income before income taxes	(3,659.6)	4,626.3	14,029.4	18,381.4	421.5
Income tax benefit / (expense)	513.0	(1,888.4)	(5,264.0)	(5,099.9)	(116.9)
Minority interest, net of tax	86.4	(14.7)	(228.9)	(365.7)	(8.4)
Equity in net (loss) / income of affiliates net					



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Page 2 of 2

of tax		(353.7)		46.1		363.4		340.4		7.8
Net (loss) /										
Income		(3,413.9)		2,769.3		8,899.9		13,256.2		304.0
Weighted average										
no. of shares										
used in										
computing										
(loss)/Earnings										
per share:										
Basic		256,024,621		319,777,248		328,306,904		359,837,353		359,837,353
Diluted		256,024,621		319,777,248		363,123,828		388,849,716		388,849,716
(Loss) /										
earnings										
per										
share:										
Basic	Rs.	(13.3)	Rs.	8.7	Rs.	27.1	Rs.	36.8	US\$	0.8
Diluted	Rs.	(13.3)	Rs.	8.7	Rs.	25.3	Rs.	34.9	US\$	0.8
Cash										
dividend										
per										
Equity										
Share	Rs.	—	Rs.	—	Rs.	8	Rs.	4	US\$	0.1



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As of March 31,

2002	2003	2004	2005	2005

(in US\$
millions,
except
number of
shares)

(in Rs. millions, except number of shares)

Balance Sheet Data

Assets:					
Current Assets:					
Cash and cash equivalents	3,312.4	2,758.7	6,511.1	4,873.3	111.7
Short term deposits with banks	—	—	2,727.7	15,731.2	360.6
Finance receivables, net of allowances	1,203.7	2,098.3	3,053.7	8,086.0	185.4
Accounts receivable, net of allowances	6,594.3	5,519.8	8,199.1	10,273.4	235.5
Inventories	11,881.9	13,539.8	15,143.7	21,353.6	489.5
Deferred income taxes	848.4	587.7	946.5	1,209.2	27.7
Prepaid expenses and other current assets, net of allowances	5,623.6	4,909.1	5,254.6	10,705.7	245.4
Total Current Assets	29,464.3	29,413.4	41,836.4	72,232.4	1,655.8
Investments	4,306.2	5,738.0	27,052.3	30,437.0	697.8
Equity in affiliates	1,390.6	1,766.6	1,870.7	1,918.4	44.0
Finance receivables - non-current	1,388.1	3,166.5	5,222.6	11,839.2	271.4
Property, plant and equipment, net	37,602.9	36,601.7	35,478.5	38,905.9	891.9
Deferred income taxes - non current	1,261.0	—	—	—	—
Other non-current assets	2,149.1	2,075.8	2,414.9	3,816.8	87.5
Total Assets	77,562.2	78,762.0	113,875.4	159,149.7	3,648.4
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable	16,374.4	18,926.0	25,514.5	25,896.3	593.7
Acceptances	8,578.6	12,710.7	16,636.6	28,939.5	663.5
Accrued expenses and other current liabilities	5,087.5	5,188.9	10,294.8	11,779.4	270.0
Short term debt	10,569.0	5,713.8	7,758.9	2,866.5	65.7
Total current liabilities	40,609.5	42,539.4	60,204.8	69,481.7	1,592.9
Deferred income taxes	—	240.6	4,059.8	5,295.2	121.4
Long term debt	18,542.0	13,877.4	10,804.1	25,632.7	587.6
Total liabilities	59,151.5	56,657.4	75,068.7	100,409.6	2,301.9
Minority interest	979.9	1,189.0	1,429.1	2,330.9	53.4
Commitments and contingencies (See Note 20, Page F-39)	—	—	—	—	—
Shareholders' Equity:					
Ordinary Shares	3,198.2	3,198.3	3,530.0	3,617.9	82.9
Additional paid-in capital	21,459.4	21,459.4	26,872.3	28,143.3	645.2
Accumulated other comprehensive (loss) income	(976.1)	(260.7)	4,578.6	10,614.1	243.3
Capital redemption reserve	22.8	22.8	22.8	22.8	0.5
Debenture redemption reserve	3,341.5	3,341.5	3,445.0	3,341.5	76.6
Special reserve	32.1	39.1	55.8	60.9	1.4
Accumulated (deficit) retained earnings	(9,647.1)	(6,884.8)	(1,126.9)	10,608.7	243.2
Total shareholders' equity	17,430.8	20,915.6	37,377.6	56,409.2	1,293.1
Total Liabilities and Shareholders' Equity	77,562.2	78,762.0	113,875.4	159,149.7	3,648.4
Number of Equity shares outstanding	319,782,395	319,784,387	352,958,130	361,751,751	361,751,751





Exchange Rate Information

For convenience, some of the financial amounts presented in this annual report have been translated from rupee amounts into dollar amounts at the rate of Rs.43.62 = US\$1.00, based on the noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York as on March 31, 2005, the date of our most recent balance sheet included in this annual report. However, such translations do not imply that the rupee amounts have been, could have been or could be converted into dollars at that or any other rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the rupee and the dollar (in rupees per dollar) based on the average of the cable transfer buying and selling rupee / dollar exchange rates quoted by the Federal Reserve Bank of New York.

Fiscal year ended March 31,	Period End	Period Average	High	Low
2005	43.62	44.86	46.45	43.27
2004	43.40	45.98	47.46	43.40
2003	47.53	48.43	49.07	47.53
2002	48.83	47.71	48.91	46.58
2001	46.85	45.74	47.47	43.63

The following table sets forth, the high and low exchange rates for previous six months and is based on the noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York.

Month	Period End	Period Average	High	Low
August 2005	44.00	43.55	44.00	43.36
July 2005	43.40	43.43	43.59	43.05
June 2005	43.51	43.52	43.71	43.44
May 2005	43.62	43.40	43.62	43.21
April 2005	43.48	43.64	43.72	43.48
March 2005	43.62	43.59	43.70	43.44

Source: Federal Reserve Bank of New York

As of September 26, 2005, the rupee / dollar noon buying rate quoted by Federal Reserve Bank of New York was Rs.43.86 per US\$1.00.

B. Capitalization and Indebtedness.

Not Applicable

C. Reasons for the Offer and Use of Proceeds.

Not Applicable

D. Risk Factors.

This section describes the risks that we currently believe may materially affect our business. The factors below should be considered in connection with any forward-looking statements in this annual report and the cautionary statements on page 2. The risks below are not the only ones we face – some risks may be unknown to us, and some risks that we do not currently believe to be material could later turn out to be material. One or more of a combination of these risks could materially impact our business, revenues, sales, net assets, results of operations liquidity and capital resources.



Risks Associated with Our Business

General economic conditions could significantly adversely affect our sales and results of operations.

The Indian automotive industry is substantially affected by general economic conditions in India. In 1999, the automotive industry witnessed a recovery in demand after declining trends for two years. Demand for four-wheel vehicles again declined in the period from 2000 to late 2001, driven by poor economic conditions in India. Though there has been a significant increase in demand since early 2002, primarily due to significant growth of the gross domestic product, or GDP, the construction of improved roadways in India, and substantial lowering of interest rates there can be no assurance that the Indian economy will not experience a downturn which may, in turn, significantly adversely affect our sales and results of operations.

One driver of demand is the level of market interest rates, which impacts the cost of financing for purchasers of our products. While interest rates declined steadily during fiscals 2003 and 2004, they increased marginally in fiscal 2005. No significant increase in interest rates is expected in the short term, but trends in interest rates need to be monitored closely. A significant increase in market interest rates could have an adverse effect on demand for our products. Interest rates in the United States and some other countries have recently been increasing and this may lead to interest rate increases in India and other countries. On the other hand, decreases in market interest rates may lead to higher levels of prepayments of our loans receivable from customers, as they may seek to refinance their loans elsewhere. Although we have not experienced significant prepayments during past periods of declining interest rates, and while prepayments have not had any material adverse impact on our results of operations in the past, there can be no assurance that prepayments during periods of declining interest rates will not have a material adverse impact on our results of operations in the future as we seek to expand our customer financing business.

If we are unable to implement our growth strategies in a timely manner, our business and results of operations could be adversely affected.

We have adopted certain growth strategies, including the expansion of our automotive business through upgrading of our existing products, the introduction of new products and an increase in international business. All these new projects involve risks and difficulties and, accordingly, there can be no assurance that we will be able to complete our plans on schedule or within budget. If market conditions change, operations do not generate sufficient funds or for any other reason, we may decide to delay, modify or forego some aspects of our growth strategies. Our future results of operations may be materially adversely affected if we are unable to implement our growth strategies.

Increased competition in the Indian automotive industry may adversely affect our results of operations.

We face strong competition in India across our product lines from other Indian and foreign automotive manufacturers. Competition is expected to intensify as Indian automotive manufacturers obtain greater access to debt and equity financing in the international capital markets or gain access to more advanced technology through alliances. Foreign automotive manufacturers have increased and are expected to further increase their participation in the Indian automotive market through technology transfers, joint ventures and direct investments.

The Indian automotive industry has historically been protected against competition from imported goods through a number of import restrictions, taxes and duties on automotive and related products. Many of those restrictions, however, have recently been lifted or relaxed. In 2001, all quantitative restrictions on the import of automobiles into India were removed. Additionally, in recent years, the Government of India has permitted automatic approvals for foreign equity ownership of up to 100% in entities manufacturing vehicles and components in India. These changes have led to dramatically increased competition from product offerings by major international manufacturers, on imported vehicles, second hand or pre-owned vehicles. Though there remains relatively high tariffs on imports of vehicles and components, we expect tariffs on the import of components and cars in completely built units, or CBUs, and/or completely knocked down units, or CKDs, to be reduced in the future in line with India's obligations under its World Trade Organization agreement. There can be no assurance that there will not be further reductions in import duties on automotive products or a relaxation or removal of import restrictions, which may in turn adversely affect our results of operations.



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Increases in diesel fuel prices or increased demand for gasoline fuel-powered vehicles could adversely affect the demand for our products.

A significant proportion of our products are powered by diesel fuel engines. Retail prices for diesel fuel in India have historically been significantly lower than retail prices for gasoline. However, due to the elimination of some fuel price controls in India and global movements in market prices of crude oil, the gap between retail prices of diesel fuel and gasoline in India has been narrowing. A sudden shift in demand away from diesel fuel-powered vehicles in India, which may occur if the price differential between diesel fuel and gasoline continued to decline significantly or if there is a substantial increase in diesel prices, could adversely affect our sales and results of operations.

Delays in construction of improved roadways in India and increased competition from railways and other modes of transport could adversely affect the demand for our existing and future products.

Our medium and long term business plans are based on the assumption that new large roadway projects in India undertaken by the Government of India will proceed according to announced plans. If these roadways are not constructed according to these plans, the demand for our current and new products may not achieve the levels we anticipate and accordingly may lead to lower sales and profits.

Additionally, the Government of India's proposal to increase the coverage and efficiency of the railway network and efficiency, aggressive pricing by railways and expansion of oil pipelines in the country could also adversely impact the demand for commercial vehicles.

Compliance with increasingly stringent safety or emissions standards relating to our products or our manufacturing facilities, or other environmental regulations, may adversely affect our business and results of operations.

In the last few years, the Government of India has introduced several regulations regarding emission levels, noise and safety of automotive products, as well as levels of pollutants generated by the plants that produce automotive vehicles. These regulations are likely to become more stringent and the cost of complying with these regulations may be significant. To comply with the requirements of environmental regulation, we may have to incur substantial capital and product development expenditure and research and development costs to upgrade our products and our manufacturing facilities, which may increase our cost of production and thereby adversely affect our results of operations. If we are unable to comply with these standards within the time frame provided to us, our production and sales may be adversely affected.

Taxes and other levies imposed by the central or state governments in India on the acquisition and ownership of automotive vehicles, or regulations applying to us may have a material adverse effect on the demand for our products.

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties on imports of capital goods, raw materials and components, excise duty on the manufacture of automotive vehicles, service tax, central and state sales tax, octroi duties, value added tax, road and registration tax.

These taxes and levies affect the cost of production and prices of our products and therefore the demand for our products. In addition, restrictions or levies imposed by the government on the use of automotive vehicles, such as a congestion charge or other traffic control measures, or on diesel vehicles in particular, could affect the demand for our automotive vehicles in the future. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse impact on our business, results of operations and financial condition.

We are dependent on a limited number of vendors for the supply of critical components, consumables and raw materials used in the manufacture of our products.

We depend on external suppliers for the supply of raw materials, components and some spare parts for our products. We currently have an aggregate of approximately 1,100 vendors of components in India. We collaborate closely with our vendors in order to secure a reliable supply of components that meet our requirements and to generate economies of scale. Additionally, we have equity interests through shareholders agreements with some of our vendors. As a result of this approach, for some raw materials and several inputs in our manufacturing process for aggregates, such as engines, and fuel pumps, we rely on a only a limited number of vendors. The failure by a vendor to adhere to our technical specifications, quality requirements and production and delivery schedules could temporarily disrupt our manufacturing process. In addition, a vendor on whom we are dependent may raise its prices, may experience a delay in its ability to produce or deliver products, or a dispute may arise between us and the vendor. If we are dependent on a sole vendor or a limited number of vendors for a critical input, we may find it difficult to replace a vendor on a timely basis and at reasonable cost, and our business and results of operations may be adversely affected.



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We are subject to risks associated with product warranty, recall and product liability costs due to defects in our products or related after-sales services, which could generate adverse publicity and adversely affect our business, results of operations and financial condition.

Defects, if any, in our products could require us to undertake service actions or vehicle recalls. These actions could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products. Defects in our products that arise from defective components or spare parts supplied by our vendors may be covered under warranties provided by our vendors. Although we obtain product liability insurance for the automotive vehicles we sell in some international markets, we are not covered by insurance for product liability claims for products sold in India. An unusual number or amount of warranty claims against a vendor could affect us adversely because we depend on a limited number of vendors for the supply of raw materials and components, including some of our affiliates. Repeated warranty claims may result in a rise in our cost of obtaining insurance. In addition, these claims could have an impact on our consolidated results of operations and financial condition as some of our vendors are our subsidiaries and affiliates. Further, if a vendor fails to meet quality standards, it could be exposed to warranty and other product liability costs, and expose us to the risk of product liability claims. Any defects in our products or after-sales services provided by us, authorized dealers or third parties could also result in customer claims for damages. In defending these claims, we could incur substantial costs and receive adverse publicity. Management resources could be diverted away from our business towards defending these claims. As a result, our business, results of operations and financial condition could suffer. We cannot assure that the limitations of liability set forth in our contracts with vendors will be enforceable in all instances or will otherwise protect us from liability for damages.

Increases in the cost of raw materials and automobile components may have a material adverse impact on our results of operations.

In fiscal 2005 and 2004, consumption of raw materials and components formed approximately 81.2% and 77.6%, respectively, of our cost of sales. If costs of raw materials and components rise, and if we are not able to recover these costs through cost saving measures elsewhere or are unable to increase the selling prices of our vehicles due to competitive pressure, our margins and results of operations would be adversely affected. For example, steel prices have significantly increased in recent periods and we have not been able to fully recover these increase through increases in selling prices for our vehicles.

Potential delays in the launch of new models in the market and lower than anticipated market acceptance of new or existing models can cause us to lose market share and adversely affect our results of operations.

In a highly competitive environment where the Indian automotive industry currently has excess capacity, competitors can gain a significant advantage by introducing a new model in a particular category before we do. In addition, the launch of a new model requires substantial capital investment and product development expenditure and generally higher initial production costs. The capital investments in plant and machinery, in addition to product development costs, associated with the launch of a new model may result in higher levels of depreciation and amortization. Our loss in fiscal 2002 was partially attributable to these factors and similar investments by us in the future may have an adverse impact on our profitability. Therefore, if market acceptance of any of our new models is lower than anticipated, we may be unable to gain the intended economic benefits of our investments and higher cost of production, and our results of operations may be adversely affected.

We have made and may continue to make capital commitments to our subsidiaries and affiliates and if the business and operations of subsidiaries and affiliates to whom we make capital commitments deteriorate, we may be required to write down or write off our investments in these subsidiaries or affiliates in the future.

We have made and continue to make capital investments, loans, advances and other commitments to support our subsidiaries and affiliates. These investments and commitments have included capital contributions to enhance the financial condition or liquidity position of our subsidiaries and affiliates. If the business and operations of these subsidiaries and affiliates deteriorate, we may suffer losses and our investments may be required to be written down or written off. Additionally, our loans or advances may not be repaid or may need to be restructured or we may be required to outlay capital under our commitments to support these companies.



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Fluctuations in exchange rates could result in foreign exchange losses.

Devaluations or depreciation of the value of the rupee can influence the cost of our borrowings denominated in currencies other than rupees and increase the cost of our imports, while an appreciation of the value of the rupee, which has occurred against the dollar since early 2003, can adversely impact our exports. As of March 31, 2005, approximately 83.8% of our borrowings were denominated in dollars and other non-rupee currencies. Further, in fiscal 2004 and 2005, 4.6% and 5.7%, respectively, of our total raw material costs were incurred in dollars and other non-rupee currencies, and in fiscal 2004 and 2005, 7.9 % and 13.9%, respectively, of our total revenues were derived from international markets. Any significant fluctuation to our disadvantage in exchange rates may have an adverse effect on our financial condition. Although we engage in some currency hedging in order to decrease our foreign exchange exposure, a weakening of the rupee against the dollar and other major foreign currencies may have an adverse effect on our cost of borrowing and consequently may increase the cost of financing our expenditure. In addition, we have experienced and can be expected to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities. Although the fluctuations in the value of the rupee against the dollar has not had a material adverse effect on our financial condition and results of operations in recent periods, the depreciation in the value of the rupee against the dollar in recent months may lead to adverse effects on our financial condition and results of operations during the current fiscal year and in future periods, partly due to increase in dollar-denominated debt.

We need to successfully integrate and manage our mergers or acquisitions to maintain profitability.

During fiscal 2005, we acquired a 21% equity stake in Hispano Carrocera, S.A., (Hispano), a leading bus body building company in Spain, and in fiscal 2004, we acquired Daewoo Commercial Vehicle Co. Ltd. (now named Tata Daewoo Commercial Vehicle Co. Ltd. or TDCV) in South Korea. During the first quarter of fiscal 2006, Tata Finance Limited, in which we had held 12.08% of its equity, merged with us. In addition, our subsidiary, Tata Technologies, USA (TT US) has made a cash offer of 220 pence per share (Rs.169.40 per share) in the first week of September 2005 for 100% of the equity shareholding of INCAT International Plc. (INCAT), a UK-based company listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

We also continue to evaluate other merger and acquisition opportunities and plan to make additional mergers or acquisitions in the future if suitable opportunities arise. These may dilute our earnings per share as a result of the specific scope of the business or condition of the operations being merged with or acquired. Merger and acquisition involve risks, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or acquisition is finalized;
- integration and management of the operations and systems;
- retention of select personnel;
- coordination of sales and marketing efforts;
- management of a larger business; and
- diversion of management's attention from other ongoing business concerns.

If we are unable to successfully integrate and manage our pending acquisition, as well as any future mergers or acquisitions that we might pursue, our growth plans may not be met and our profitability may decline.

We may be adversely affected by labor unrest

All of our regular employees and those of our consolidated subsidiaries in India, other than management, are members of labor unions and are covered by our wage agreements with those labor unions which have different terms (typically three years) at different locations. Our wage agreements for Pune (excluding the car plant), the Pune car plant, Jamshedpur, Mumbai and Lucknow are valid until August 31, 2006, March 31, 2007, March 31, 2007, December 31, 2006 and March 31, 2008, respectively. In general, we consider our labor relations with all of our employees to be good. Though we have not experienced any other labor unrest since 2000, we may in the future be subject to labor unrest, which may delay or disrupt our 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 such work stoppages or lock-outs at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, financial condition or results of operations may be adversely affected.



Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and new Securities and Exchange Commission (SEC) regulations, Securities and Exchange Board of India rules, New York Stock Exchange (NYSE) listing rules and Indian stock market listing regulations have created uncertainty for us. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

In particular, our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal controls over financial reporting and our independent accountants' audit of that assessment requires the commitment of significant financial and managerial resources. We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted, and are likely to continue to result, in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Risks Associated with Investments in an Indian Company

Political instability or changes in the Government in India could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally and our business in particular.

Substantially, our manufacturing and sales and distribution facilities are located in India, and in fiscal 2003, 2004 and 2005, approximately 95%, 92% and 86%, respectively, of our revenues were derived from sales within India. Our business, and the market price and liquidity of our ADSs and shares, may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant. Consequent to an election in April and May, 2004, there was a change in government. Although the new government has announced its intention to continue with economic reforms implemented by its predecessor, these reforms can be implemented with agreement of the coalition partners of the government. The coalition consists of political parties with different agendas, which could result in political instability, and may effect economic reform, and specific laws and policies affecting automotive companies, foreign investment, currency exchange and investment regulations governing India's capital markets. Uncertainty regarding possible policy changes immediately after elections has in the past resulted in significant volatility in price and trading volumes of securities of Indian companies. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

Regional conflicts in Asia and other export markets could adversely affect the Indian economy and cause our business to suffer.

The Asian region has from time to time experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. Since May 1999, military confrontations between India and Pakistan have occurred in Indian State of Jammu & Kashmir. Also, since early 2003, there have been military hostilities and civil unrest in Afghanistan and Iraq. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our ADSs and shares, and on the market for our vehicles.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, which include regulations applicable to our Board of Directors, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions, including the United States. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in another jurisdiction.



Investors may have difficulty enforcing judgments against us or our management.

We are a limited liability company incorporated under the laws of India. Almost all of our directors and executive officers named in this annual report are residents of India. Further, almost most of our assets and the assets of these directors and executive officers are located in India. As a result, investors may find it difficult to (i) effect service of process upon us or these directors and executive officers in jurisdictions outside India, (ii) enforce court judgments obtained outside India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers (iii) enforce, in an Indian court, court judgments obtained outside India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers, and (iv) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities, including those based upon the U.S. federal securities laws, against us or these directors and executive officers.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided under Section 13 of the Code of Civil Procedure, 1908, or the Civil Code. Section 13 and Section 44A of the Civil Code provide that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where Indian law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Government of India to be a reciprocating territory for the purpose of Section 44A of the Civil Code. Accordingly, a judgment of a court in the United States may be enforced only by a suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (RBI) to execute such a judgment or to repatriate outside India any amount recovered.

Risks Relating to our Shares and ADSs

Fluctuations in the exchange rate between the rupee and the dollar may have a material adverse effect on the value of the ADSs and the Shares, independent of our operating results.

The price of our ADSs is quoted in dollars. Our shares are quoted in rupees on the Bombay Stock Exchange, or BSE, the National Stock Exchange of India, or NSE, and two other stock exchanges in India. Our application for delisting is pending for confirmation with these two other stock exchanges in India. Any dividends in respect of our shares will be paid in rupees and subsequently converted into dollars for distribution to ADS holders. Market prices for our ADSs may fall if the value of the rupee declines against the dollar. In addition, the dollar equivalents of any cash dividends or other cash payments to holders of our ADSs would decline if the value of the rupee declines against the dollar. ADS holders who seek to sell in India any shares represented by ADSs or any shares withdrawn upon surrender of any ADSs, and to convert the rupee proceeds of their sale into foreign currency and remit the foreign currency from India, will require the approval of the RBI for each of these transactions unless these shares are sold on a stock exchange in India on which these shares are listed. A delay in obtaining approval of the RBI might adversely affect the rate of exchange available for conversion of such rupee proceeds into foreign currencies.

The exchange rate between the rupee and the dollar has changed substantially in the last two decades and may substantially fluctuate in the future. On an annual average basis, the rupee declined against the dollar from 1980 to 2002. The rupee lost approximately 15% of its value relative to the dollar in the three year period ended March 31, 2002, depreciating from a rate of Rs.42.50 = US\$1.00 on March 31, 1999, to a rate of Rs.48.83 = US\$1.00 on March 29, 2002, the last business day of our fiscal year ended March 31, 2002. During fiscal 2003 and fiscal 2004 the rupee generally appreciated in value against the dollar, from an exchange rate of Rs.48.83 = US\$1.00 on March 29, 2002 to an exchange rate of Rs.43.40 = US\$1.00 as of March 31, 2004. The Rupee however depreciated in value during the fiscal 2005 and ended at an exchange rate of Rs.43.62 = US\$1.00 on March 31, 2005. The rupee depreciated in value against the dollar to reach Rs.43.86 = US\$1.00 as of September 26, 2005.

***The market value of your investment may fluctuate due to the volatility of the Indian securities market.***

The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of their listed securities. The Indian stock exchanges, including the BSE, have experienced problems that, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies, and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There is a lower level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than in the United States. The Securities and Exchange Board of India, or SEBI, received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Although holders of ADSs have a right to receive any dividends declared in respect of Shares underlying the ADSs, they cannot exercise voting or other direct rights as a shareholder with respect to the Shares underlying the ADSs evidenced by ADRs. Citibank, N.A., as depositary is the registered shareholder of the deposited shares underlying our ADSs, and therefore only Citibank, N.A. can exercise the rights of shareholders in connection with the deposited shares. Only if requested by us, the depositary will notify holders of ADSs of upcoming votes and arrange to deliver our voting materials to holders of ADSs. The depositary will try, insofar as practicable, subject to Indian laws and the provisions of our Articles of Association, to vote or have its agents vote the deposited securities as instructed by the holders of ADSs. If the depositary timely receives voting instructions from a holder of ADSs which fail to specify the manner in which the depositary is to vote the shares underlying such holder's ADSs, such holder will be deemed to have instructed the depositary to vote in favor of the items set forth in such voting instructions. If the depositary has not received timely instructions from a holder of ADSs, the holder shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by us, the depositary is required to represent all shares underlying ADSs, regardless whether timely instructions have been received from the holders of such ADSs, for the sole purpose of establishing a quorum at a meeting of shareholders. Additionally, in your capacity as an ADS holder, you will not be able to bring a derivative action, examine our accounting books and records, or exercise appraisal rights. Registered holders of our shares withdrawn from the depositary arrangements will be entitled to vote and exercise other direct shareholder rights in accordance with Indian law. However, a holder may not know about a meeting sufficiently in advance to withdraw the underlying shares in time. Furthermore, a holder of ADSs may not receive voting materials, if we do not instruct the depositary to distribute such materials, or may not receive such voting materials in time to instruct the depositary to vote.

See "Item 10. Additional Information –B. Memorandum and Articles of Association – Voting Rights" for a more detailed discussion of the manner in which a holder of ADSs can exercise its voting rights and "Item 12 – Description of Securities other than Equity Securities" for a discussion on the rights and limitations applicable to holders of ADSs in respect of dividends and distributions made in respect of Shares underlying the ADSs.

Item 4. Information on the Company.**A. History and Development of the Company.**

We were incorporated on September 1, 1945 as a public limited liability company under the Indian Companies Act VII of 1913 as Tata Locomotive and Engineering Company Limited. Our name was changed to Tata Engineering and Locomotive Company Limited on September 24, 1960 and to Tata Motors Limited on July 29, 2003. We commenced operations as a steam locomotive manufacturer. This business was discontinued in 1971. Since 1954 we have been manufacturing automotive vehicles. This business commenced with the manufacture of commercial vehicles under financial and technical collaboration with Daimler-Benz AG (now DaimlerChrysler AG) of Germany. This agreement ended in 1969. Since then, we have been developing and manufacturing all our automotive vehicles in-house.



We have continuously been expanding and upgrading our automotive product portfolio and have added a wide range of vehicles. Our most significant achievement in this field has been the design and development of India's first and, currently, only fully indigenous contemporary compact car, the Indica. The launch of the Indica in 1998 and its upgraded V2 version in fiscal 2001 has been followed by a second offering, the Indigo, in the mid-size segment. Since its launch in December 2002, the Indigo has been the highest selling model in the mid-size segment in India. We also launched the Indigo Marina an estate variant of the Indigo in September 2004, which has shown strong performance in the market.

We currently manufacture commercial vehicles ranging from a GVW of sub 1 ton to 40 metric tonnes, the Indica and Indigo passenger cars and the Sumo and Safari range of utility vehicles. We manufactured our one-millionth vehicle in fiscal 1991 and our two-millionth vehicle in fiscal 1998. In 2003, we achieved the milestone of having manufactured our three millionth vehicle since entering the automotive vehicle business in 1954, including our 500,000th passenger vehicle. In March 2004, we acquired 100% of Daewoo Commercial Vehicle Co. Ltd. of South Korea (now named Tata Daewoo Commercial Vehicle Co. Ltd., or TDCV). During the fiscal year ended March 31, 2005, we also acquired a significant interest in Hispano Carrocera, S.A., a well-known Spanish bus body building company, providing an opportunity to develop high class transport solutions for intra-city and inter-city transportation in the Indian as well as international markets. During the first quarter of fiscal 2006, Tata Finance Limited, in which we had held a 12.08% equity interest, was merged with us.

We believe we have established a position of technological leadership among Indian automotive manufacturers through our in-house research and development activities, with assistance from foreign research consultants from time to time. Our Engineering Research Centre, or ERC, has enabled us to successfully design, develop and produce our own range of vehicles. In addition, we have designed and manufactured a significant portion of our production facilities, assembly lines and machinery.

Our subsidiary, Tata Technologies, USA has recently made a cash offer at 220 pence per share (Rs.169.40 per share) for 100% of the equity shareholding of INCAT International Plc., a UK-based company listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The value of the total offer is GBP53.40 million (approximately Rs.4,133 million), for 100% of INCAT's equity shares. Both TTUS and INCAT provide engineering and design services and PLM (product lifecycle management) products and services, primarily to manufacturers and their suppliers in the international automotive, aerospace and engineering markets.

Our ERC continues to focus on products at the forefront of safety, comfort and emission norms in India. See "— Item 4. B. Research and Development".

As of March 31, 2005, our operations included 13 consolidated subsidiaries and 5 material equity method affiliates, in respect of which we exercise significant influence.

Tata Incorporated serves as our authorized United States representative. The address of Tata Incorporated is 3 Park Avenue, 27th Floor, New York, NY 10016, United States of America.

Our Registered Office is located at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India and our telephone number is +91-22-5665-8282 and our website address is www.tatamotors.com. Our website does not constitute a part of this annual report.

B. Business Overview.

Overview

We are the leading automotive vehicle manufacturing company in India in terms of revenues and one of the largest private sector companies in India in terms of revenues and assets. We are the largest company in terms of revenues in the Tata Group, which is one of the leading business groups in India.



Our business segments are (i) automotive operations and (ii) all other operations. Our automotive operations business segment includes the design, manufacture, assembly and sale of trucks (including pick-ups) and buses having a GVW ranging from sub 1 tonne to 40 metric tonnes, passenger cars, utility vehicles and related parts and accessories, and financing business for our vehicles. Our other operations business segment includes information technology related business, construction equipment manufacturing, automotive vehicle components and supply chain activities, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for automotive and computer applications, automotive retailing and service operations, and real estate and investment businesses.

We are the largest commercial vehicle manufacturer, and the second largest manufacturer of cars and utility vehicles in India in terms of fiscal 2005 units sold. According to 2003 report of Verband der Automobilindustrie (VDA), we are also the fifth largest medium and heavy commercial vehicle manufacturer and second largest manufacturer of buses in the above 8-ton category, in the world .

In fiscal 2004 and 2005, we had total unit sales volume of vehicles manufactured in India of 314,259 and 399,566 vehicles, respectively, of which 292,213 and 369,069 vehicles were sold in India. In addition, TDCV sold 4,540 vehicles in fiscal 2005.

Overall four-wheel and above automotive vehicle market share, as classified by the Society of Indian Automobile Manufacturers, or SIAM, to include cars, utility vehicles and commercial vehicles (trucks, pick-ups and buses), in India in fiscal 2004 and 2005 was 25.2% and 26.8% respectively. We had a market share in medium and heavy commercial vehicles, or M&HCVs, in India of approximately 63.9% and 65.1% for fiscal 2004 and 2005, respectively, and have a significant presence in the compact and mid-size car market. For further details about our market shares, please see "— Competition" below.

The bus segment is transitioning and growing rapidly in the Indian market and represents a significant volume of business in international markets. Domestic customers now increasingly prefer to buy fully built buses, since it saves time and provides other benefits such as design quality, reliability and service support.

In line with our product strategy of transitioning from providing truck derived bus chassis into providing fully built bus platforms, we launched a fleet of 19 bus models under TATA Globus & Starbus brands in March 2005. Tata branded buses and coaches, available in diesel and CNG variants, with seating capacity ranging from 12 to 67 passengers are targeted for luxury, executive, low floor, school and city bus segments. A network of bus body builders was selected and developed in various parts of the country, to manufacture these buses as per our design and quality specifications.

Going forward, to offer improved bus platforms similar to those currently prevalent in Europe, we seek to shorten development time using our association with Hispano, Spain and also to develop further a strong network of bus body builders to deliver buses with superior design and comfort to meet their growing demand in India and abroad.

In India, we distribute our automotive products through 29 regional sales centers and a domestic network of over 500 independent dealer outlets. We have also established a nation-wide network of authorized after sales service centers. We distribute vehicles in South Korea through Daewoo Motor Sales Corporation, and the international sales of TDCV are through Daewoo International, Daewoo Construction and through our international vehicle distribution channel.

We operate four principal automotive manufacturing facilities that are located at Jamshedpur in eastern India, at Pune in western India, at Lucknow in northern India, and at Gunsan in South Korea. Our Indian vehicles are manufactured almost entirely from components made in India, many of which, including engines, transmissions and axles, are produced by us or our subsidiaries and affiliates with others being sourced from third party suppliers. We import only a limited number of specialized parts and components for our vehicles and specialized grades of steel. The vehicles made in South Korea are assembled primarily from Korea-manufactured aggregates and components, although some of the major aggregates are sourced from U.S. and European component suppliers. We had approximately 29,500 permanent employees, including approximately 7,000 permanent employees at our consolidated subsidiaries, as of March 31, 2005.

The Indian Economy

Real GDP at factor cost grew by 6.9% in fiscal 2005 compared to 8.5% growth in fiscal 2004 according to the Center for Monitoring Indian Economy or CMIE (Monthly Review of Indian Economy – July 2005). The decline in the growth rate was mainly due to the relatively low growth rate of 1.1% registered in the agricultural sector as a result of sporadic monsoons experienced during fiscal 2005. The industrial sector and services sectors, however, grew by 7.7% and 8.9%, respectively, during fiscal 2005, compared to 6.6% and 9.1% in fiscal 2004. Industrial growth was mainly driven by the manufacturing sector, which registered 9.2% growth during fiscal 2005 as against 6.9% growth registered in fiscal 2004.



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On a quarterly basis, the Indian economy grew 7.6% in the first quarter, 6.7% in second quarter, 6.4% in third quarter and 7% in the last quarter of fiscal 2005 according to CMIE.

The inflation rate for fiscal 2005 was 6.4%, compared to 5.5% during the previous fiscal year. An increase in international prices of crude oil and approximately a month-long strike by truck operators in the country were the key reasons for rise in the inflation rate in the economy.

In fiscal 2005 interest rates rose marginally consequent to global increases in interest rates. However, with sufficient liquidity in the monetary system and changes in the structure of financing packages we offered for vehicle purchases, there was marginal impact on the operating cost per vehicle.

Progress of Golden Quadrilateral (GQ), which is a part of the Road Development Programme in India, slowed down in the beginning of the fiscal year due to a change in the Central Government, but progressed at reasonable pace during the later part of fiscal 2005 with almost 100 kms being added per month between September 2004 and March 2005. This has resulted in 80% completion of the GQ during fiscal 2005. In addition to Phases I, II and III of the National Highway Development Programme (NHDP), the incumbent government has announced Phase IV of NHDP, which includes two-laning of 41,000 kilometers of highways not covered under the first three plans. The project execution is expected to begin during fiscal 2006 and is targeted to be completed by fiscal 2015.

Value Added Tax (VAT) was implemented throughout India, with the exception of a few states, on April 1, 2005. VAT enables set-off of sales tax paid on the inputs by traders and manufacturers against the sales tax collected by them on behalf of the government, thereby eliminating the cascading effect of taxation. Two main brackets of 4% and 12.5%, along with special brackets of 0%, 1% and 20% have been announced for various categories of goods and commodities sold in the country. Central Sales Tax, however, continues to exist, although it is proposed to be abolished in a phased manner. We expect VAT implementation to have a positive impact on us.

Effective April 1, 2005, emission standards have been upgraded to Bharat Stage III (equivalent to Euro III norms) in 11 major cities and to Bharat Stage II (equivalent to Euro II norms) in the rest of the country, with the exception of seven northern states. Implementation in these states had been postponed to October 1, 2005 due to a lack of Bharat Stage II compliant fuel. These seven states are Rajasthan, Western UP, Uttaranchal, Himachal Pradesh, Punjab, Jammu & Kashmir and Madhya Pradesh. However, the state of Rajasthan upgraded its emission standards to Bharat Stage II in the month of June 2005.

The Indian Automotive Market

The Indian auto industry is one of the largest industrial sectors in India, with a turnover that contributes to roughly 4% of India's GDP. More importantly, it directly employs over two million people and provides indirect employment to another ten million. The auto industry is important for national policy in that it contributes 19% of indirect taxes.

Until a decade ago, the auto sector in India had been a relatively protected industry with limits on the entry of foreign companies through import tariffs. Today, as part of a broader move to liberalize its economy, India has opened up the sector to foreign direct investments, and has since, progressively relaxed trade barriers. Today almost all of the major global companies are present in India producing two-wheelers and passenger cars in almost all market segments.

The liberalization of the Indian economy has created significant opportunities for growth in the Indian automotive industry. Vehicle demand in India is generally affected by:

- GDP;
- Level of industrial production;
- Agriculture Output;
- Pace of infrastructure development;
- Interest rates;
- Credit availability;
- Cost of fuel;
- Taxes and duties;
- Introduction of new vehicles and technologies;



- Competition in the market;
- Disposable income of consumers; and
- Regulations on safety and emission standards.

These factors can cause demand to vary substantially from year to year for individual categories of automotive vehicles in India.

Fiscal 2005 saw a growth of 18% in the total automotive vehicle sales in India against 29.3% growth registered in fiscal 2004. The total number of vehicles sold were 1,379,681. Tata Motors achieved a market share of 26.8% of all four-wheel vehicles sold in India in fiscal 2005.

The Indian automotive industry is in the process of integrating itself with the rest of the world and, in recent years, has been affected by government regulation aimed at reducing harmful effects on the environment, enhancing vehicle safety and improving fuel economy. These regulations have added to the cost of vehicle production.

Liberalization in the Indian automotive sector has led to increased competition as foreign global automotive industry leaders have continued to increase their presence in India. In fiscal 2002, the Indian Government released its proposed Auto Policy. This policy outlines a vision to establish a globally competitive automobile industry in India, and to double its contribution to the Indian economy by 2010. It also aims to promote integrated, phased, enduring and self-sustaining growth of the Indian automotive industry. The objectives of the policy are to:

- Promote the sector as a lever of industrial growth and employment and to achieve a high degree of value addition in the country;
- Promote a globally competitive automotive industry and emerge as a global source for automotive components;
- Establish an international hub for manufacturing small, affordable passenger cars and a key center for manufacturing tractors and two-wheel vehicles in the world;
- Ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry;
- Promote continued modernization of the industry and facilitate indigenous design, research and development;
- Steer India's software industry into automotive technology;
- Assist development of vehicles propelled by alternative energy sources; and
- Develop domestic safety and environmental standards to be at par with international standards.

We believe that we have the resources, infrastructures, strategies and technologies in place to compete effectively in the industry despite the increasing competitive pressures. In addition, we believe that our research and development initiatives, particularly the development of environmentally friendly new vehicle technologies at affordable levels for consumers, provide us with a strategic advantage as an international competitor, particularly in the developing countries of the world.

Our ability to compete internationally will partly depend on the successful implementation of our business strategy. This is subject to a number of factors, some of which are not in our control. For details on these factors, please see "Item 3D— Risk Factors".

Our Strategy

In this dynamic and competitive environment, our objective is to enhance our position and emerge as India's leading automotive manufacturer in all product categories in which we operate, as well as increasing our international reach. We intend to achieve this objective by leveraging our existing strengths and developing expertise to enable improve our performance and quality levels while maintaining the low cost advantage in vehicle manufacturing. We also plan to increase our overseas sales by developing products that will be successful in international markets as well as through acquisitions in key regions.

We believe that our strong position in the Indian automotive industry has resulted from the following factors:

- Timely introduction of new products and upgrading of existing products that meet consumer demands and incorporation of superior design, environmental and safety technologies;
- Continuing focus on high quality and low-cost manufacturing;
- Commitment to investment in research and development and sales and production infrastructure;
- Financial strength, which enables us to achieve the above objectives.



Our goal is to continue to be a market leader in the Indian automotive industry and grow to become a global automotive player. The key elements of our strategy are as follows:

Leveraging our Broad Product Range. We consider ourselves well positioned to compete across a broad range of products in the Indian automotive market due to strong brand recognition in India, our strong in-house engineering and manufacturing capabilities, extensive distribution network and understanding of local consumer preferences. We believe our acquisition of TDCV has provided us with a complementary range of heavy vehicles which will help us accelerate our strategy of building global products. We believe our stake in Hispano Carrocera, S.A. will also give us an access to bus body building technology.

We also believe that growth opportunities exist in a number of sectors of the Indian automotive market. We plan to introduce new products including a low cost car and a new global truck, upgrades and variants of our existing products and increase production of fully-built commercial vehicles while also capitalizing on the success of our recently introduced products.

Increasing the scale of operations. We intend to further strengthen our competitive advantage, build up economies of scale for us and our key vendors and diversify our revenue profile by pursuing different markets. Increasing vehicle sales volumes substantially will be the key to this strategy. We aim to increase our domestic market share through continuously upgrading and widening our current product range as well as expanding our distribution network, and supplement this with initiatives in the international markets.

Mitigating Cyclicity. We plan to expand and strengthen our operations in the light commercial vehicle and bus segments of the commercial vehicle market to seek to mitigate the impact of cyclicity faced by the medium and heavy trucks on our earnings from overall commercial vehicles.

Also, we believe that expansion into other geographic areas will help us in reducing the impact of cyclicity on our earnings.

Inorganic Growth. We acquired the truck division of Daewoo Motor Company in South Korea in fiscal 2004 and also acquired a 21% equity stake in Hispano Carrocera, S.A. We recently made an offer for acquisition of INCAT International PLC in London. We believe these acquisitions represent a major step in our corporate history and have given us complementary products and access to technology. We will continue to look for other acquisitions with a view towards achieving our goal of becoming a global automotive company.

Reducing Costs and Breakeven Points. Since fiscal 2001, we have made significant reductions in our expense base, having achieved a cumulative reduction in fixed, variable and financial expenses. This has had a direct impact on our results of operations and contributed significantly to our return to profitability in fiscals 2003, 2004 and 2005. We have initiated the second phase of a cost reduction programme in fiscal 2006 which is expected to be completed over a period of three years. We continue to place emphasis on reduction of production costs, overhead and other general costs, including by means of value engineering and manufacturing cycle time reduction and more stringent working capital controls. We will continue to work with international and local operational and management consultants to achieve continued cost reductions and management efficiencies. We believe that productivity improvements and operational efficiencies will help lower our break-even levels and thus improve our results of operations.

Continuing Focus on High Quality and Enhancing Customer Orientation. Our commitment to quality and customer service has been a significant competitive strength, and one of our principal goals is to achieve international quality standards for our entire line of products and services. Our attention to quality has enabled us to offer industry-leading warranties in India and competitive warranties in our overseas markets. In addition, we have built an extensive sales and after-sales service network, which has enabled us to provide quality customer service. In an effort toward further improving our responsiveness to market and customer service needs, we have recently undertaken Customer Relationship Management, or CRM, initiative, which is an information technology support system to enable us to better understand and service our customer requirements. We have also recently introduced a new product introduction, or NPI, initiative and a quality function deployment, or QFD, initiative, which are programs aimed at facilitating increased channels of customer feedback in order to enhance compatibility between customer preferences and our products.



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Expanding our Distribution and Service Reach. Our automotive distribution network is one of the largest distribution networks in India. Our total distribution network in India is spread across the country with over 500 outlets and is expected to further increase in line with market expansion. In South Korea we have 49 service outlets. We plan to continue to expand the reach of our network to cater to the increasing demand for our products.

Expanding Our International Business. In order to counter-balance the cyclical nature of the domestic automotive industry, we intend to focus more of our efforts on overseas markets in the future, both through organic and inorganic growth. These initiatives include focusing on key markets products, joint ventures and mergers and acquisitions that will help us make inroads into markets with high barriers of entry resulting from regulatory regimes or advanced stages of market development.

Forming Alliances. We will consider entering into alliances that offer us opportunities for growth. While we design most of the parts for our products, these alliances may also extend to alternative sources for technology, upgraded aggregates and components for our products, if required.

Enhancement of Non-Vehicle Business Revenues. We seek to continue to increase our after-market revenue from sale of replacement parts and services and sale of engineering products such as engines for marine and industrial applications, castings, forgings, production aids and toolings and fixtures.

Customer Financing. With financing increasingly becoming a critical factor in vehicle purchases and the rising aspirations of the consumers in India, we intend to significantly expand our vehicle financing activities to give impetus to our vehicle sales. Following the successful operations of Tata Motors Finance, which markets vehicle financing products, Tata Finance Limited has been merged with us with the aim to facilitate deeper market penetration, provide a wide range of products and enable better operating efficiencies.

Leveraging Our Low-Cost Product Development Capability. We will continue to leverage our strength in low cost product development. The development of our Indica passenger car from green-field to launch for an annual capacity of 234,000 cars at an estimated cost of approximately Rs.17,500 million has set a benchmark in low cost automobile product development. Our engineering research centre, or ERC, has approximately 1,500 engineers who have access to CAD/CAM/CAE applications and other support such as a crash test facility, a state-of-the-art hemi-anechoic noise and vibration test chamber, emission testing facilities and modern test tracks. We believe these facilities will help us to upgrade the quality of our products and substantially reduce new product development costs.

Enhancing capabilities through adoption of the Tata Business Excellence Model, or TBEM. The Tata Group, of which we are a part, in recognition of their values of "Leadership with Trust", has articulated a Group Purpose Statement that aims at improvement in the quality of life through leadership in various sectors of national economic significance. In pursuit of this goal, the Tata Group has decided to adopt and institutionalize an approach in order to enable it to drive performance and attain higher levels of efficiency both in its businesses and in discharging its social responsibility. Formulation and adoption of the TBEM is being used as a tool for this purpose. The model essentially aims to nurture the core values and concepts embodied in various focus areas such as leadership, strategic planning, customers, markets and human resources to be translated to operational performance. Our successful adoption and implementation of this model seeks to ensure that our business in the future can be conducted through a more systematic approach and sustainable processes. We believe this should facilitate robustness in our way of doing business, given the dynamic and demanding global business environment.

Environment Friendly and Safety Conscious. We are committed to develop products that meet existing and proposed environmental and safety regulations in India. Our vehicles are compliant with all mandated domestic regulations and also meet the more stringent emission and safety regulations in the overseas markets in which they are sold. We will continue to place a strong emphasis on the utilization of clean technologies in our manufacturing processes, so as to minimize waste products and environmental pollution. We have introduced versions of our vehicles that run using compressed natural gas, or CNG, as fuel to provide environment friendly solutions.

Continuing to Invest in Technology and Technical Skills. We believe we are one of the most technologically advanced indigenous vehicle manufacturers in India. Over the years, we have enhanced our technological strengths through co-operation with foreign research consultants as well as extensive internal research and development activities. These technical skills have given us a competitive advantage in product design, manufacturing and quality control. Our subsidiary, Tata Technologies, USA has recently announced its intention to make a cash offer at 220 pence per share (Rs.169.40 per share) for 100% of the equity shareholding of INCAT International Plc, a UK-based company listed on AIM of the London Stock Exchange. See "— Item 4. A. History and Development of the Company." We consider technological leadership to be a significant factor in continued success, and therefore intend to continue to devote significant resources to upgrade our technological base. See "— Item 4. B. Research and Development".



Maintaining Financial Strength. We have generated strong cash flows since fiscal 2002 as a result of substantial volume growth, cost reduction and prudent working capital management. As a result, we currently maintain substantial investible surplus. We believe this will provide us with flexibility in case of short-term fluctuations of future cash flows. We have embarked on economic value added, or EVA, driven project evaluation and capital investments aiming to ensure that we may recover portions of our cost of capital in a downturn and earn higher than our cost of capital in the upside years.

Leveraging Unified TATA Brand Equity. We recognize the need for enhancing our brand recognition in highly competitive markets in which we compete with internationally recognized brands. We believe the TATA brand name is associated by Indian customers with reliability, trust and value. We will continue to promote the TATA brand in India, as well as overseas where we plan to substantially increase our presence.

Automotive Operations

Our revenues from automotive operations were Rs.128,167.1 million and Rs.182,763.4 million in fiscal 2004 and 2005, respectively.

We design, manufacture and market a full range of automotive vehicles, including trucks, pick-ups, buses, utility vehicles and passenger cars. We also manufacture automotive parts, components and accessories for our own use and for resale and provide finance to our customers for purchase of our vehicles.

Our principal product line comprises:

- Passenger cars;
- Utility Vehicles (UVs);
- Light Commercial Vehicles (LCVs); and
- Medium and Heavy Commercial Vehicles (M&HCVs)

Our main market is the Indian market, which accounted for approximately 92% and 86% of our total revenues and 93% and 91% of our unit sales in fiscal 2004 and 2005, respectively.

The following tables set forth our domestic and International (including TDCV) sales of vehicles manufactured for the periods indicated together with their respective percentage shares of unit sales for those periods:

Domestic:

Category	Fiscal 2003		Fiscal 2004		Fiscal 2005	
	units	%	Units	%	units	%
Passenger Cars	79,345	37.8%	108,166	37.0%	144,827	39.2%
Utility Vehicles	24,805	11.8%	31,852	10.9%	34,249	9.3%
Light Commercial Vehicles	32,782	15.6%	48,993	16.8%	60,749	16.5%
Medium and Heavy Commercial Vehicles	73,118	34.8%	103,202	35.3%	129,244	35.0%
Total	210,050	100.0%	292,213	100.0%	369,069	100.0%

International Business:

Category	Fiscal 2003		Fiscal 2004		Fiscal 2005	
	units	%	units	%	Units	%
Passenger Cars	2,120	21.6%	8,897	40.3%	8,116	23.2%
Utility Vehicles	592	6.0%	2,196	9.9%	2,783	7.9%
Light Commercial Vehicles	3,691	37.6%	6,461	29.3%	13,504	38.5%
Medium and Heavy Commercial Vehicles	3,406	34.8%	4,521	20.5%	10,634	30.4%
Total	9,809	100.0%	22,075	100.0%	35,037	100.0%

International business includes TDCV volumes for 2 days in fiscal 2004 and for the entire year in fiscal 2005.



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Our share of the Indian four-wheel automotive vehicle market in which our products compete was 25.2% and 26.8% in fiscal 2004 and 2005, respectively. Please see “– Competition” for a breakdown of our market share by our line of products.

Passenger cars

Our current product line in passenger cars consists of compact cars and mid-size cars, which includes sedans and station wagons.

Our compact hatchback car, Indica, was launched in 1998 and an upgraded version V2 was introduced in 2001. We launched an updated facelift of the Indica V2 in January 2005. Available in both diesel and gasoline engine options, it is the country’s largest selling diesel car and is the top selling compact car in the Rs.300,000 to Rs.400,000 range. It is also amongst the three leading compact car brands overall. In 25 months since launch in the market, we sold 100,000 Indicas and by March 2005, we had sold more than 400,000 units. The Indian compact car segment of the car market, in which the Indica competes with eight other models, is the largest in the industry with a share of nearly 47%. It is among the most competitive, with a high level of entrants and more entrants likely at the high end, preparing for future entry. The Indica has a 21.3% share of the compact car segment.

Based on the Indica platform, we introduced a mid-size sedan, the Indigo, in fiscal 2003. Since its launch, the Indigo has been one of the lowest priced entry-level sedans in the market in India and is the highest selling entry mid-size car in the Indian market. We sold approximately 75,000 units of the Indigo from its launch in December 2002 through March 31, 2005. We launched our first station wagon, the “Marina” in September 2004, and the vehicle has shown strong performance since its launch. The Indigo range of vehicles have 31% share in this market category among seven manufacturers offering 13 models.

In fiscal 2005 our domestic market share in passenger cars was 17.7%. All our vehicles in this category conform to the applicable emission standards in the country and are also available for international markets.

Our car plant achieved the landmark of rolling out its 500,000th car in February 2005. The expansion activities at the car plant are now complete and the facility has capacity to produce over 700 cars per day.

The main specifications of our principal passenger car models are shown below:

<u>Model</u>	<u>Engine</u>	<u>Technical Specifications</u>	<u>Features</u>	<u>Seating Capacity</u>
Tata Indica V2	1405 cc indirect injection diesel engine, 53.5 hp, or 1405 cc MPFI gasoline engine, 75 hp. Both Euro II compliant.	5 speed gear box; power steering; independent front and rear suspension.	Collapsible steering column, side impact bars on doors, child safety locks on rear doors. Air conditioning system, body color bumpers.	Five
Tata Indigo	Turbo-charged, 1405cc indirect injection diesel engine 62 hp, or 1405cc MPFI Petrol engine, 85 hp. Both Euro II compliant.	5 speed gear box; power steering; independent McPherson strut with anti-roll bar, rack and pinion type steering.	Collapsible steering column, side impact bars on doors, air conditioning system, central locking, child safety lock, driver’s seat belt/door open audio warning signal, high mounted stop lamp, anti-submarine front seats, remote release for fuel and trunk lid.	Five
Indigo Marina	Turbo-charged, 1405cc indirect injection diesel engine 62 hp, or 1405cc MPFI Petrol engine, 85 hp. Both Euro II & III compliant.	5 speed gear box; power steering; independent McPherson strut with anti-roll bar, rack and pinion type steering.	Collapsible steering column, side impact bars on doors, air conditioning system, central locking, child safety lock, driver’s seat belt/door open audio warning signal, high mounted stop lamp, anti-submarine front seats, remote release for fuel and trunk lid.	Five



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Page 1 of 1

Utility Vehicles

The utility vehicle market is the third largest of the Indian car market, after the compact and the mini car segments. We and other car makers launched various premium SUVs in this category during the year, and it continues to be dominated by three major market players, including Tata Motors Limited. Our utility vehicles also recorded their best sales in the last six years in fiscal 2005, at 34,249 units, representing a growth of 8% compared to fiscal 2004. (Market share stood at 19.4%). Our Sumo utility vehicle, first introduced in 1994, is available in different seating options from 8 to 13 in different variants, including the Spacio, and for a variety of urban, semi-urban and rural applications. In July 2005, we launched the Sumo Victa, a facelift version of Sumo. The Safari continues to be the leader among Indian utility vehicles in the JD Power APEAL survey.



All our vehicles in this category conform to Euro II and III emission norms and are also available for our international markets. The main specifications of our principal utility vehicle models are shown below:

<u>Model</u>	<u>Engine</u>	<u>Technical Specifications</u>	<u>Features</u>	<u>Seating Capacity</u>
Tata Sumo SE+	483 DL, 1948cc, 4 cylinder 68 hp diesel	5 speed G-76 gear box, independent front suspension and parabolic leaf spring rear suspension, vaccum assisted hydraulic dual circuit brakes	15" radial tyres, 65 litre fuel tank, anti-roll bar	Ten
Tata Spacio	497 SP, 2956cc, Direct Injection 65 hp diesel	5 speed G-76 gear box, independent front suspension and parabolic leaf spring rear suspension, vaccum assisted hydraulic dual circuit brakes	16" radial tyres providing higher ground clearances, 65 litre fuel tank, anti-roll bar	Ten
Tata Sumo Victa GX	483 DL, 1948cc, 4 cylinder 68 hp diesel	5 speed G-76 dual synchro gear box, independent front suspension and parabolic leaf spring rear suspension, vaccum assisted hydraulic dual circuit brakes, power steering	15" radial tyres, 65 litre fuel tank, dual control split air conditioning system, central locking, power windows, keyless entry, decals	Ten
Tata Safari EX+	483 DL, 1948 cc turbo charged diesel engine Euro II compliant, 90 hp	5 speed G-76 gear box, independent front suspension, electric shift-on-the-fly 4WD mechanism (4x4 version), power steering, collapsible and tiltable steering column. Tachometer, front and rear fog lamps.	Dual control split air conditioning system, central locking, child safety lock, rear windscreen wiper and washer. Alloy wheel rims (4x4), power windows, energy absorbing front and rear bumpers, door open warnings, immobilizer, lumbar support and contoured seats, aluminium side step, reading lamp, decals, bull guard	Eight
Tata Safari Ex _i	486 PL, 2092 cc, MPFI Petrol, DOHC 16V, Euro II compliant, 135 hp	5 speed G-76 gear box, independent front suspension, electric shift-on-the-fly 4WD mechanism (4x4 version), power steering, collapsible and tiltable steering column. Tachometer, front and rear fog lamps.	ABS, airbags (driver and co-dirver) dual control split air conditioning system, central locking, child safety lock, rear windscreen wiper and washer. Alloy wheel rims (4x4), power windows, energy absorbing front and rear bumpers, door open warnings, immobilizer, lumbar support and contoured seats, aluminum side step, reading lamp, decals, bull guard.	Eight



Our international business continues to be an important area of focus. During fiscal 2005, 10,899 passenger cars and utility vehicles were exported. While the export of CityRover to MG Rover was halted after MG Rover was placed under administrative proceedings, exports of Tata-branded vehicles grew by over 100% during fiscal 2005, compared to the previous year. Entry into other export markets has accelerated and several new export specific products have been launched in various overseas markets. Sales of products have commenced in South Africa, Algeria and Turkey. The Company also unveiled the Tata Xover at the 75th Geneva Auto Show.



Light Commercial Vehicles (including pick-ups)

Under SIAM classifications, commercial vehicles with a GVW of up to 7.5 metric tonnes are classified as light commercial vehicles, or LCVs. We are the leading LCV manufacturer in India.

For fiscal 2005, our LCV sales accounted for approximately 50.7% of the domestic unit sales of LCVs by all Indian manufacturers.

Industry sales of LCVs reached an all time high in fiscal 2005, largely due to continuing strength in the pick-up segment. We achieved a market share of 38.1% in the pickup market segment in fiscal 2005. Customised pick-ups were also produced as a part of our endeavour to provide end-to-end transport solutions to specific customers.

During the fiscal year, we established additional manufacturing facilities with an annual capacity of 30,000 units of the new sub 1 ton payload mini truck – Tata Ace. Tata Ace was launched in May 2005 and has received a positive response from media and the market. We also launched a range of LCV buses under TATA Globus & Starbus brands in March 2005.

The following table sets forth details of our principal range of LCVs together with their principal specifications and typical uses:

<u>Model</u>	<u>Engine</u>	<u>Transmission</u>	<u>GVW</u>	<u>Typical Uses</u>
<u>Goods Carrier</u>				
TATA 407	Tata 497SP turbo, direct injection, 4 cylinder 71 hp diesel engine	5 speed GBS-18 synchromesh	5,300 kg	Trucks, goods carriers, vans, passenger carriers
TATA SFC 407EX	Tata 497SP turbo, direct injection, 4 cylinder 71 hp diesel engine	5 speed GBS-18 synchromesh	5,700 kg	Trucks, goods carriers, vans, passenger carriers
TATA 709 EX Turbo	Tata 497 turbo intercooled, 4 cylinder 90 hp diesel engine	5 speed GBS-27 synchromesh	7,250 kg	General goods, couriers, white goods, packaged goods, containers, passenger carriers
TATA SFC709 EX Turbo	Tata 497 turbo intercooled, 4 cylinder 90 hp diesel engine	5 speed GBS-27 synchromesh	7,450 kg	General goods, couriers, white goods, packaged goods, containers, passenger carriers
TATA 207 DI	Tata 497SP, direct injection, 4 cylinder 65 hp diesel engine	5 speed G-76 synchromesh	2,820 kg	Passenger carriers, pick-up trucks
TATA 207DI Euro II single Cab and Crew Cab	Tata 497SP, direct injection, 4 cylinder 65 hp diesel engine	5 speed GBS-76 synchromesh	2,820 kg	General goods, couriers, white goods, packaged goods, final leg distribution vehicle, crew cab.
TATA ACE (BS II & III)	TATA - 275 IDI, 4 stroke, 16 HP, 2 cylinder, Indirect Injection diesel engine	4 forward (Synchromesh) GBS 65 with 1 reverse (Sliding mesh)	1,550 kg	Small bulky loads, large light loads, final leg distribution vehicle for use in small cities and towns

Passenger Carrier

<u>Model</u>	<u>Engine</u>	<u>Transmission</u>	<u>Seating Capacity</u>	<u>Typical Uses</u>
Globus 18	90 PS diesel engine	GBS 27	18	Luxury Coach
Starbus Skool 17	75 PS diesel engine	GBS 18	17	School bus
Starbus Dlx 20	71.3PS diesel engine	GBS 18	20	Deluxe bus
Starbus Dlx 28	90 PS diesel engine	GBS 27	28	Deluxe bus
Starbus 16	58.5 PS diesel engine	GBS 18	16	City bus
Starbus 18	68 PS diesel engine	GBS 18	18	City bus
Starbus 20	58.5 PS diesel engine	GBS 18	20	City bus
Starbus Skool 32	90 PS diesel engine	GBS 27	32	School bus
Starbus 32	90 PS diesel engine	GBS 27	32	City bus



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Medium and Heavy Commercial Vehicles

Under SIAM classifications, commercial vehicles with a GVW above 7.5 metric tonnes are classified as medium and heavy commercial vehicles, or M&HCVs. We are the leading M&HCV manufacturer in India.

In fiscal 2005, our M&HCVs achieved a market share of approximately 65.1% of the domestic unit sales of M&HCVs by all Indian manufacturers.

Our M&HCVs have a wide range of applications, in particular for long haul and container traffic movement and use on rough terrain, and are generally configured as trucks, tippers, buses, tankers, tractors or concrete mixers. We offer three engine options in this range - 697 (developed in-house), Cummins 6BT and CNG. All our M&HCV models comply with emission regulations as applicable in India or international markets in which they are sold.

We launched a fleet of fully built M&HCV coaches and buses under the TATA Globus & Starbus brands in March 2005. This launch was probably the largest in terms of range of products at one time by any commercial vehicle manufacturer of the world. These ultra modern fully built coaches and buses set new benchmarks in safety and comfort of road travel in India. We also launched new trucks in the twenty five tonne and nine tonne category with enhanced features.

The product range of TDCV includes cargo and dump trucks, mixers, tractor trailers and special purpose vehicles with engine power range from 215 HP to 400 HP. TDCV recently launched its new "Novus" line of M&HCVs featuring a high performance Euro III compliant electronic engine, a new-look cabin, other convenience and safety features.

The following table sets out details of our principal range of M&HCVs together with their principal specifications and typical uses:

<u>Model</u>	<u>Engine</u>	<u>Transmission</u>	<u>GVW</u>	<u>Typical Uses</u>
Goods Carrier				
TATA LPS 3516 TC EX	Cummins 6 BT TCIC B 5.9, 6 cylinder, turbo charged, inter- cooled 156 hp diesel engine	6 speed TATA GBS-600 synchromesh	35,200 kg when coupled with a 2-axled trailer	Containers, tankers, and general goods carrier
TATA LPT 2515 TC EX 6x2	Cummins 6 BT TC B 5.9, 6 cylinder, turbo charged, 137 hp diesel engine	6 speed TATA GBS-600 synchromesh	25,000 kg	General goods, tankers, containers, cement
TATA LPT 1613 TC EX	Cummins 6 BT TC B 5.9, 6 cylinder, turbo charged, 122 hp diesel engine	5 speed TATA GBS-40 synchromesh	16,200 kg	General goods, cement, tankers, food grains, fertilizer, fruits, vegetables
TATA LPT 1613	TATA 697 TC turbo charged, 6 cylinder, 129 hp diesel engine	5 speed TATA GBS-40 synchromesh	16,200 kg	General goods, cement, tankers, food grains, fertilizer, fruits, vegetables
Novus Euro -III 10x4	Cummins 420/PS 415	ZF automatic 16 speed	38,660 kg/ 38,260 kg	Long haulage cargo
Cargo				
Novus Euro -III 6x4 Tractor	PS DV 11 Daewoo 415 PS Cummins / 420 PS DV11 Daewoo	ZF 16 speed ZF, automatic option	40,000 kg	Bulk cargo Containers, bulkers, Tankers, steel coils
Novus Euro -III 6x4 Dump/Tipper truck	320 PS DL 08 Daewoo / 380 PS DV 11 Daewoo	6 speed Tongil, 10 speed option	26,010 kg	Construction sites
Novus Euro -III Mixer	320 PS DL 08 Daewoo / 380 PS DV 11 Daewoo	6 speed Tongil, 10 speed option	25,375 kg	Ready concrete mix
Passenger Carrier				
<u>Model</u>	<u>Engine</u>	<u>Transmission</u>	<u>Seating Capacity</u>	<u>Typical Uses</u>
Globus 45	157 HP diesel engine	G 660	45	Intercity Luxury Coach
Starbus Skool 52	100 HP diesel engine	GBS 40	52	School bus
Starbus Low Floor	100 HP diesel engine	G 600	44	City bus
Starbus 54	100 HP diesel engine	GBS 40	54	City bus
Starbus 67	100 HP diesel engine	G 600	67	City bus



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Engines, Spare Parts and Other Products

We manufacture spare parts for our vehicles. We also utilize our spare capacity for manufacturing engines for marine and industrial applications. During fiscal 2004 and 2005, we sold 5,025 and 5,623 units of these engines, respectively. Since 2001, Cummins Engine Company, USA has also used our engines for power generating and industrial applications through its Indian venture, Cummins India Ltd.

Production

Our principal automotive production facilities are located in Pune in Western India, Jamshedpur in Eastern India, and Lucknow in Northern India, which we believe provides us with a good geographical spread to cater to every major region in the country. In the Pune plant we make all our products, the plant at Jamshedpur manufactures and assembles primarily M&HCVs, and at Lucknow we assemble commercial and utility vehicles. We also have a M&HCV assembly plant in Gunsan, South Korea.

We produced 311,542 and 400,941 vehicles in India in fiscal 2004 and 2005, respectively. In addition, TDCV produced 4,567 vehicles in fiscal 2005.

We have been implementing management and production reforms with the assistance of international consultants, with a view to creating a significant reduction in the through-put time for the various manufacturing activities performed within our plants. These techniques are intended to help in optimization of work flows and rationalization of work processes, thereby improving manufacturing system efficiency.

Sales and Distribution of Vehicles

Our automotive sales distribution network in India is comprised of our 29 regional offices, 36 sub-regional offices and over 500 dealer outlets. We have six company-owned dealerships, including those owned by consolidated subsidiaries, while the rest of the dealers are independent, most of whom are exclusive dealers for our vehicles. We believe that this is the largest distribution network for automobiles in India. We believe that our distribution network has been a key factor in our success in the domestic market. We deploy different sales channels for the distribution of our vehicles. In addition to the dealer outlets, we also have a strong after sales service network comprising over 650 authorized service centers.

A substantial number of our vehicles are sold directly to dealers from our regional sales offices. We provide cash incentives to better performing dealers. We sell government and military vehicles as well as a small number of other vehicles directly to customers.



End-user purchases of our vehicles from dealers are generally financed by third-party sources, including banks, development financial institutions and private finance companies. Although most end-user financing is provided by third parties, we also provide credit through financing channels to end-user purchasers through our dealers who act as our agents. For fiscal 2004 and 2005, approximately 8% and 9%, respectively, of our vehicle sales were made through hire purchase terms where we provided the credit. These credit sales are made on secured terms with a cash down payment of between 10% to 25% by the purchaser, followed by monthly installment payments for up to 36 months. Credit provided by us to end-user purchasers is extended on prevailing market terms which are at a margin over our marginal cost of borrowing and cost of operations. Until the final payment, we retain title to vehicles sold on a credit basis and are entitled to repossess them in case of default in payments. We actively pursue collection of overdue amounts, including through repossession where necessary. We have a contractual 15% recourse to the relevant dealer for any uncollected amounts. Total finance receivables outstanding as at March 31, 2004 and 2005 amounted to Rs.8,397.0 and Rs.20,054.8 million, respectively, of which Rs.120.7 million and Rs.129.6, respectively, were considered doubtful.

We have also started an information technology initiative designed to enable, distributors and us to share a common database of customers and sales and service information. This system has been already deployed across a few dealerships and service stations and its deployment at other locations nationwide is underway.

We have company-owned sales and service outlets in Bhubaneshwar, Delhi and Mumbai and our consolidated subsidiary, Concorde Motors (India) Ltd., runs dealership operations in Chennai, Hyderabad and Bangalore and the Union Territory of Pondicherry. These dealerships have been patterned to meet international benchmarks and are intended to serve as model dealerships for our other dealers. We have 24-hour service centers and have established a maintenance plan called “Sampoorna Seva”, meaning “complete service”, pursuant to which we enter into annual maintenance contracts with vehicle owners. We use a network of service centers on highways and a toll free Customer Assistance Centre for providing 24-hour on-road maintenance (including replacement of parts) to vehicle owners. We believe that the reach of our service and maintenance network provides us with a significant advantage over our competitors.

Competition

We face competition from domestic automotive manufacturers across our product lines. In addition, many foreign automotive manufacturers have increased or are expected to increase their participation in the Indian market through technology transfers, joint ventures or subsidiaries.

Our vehicles are designed specifically for the Indian market, catering to specific customer needs such as safety, driving comfort, fuel efficiency and durability. They are suited to general conditions of Indian roads, the local climate and overloading practices, and are environmentally friendly. We also offer a wide range of optional configurations to meet the needs of our customers. We intend to upgrade and widen our product range in order to meet the increasing customer expectation of “world class” products. We believe that our extensive research and development activities have been a major contributor to the success of our newer models. See “Research and Development” below.

We believe that our extensive distribution network and our wider product range provide us with a competitive advantage. We have been able to improve our market share in the product categories that we compete in from 23.4% in fiscal 2003 to 25.2% in fiscal 2004 and 26.8% in fiscal 2005.

The following table sets forth, for each of the periods indicated, our domestic market share for each of the categories presented, based on the classification used by and data provided by SIAM in its March 2004 and 2005 Flash Reports on Production and Sales:

Category	Fiscal 2003	Fiscal 2004	Fiscal 2005
Passenger Cars	14.7%	15.5%	17.7%
Utility Vehicles	21.8%	22.0%	19.5%
Light Commercial Vehicles	43.4%	49.6%	50.7%
Medium and Heavy Commercial Vehicles	63.5%	63.9%	65.1%
Total Four - Wheel Vehicles	23.4%	25.2%	26.8%



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Page 1 of 2

The following table sets forth the Indian automotive industry unit sales (including exports from India) of four-wheel vehicles for the periods indicated. Our market share data presented elsewhere in this document relates to domestic sales only:

Manufacturer	Fiscal 2003	Fiscal 2004	Fiscal 2005
Passenger Cars			
Tata Motors Ltd	81,465	117,063	152,943
Daimler Chrysler India Pvt. Ltd	1,109	1,640	1,785
Fiat India Pvt. Ltd	25,936	10,428	5,407
Ford India Ltd	42,943	45,035	47,470
General Motors India Ltd	8,240	17,807	15,649
Hindustan Motors Ltd	17,882	14,900	14,618
Honda Siel Cars India Ltd	13,383	20,550	35,833
Hyundai Motor India Ltd	112,496	171,587	223,923
Maruti Udyog Ltd	306,539	408,148	464,825
SkodaAuto India Pvt Ltd	n/a	3,712	7,269
Toyota Kirloskar Motor Pvt Ltd	1,761	10,663	10,873
Total	611,754	821,533	980,595
Utility Vehicles (UVs)			
Tata Motors Ltd	25,397	34,048	37,032
Bajaj Tempo Ltd	4,107	6,751	6,814
Ford India Ltd	0	688	2,414
General Motors India Ltd	52	179	13,523
Hindustan Motors Ltd	1,041	882	319
Honda Siel Cars India Ltd	—	—	1,643
Hyundai Motor India Ltd	0	318	316
Mahindra & Mahindra Ltd	52,203	69,638	81,229
Maruti Udyog Ltd	3,471	3,631	5,290
Toyota Kirloskar Motor Pvt Ltd	28,542	31,886	32,268
Total	114,813	148,021	180,848
Multi Purpose Vehicles (Van type)			
Mahindra & Mahindra Ltd	240	99	91
Maruti Udyog Ltd	52412	60,387	66,169
Total	52652	60,486	66,260
Total Passenger Vehicles	779,219	1,030,040	1,227,703
Commercial Vehicles (CVs)			
Medium & Heavy Commercial Vehicles			
Tata Motors Ltd	76,524	107,694	135,338
Ashok Leyland Ltd	35,807	47,849	54,370
Eicher Motors Ltd	6,257	9,425	15,678
Hindustan Motors Ltd	60	12	12
Swaraj Mazda Ltd	1,862	3,929	5,580
Tatra Trucks India Ltd	138	132	171
Volvo India Pvt Ltd	430	418	904
Total	121,078	169,459	212,053
Light Commercial Vehicles			
Tata Motors Ltd	36,473	55,454	74,253
Ashok Leyland Ltd	637	647	399
Bajaj Tempo Ltd	5,545	8,239	6,346
Eicher Motors Ltd	6,459	6,460	7,327
Hindustan Motors Ltd	2,041	689	476
Mahindra & Mahindra Ltd	24,442	30,306	40,768
Swaraj Mazda Ltd	6,239	6,349	6,766
Total	81,836	108,144	136,335
Tata Motors Total	219,859	314,259	399,566
Industry Total	982,133	1,307,643	1,576,091



Please note, our numbers do not include Sales of TDCV.



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Seasonality

Demand for our vehicles is subject to seasonal variations. The peak seasons are between January and March, although there is a dip in February just before release of the Indian Fiscal Budget, which usually recovers in March after the Budget is announced. Demand is usually lean from April to July and picks up again in September with a dip in December due to the change of the manufacturing year.

International Business

Substantially all of our manufacturing and sales and distribution facilities are located in India. In fiscal 2004 and 2005, approximately 92% and 86%, respectively, of our revenues were derived from the Indian market.

Over the years, we have received more than 50 awards from the Engineering Export Promotion Council, the Government of India and the State Government of Maharashtra for our export initiatives.

Our exports of vehicles manufactured in India increased by 38% in fiscal 2005 to 30,497 units, compared to an increase of 125% representing 22,046 units in fiscal 2004. Passenger car exports were marginally impacted during the fiscal year as a result of MG Rover being placed in administration proceedings. However, there was an over 100% increase in exports of passenger cars other than to MG Rovers during the fiscal year.



The following table sets forth for the periods indicated, our principal export sales of vehicles manufactured in India by unit and the break-down, in percentages, of those sales:

	Fiscal 2003		Fiscal 2004		Fiscal 2005	
	(units)	(%)	(units)	(%)	(units)	(%)
Passenger Cars	2,120	21.6	8,897	40.4	8,116	26.6
Utility Vehicles	592	6.0	2,196	10.0	2,783	9.1
Light Commercial Vehicles	3,691	37.6	6,461	29.3	13,504	44.3
Medium and Heavy Commercial Vehicles	3,406	34.7	4,492	20.4	6,094	20.0
Total	9,809	100.0	22,046	100.0	30,497	100.0

In addition, TDCV sold 4,540 vehicles during fiscal 2005 and introduced vehicles in new markets like South Africa and the Middle East.

During fiscal 2005, 35.6% of our commercial vehicles were exported to South East and Central Asia, 26.9% to Africa and another 26.5% to West Asia. Europe and other countries accounted for the remaining 11.0% of the export unit sales of commercial vehicles. The growth in commercial vehicle exports was driven by our light commercial vehicles, which increased by approximately 109% during fiscal 2005 compared to fiscal 2004.

43.3% of our passenger vehicles were exported to Europe and another 43.1% to Africa during fiscal 2005. The remaining 13.6% of the passenger vehicles were exported to South East Asia, Central Asia, West Asia and other countries. While passenger car exports declined by 9% in export volumes, the utility vehicle exports increased by 27% during fiscal 2005.

As a part of our strategy to expand our global operations, we successfully launched vehicles in new markets like South Africa and strengthened our presence in existing markets like Turkey by introducing new products. We exported 5,770 vehicle units during fiscal 2005 to South Africa, out of which approximately 50% were passenger cars. Passenger cars were also launched in Turkey towards the end of fiscal 2005. We are exploring the possibility of entering new export markets such as Russia, Senegal, China and other markets.

We distribute vehicles in international markets through a network of distributors. These distributors in turn appoint local dealers who are familiar with the local market conditions in their respective countries.

We have also stationed overseas resident sales and service representatives in various countries to oversee our operations in their respective territories. The dealers appointed in various countries are responsible for the after-sales service needs of the local customers. We are working on initiatives to enhance the penetration and reach of our international business through expansion of our sales and service network in our international markets.

We distribute vehicles in South Korea through Daewoo Motor Sales Corporation, and the international sales of TDCV are through Daewoo International, Daewoo Construction and through our international vehicle distribution channel. We also have 49 service centers and distribute parts through 89 outlets in South Korea.

Integration of Tata Daewoo Commercial Vehicle Co. Ltd., Korea

Tata Daewoo Commercial Vehicle Company Limited, Korea (TDCV), which we acquired last year, doubled its export volumes to 874 vehicles and maintained its overall sales at 4,540 vehicles, despite a decline in the Korean commercial vehicle market due to a slowdown in the economy. TDCV increased its market share from 25.5% to 29.1% in the Korean market by improving product quality and customer satisfaction. During the year, TDCV successfully launched TATA Novus, a safe, reliable and environment friendly Euro III truck, in the Korean market, where it is competing well with established brands. TDCV also participated in the Gunsan International Auto Parts and Ancillary show in South Korea.

Investment in Hispano Carrocera, S.A. Spain (Hispano)

Hispano is a leading manufacturer of bus and coach bodies. Hispano designs, develops and commercially produces bodies for buses and coaches in collaboration with the leading industrial vehicle manufacturers. The company has collaborated with Pininfarina, a leading Italian automobile engineering company to provide superior design and technology for their range of buses and coaches. Hispano manufactures City Buses and Intercity & touring coaches and enjoys a market share of 25% in the bus market in Spain.



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Hispano, with its design and development capabilities in manufacturing bodies for high end buses, we believe will complement our current range of light and medium commercial passenger carriers. We believe this investment will also help to increase our presence in the international bus market.

We have acquired a 21% equity stake in Hispano, with an option to acquire the remaining 79% over the next five years. To date, we have invested Euros 12 million in Hispano. We will also enjoy the brand rights of Hispano.

Research and Development

Our research and development activities segment focus on environmental technologies, vehicle safety, and product development. Through our Engineering Research Centre, or ERC, which is one of the few government recognized in-house automotive research and development centers in , we have been able to design, develop and manufacture our own range of vehicles. The most significant achievement of the ERC has been the design and development of our compact car, the Indica, which is India's only indigenous compact car. The ERC also designed our mid-size car, the Indigo, which was introduced in December 2002 and has been the market leader in the mid-size market segment in India. We strengthened our position in the Indian commercial vehicle market through the introduction of an improved range of EX series of light, medium and heavy trucks and buses as well as a newly launched pick-up in fiscal 2003. We are currently working on designing a truck that will enable us to achieve our objective of selling trucks in global markets. Our acquisition of TDCV is expected to provide advantages in the development of this global truck. We are also working on the development of a low cost car for the Indian market. ERC is currently working on various new products to be introduced by Tata Motors in the future.

Some of the development facilities used by our ERC are unique to the Indian auto industry. We are the only automotive company in India, which has a modern crash test facility where new products are tested for passenger safety. Our ERC also has a hemi-anechoic chamber testing facility which lowers noise and vibration levels in vehicles and engine emission testing facilities to develop products which are able to meet international quality standards.

Our ERC functions in a state-of-the-art computer-aided design, or CAD, manufacturing environment. Engineers using CAD systems are able to develop new vehicle models and also bring about improvements in existing vehicles and components. New tools are also designed using our CAD systems, and all of these design functions are electronically linked to component and tooling facilities for cutting body panel dies and making other structural components. Our subsidiary, Tata Technologies Limited, has also developed software for various automotive and other applications, which is used for our own applications and is also sold to third parties such as IBM, General Motors and DaimlerChrysler.

ERC has approximately 1,500 employees. Over the years, we have devoted significant resources towards our research and development activities. Our total expenditure on research and development during fiscal years 2003, 2004 and 2005 was Rs.1,536.2 million, Rs.1,282 million and Rs.2,532.4 million respectively. Our recent acquisition and incorporation of a subsidiary is also aimed at strengthening our ERC capacities. See "— Item 4.A. History and Development of the Company".

Intellectual Property

We have 54 trademarks registered in India and approximately 137 trademark applications which are currently pending registration. In addition to this, our significant trademarks are registered, or are in the process of being registered, in nearly 116 countries. We currently hold approximately 777 of these registrations worldwide. The registrations mainly include trademarks for each of our vehicle models. Further, we also use the "Tata" brand, which has been licensed to us by Tata Sons Limited. See "— Item 4.C. The Tata Group". As part of our acquisition of Tata Daewoo Commercial Vehicle Co. Ltd., we have the perpetual and exclusive use of the "Daewoo" brand and trademarks in Korea and overseas markets for the product range of TDCV. TDCV holds South Korean trademark registrations for 14 utility models and five designs.



India is a member of the World Trade Organization. In compliance with its obligations under the Agreement on Trade Related Aspects of Intellectual Property, or TRIPS, India grants statutory protection to various forms of intellectual property, including patents, copyrights, industrial designs and trademarks. The Trade Marks Act, 1999 and the Copyright Act, 1957, as amended, which are currently in force in India, are TRIPS compliant. The Patents Act, 1970, as amended, to the extent that it relates to our business and operations, provides adequate product and process patent protection in India in accordance with its obligations under TRIPS. The United States has placed India on its "priority watch list" under Section 301 of TRIPS for failing to provide adequate levels of protection for intellectual property rights. Although we have never experienced any material difficulties in protecting our brands and other intellectual property in India, the protection and enforcement of intellectual property rights in India has not been and may not be as effective as in the United States.

We currently own two patents and have 17 patent applications pending registration in India. These patents are mostly in relation to devices which enable efficient functioning, such as energy saving devices. Our most significant patent, which is currently in the process of being registered, is a portable device for measurement of head impact points in a vehicle. In addition, TDCV holds 9 patents in South Korea and 2 patent applications are currently pending registration.

In addition to the above we also have various copyright and Internet domain name registrations.

Other than the Tata Brand, we do not consider any one or group of our trademarks, brands or patents to be so important that their expiration or termination would materially affect our business.

Other Operations

In addition to automotive operations, we are involved in a number of other business activities. Net revenues from these activities totaled Rs.11,528.6 million and Rs.15,623.6 million in fiscal 2004 and 2005, respectively, representing approximately 8.3% and 7.9%, respectively, of our total revenues. The most significant of our other operations are information technology services, auto components and construction equipment.

Construction Equipment

Telco Construction Equipment Co. Ltd., an 80%-owned subsidiary is a joint venture with Hitachi Construction Machinery Co. Ltd., Japan, which holds the remaining 20%. It makes construction and related equipment such as cranes, hydraulic excavators, loaders and articulated dump trucks.

Information Technology Services

Tata Technologies Ltd., or TTL, our 94.6% owned subsidiary provides information technology services to several clients across India and overseas on its own, as well as through its wholly-owned subsidiary, Tata Technologies, USA. TTL has implemented the SAP Enterprise Resource Planning, or SAP ERP, system across Tata Motors and several other companies.

In the first week of September 2005, our subsidiary, Tata Technologies, USA made a cash offer at 220 pence per share (Rs.169.40 per share) for 100% of the equity shareholding of INCAT International PLC, a UK-based company listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Both TTUS and INCAT provide engineering and design services and PLM (product lifecycle management) products and services, primarily to manufacturers and their suppliers in the international automotive, aerospace and engineering markets.

Auto Components

Our subsidiary, Tata AutoComp Systems Ltd., promotes auto component joint ventures with global component manufacturers. In addition, our wholly-owned subsidiaries, HV Axles Ltd., and HV Transmissions Ltd., manufacture heavy axles and heavy transmissions primarily for our own requirements.



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Components and Raw Materials

Our vehicles manufactured in India are manufactured almost entirely from components made in India, a large proportion of which are sourced from a well-established network of suppliers, many of whom provide advanced component technologies. We import only a limited number of specialized parts and components and specialized grades of steel. Our Korean-manufactured vehicles at TDCV are assembled primarily from Korea-manufactured aggregates and components, although some of the major aggregates are also imported from U.S. and European component suppliers.

We have recently undertaken an e-commerce initiative through the development of a business-to-business site with the assistance of our subsidiary, Tata Technologies Limited, for electronic interchange of data with our suppliers. This has enabled us to have real time information exchange/processing to manage our supply chain effectively. We use external agencies as third party logistic providers. This has resulted in space and cost saving by transferring a part of our inventory to a third party.

The principal raw materials and components required by us for use in our vehicles are steel sheets and plates, castings, forgings and items such as tires, batteries, electrical items and rubber and plastic parts. The raw materials, components and consumables that are domestically sourced include steel (sheet-metal, forgings and castings), tires and tubes, batteries, fuel injection systems, air-oil filters, consumables (paints, oils, thinner, welding consumables, chemicals, adhesives and sealants) and fuels. We also require aggregates like axles, engines, gear boxes and cabs for our vehicles, which are manufactured by our subsidiaries and affiliates.

As part of our strategy to become a low-cost vehicle manufacturer, we have undertaken various initiatives to reduce our fixed and variable costs including an e-sourcing initiative started in 2002 through which we procure some supplies through reverse auctions. We have established a procedure for ensuring quality control of outsourced components. Products purchased from approved sources undergo supplier quality improvement process. We also have a program for assisting vendors from whom we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery. Preference is given to vendors with QS-9000 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance and ongoing dialogue with workers to reduce production errors. Further, in April 2003, we established a Strategic Sourcing Group to consolidate, strategize and monitor our supply chain activities with respect to major items of purchase as well as major inputs of technology and services. The Strategic Sourcing Group is responsible for recommending for the approval of the Management Committee the long-term strategy and purchase decision for these items, negotiation and relationship with vendors with regard to these items, formulating and overseeing our purchasing policies, norms in respect of all items, evolving guidelines for vendor quality improvement, vendor rating and performance monitoring and undertaking company-wide initiatives such as e-sourcing and supply chain management/policies with respect to vehicle spare parts. We are also exploring opportunities for global sourcing of parts and components from lower cost countries, and have embarked on a vendor management program that includes vendor base rationalization, vendor quality improvement and vendor satisfaction surveys.

Domestic Suppliers

We have chosen to outsource manufacturing of many components. In these instances we have been actively involved in providing training to outside suppliers and we often design and manufacture the tooling and fixtures employed by those suppliers.

Tata AutoComp Systems Ltd. encourages the entry of internationally acclaimed auto component manufacturers into India by setting up joint ventures with them and also manufactures plastic components. Some of these joint ventures include: Tata Johnson Controls Limited for seats, Knorr Bremse Systems for Commercial Vehicles India Private Limited for commercial vehicle air brakes, Tata Yazaki Autocomp Limited for wiring harnesses, JBM Sungwoo Limited for pressed components and Tata Toyo Radiators Limited for radiator assemblies. These joint ventures act as our suppliers.

Foreign Suppliers

We import some components that are either not available in the domestic market or when equivalent domestically-available components do not meet our quality standards. Imported components include those that are required to be fitted on vehicles manufactured for export markets to meet foreign regulations, such as air intake valves, fog lamps and also for MPFI kits/catalytic converters to meet the emission norms. We also import products to take advantage of lower prices in foreign markets, such as special steels.



The following table shows the imported and indigenous raw material and components consumed by us for the periods indicated:

Description	Value of Raw Material and Components Consumption For the Year Ended March 31,					
	2003		2004		2005	
	Rs. millions	%	Rs. millions	%	Rs. millions	%
Imported (at rupee cost)	2,394	4.2	3,818	4.6	7,268	5.7
Indigenously obtained	54,695	95.8	80,159	95.4	120,179	94.3
Total	57,089	100.0	83,977	100.0	127,447	100.0



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Capital and Product Development Expenditures

During fiscal 2005, our capital expenditure was Rs.9,162.5 million. This expenditure was incurred mainly towards investment in capacity expansion and new product development. Some investment was also made in capital improvements of manufacturing facilities. On a segmental basis, automotive operations accounted for Rs.8,351.9 million of this expenditure and other operations accounted for Rs.810.6 million. We also invested approximately Rs.680 million in fiscal 2005 towards our acquisition of a 21% stake in Hispano Carrocera, S.A., Spain.

We had planned to incur capital expenditures of approximately Rs.51,800 million between April 1, 2004 and March 31, 2007 primarily for capital improvements of manufacturing facilities, for new products and model changes and also for capacity expansion. Specifically, we currently intend to incur capital expenditures of approximately Rs.13,900 million on capacity expansion at our India-based automotive plants, and approximately Rs.19,000 million for investment in new vehicle models and upgrades. These expenditures are expected to be funded through a combination of internally generated cash, existing investible surplus available in the form of cash and cash equivalents, investment securities and other external financing sources.

Environmental Regulation and Initiatives***Regulation***

Our vehicles comply with the fuel emission regulations in India that came into effect in 1989. We are currently taking steps (including through the use of Cummins engines for our M&HCVs and the development of gasoline engines) that will enable our vehicles to comply with fuel emission regulations expected to be introduced in the future.

We are required to obtain certificates of compliance with various vehicle safety regulations relating to design and the manufacturing process for new vehicles manufactured by us. Fuel emission levels are also tested at this stage. Each of our plants has received government environmental clearances for our operations. It is our policy to consider and implement environmentally-friendly manufacturing processes, and waste water and other by-products from our plants are treated and recycled to the extent which we consider practicable.

With effect from April 1, 2005, emission standards have been upgraded to Bharat Stage III in 11 major cities and to Bharat Stage II in the rest of the country, except for seven northern states. Implementation in these states has been postponed to October 1, 2005 due to a lack of Bharat Stage II compliant fuel. These seven states are Rajasthan, Western UP, Uttaranchal, Himachal Pradesh, Punjab, Jammu & Kashmir and Madhya Pradesh.

Initiatives

We are fully committed to our role as a responsible corporate citizen with respect to reducing environmental pollution. We treat all effluents at our plants and have made significant investments in lowering the emissions from our products. We have led the Indian automotive industry in introducing greener engines, like the Cummins engines, for our commercial vehicles even before they were statutorily mandated. The entire range of our M&HCVs manufactured in India has been configured to run on Cummins engines or the upgraded version of our own engines that meet mandatory emission norms in India. Our LCVs are powered by our own engines that meet mandated norms. In addition, buses with lean-burn as well as stoichiometric compressed natural gas, or CNG, engines have been developed and supplied to Delhi Transport Corporation and private bus operators in Delhi so as to enable them to comply with the regulations there. Our utility vehicles and passenger cars being exported to Europe meet the Euro III norms prevalent in those markets. We have also launched Indica powered by CNG in Delhi and Mumbai, primarily for the taxi market.



Tata Motors, in collaboration with Indian Oil Corporation, has launched, on a pilot basis, a fleet of 43 buses fitted with engines to run on Bio-diesel.

The vehicles made by TDCV comply with the emission regulatory requirements in that country. The Korea 2004 (equivalent to Euro III) emission regulatory requirements became effective on July 1, 2004 and since that date the vehicles made by TDCV have conformed to those regulations.

Insurance Coverage

The Indian insurance industry is predominantly state-owned. Insurance tariffs are regulated by the Insurance Regulatory and Development Authority. We have insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with industry standards in India. We have obtained coverage for product liability for some of our vehicle models in several countries to which we export vehicles. We do not at present maintain business interruption insurance or product liability insurance in India.

TDCV has insurance coverage as is required and applicable to cover all normal risks in accordance with industry standards in South Korea, including product liability. We have also taken insurance coverage on directors and officers liability to minimize risks associated with product liability and international litigation.

Legal Proceedings

We are involved in legal proceedings in various states in India, both as plaintiff and as defendant. In respect of claims against us below Rs.50 million, the majority of cases pertain to motor accident claims (involving vehicles that were damaged in accidents while being transferred from our manufacturing plants to regional sales offices) and consumer complaints. Some of these cases relate to replacement of parts of vehicles and/or compensation for deficiencies in the services by us or our dealers. We believe that none of these claims or actions individually or in the aggregate will have a material adverse effect on our business, financial condition or results of operations.

Certain claims that are above Rs.50 million in value are described in Note 20 to our consolidated financial statements included in this annual report.

We believe that none of the contingencies either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flows.

Regulation

Indian Automotive Sector

India's automotive industry was established in the 1950s through various co-operation arrangements with, and direct investments by, a number of American and European automotive manufacturers. Prior to that, vehicle kits were imported into and assembled in India. The commercial vehicle manufacturing sector achieved a high rate of growth during India's economic expansion in the 1960s and 1970s. Rail transport bottlenecks led to higher demand for road transport and this sector was permitted to grow with the minimum intervention of the government. Major domestic commercial vehicle manufacturers invested in expanding production facilities and product development, which resulted in an efficient and relatively technologically advanced commercial vehicle industry, albeit with restrictions on capacity expansions due to the licensing regime in operation at that time.



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In the passenger car sector, two models produced by Hindustan Motors Limited and Premier Automobiles Limited, respectively, dominated the market until the mid 1980s. Passenger cars were deemed to be luxury products and were subject to very high multiple taxation and price controls. In addition, industrial licensing and exchange control regulations forced domestic car manufacturers to embark on low-volume, high-cost indigenous and in-house component production programs. Demand for passenger cars exceeded supply, but the domestic passenger car industry remained protected by the prohibition on car imports and remained technologically behind global standards. However, the establishment of Maruti Udyog Limited, or Maruti, a joint venture between the Suzuki Motor Company of Japan and the Government of India in the mid-1980s paved the way for expansion of the automobile sector in India in terms of increase in supply and improvement in product quality and design. Maruti has since become the leading player in the Indian passenger car market. It was not until the Indian Government deregulated and liberalized the automotive market in the early 1990s that the country's passenger car market showed substantial growth. Nonetheless, India continues to have a substantially lower number of passenger vehicles per capita than most developed countries and a number of developing countries.

Restrictive automotive vehicle import policies and high import duties on vehicles assembled from kits as well as vehicle components have effectively protected domestic manufacturers from foreign competition. Although the Indian government has reduced import duties on vehicles and components in recent years, rates still remain relatively high. See "Import Regulations and Duties" below. Consequently, domestic manufacturers have historically dominated the automotive industry in India, although a number of domestic manufacturers have sought to improve product quality by entering into joint ventures, technology transfer agreements or licensing agreements with foreign vehicle and component manufacturers.

The industry has, historically, also been subject to high excise duty rates, and even today cars and UVs are subject to the highest excise rates. Fluctuations in these taxes directly impact retail sales prices and, consequently, the level of demand. Sales tax in various states has been recently rationalized. See "Excise Duty and Sales Tax" below.

Unlike more developed countries, the automotive industry in India until the late 1980's had not been subject to stringent emission or vehicle safety regulations, but this trend is changing with Bharat Stage III (equivalent to Euro III) emissions norms now in force in major Indian cities. See "Government Regulations" below.

Due to the absence of any laws regarding the age of vehicles (except in the National Capital Region, or NCR, of Delhi and the State of Maharashtra), automotive (both commercial as well as passenger) vehicles in India are typically kept in use much longer than in more developed countries. Commercial vehicles are also subject to overload abuse. This has resulted in the development of an extensive allied industry that is dedicated to providing automotive repair and maintenance services required for maintaining old and overloaded vehicles. Some manufacturers, including us, have also developed a network of service centers for their vehicles.

Since 1980, India's automotive industry has experienced rapid structural transformation and growth. Progressive easing of import controls, reduction in governmental restrictions on product categories and the rationalization of excise duties (including the introduction of modified value added tax, or MODVAT, and central value added tax, or CENVAT, from Fiscal 2001 and Value Added Tax (VAT) in 21 states from April 1, 2005), together with increased foreign investment and technical assistance has helped create a wider range of products and greater competition. The passenger vehicle market has experienced significant growth over the last few years with almost all foreign direct investment in the automobile industry directed to this market.

According to SIAM, Indian automotive manufactures sold, in the domestic and export markets, approximately 106,000 vehicles (M&HCVs, LCVs, UVs and passenger cars) in 1980. This tripled to approximately 355,000 vehicles in the year ended March 31, 1991 and rose approximately fifteen fold to approximately 1,576,000 vehicles in the year ended March 31, 2005.

The global automotive industry has undergone radical change in recent times. There has been significant consolidation, both amongst vehicle manufacturers and component vendors with a view to achieving economies of scale, product synergies and strong brand presence. By contrast, there has been little or no consolidation in either vehicle or component manufacturing in India. The sizes of domestic automotive manufacturers, especially for passenger vehicles, are small compared to global standards. Consequently, economies of scale manufacturing have generally eluded Indian manufacturers of automotive vehicles and automotive components. The component industry, which until recently was to a large extent reserved for the small-scale sector, continues to be fragmented, with a number of enterprises with limited funds and technology, though this situation has improved in recent years. The Indian automotive industry has, therefore, differed from the global model, but as entry barriers in India are lowered, we believe that both vehicle and component manufacturers are likely to consolidate their operations to achieve the levels of competitiveness and scale economies closer to those in major international markets. Globally known branded products, supported by high levels of promotional spending, are likely to win a significant share of the domestic market for all vehicles, particularly passenger vehicles. Indian manufacturers will, therefore, need to either offer products and services that differentiate themselves in mass markets, or confine themselves to a niche market.



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The Indian automotive industry is poised to undergo substantial change and face new challenges, both from the opening of the domestic market to imports and the entry of international manufacturers. To meet the needs of these changing times, domestic automotive manufacturers will be forced to reduce costs, improve productivity, enhance quality, reliability and durability, increase market orientation and create a high level of customer loyalty. Consequently, we believe the reach and extent of dealership networks and the quality and cost of service are likely to assume importance in influencing customer preferences.

Driving conditions in India are generally rugged due to the poor quality of road infrastructure. This has hindered the expansion of the road transport sector and, consequently, the automotive industry. The government is taking steps to improve the road infrastructure in the country. The outlay of road and highway development is proceeding to currently established government plans and India is expected to have an improved road infrastructure with planned feeder routes in place by 2007, which may increase demand for automotive vehicles in India.

Union Budget for Fiscal 2006

The Government of India presented its Union Budget for fiscal 2006 on February 28, 2005, which received the assent of the President of India on May 13, 2005. Some of the proposals that may have an impact on our operations include:

Direct Tax

- Reduction in statutory tax rate (including surcharge and education cess) from 36.59% to 33.66%.
- Introduction of Fringe Benefit Tax on certain specified expenditure at the statutory tax rate (including surcharge and education cess) varying at 6.73%, 16.83% and 33.66% of the expenditure.
- Lowering of tax depreciation rates.

Indirect Taxes

- Introduction of CENVAT at 16% on road tractors for semi trailer application.
- Increase in CENVAT rate on iron and steel materials from 12% to 16% while allowing CENVAT credit.
- Reduction in CENVAT rate on tyres and air conditioners to 16% from 24% .
- Peak rate of customs duty brought down from 20% to 15%.
- Reduction in customs duty rate on refrigerated motor vehicles from 20% to 10%.
- Reduction in customs duty on specified parts for manufacture of battery operated vehicles from 20% to 10%.

Excise Duty and Sales Tax

CENVAT is payable by vehicle manufacturers on the manufacture of vehicles or parts in India, and is paid at the time of clearance from the manufacturing facilities. CENVAT rates vary according to vehicle classification and for us are levied as a percentage of the net dealer price at the time of dispatch of the vehicle from the plant/depot. The CENVAT rates directly impact the retail sales price and the introduction of significant changes in rates overall or differential classifications of products can materially impact sales in general or sales of specific models that attract higher rates of excise. Under the CENVAT credit scheme, manufacturers receive a credit for CENVAT paid on input materials and services, including countervailing duties paid on imports included in the price paid for raw materials, parts or components obtained from outside sources or other plants and used in or in relation to manufacture of the finished product. Such a credit is offset against the CENVAT payable on the finished product. CENVAT credit is also available to manufacturers on purchase of plant and machinery.



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The following table sets forth the excise duty classifications and rates applicable to our vehicles. These rates became effective from July 9, 2004.

	<u>Ad Valorem</u>	<u>Type of Vehicles</u>
Vehicles designed to carry up to 6 persons (excluding driver)	25.6275% ⁽¹⁾⁽²⁾	Indica and Indigo
Vehicles designed to carry 7 to 12 persons (excluding driver)	25.6275% ⁽¹⁾⁽²⁾	Sumo and Safari range
Vehicles designed to carry more than 12 persons (excluding driver) and Vehicles designed to transport goods	16.4475% ⁽¹⁾	M&HCVs and LCVs

(1) The CENVAT rate for all vehicles is 16% ad valorem under the First Schedule of the Central Excise Tariff Act. An additional CENVAT at 8% is applicable in respect of passenger vehicles under the Second Schedule. An automobile cess of 0.125% is applicable on all vehicles. A 2% education cess is also applicable on the CENVAT rate plus automobile cess. Additional duty of Rs.10,000 per vehicle is applicable for chassis of vehicles designed to carry more than 12 persons and to transport goods.

(2) Including special excise duty of 8% and National Calamity Contingent Duty, or NCCD, of 1% on passenger vehicles. A 2% education cess is also applicable on the special excise duty and NCCD.

No excise duty is payable with respect to vehicles imported into India. However, sales tax is imposed on the resale of these vehicles and import duties (including countervailing duties) are also levied.

The sale of vehicles in India also attracts sales tax and other levies, a substantial portion of which is paid to the government of the State in which the sale occurs. With the adoption of the VAT system by a majority of the states, the sales tax rate applicable for vehicles in most of the states is now 12.5% (with facility to avail full set off on inputs against sales made from that State). However, in the States which have not migrated to VAT system, it continues to be 12% (with a partial set off facility on inputs). On inter state sales of vehicles, the rate of tax applicable is generally 4% against submission of specified declarations (but no set off of inputs is allowed in such cases).

Import Regulations and Duties

Automobiles and automotive components can, generally, be imported into India without a license from the Indian government. Automobile imports are subject to regulations requiring the importers to meet Indian standards and certification by designated testing agencies, and are also governed by other restrictions. However, all vehicles and components imported into India are subject to import duties, which significantly increase the cost of imported goods. While recent government liberalization policies have reduced import duties on vehicles and certain automotive parts and components, duty rates remain relatively high and protect the domestic industry.

The following table sets forth the currently applicable duty rates on fully built-up vehicles, which became effective on March 1, 2005:

<u>Product</u>	<u>Basic Customs Duty</u>	<u>Total Duty (inclusive of countervailing duty NCCD and education cess)</u>
Commercial vehicle (<i>new and pre-owned</i>)	15%	35.93%
Utility Vehicles (<i>new</i>)	60%	103.39%
Cars (<i>new</i>)	60%	103.39%
Utility Vehicles (<i>pre-owned</i>)	100%	154.74%
Cars (<i>pre-owned</i>)	100%	154.74%



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Government Regulations

Prior to 1984, strict government industrial licensing controls restricted the types of vehicles that manufacturers could produce and sell. These restrictions were reflected in the industry's characteristic of low product differentiation, with few companies producing a wide range of vehicle types. In 1984, the Indian government eased these product category restrictions, thereby enabling us and other automotive manufacturers to produce any on-road vehicle having four or more wheels within each of these manufacturer's licensed capacity and the normal flexibility allowed for expansion. In addition, as part of the Indian government's liberalization policies announced in 1991, industrial licensing has been replaced by the filing of an Industrial Entrepreneurs' Memorandum (except under locational or environmental restrictions where industrial licensing continues to operate) and import duties on vehicle components have been substantially reduced. These measures have led to increased competition in the domestic market. With the removal of these controls, except in some situations as explained earlier, Indian automotive manufacturers are now free to manufacture and sell unrestricted numbers of any type of on-road vehicle with four or more wheels, including passenger cars.

Since 1989, emission standards have also been developing. The Ministry of Environment and Forests has mandated applicability of emission norms to the automotive industry. These extend from the Bharat Stage I norms (equivalent to Euro I norms) to the Bharat Stage III norms (equivalent to Euro III norms), which have already been mandated, to Euro IV equivalents for which notifications, based on industry recommendations proposed through SIAM, which are expected. During 2000, passenger vehicles and commercial vehicles were required to meet Bharat Stage I (Euro I equivalent norms). Bharat Stage II (Euro II equivalent norms) have been in force since 2001 in the four metros cities of Delhi, Mumbai, Chennai and Kolkata, are now applicable to seven other cities and are expected to be extended in phases to the rest of the country by October 2005. Based on SIAM recommendations and the R.A. Mashelkar Committee Report, these eleven cities have moved to Bharat Stage III emission norms (equivalent to Euro III norms) for all passenger and commercial vehicles from April 2005 and could move to Euro IV levels from April 2010, while the rest of India would move to Euro III norms by April 2010. The higher stage norms are more stringent as compared to lower stage norms.

The South Korean automotive market has adopted the Euro III equivalent emission levels from July 2004. South Korea is expected to migrate to Euro IV equivalent emission norms in October 2006 in respect of new products and in January 2008 in respect of existing products.

Prior to April 2002, the Indian Government used the Administered Price Mechanism, or APM, to fix prices of petroleum products, which resulted in the price of diesel being approximately two-thirds the price of gasoline. With the dismantling of the APM regime, prices of petroleum products have become market driven, which has narrowed the price gap between diesel and gasoline. Our M&HCVs and LCVs have diesel engines while our passenger cars and UVs are available in both diesel and gasoline versions.

Automotive design and safety regulations are evolving in India. Front and rear seat belts are now mandatory in new passenger vehicles, safety glass is required for all vehicle windows and windshields and standards for door intrusion are imposed for vehicle integrity. Legislation, in line with European standards, in respect of seats, head restraints, seat anchorage and electromagnetic interference is also expected to be progressively introduced. Legislation for provision of survival space, braking systems, and rear and side underrun protection devices for commercial vehicles became effective from May 1, 2003. Advance braking system legislation in conformity with European Economic Community standards is being considered for progressive implementation between 2004 and 2007.

In fiscal 2002, the Indian Government released its proposed Auto Policy for discussion and feedback. This policy outlines a vision to establish a globally competitive automobile industry in India, and to double its contribution to the economy by 2010. It also aims to promote integrated, phased, enduring and self-sustaining growth of the Indian automotive industry. For further details about the auto policy, please see "– Item 4.B. Business Overview – Overview".



C. Organizational Structure.

The Tata Group

We are the largest company in the diversified Tata Group in terms of fiscal 2005 revenues, and we benefit from being identified with the Tata brand and the Tata Group of Companies.

The Tata Group is based substantially in India, and had combined revenues of approximately Rs.769.3 billion (US\$17.6 billion) for the year ended March 31, 2005.

The Tata Group is highly diversified and the activities of the group are categorized under seven business sectors, namely engineering, materials, energy, chemicals, consumer products, services and communication and information systems. These companies do not technically constitute a group under Indian law.

The Tata Group has its origins in the trading business founded by Jamsetji Tata in 1874 that was developed and expanded in furtherance of his ideals by his two sons, Sir Dorabji Tata and Sir Ratan Tata, following their father's death in 1904. The family interests subsequently vested largely in the Sir Ratan Tata Trust, the Sir Dorabji Tata Trust and other related trusts. These trusts were established for philanthropic and charitable purposes and together owned a substantially majority of the shares of Tata Sons Limited, the principal holding company of the Tata Group.

By 1970, the Tata Group had expanded from the trading company established in the nineteenth century to encompass a number of major industrial and commercial enterprises including The Indian Hotels Company Limited (1902), The Tata Iron and Steel Company Limited (Tata Steel) (1907), The Tata Power Company Limited (1910), Tata Chemicals Limited (1939), Tata Motors Limited (1945), Voltas Limited (1954), and Tata Tea Limited (1962). The Tata Group also promoted India's first airline, Tata Airlines, which later became Air India (India's national carrier), as well as India's largest general insurance company, New India Assurance Company Limited, both of which were subsequently taken over by the Government as part of the Government's nationalization program. Tata Consultancy Services Limited, or TCS, is Asia's leading software services provider and the first Indian software firm to exceed sales of US\$1 billion. In recent times, the Tata Group has also invested in several telephony and telecommunication ventures, including acquiring a portion of the Indian Government's equity stake in the state owned Videsh Sanchar Nigam Limited, or VSNL.

Most of the Tata Group companies are leaders in their respective businesses. We are the leading automotive vehicle manufacturing company in India in terms of revenues. Tata Steel, another flagship company of the group, is the oldest and the largest private sector integrated steel plant in operation in the country. Tata Chemicals is one of the world's largest producers of synthetic soda ash and Tata Tea is the largest integrated tea company in the country. Tata Power is the largest power generating supplier in the private sector. Indian Hotels runs the largest hotel chain in the country. Titan Watches, which is a relatively new entrant, has emerged as the leader in the domestic watch market and is currently the sixth largest brand manufactured in the world. VSNL is the leading international telecommunications service provider in India.

We have for many years been a licensed user of the "Tata" brand owned by Tata Sons Limited, and thus have both gained from the use of the Tata brand as well as helped to sustain its brand equity. Since 1991 many multinational corporations with well-established global brands have entered the Indian market. In response, the Tata Group decided to institute a new corporate identity program in order to re-position itself to compete in a global environment. The new corporate identity is licensed to Tata Group companies, including us, for use with their respective products and services. A substantial ongoing investment is planned to develop and promote a strong, well-recognized and common brand equity, which is intended to represent for the consumer a level of quality, service and reliability associated with products and services offered by Tata companies. To further protect and enhance the Tata brand equity, a code of conduct has been adopted by some of the Tata companies that have access to the larger resources and services of the Tata Group. To implement these plans, Tata Sons Limited has undertaken a program by which consenting Tata companies are required to pay a subscription fee to participate in and gain from the new Tata Group identity. We believe that we benefit from association with the new Tata Group identity and, accordingly, have agreed to pay an annual subscription fee to Tata Sons Limited from fiscal 1998 which is equal to 0.25% of our annual net income (defined as our net income exclusive of excise duties and other governmental taxes and non-operating income), provided that the subscription fee does not exceed 5% of our annual profit before tax (defined as our profit after interest and depreciation but before income tax). These calculations are made with reference to our non-consolidated Indian GAAP financial statements. Pursuant to our licensing agreement with Tata Sons Limited, we have also undertaken certain obligations for the promotion and protection of the new Tata Group identity licensed to us under the agreement. The agreement can be terminated by written agreement between the parties, by Tata Sons Limited upon our breach of the agreement and our failure to remedy the same, or by Tata Sons Limited upon providing six months notice for reasons to be recorded in writing. The agreement can also be terminated by Tata Sons Limited upon the occurrence of certain specified events, including liquidation. Because we are the largest company in the Tata Group in terms of fiscal 2005 revenues and further because we believe that our growing international reputation brings benefits to the Tata brand, we consider it very unlikely that we would ever be unable to use the Tata brand in relation to our products and services.



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The Tata Group companies have sought to continue to follow the ideals of ethics and integrity originally established by the founder of the Tata Group and his successors. These companies have endeavored to maintain high standards of management efficiency and to promote the commercial success of Indian enterprises. The Tata Group has made a significant contribution toward national causes through promotion of public institutions in the field of science, such as the Indian Institute of Science and the Tata Institute of Fundamental Research, and in the field of social services through the Tata Institute of Social Sciences, the Tata Memorial Hospital and the National Center of the Performing Arts. Tata trusts are among the largest charitable foundations in the country.

In addition, the Tata Group companies have sought to formulate and follow a coherent approach to various matters of importance in Indian business life. These include a refusal to adopt any particular political alignment, and espousal of causes that benefit society generally as well as the commercial interests of Tata Group companies.

A large number of the Tata Group companies hold shares in one another and a number of our directors hold directorships on the boards of other Tata Group companies, including Tata Sons Limited and Tata Steel. However, there are no voting agreements, material supply or purchase agreements or any other relationships or agreements that have the effect of tying us together with other Tata Group companies at management, financial or operational levels. Except as set forth in the tables below under the heading "Subsidiaries and Affiliates" and except for an approximately 9.9% stake in Tata Industries Limited, our shareholdings in other Tata Group Companies are generally insignificant as a percentage of their respective outstanding shares or in terms of the amount of our investment or the market value of our shares of those companies with publicly traded shares.

Subsidiaries and Affiliates

We have the following consolidated subsidiaries under US GAAP as of March 31, 2005:

Name of Subsidiary	Country of Incorporation	Percentage Ownership and Voting Interest (including indirect interest)
Sheba Properties Ltd .	India	100.00%
Concorde Motors (India) Limited ⁽¹⁾	India	100.00%
Telco Construction Equipment Co. Ltd.	India	80.00%
Tata Technologies Ltd. (and its subsidiary)	India	94.60%
HV Axles Ltd.	India	100.00%
HV Transmissions Ltd.	India	100.00%
TAL Manufacturing Solutions Ltd.	India	100.00%
Concorde Motors Ltd.	India	100.00%
Tata AutoComp Systems Ltd. (and its subsidiaries).	India	54.61 %
Tata Precision Industries Pte. Ltd. (and its subsidiary)	Singapore	51.04%
Tata Daewoo Commercial Vehicle Co. Ltd ⁽²⁾ .	Republic of Korea	100.00%
Telco Dadajee Dhackjee Ltd. ⁽³⁾⁽⁴⁾	India	100.00%
Suryodaya Capital and Finance (Bombay) Ltd. ⁽⁴⁾	India	100.00%

(1) Formerly Minicar (India) Ltd.

(2) Formerly Daewoo Commercial Vehicle Co. Ltd., or DWCV.

(3) Formerly a subsidiary of Sheba Properties Ltd.

(4) These subsidiaries merged with us on July 1, 2005.



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In addition, we have the following affiliates who are accounted for in accordance with the equity method of accounting under US GAAP:

Name of the Affiliates	Country of Incorporation	Percentage Ownership and Voting Interest (including indirect interest)
Nita Company Limited	Bangladesh	40.00%
Tata Cummins Limited	India	50.00%
Tata International Limited	India	22.00% ⁽¹⁾
Tata Holset Limited	India	21.35%
Hispano Carrocera S.A. ⁽²⁾	Spain	21.00%

(1) On February 28, 2005, this has reduced to 19.15% on partial divestment.

(2) From March 16, 2005, the date of our acquisition.

D. Property, Plants and Equipment.

Facilities

We currently operate four principal automotive manufacturing facilities. The first facility was established in 1945 at Jamshedpur in the State of Jharkhand (earlier a part of the State of Bihar) in eastern India. We set up a second facility in 1966 (with production commencing in 1976) at Pune, in the State of Maharashtra in western India, and a third in 1985 (with production commencing in 1992) at Lucknow, in the State of Uttar Pradesh in northern India. In 1998, we initiated the establishment of a fourth facility at Dharwad in the State of Karnataka in southern India. The Jamshedpur, Pune and Lucknow manufacturing facilities have been accredited with ISO-9000 certification.

In March 2004, with the acquisition of DWCV (now renamed TDCV), we also acquired DWCV's plant in Gunsan, South Korea.

Manufacturing facilities of Tata AutoComp Systems Ltd and its subsidiaries are located at various locations in and around the city of Pune, in the State of Maharashtra, India.

Manufacturing facilities of Telco Construction Equipment Co. Ltd. are located at Jamshedpur in the State of Jharkhand (earlier a part of the State of Bihar) in eastern India and at Dharwad in the State of Karnataka in Southern India.

Installed Capacity

Our total vehicle production capacity in India as of March 31, 2005 determined on the basis of two production shifts per day and including capacity for the manufacture of replacement parts, was 514,500 units annually. In addition, we also have vehicle production capacity of 20,000 units annually in South Korea.

The following table shows our installed capacity as at March 31, 2005, and production levels by plant and major product type in fiscal 2003, 2004 and 2005:

	Installed Capacity ⁽¹⁾	Year ended March 31,		
		Production (Units)		
		2003	2004	2005
Jamshedpur				
Medium and Heavy Commercial Vehicles	60,000	45,244	58,044	71,023
Construction Equipment	2,000	1,459	1,921	2,455
Pune				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles, Passenger Cars	424,500	168,696	240,832	311,269
Metal Cutting and Grinding Machines and Fixtures	82	82	56	79
Lucknow				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles	30,000	9,519	12,666	18,649
Republic of Korea				
Gunsan ⁽²⁾				
Medium & Heavy Commercial Vehicles	20,000	—	46	4,567

(1) On double shift basis including capacity for manufacture of replacement parts.





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- (2) We acquired TDCV on March 30, 2004 and consequently its production did not constitute part of our production prior to that date. TDCV produced 46 vehicles during the two days ended March 31, 2004 subsequent to our acquisition. The production units are for the full year in fiscal 2005.

Properties

We, along with our consolidated subsidiaries, produce vehicles and related components and carry out other businesses through various manufacturing facilities.

In addition to our manufacturing facilities, our properties include sales offices and other sales facilities in major cities, repair service facilities, and research and development facilities.

The following table sets forth information, with respect to our principal facilities, a substantial portion of which are owned by us or our consolidated subsidiaries as on March 31, 2005. The remaining facilities are on leased premises.

<u>Location</u>	<u>Facility or Subsidiary Name</u>	<u>Principal Products or Functions</u>
India		
In the State of Maharashtra		
Pune (Pimpri, Chinchwad, Chikhali, Maval)	Tata Motors Ltd.	Factory/residential
Pune (Chinchwad)	TAL Manufacturing Solutions Ltd	Factory automation equipment and services
Pune (Pimpri and Hinjawadi)	Tata Technologies Ltd.	Software consultancy and services
Mumbai	Concorde Motors (India) Limited	Automobile sales and service
Pune (Damle Path, Hinjawadi, Bhosari, Chakan and Pirangut)	Tata AutoComp Systems Limited and its Subsidiaries	Auto components and engineering design
In the State of Jharkhand		
Jamshedpur	Tata Motors Ltd.	Factory/residential
Jamshedpur	HV Axles Ltd.	Axles for M&HCVs
Jamshedpur	HV Transmissions Ltd.	Transmissions for M&HCVs
Jamshedpur	Telco Construction Equipment Co. Ltd.	Construction equipment
In the State of Uttar Pradesh		
Lucknow	Tata Motors Ltd.	Factory
In the State of Karnataka		
Dharwad	Telco Construction Equipment Co. Ltd.	Construction equipment
Bangalore	Concorde Motors (India) Ltd.	Automobile sales and service
Rest of India		
Chennai, Tamil Nadu		
Hyderabad, Andhra Pradesh		
Gujarat (Halol, Village Khakharia)	Tata AutoComp Systems Limited and its Subsidiaries	Auto components and engineering design
Chennai & Hyderabad	Concorde Motors (India) Ltd.	Automobile sales and service
Various other properties in India	Tata AutoComp Systems Ltd.	Auto components
Outside India		
Singapore	Tata Precision Industries Pte. Ltd. / Tata Engineering Services Pte. Ltd.	Precision equipment and computer and peripherals warehousing



Republic of Korea	Tata Daewoo Commercial Vehicle Co. Ltd.	Factory



Substantially all of our owned properties are subject to mortgages in favor of debenture trustees for the benefit of secured debenture holders and secured lenders. A significant portion of our property, plant and equipment is pledged as collateral securing indebtedness incurred by us. We believe that there are no material environmental issues that may affect our utilization of these assets.

We consider all our principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of our operations.

Item 5. Operating and Financial Review and Prospects.

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements prepared in conformity with US GAAP and information included in this annual report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, those set forth in Item 3.D and elsewhere in this annual report.

A. Operating Results

Overview

In fiscal 2005, total revenues increased by 42% to Rs.198,387 million compared to Rs.139,695.7 million in fiscal 2004. We recorded net income of Rs.13,256.2 million in fiscal 2005, an increase of 48.9% over Rs.8,899.9 million recorded in fiscal 2004. The business of the Company comprises two broad segments:

- Automotive operations, and
- Other operations

Automotive operations

Automotive operations are our most significant segment, accounting for 91.7% and 92.1%, respectively, of our total revenues and 83.2% and 83.1%, respectively, of our operating income for fiscal 2004 and 2005. India is the most significant market for us, accounting for 93% and 91.3% of vehicle unit sales for fiscal 2004 and 2005, respectively.

Our automotive operations business segment includes all activities relating to development, design, manufacture, assembly and sale of medium and heavy commercial vehicles, light commercial vehicles, passenger cars and utility vehicles as well as related parts and accessories. Financing of our products is also included in our automotive business segment as an inherent part of our sales strategy. The profitability of this activity is critically dependent upon interest rate movements in the economy, vehicle demand and collections. Declining interest rates and easy availability of credit in the economy have led to increased competition in this activity from banks (public and private) and non-banking finance companies.



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As a result of strong demand for our products, our capacity utilization in India increased from 74.2% in fiscal 2004 to 77.9% in fiscal 2005. However, the capacity utilisation of our total automotive operations, including TDCV operations, was 75.9% for fiscal 2005. TDCV, which we acquired in late March 2004, operated at around 23% capacity utilization during fiscal 2005.

Our vehicle sales (including TDCV) increased 28.6% to 404,106 units in fiscal 2005 compared to 314,288 units in fiscal 2004. In fiscal 2005, our market share in India of all four-wheel vehicles sold in India increased to 26.8% from 25.2% in fiscal 2004. In fiscal 2005, the unit sales growth rate of the Indian automotive industry was 18.5% and we outperformed it by 7.8%. Our overall sales in international markets (including TDCV sales) increased 58.7% to 35,037 units in fiscal 2005. This was driven by a focused entry in to new export markets and also strengthening of our presence in existing markets. Key export markets for our automotive operations were South Africa, West Asia, Europe and South East Asia.

Our revenues from automotive operations increased 42.6% to Rs.182,763.4 million in fiscal 2005 from Rs.128,167.1 million in fiscal 2004, representing 91.7% and 92.1% of total revenue in fiscal 2004 and 2005, respectively. Our focus on improving our international business has resulted in a 149% increase in revenues from international markets for fiscal 2005 to Rs.27,503.7 million from Rs.11,054.5 million. These revenues (primarily vehicles, but also including spare parts and other products) accounted for approximately 7.9% and 13.9% respectively, of our total revenue in fiscal 2004 and 2005. In addition to our automotive revenues, we also derive dividend and other income from strategic and available-for-sale investments which accounted for our residual income and from other operations.

Geographical breakdown

The following table sets forth our revenues from external customers in our different geographical markets:

Revenues	Fiscal 2003		Fiscal 2004		Fiscal 2005	
	Rs in million	Percentage	Rs in million	Percentage	Rs in million	Percentage
Within India	90,539.7	94.6%	128,641.2	92.1%	170,883.3	86.1%
Outside India	5,190.8	5.4%	11,054.5	7.9%	27,503.7	13.9%
Total	95,730.5		139,695.7		198,387.0	

During fiscal 2005, we recorded a net income of Rs.13,256.2 million, which is 48.9% higher than the net income of Rs.8,899.9 million achieved in fiscal 2004. Economies of scale from increased production volumes, together with stringent cost controls and increased productivity through value engineering have contributed toward increased productivity.

Our gross margin in fiscal 2005 decreased to 20.9% from compared to 22.6% in fiscal 2004 due to significant increase in raw material costs, particularly steel, engineering plastics and rubber, which was partly offset by increase in our vehicle sale price.

Other Operations

Our revenues from other operations were Rs.15,623.6 million during fiscal 2005 compared to Rs.11,528.6 million for fiscal 2004, respectively, representing 8.3% and 7.9% of our total revenues in fiscal 2004 and 2005, respectively.

Our other operations business segment is primarily comprised of activities relating to production, designing and selling of automotive components, construction equipment, engineering solutions and software operations. The automotive component business, which is the major business component of our other operations business segment, pertains to both captive and non-captive markets. Our subsidiaries HV Axles Ltd. and HV Transmissions Ltd., which are in the truck aggregates business, derive their revenues primarily from our vehicle business. Our subsidiary Tata AutoComp Systems Ltd. promotes joint ventures that supply auto components to our vehicle business and others in the automotive market both in India and overseas through their joint venture partners.



Significant Factors Influencing Our Results of Operations

Our results of operations are dependent on a number of factors, including:

- General economic conditions: We, similar to the rest of the domestic automotive industry, are substantially affected by general economic conditions in India. Economic conditions have improved since fiscal 2002, which has led to our strong growth in fiscal 2003, 2004 and 2005. See “Item 3.D — Risk Factors — Risks Associated with Our Business — General economic conditions could significantly adversely affect our sales and results of operations”;
- Interest rates and availability of credit for vehicle purchases: Interest rates have steadily declined since the beginning of fiscal 2001 and credit finance for vehicle purchases has since become more widely available. For further discussion of our credit support programs, see “Item 4.B — Business Overview — Sales and Distribution of Vehicles”;
- Excise duty and sales tax rates: For a detailed discussion regarding tax rates applicable to us, please see Item 4.B — Business Overview — Regulation — Excise Duty and Sales Tax”; and
- Our competitive position in the market: For a detailed discussion regarding our competitive position, see “Item 4.B — Business Overview — Competition”.
- Our results of operations are also dependent on the cyclical nature in demand in the automotive market, new government regulations, and, to a limited extent, to fluctuations in foreign currency rates.
- There has been a greater emphasis by the government on the emission and safety norms for the automobile industry. Compliance with these norms will have a significant bearing on the costs and product life cycles in the Indian automotive industry. For further details with respect to these regulations, please see “Item 4. B. — Environmental Regulations and Initiatives.”
- We are sensitive to fluctuations in foreign currency rates with respect to our import and export activities. Our consolidated financial statements are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may positively or negatively affect our revenues, results of operations and net income.
- To the extent that our financial statements for a particular period will be affected by changes in the prevailing exchange rates at the end of the period, such fluctuations may have a substantial impact on comparisons with prior periods. However, the translation effect is a reporting consideration and does not impact our underlying results of operations. We do not hedge against our translation risk.
- Transaction risk is the risk that the currency structure of our costs and liabilities will deviate from the currency structure of sales proceeds and assets. Transaction risk relates primarily to sales proceeds from our automotive business segment exports sales produced in India. Because our exports sales are a small proportion of overall sales volumes, this risk is limited for us. However, we enter into commercial borrowings and other hedging instruments to address some of these transaction risks. These instruments enable us to reduce, but not eliminate, the impact of fluctuations in foreign currency rates. Please see “Item 11. Quantitative and Qualitative Disclosures About Market Risk” for further detail.

Results of Operations

The Indian automotive industry is substantially driven by general economic conditions in India. Fiscal 2003 witnessed the revival of favorable economic conditions in India, a trend which continued in fiscal 2004. Despite the political uncertainty in the initial part of fiscal 2005 due to a change in the Indian government, economic conditions remained largely favorable in fiscal 2005. Also, despite a slight rise in fiscal 2005, interest rates remained low. Sales of automotive vehicles in India in fiscal 2005 were 1,379,728 units compared to 1,162,210 units sold in fiscal 2004.

Tata Motors sold 404,106 vehicles (including 4,540 units of TDCV sales) in fiscal 2005 compared to 314,288 units (including 29 units sold by TDCV representing two days of sale following our acquisition) in fiscal 2004, representing an increase of 28.6% during fiscal 2005 compared to fiscal 2004. Our domestic market share in India improved to 26.8% in fiscal 2005 compared to 25.2% in fiscal 2004. This growth is largely attributable to the launch of new models and intensive marketing efforts. We continued to enjoy market share gains across all of our product lines in fiscal 2005.



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Our strategy of consolidating our presence in existing markets and penetrating new markets with strong market potential has resulted in significant increase in vehicle unit sales in our international markets. As a result, sales outside India increased to 8.7% of our total unit sales in fiscal 2005 compared to 7.0% in fiscal 2004. We expect that with the availability of low-cost qualified engineering skills and a large domestic market, India has the potential to emerge as a global manufacturing base for niche automotive products. This trend is already visible in the increasing exports of auto components out of India. With a large product range, a significant market position and high engineering capabilities, we expect to benefit from this trend.

The company acquired a 21% equity stake in the Spanish bus body building company, Hispano Carrocera, S.A., on March 16, 2005. We expect this acquisition to enhance our design and development capabilities for manufacturing bus bodies and to provide greater access to international markets. We paid 12 million euros in equity, debt and technology rights that was financed through cash generated from operations.

The following table sets forth selected items from our consolidated statements of operations for the periods indicated and shows these items as a percentage of net revenues.

	Percentage of Total Revenues			Percentage Change	
	Fiscal 2003	Fiscal 2004	Fiscal 2005	2003 to 2004	2004 to 2005
Total Revenues	100.0%	100.0%	100.0%	45.9	42.0
Cost of sales	77.3	77.4	79.1	46.1	45.1
Gross Margin	22.7	22.6	20.9	45.4	31.5
Selling, general and administrative expenses	13.6	10.9	10.2	17.1	31.9
Research and development expenses	1.6	0.9	1.3	(16.5)	97.5
Total operating expenses	15.3	12.1	11.4	16.0	33.9
Operating income	7.4	10.4	9.5	106.0	28.8
Non-operating income	1.3	1.3	0.9	45.1	2.7
Interest income	0.4	0.3	0.4	(15.2)	117.8
Interest expense	(4.3)	(1.9)	(1.5)	(34.4)	11.5
Total non-operating expense	(2.6)	(0.4)	(0.2)	(77.1)	(27.0)
Income before tax	4.8	10.0	9.3	203.3	31.0
Income tax benefit (expense)	(2.0)	(3.8)	(2.6)	178.8	(3.1)
Net income	2.9	6.4	6.7	221.4	48.9

The following table sets forth selected data regarding our automotive operations for the periods indicated and the percentage change from period to period.

				Percentage Change	
	Fiscal 2003	Fiscal 2004	Fiscal 2005	2003 to 2004	2004 to 2005
Total Revenues (Rs. Millions)	89,673.9	128,167.1	182,763.4	42.9	42.6
Net Income (Rs. Millions)	2,507.1	7,548.9	11,794.0	201.1	56.2
Net margin (%)	2.8	5.9	6.5		
India (Unit Sales)	210,050	292,213	369,069	39.1	26.3
Outside India (Unit Sales)	9,809	22,075	35,037	125.0	58.7
Market Share in India (%)	23.4	25.2	26.8		



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The following table sets forth selected data regarding our other operations for the periods indicated and the percentage change from period to period.

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Percentage Change	
				2003 to 2004	2004 to 2005
Total Revenues (Rs. Millions)	6,056.6	11,528.6	15,623.6	90.3	35.5
Net Income (Rs. Millions)	91.2	805.5	1,181.9	783.2	46.7
Net margin (%)	1.5	7.0	7.6		

Fiscal 2005 Compared to Fiscal 2004

Revenues

Our total consolidated revenues increased to Rs.198,387.0 million in fiscal 2005 from Rs.139,695.7 million for fiscal 2004, an increase of Rs.58,691.3 million, or 42%. This increase principally reflects the impact of a 28.6% increase in vehicle unit sales from 314,288 units (including 29 vehicles sold by TDCV subsequent to our acquisition in late March 2004, representing two days of sales) to 404,106 (including TDCV units), increased financing revenue and improved operations of our consolidated subsidiaries, particularly Telco Construction Equipment Company Ltd., whose revenues grew 27.4% in fiscal 2005 over that in fiscal 2004.

Revenues for fiscal 2005 increased by 32.8% to Rs.170,883.3 million in India from Rs.128,641.2 million in fiscal 2004 and 148.8% to Rs.27,503.7 million in 2005 from Rs.11,054.5 million in all other markets, compared to fiscal 2004.

The following is a discussion of our revenues for each of our business segments.



Automotive Operations

Automotive operations generate the largest portion of our revenues. Revenues from this segment increased by Rs.54,596.3 million, or 42.6%, to Rs.182,763.4 million in fiscal 2005 compared to fiscal 2004. This increase was primarily due to the:

- 26.3% increase in domestic vehicle unit sales in India
- 38.3 % increase in international sales of vehicles manufactured in India
- 14.7% increase in automotive financing revenues to Rs.1,608.6 million
- Rs.11.8 billion revenues reported by TDCV for the full fiscal year 2005 compared to Rs.62.9 million in fiscal 2004 which represented only 2 days of revenue, following the acquisition on March 30, 2004.

Domestic sales were driven by road infrastructure development, a low interest rate environment, the introduction of new products and replacement demand. In addition to benefiting from these general market conditions, we also enjoyed market share gains across our product lines. International sales were boosted by consolidating our presence in key existing markets and by making successful entries into new international markets. An increase in automotive financing revenues resulted from our increased focus on this activity.

Other Operations

Revenues from our other operations increased by Rs.4,095.0 million, or 35.5%, to Rs.15,623.6 million in fiscal 2005 compared to fiscal 2004 on account of increases in revenues of certain significant subsidiaries. In fiscal 2005, revenues of Telco Construction Equipment Company Limited increased by 27.4%.

Cost of Sales and Operating Expenses

Cost of Sales and Operating expenses increased by Rs.54,490.7 million, or 43.6%, to Rs.179,595.5 million during fiscal 2005 compared to fiscal 2004.

Cost of sales increased by 45.1% to Rs.156,906.7 million in fiscal 2005, from Rs.108,159.6 million in fiscal 2004. The increase reflects primarily the combined impact of increased vehicle unit sales and an increase in input prices, particularly for steel, rubber and engineering plastics, partially offset by the impact of continued cost cutting efforts. Cost of sales as a percentage of total revenues increased to 79.1% in fiscal 2005 compared to 77.4% in fiscal 2004, resulting in a gross margin decrease from 22.6% in fiscal 2004 to 20.9% in fiscal 2005.

Selling, general and administrative expenses increased by Rs.4,868 million to Rs.20,144.9 million in fiscal 2005, compared to Rs.15,276.9 million in fiscal 2004. The main component of the increase was outward shipping expenses, which increased by Rs.1,440 million to Rs.4,192.7 million in fiscal 2005 as a result of the increase in unit sales. Selling, general and administrative expenses as a percentage of total revenues decreased to 10.2% during fiscal 2005 from 10.9% during fiscal 2004.

Research and development expenses increased by 97.5% during fiscal 2005 to Rs.2,532.4 million from Rs.1,282.0 million in fiscal 2004, as a result of design and development costs of new vehicle models. Research and development expenses as a percentage of total revenues increased to 1.3% in fiscal 2005 from 0.9% in fiscal 2004.

We incurred employee separation expenses of Rs.11.5 million, representing the amount paid to employees who, in fiscal 2005, opted for the Employee Separation Scheme introduced in fiscal 2004.

Operating Income

Our consolidated operating income increased by Rs.4,200.6 million to Rs.18,791.5 million in fiscal 2005 compared with operating income of Rs.14,590.9 million in fiscal 2004.

Operating income from our automotive operations increased by Rs.3,470.2 million to Rs.15,612.3 million in fiscal 2005 compared to operating income of Rs.12,142.1 million in fiscal 2004.

Operating income from our other operations increased by Rs.762.5 million to Rs.2,366.0 million in fiscal 2005 from Rs.1,603.5 million in fiscal 2004. This increase was primarily due to an improvement in the revenues and profitability of our subsidiaries engaged in manufacture and sale of construction equipment aided largely by the improved performance of the automotive industry in India and also growth in industrial and infrastructure activity in India.



Other Income and Expenses

Total net non-operating expenses decreased by 27% from Rs.561.5 million in fiscal 2004 to Rs.410.1 million in fiscal 2005, primarily due to an increase in non-operating income and interest income, partially offset by a 11.5% increase in interest expense during fiscal 2005.

During fiscal 2005, interest income increased by 117.8% to Rs.761.6 million from Rs.349.6 million in fiscal 2004, due to a significant increase in deposits as a result of our issuance of Foreign Currency Convertible Notes.

Interest expense increased by 11.5% from Rs.2,684.3 million in fiscal 2004 to Rs.2,993.3 million in fiscal 2005, primarily due to an increase in long term debt. This increase was partially offset by a decline in our weighted average interest rate on short-term debt from 5.87% in fiscal 2004 to 3.62% in fiscal 2005 and on long-term debt from 7.35% in fiscal 2004 to 4.18% in fiscal 2005.

Non-operating revenue increased marginally by 2.7% from Rs.1,773.2 million in fiscal 2004 to Rs.1,821.6 million in fiscal 2005, primarily due to income from investment, decrease in premium incurred on prepayment of long term debt and a gain on sale of an investment in an affiliate, partially offset by foreign exchange losses.

Income Taxes

Despite the increase in 'Income before income tax', income tax expense decreased to Rs.5,099.9 in fiscal 2005 from Rs.5,264.0 million in fiscal 2004 resulting in decrease in our effective tax rate from 37.5% in fiscal 2004 to 27.7% in fiscal 2005. This was primarily as a result of the permanent tax benefits accruing to us on account of research and development expenses, credit upon restructuring of a subsidiary, and a decrease in long term capital gains tax on investments in equity securities. We were required to pay a Minimum Alternate Tax on our book profits in fiscal 2004. However, we were not subject to the Minimum Alternate Tax during fiscal 2005.

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliates

Share of minority interest in profits of consolidated subsidiaries was Rs.365.7 million in fiscal 2005, compared to Rs.228.9 million in fiscal 2004. This change was due to the significant improvement in the performance of our construction equipment subsidiary, Telco Construction Equipment Company Limited and subsidiaries of Tata AutoComp Systems Limited.

Equity in earnings of affiliates was Rs.340.4 million in fiscal 2005, compared to Rs.363.4 million in fiscal 2004. This change was primarily due to decline in the profits of Tata Yazaki Autocomp Limited and Knorr Bremse Systems for Commercial Vehicles India Private Limited, affiliates of Tata AutoComp Systems Limited. This was partially offset by increase in profit of Tata Cummins Ltd.

Net Income

Our consolidated net income for fiscal 2005 was Rs.13,256.2 million compared to Rs.8,899.9 million in fiscal 2004. The increase was the result of:

- A 28.6% increase in vehicle unit sales
- Continued cost reduction which was partially offset by an increase in input commodity prices. During fiscal 2005, there was a substantial increase in commodity prices, especially steel, engineering plastics and rubber, due to global demand factors. Consequently, our raw material cost as a proportion of our total revenues increased to 64.2% in fiscal 2005 from 60.1% in fiscal 2004. The other elements of cost of sales as a proportion of our total revenues reduced to 14.8% in fiscal 2005 from 17.3% in fiscal 2004.
- Our operating income as a percentage to total revenue declined to 9.5% in fiscal 2005 from 10.4% in fiscal 2004. The operating income of our automotive operations increased 28.6% during fiscal 2005 to Rs.15,612.3 million, while operating income of our other operations increased by 47.6% to Rs.2,366 million in fiscal 2005.
- The net income as a percentage of total revenues for fiscal 2005 was 6.7% as against 6.4% in fiscal 2004.



Fiscal, 2004 Compared to Fiscal 2003

Revenues

Our total consolidated revenues increased to Rs.139,695.7 million for fiscal 2004, an increase of Rs.43,965.2 million, or 45.9%, compared to total consolidated revenues of Rs.95,730.5 for fiscal 2003. This increase principally reflects the impact of a 42.9% increase in vehicle unit sales from 219,859 units to 314,288 units (including 29 vehicles sold by TDCV subsequent to our acquisition on March 30, 2004), increased financing revenue and improved operations of our consolidated subsidiaries involved in the businesses of construction equipment and auto components.

Revenues for fiscal 2004 increased by 42.1% to Rs.128,641.2 million in India and 113% to Rs.11,054.5 million in all other markets, compared to fiscal 2003.

The following is a discussion of our revenues for each of our business segments.

Automotive Operations

Revenues from the automotive segment increased by Rs.38,493.2 million, or 42.9%, to Rs.128,167.1 million in fiscal 2004 compared to fiscal 2003. This increase was primarily due to the:

- 39.1% increase in domestic vehicle unit sales in India
- 124.8% increase in international sales of vehicles manufactured in India
- 43.6% increase in automotive financing revenues to Rs.1,402.3 million

Domestic sales were driven by road infrastructure development, a low interest rate environment and replacement demand. In addition to benefiting from these general market conditions, we also enjoyed market share gains across our product line. International sales benefited from focused marketing efforts in our traditional international markets and entry into new markets. Increases in automotive financing revenues resulted from our increased focus on this activity.

Other Operations

Revenues from our other operations increased by Rs.5,472 million, or 90.3%, to Rs.11,528.6 million in fiscal 2004 compared to fiscal 2003. This increase resulted from the impact of increased revenue from all operations in this segment except that of TAL Manufacturing Solutions Ltd., which operates in the Indian capital goods industry and which is facing increasing competitive pressure from the reduction of import duties.

Cost of Sales and Operating Expenses

Cost of Sales and operating expenses increased by Rs.36,456.6 million, or 41.1%, to Rs.125,104.8 million during fiscal 2004 compared to fiscal 2003.

Cost of sales increased by 46.1% to Rs.108,159.6 million in fiscal 2004, from Rs.74,038.5 million in fiscal 2003. The increase reflects primarily the combined impact of increased vehicle unit sales and an increase in input prices, partially offset by the impact of continued cost cutting efforts. Cost of sales as a percentage of total revenues increased to 77.4% in fiscal 2004, compared to 77.3% in fiscal 2003, resulting in a gross margin decrease from 22.7% for fiscal 2003 to 22.6% in fiscal 2004.

Selling, general and administrative expenses increased by Rs.2,236 million to Rs.15,276.9 million in fiscal 2004, compared to Rs.13,040.9 million in fiscal 2003. The largest component of the increase was outward shipping expenses, which increased by Rs.821 million to Rs.2,752.7 million in fiscal 2004 as a result of the increase in unit sales. Selling, general and administrative expenses as a percentage of total revenues decreased to 10.9% during fiscal 2004 from 13.6% during fiscal 2003.

Research and development expenses decreased by 16.5% from Rs.1,536.2 million in fiscal 2003 to Rs.1,282 million in fiscal 2004. However this is not reflective of our research and development objectives and we continue to remain committed to a research and development program that will enable us achieve our strategy of becoming a global automotive player.

In fiscal 2004 an Employee Separation Scheme, or ESS, for the rationalization of our workforce was reintroduced. As a result, we incurred expense for lump-sum payments and pensions paid to 542 employees who submitted to the ESS, resulting in compensation expenses of Rs.386.3 million for fiscal 2004, compared to Rs.32.6 million in respect of 87 employees who submitted to the ESS for fiscal 2003.



Operating Income

Our consolidated operating income increased by Rs.7,508.6 million to Rs.14,590.9 million in fiscal 2004 compared with operating income of Rs.7082.3 million in fiscal 2003.

Operating income from our automotive operations increased by Rs.6,306.5 million to Rs.12,142.1 million in fiscal 2004 compared to operating income of Rs.5,835.6 million in fiscal 2003.

Operating income from our other operations increased by Rs.858.1 million to Rs.1,603.5 million in fiscal 2004 from Rs.745.4 million in fiscal 2003. This increase was primarily due to general profitability improvements in the operations of our consolidated subsidiaries aided largely by the improved economic situation in India.

Other Income and Expenses

Total net non-operating expenses decreased by 77.1% from Rs.2,456 million in fiscal 2003 to Rs.561.5 million in fiscal 2004, primarily due to a significant decrease in interest expense and an increase in non-operating income.

Interest income declined by 15.2% to Rs.349.6 million in fiscal 2004 compared to Rs.412.4 million in fiscal 2003 due to decline in the interest rates on our term deposits in fiscal 2004 partially offset by an increase in term deposits in fiscal 2004.

Interest expense decreased by 34.4% from Rs.4,090.4 million in fiscal 2003 to Rs.2,684.3 million in fiscal 2004, primarily due to access to low-cost international debt, repayment of higher interest-bearing long-term loans as well as a general decline in interest rates. Our weighted average interest rate on short-term debt declined to 5.87% in fiscal 2004 from 9.76% in fiscal 2003. Similarly, our weighted average interest rate on long-term debt declined to 7.35% in fiscal 2004 from 11.16% in fiscal 2003.

Non-operating revenue increased by 45.1% from Rs.1,222 million in fiscal 2003 to Rs.1,773.2 million in fiscal 2004, primarily due to higher income from investments and higher exchange gains, partially offset by premium on prepayment of long term debt.

Income Taxes

Income tax expense increased to Rs.5,264 million in fiscal 2004, compared to Rs.1,888.4 million in fiscal 2003. This change was primarily a result of the substantial increase in income before income taxes. The effective tax rate for fiscal 2004 decreased to 37.5% from 40.8% for fiscal 2003. As we were required to pay a Minimum Alternate Tax on our book profits, which cannot be carried forward and set-off against future tax liability, our effective tax rate was higher than the applicable marginal tax rate of 35.875% in fiscal 2004.

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliates

Share of minority interest in profits of consolidated subsidiaries was Rs.228.9 million in fiscal 2004 compared to share in profits of Rs.14.7 million in fiscal 2003. This change was due to the improved performance of the majority of our consolidated subsidiaries.

Equity in earnings of affiliates amounted to Rs.363.4 million in fiscal 2004 compared with Rs.46.1 million in fiscal 2003. This change was primarily due to the improved performance of our affiliates Tata Cummins Ltd., Nita Co. Ltd. and Tata Holset Ltd.

Net Income

Our consolidated net income was Rs.8,899.9 million in fiscal 2004, compared to a net income of Rs.2,769.3 million in fiscal 2003. The increase was the result of:

- Increased operational economies due to a 42.9% increase in vehicle unit sales.
- Continued cost reduction partially offset by an increase in input commodity prices. Due to the substantial increase in commodity prices during fiscal 2004 due to global demand factors, our raw material cost as a proportion of our total revenues increased to 60.1% in fiscal 2004 from 59.6% in fiscal 2003. However, we were able to bring down the other elements of cost of sales as a proportion of our total revenues from 17.7% in fiscal 2003 to 17.3% in fiscal 2004.
- Our operating margin increased to 10.4% in fiscal 2004 compared to 7.4% in fiscal 2003. The operating income of our automotive operations increased 108.1% to Rs.12,142.1 million while operating income of our other operations increased by 115.1% to Rs.1,603.5 million in fiscal 2004.



- 34.4% reduction in interest cost from Rs.4,090.4 million in fiscal 2003 to Rs.2,684.3 million in fiscal 2004.
- 45.1% increase in non-operating revenue to Rs.1,773.2 million in fiscal 2004 as compared to Rs.1,222.0 million in fiscal 2003.

Critical Accounting Policies

The preparation of our consolidated financial statements in conformity with US GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate and reevaluate our estimates, which are based on historical experience, industry standards, economic conditions and various other assumptions that we believe are reasonable based on currently available information. The results of these evaluations and reevaluations form the basis for our judgments about the carrying values of our assets and liabilities and the reported amounts of our revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates, and these estimates could differ under different assumptions. We believe the following accounting policies are important to our financial condition and results and require the most significant management judgments and estimates.

Property, plant and equipment

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation. Cost includes the purchase price, taxes and duties, labor cost and direct overheads for self constructed assets, interest cost during the construction period and other direct costs incurred up to the date the asset is available for use.

Depreciation is charged on a straight line basis over the useful lives of the assets.

We review our estimated useful lives on an ongoing basis to ensure that they are appropriate. We test our long-lived assets for impairment using undiscounted cash flows whenever events or circumstances arise that may indicate impairment. If a long lived asset is impaired, it is written down to its estimated fair value. Any assets which relate to discontinued or obsolete vehicle models are written off.

Product Warranty

Vehicle warranties are provided for a specified period of time. Our vehicle warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors.

The estimated liability for vehicle warranties is recorded at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and our estimates regarding possible future incidence based on actions on product failures.

Changes in warranty liability as a result of changes in estimated future warranty costs and any additional costs in excess of estimated costs can materially affect our net income. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Our policy is to continuously monitor warranty liabilities to determine the adequacy of our estimate of such liabilities. Actual claims incurred in the future may differ from our original estimates, which may materially affect warranty expense.

Employee Benefits

Employee benefit costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, health care cost trend rates, benefits earned, interest cost, expected return on plan assets, mortality rates and other factors.

While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our employee benefit costs and obligations.



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Finance Receivables, deferred origination costs and allowance for credit losses

We finance vehicle sales with hire purchase and loan financing provided to our customers. Finance receivables that we have the intent and ability to hold for the foreseeable future or until maturity or payoff, are reported at their outstanding unpaid principal balance reduced by a valuation allowance and net of any deferred origination costs.

Origination fees and certain direct origination costs are deferred and amortized as an adjustment to the yield of the related finance receivable.

We recognize specific and unallocated allowance for credit losses for finance receivables, based on our best estimate of losses inherent in the finance receivable portfolio.

B. Liquidity and Capital Resources

We finance our capital requirements by cash from operations, short and long-term debt, capital market borrowings and sale of investments. We believe that we have sufficient resources available to us to meet our planned capital requirements. However, our sources of funding could be adversely affected by an economic slowdown or other macro economic factors in India, which is beyond our control, and therefore a decrease in the demand for our products and services could lead to an inability to obtain funds from external sources on acceptable terms or in a timely manner, or at all.

Cash Flow Data

The following table sets forth selected items from our consolidated statements of cash flows for the periods indicated and shows the percentage change between periods.

	2003	Fiscal		Percentage Change	
		2004	2005	2003 to 2004	2004 to 2005
		(Rs. Millions)			
Net Cash provided by Operating Activities:	15,360.6	27,127.6	22,806.4	76.6%	(15.9%)
Net Income	2,769.3	8,899.9	13,256.2		
Adjustments	5,262.2	7,856.5	5,276.0		
Changes in Operating Assets and Liabilities	7,329.1	10,371.2	4,274.2		
Net Cash used in Investing Activities	5,500.6	24,971.4	34,585.9	354%	38.5%
Net Purchases of Tangible and Intangible Assets	2,228.7	2,441.1	8,027.1		
Net Purchases of Investments	294.8	18,274.5	15,703.6		
Acquisition of Subsidiaries, Net of Cash Acquired	88.2	1,181.5	186.6		
Change in Finance Receivables (net of proceeds from sale)	2,933.6	3,155.2	10,946.2		
Others	(44.7)	(80.9)	(277.6)		
Net Cash (provided) / used in Financing Activities	10,414.1	(2,157.9)	(9,987.4)	n/a	363%
Equity Issuance	(0.9)	(2,304.9)	(1,495.3)		
Dividends Paid (including to minority shareholders of subsidiaries)	—	3,034.5	1,772.5		
Net Debt Repayments/ (Borrowings)	10,415.0	(2,887.5)	(10,264.6)		



Net cash provided by operating activities was Rs.15,360.6 million, Rs.27,127.6 million and Rs.22,806.4 million in fiscal 2003, 2004 and 2005, respectively. An increase during fiscal 2005 on account of our automotive operations and increase in acceptances which was offset by increase in accounts receivable and inventories. Our accounts receivable declined by Rs.1,155.1 million and Rs.2,646.0 million in fiscal 2003 and 2004, respectively, and increased by Rs.1,720.1 million in fiscal 2005. Increased sales volumes and pressure due to a steel price increase resulted in a significant increase in inventory levels, although we have maintained our inventory at 34 days of gross sales in fiscal 2004 and 2005, respectively. Acceptances increased to Rs. 28,939.5 million in fiscal 2005 from Rs. 16,636.6 million in fiscal 2004.

Net cash used in investing activities was Rs.5,500.6 million, Rs.24,971.4 million and Rs.34,585.9 million in fiscal 2003, 2004 and 2005, respectively. The increase in investments during fiscal 2005 over fiscal 2004 was mainly on account of deployment of surplus cash in short term deposits, loans to affiliates and loans to Tata Finance Ltd, increase in capital expenditure, increase in finance receivables and partially offset by sale and purchase of available for sale investments. The increase during fiscal 2004 compared to fiscal 2003 was primarily due to increases in our investments, as we deployed excess cash in liquid investments and finance receivables. A cash surplus and higher returns on the vehicle loan portfolio as compared to returns on investments in marketable securities led to a decision to reduce resulted in lower securitization of the receivables portfolio during fiscal 2004.

Cash outflow on account of total capital expenditures for property, plant and equipment were Rs.2,874.4 million, Rs.2,643 million and Rs.7,736.5 million in fiscal 2003, 2004 and 2005, respectively. The increases resulted primarily from a capacity expansion of passenger car manufacturing facilities from 150,000 units in fiscal 2004 to 225,000 units during fiscal 2005.

While Rs.10,414.1 million was the net cash used in financing activities in fiscal 2003, there was a net cash inflow from financing activities of Rs.2,157.9 million and Rs.9,987.4 million during fiscals 2004 and 2005, respectively. For fiscal 2005, the net inflow from financing activities resulted primarily from proceeds of the Foreign Currency Convertible Notes issued in April 2004, partially offset by repayment of short term and long term debt.

Balance Sheet Data

Our total assets were Rs.113,875.4 million and Rs.159,149.7 million as of March 31, 2004 and 2005, respectively. The increase in fiscal 2005 was primarily due to increases in investments, finance receivables, short-term bank deposits and property, plant and equipment. Inventory and receivables also increased during fiscal 2005, due to higher sales volumes and an increase in raw material and component inventory levels resulting from steel price increases.

Our shareholders' equity was Rs.37,377.6 million and Rs.56,409.2 million as of March 31, 2004 and 2005, respectively. The increase during fiscal 2005 was primarily due to the exercise of outstanding warrants and conversion of outstanding convertible debt securities, retained earnings and unrealized gain on available-for-sale investments of Rs.5,764.7 million, partially offset by dividends paid of Rs.1,619 million. Share capital increased from Rs.3,530 million to Rs.3,617.9 million and additional paid-in-capital increased from Rs.26,872.3 million to Rs.28,143.3 million.

As of March 31, 2005, we had cash and cash equivalents of Rs.4,873.3 million held primarily in Indian rupees, short-term bank deposits of Rs.15,731.2 million and investments available-for-sale of Rs.26,178.7 million. In comparison, as of March 31, 2004, we had cash and cash equivalents of Rs.6,511.1 million, short-term bank deposits of Rs.2,727.7 million and available-for-sale investments of Rs.24,150.3 million.

Gross accounts receivables increased 16.2% during fiscal 2005 by Rs.1,537.6 million to Rs.11,018.9 million as of March 31, 2005, primarily due to higher sales, partially offset by a reduction in collection time.



Inventories increased during fiscal 2005 by Rs.6,209.9 million to Rs.21,353.6 million as of March 31, 2005, primarily reflecting the impact of increased unit production and sales volumes. Increase in the prices of steel, engineering plastics and rubber resulted in a significant increase in the raw material and component inventory levels. However, as a result of inventory management and controls, we maintained inventory at 34 days in fiscal 2005, unchanged from fiscal 2004.

Gross finance receivables (excluding non-current receivables) increased during fiscal 2005 by Rs.5041.2 million to Rs.8215.6 million as of March 31, 2005. This increase was primarily due to a significant increase in vehicle financing driven by increased unit sales.

Our investment portfolio increased by Rs.3,384.7 million during fiscal 2005 to Rs.30,437 million as of March 31, 2005. The increase was primarily due to investments in bonds, investment in preference shares of Tata Finance Limited and unrealized gain on our available-for-sale investments in equity shares partially offset by decrease in investments in mutual funds.

Capital Expenditure

We have invested approximately Rs.14,400 million over the last three fiscal years to fund our planned capital expenditure and our program for the modernization of our production facilities. Capital expenditure aggregated to Rs.2,650.6 million, Rs.2,659.3 million and Rs.9,162.5 million in fiscals 2003, 2004 and 2005, respectively. Our capital expenditures during the past three years have related mostly to a capacity expansion of passenger cars facilities, the introduction of new products, quality and reliability improvements aimed at operating cost reductions.

We will continue to invest in our business units and research and development over the next several years, including committed capital expenditures for our ongoing projects, new projects, product development programs, mergers, acquisitions and strategic alliances. In particular, we have been implementing a program to build and expand our presence in the passenger vehicle market and to expand and enhance our leading position in the Indian commercial vehicle market, both by improving our existing product range and developing new products and platforms. As part of our future growth strategy, we have a capital expenditure plan as of March 31, 2005 aggregating approximately Rs.42,600 million for fiscal 2006 and 2007. Future capital expenditure is expected to focus on the introduction of new products, enhancement of plant capacity, modernization of existing plant, property and equipment, improvement of plant productivity, quality and reliability of our products. These expenditures are expected to be funded through cash generated from operations, existing investible surplus in the form of cash and cash equivalents, mutual funds and other external financing sources.

Liabilities and Sources of Financing

We fund our short-term working capital requirements with cash generated from operations, overdraft facilities with banks, short and medium term borrowings from lending institutions and issuance of medium term debentures. The maturities of these short and medium term borrowings and debentures are generally matched to particular cash flow requirements. We had short term borrowings (including the current portion of long-term debt) of Rs.7,758.9 million and Rs.2,866.5 million as of March 31, 2004 and 2005, respectively. We had unused short-term credit facilities of Rs.11,486.4 million and Rs.12,270 million as of March 31, 2004 and 2005, respectively.

In fiscal 2004, we had taken a loan of US\$50 million from the International Finance Corporation, the repayment of which is required to be made in installments beginning April 2008 until April 2011.

We also repaid a loan of US\$42.51 million from the State Bank of India in foreign currency denominated funds during fiscal 2005.

In July 2003, we raised US\$100 million through an offering of 1% convertible notes, due in 2008. The notes are convertible into ordinary shares or global depositary shares at a price of Rs.250.745 (US\$5.43) per ordinary share. The notes are subject to redemption at our option any time after July 31, 2006. US\$10.56 million of these notes were outstanding as on March 31, 2005.

On April 27, 2004, we raised US\$400 million through a two-tranche offering of zero coupon and 1% convertible notes due in 2009 and 2011, respectively. The US\$100 million zero coupon notes, due in 2009, are convertible into ordinary shares or global depositary shares at a price of Rs.573.106 (US\$13.069) per share, subject to adjustment, from and including June 7, 2004 and are subject to redemption at our option any time on or after April 27, 2005. The US\$300 million 1% notes, due in 2011, are convertible into ordinary shares or depositary shares at a price of Rs.780.400 (US\$17.797) per share, subject to adjustment, from and including June 7, 2004. We expect to use these and any other funds to be raised in the future to meet capital expenditure requirements for product development programs and for funding any mergers, acquisitions or strategic alliances, subject to applicable Indian laws.



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Our ability to incur additional debt in the future is subject to a variety of uncertainties including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect investor demand for our securities and those of other Indian entities, the liquidity of Indian capital markets and our financial condition and results of operations.

The following table sets forth our short-term and long-term debt position:

	Fiscal 2004	Fiscal 2005
	(Rs. millions)	
Total short-term debt	4,941.0	1,758.0
Total current portion of long-term debt	2,817.9	1,108.5
Long-term debt net of current portion	10,804.1	25,632.7
Total Debt	18,563.0	28,499.2

During fiscal 2004 and 2005 the effective weighted average interest rate on our long-term debt was 7.35% and 4.18% per annum, respectively.

As of March 31, 2005, approximately 8.8% of our long-term debt was denominated in rupees and the balance was denominated in dollars and other non-rupee currencies. During fiscal 2005, we were able to significantly reduce our effective cost of borrowing by securing foreign currency loans at favorable rates. During fiscal 2005, we repaid Rs.5,508.8 million of our outstanding debts.

The following table sets forth a summary of the maturity profile for our outstanding long-term debt obligations as of March 31, 2005.

Repayments Due by Period	Rs. Millions
Within 1 year	1,108.5
After one and upto two years	1,173.5
After two and upto five years	10,131.7
After five and upto ten years	14,327.5
Total	26,741.2

Some of the long-term debt agreements contain financial covenants that require us to satisfy and/or maintain financial tests and ratios on a non-consolidated basis under Indian GAAP, including minimum tangible net worth, restrictions on the ratio of total liability to tangible net worth and certain cash flow ratios, among others. The terms of certain of our long-term debt agreements require us to obtain prior consent for certain specified actions including amendment of our charter documents and for creation of any lien on our properties other than for specified purposes.

As a result of our increase in our long term debt during fiscal 2005 as compared to fiscal 2004, because of the issue of Foreign Currency Convertible Notes, the ratio of net debt to shareholders' equity (total debt less cash and cash equivalents and liquid marketable securities divided by total shareholders' equity) under US GAAP increased from (0.16) to (0.05) as of March 31, 2004 and 2005, respectively. Details of the calculation of this ratio are set forth in Exhibit 7.1 to this annual report.



The following table sets forth our contingent liabilities as of the dates indicated.

	Fiscal 2004	Fiscal 2005
	(Rs. millions)	
Sales tax	2,443.1	3,842.0
Excise duties	446.0	1,230.9
Claims by third parties ⁽¹⁾	2,520.9	2,397.8
Other contingencies ⁽²⁾	10,011.6	13,064.9
Total	15,421.6	20,535.6

- (1) Claims by third parties include claims by income tax and other revenue authorities and distributors. See “— Legal Proceedings” in Item 4B. of this annual report.
- (2) Other contingencies consisted of:
- Rs.4,607 million and Rs.6,442.4 million in fiscal 2004 and 2005 respectively with respect to liabilities for bills discounted and export sales on deferred credit,
 - Rs.1,497.2 million and Rs.799.3 million in fiscal 2004 and 2005 respectively with respect to other guarantees, including with respect to receivables assigned by way of securitization,
 - Rs.1,500 million and Rs.0 in fiscal 2004 and 2005 respectively with respect to the obligation of the company to purchase preference shares of Tata Finance Limited on the occurrence of certain events,
 - Rs.2,405 million and Rs.5,823.2 million in fiscal 2004 and 2005 respectively with respect to executory contracts on capital accounts and not otherwise provided for, and
 - Rs.2.4 million and Rs.0 in fiscal 2004 and 2005, respectively with respect to arrears of cumulative preference share dividends.

On an ongoing basis, our legal department reviews pending cases, claims by third parties against us and other contingencies. For the purposes of financial reporting, we periodically classify these matters into gain contingencies and loss contingencies. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable. For loss contingencies that are considered probable, an estimated loss is recorded as an accrual in our accounts and, if the matter is material, the estimated loss is disclosed in our financial statements. We do not consider any of these matters to be individually sufficiently material to warrant disclosure in our financial statements. Loss contingencies that are considered reasonably possible are not provided for in our accounts, but if we consider such contingencies to be material, individually or in the aggregate, they are disclosed in our financial statements. Most loss contingencies are classified as reasonably possible unless clearly frivolous, in which case they are classified as remote and are monitored by our legal department on an ongoing basis for possible deterioration. We do not disclose remote matters in our financial statements. See note 20 of our audited consolidated financial statements for additional information regarding our material claims and contingencies.

Since fiscal 1997, we have benefited from participation in the Export Promotion Capital Goods Scheme, or the EPCG Scheme, which permits us to import capital equipment under a special license at a substantially reduced customs duty, subject to us fulfilling an obligation to export goods manufactured or produced by the use of capital equipment imported under the EPCG Scheme to the value of a multiple of the Cost Insurance and Freight value of these imports or Customs Duty saved, over a period of 8 or 12 years from the date of obtaining the special license. We currently hold eight licenses that require us to export our products of a value of approximately US\$2.148 billion between 1997 and 2014, and we carefully monitor our progress in meeting our incremental milestones. Of this amount, we have already achieved exports of approximately US\$1.14 billion as of March 31, 2005, which exceeded our export milestone at that stage by approximately US\$489.5 million. This leaves us with a remaining obligation to export products of a value of approximately US\$1.008 billion by September 2014. In the event that the export obligation under the EPCG Scheme is not fulfilled, we would have to pay the differential between the reduced and normal duty on the goods imported along with interest. In view of our past record of exceeding our export milestones, and our current plans with respect to our export markets, we do not currently foresee any impediments to meeting our export obligations in the required time frame.

**Finance Receivables**

In fiscal 2004 and 2005, 8% and 9%, respectively, of our sales volumes were financed under hire-purchase/loan contracts to our customers. As of March 31, 2004 and 2005, our customer finance receivable portfolio was comprised of 60,676 contracts and 81,758 contracts, respectively, with gross stock-on-hire of approximately Rs.16,977 million and Rs.27,614 million, respectively. We follow specified internal procedures including quantitative guidelines for selection of our finance customers to assist in managing default and repayment risk in our portfolio, and take security against loans extended. We originate all the contracts through our authorized dealers with whom we have long-term agreements. All our marketing and sales activity is undertaken through dealers including our Bureau of Hire Purchase Credits and collections are carried out by our authorized dealers.

We securitize or sell most of our finance receivables on a regular basis to monetize these assets. We undertake a sale of the receivables in respect of finance agreements due from pools of purchasers. The constitution of these pools is based on criteria that are decided by credit rating agencies and/or based on the advice that we receive as to the marketability of a pool. We undertake these securitizations of our receivables in either or both of the following forms:

- assignment of the receivables due from purchasers under hire-purchase agreements; and
- securitization of receivables due from purchasers by means of private placement.

We act as collection agent on behalf of the investors, representatives, special purpose vehicles or banks in whose favor the receivables are to be assigned, for the purpose of collecting receivables from the purchasers on the terms and conditions contained in the applicable deeds of securitization in respect of which pass-through certificates are issued to investors. We also secure the payments to be made by the purchasers of amounts constituting the receivables under the hire-purchase agreements to the extent specified by rating agencies by any one or all of the following methods:

- by furnishing to the investors collateral, in respect of the obligations of the purchasers and the undertakings to be provided by us;
- by depositing, in favor of the investors, amounts not exceeding 10% of the gross receivables as cash collateral to secure the obligations of the purchasers and our obligations as the collection agent; and
- by way of over-collateralization or by investing in subordinate pass-through certificates to secure the obligations of the purchasers.

The following table sets forth details of the securitization undertaken by us as of the periods indicated:

	Fiscal 2004	Fiscal 2005
	(Rs. million)	
Securitized value	35,489.2	38,554.4
Balance payable	8,641.2	5,161.9
Overdue as a % of amount securitized	0.83%	0.95%

Recent Developments***Merger of Tata Finance Limited with the Company***

In June 2005, Tata Finance Limited ("TFL") was merged with us. TFL was established in 1981 as a finance company to conduct hire purchasing, leasing and other finance related activities. In line with international practice and with the objective of building an extensive captive financing arm to support the our vehicle sales business and to hedge the revenue stream risks associated with the cyclicity of the vehicle sales business, it was deemed prudent to merge TFL with us. The merger is expected to result in efficiencies for Tata Motors Financing Business through complementary customer sourcing models, access to low cost funds, flexibility to offer competitive products/services, the bundling of financing options with our other products/services and other operational benefits. The merger was approved by our shareholders and has since received the sanction of the Hon'ble High Court of Judicature at Bombay on June 24, 2005. The merger will be accounted for under the purchase method from June 29, 2005, i.e. the date the transaction was approved by the regulatory agencies.



Acquisition of INCAT International PLC

In the first week of September 2005, our subsidiary, Tata Technologies, USA (TTUS) made a cash offer at 220 pence per share (Rs.169.40 per share) for 100% of the equity shareholding of INCAT International PLC (INCAT), a UK-based company listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Both TTUS and INCAT provide engineering and design services and PLM (product lifecycle management) products and services, primarily to manufacturers and their suppliers in the international automotive, aerospace and engineering markets.

Organizational Changes

In July 2005, our Executive Director (Commercial Vehicle Business Unit), Mr Ravi Kant, was appointed as our Managing Director and is now responsible for and oversees our day-to-day operations. Further, our Executive Director (Passenger Car Business Unit & Engineering Research Centre), Dr. V Sumantran, tendered his intention to resign from the Company in his capacity as an Executive Director and has since ceased to be Executive Director of the Company with effect from August 24, 2005.

Change in Indian GAAP Statutory Auditors

Our US GAAP financial statements are being audited by Deloitte Haskins & Sells (DHS), a firm registered with the Public Company Accounting Oversight Board (PCAOB) in the United States, an Indian Firm of Chartered Accountants registered with The Institute of Chartered Accountants of India. DHS has some partners who are also partners of M/s A. F. Ferguson & Co. (AFF) and M/s S. B. Billimoria & Co., (SBB), who had been our Indian GAAP statutory auditors, since inception upto the fiscal 2005. Our shareholders had approved the change in Indian GAAP statutory auditors, by the appointing DHS at our 60th Annual General Meeting held on July 11, 2005, based on the recommendations of our Audit Committee and our Board of Directors.

C. Research and Development, Patents and Licenses, etc.

Please see Item 4.B of this annual report for the information required by this item.

D. Trend Information.

Please see Item 5.A of this annual report for the information required by this item.

E. Off-balance Sheet Arrangements

We use off-balance sheet arrangements where the economics and sound business principles warrant their use. Our principal use of off-balance sheet arrangements occurs in connection with the securitization and sale of finance receivables generated in the ordinary course of our business. The receivables securitized and sold consist primarily of retail loans secured by vehicles sold through our dealer network.



Assets in off-balance sheet entities were as follows:

	Fiscal 2004	Fiscal 2005	Fiscal 2005
	(in Rs. millions)		(in US\$ millions)
Finance Receivables	8,641.2	5,161.9	118.4

We have provided bank guarantees aggregating Rs.757 million relating to certain securitized receivables to certain special purpose entities ("SPEs"). Our liability would crystallize in the event customers fail to fulfill their obligations under the contract and the SPE serves a notice of shortfall in collections on us. The term of each guarantee depends upon the weighted average term of each pool of finance receivables securitized. In the event a guarantee is called, we have the right to repossess the financed vehicle and to auction the vehicle. The maximum potential amount of future payment that we would be required to make is Rs.757 million as at March 31, 2005. We have recognized a liability of Rs.186 million for these guarantees.

F. Tabular Disclosure of Contractual Obligations

	Payments due by Period				
	Total	Less than 1 year	(Rs. in millions) 1 year to 3 years	3 years to 5 years	5 years or more
Long Term Debts	26,741.2	1,108.5	4,115.8	7,189.4	14,327.5
Capital Leases	53.8	21.4	28.5	3.9	—
Operating Leases	97.5	78.8	11.1	7.6	—
Purchase obligations	5,823.2	4,317.2	1,506	—	—
Total	32,715.7	5,525.9	5,661.4	7,200.9	14,327.5

Item 6. Directors, Senior Management and Employees.

A. Directors and Senior Management.

Board of Directors

Under our Articles of Association, the number of our Directors cannot be less than three nor more than 15. At present there are 11 Directors, including a nominee Director of Tata Steel and we have one Alternate Director. Our Board of Directors, or the Board, has the power to appoint Managing Directors and Executive Directors.

Our Articles of Association provide that the Board of Directors of The Tata Iron and Steel Company Limited, or Tata Steel, which, with its subsidiary, owns, as of March 31, 2005, 8.95% of our shares, has the right to nominate one Director (the Steel Director) to the Board. Dr. J.J. Irani is the current nominee Director of Tata Steel.

In addition, our Articles of Association provide that our debenture holders have the right to nominate one Director (the Debenture Director) if the trust deeds relating to outstanding debentures require the holders to nominate a Director. Currently, there is no Debenture Director. Also, the Articles provide that pursuant to the terms of loan agreements with Financial Institutions in India, those institutions have the right to nominate two Directors each, (the Financial Institutions Director) to the Board. We also have a representative from DaimlerChrysler AG on our Board. The current nominee is Mr. Helmut Petri.

The Directors may be appointed by the Board or by a General Meeting of the shareholders. The Board may appoint any person as an Additional Director, but such a Director must retire at the next Annual General Meeting unless re-elected by the shareholders after complying with the provisions of the Companies Act. A casual vacancy caused on the Board due to death or resignation of a sitting member can be filled by the Board; but such a person can remain in office only for the unexpired term of the person in whose place he was appointed and on the expiry of the term he will retire unless re-elected by the shareholders. The Board may appoint an Alternate Director in accordance with the provisions of the Companies Act to act for a Director during his absence, which period of absence shall not be less than three months.



Two-thirds of the total numbers of Directors on the Board are subject to retirement by rotation and of these Directors, one third must retire every year. The Directors to retire are those who have been the longest in office. Our Directors are not required to hold any of our shares by way of qualification shares. We recently appointed Mr Ravi Kant as our Managing Director, who is responsible for and oversees our day-to-day operations. Mr P P Kadle our Executive Director heads the Corporate Affairs, Finance and Information Technology functions, appropriate powers have been delegated to them to perform their functions. The Executive Directors appointment is for a term of five years.

As of March 31, 2005, our Directors and Executive Officers, in their sole and joint names, beneficially held an aggregate of 141,697 shares (approximately 0.04% of our issued share capital). In addition, some of our Directors hold as trustees for various nonaffiliated trusts an aggregate of 354,976 shares (representing approximately 0.098% of our issued share capital).

The following table provides information about our current Directors and Executive Officers.

Name	Position	Date of Birth ⁽¹⁾	Year appointed as Director or Executive Officer	Expiration of Term	Number of shares beneficially owned as of March 31, 2005 ⁽²⁾
Ratan N. Tata	Chairman	Dec 28, 1937	1981	2007	52,056
N.A. Soonawala	Director	Jun 27, 1935	1989	2007	10,280
J.J. Irani	Director	Jun 2, 1936	1993	Non-rotational	3,183
J.K. Setna	Director	Aug 29, 1928	1993	2007	12,033
V.R. Mehta	Director	Jan 12, 1934	1998	2006	9,332
R. Gopalakrishnan	Director	Dec 25, 1945	1998	2008	3,750
N.N. Wadia	Director	Feb 15, 1944	1998	2008	Nil
Helmut Petri	Director	Jul 23, 1940	2000	2006	Nil
S.A. Naik	Director	Jun 22, 1930	2000	2008	1,310
Ravi Kant *	CEO & Managing Director	Jun 1, 1944	2000	2006	Nil
P.P. Kadle	Executive Director & CFO	Jan 21, 1957	2001	2010	1,227
P.K.M. Fietzek	Alternate Director	Feb 2, 1939	2000	Alternate	Nil

* Appointed as Executive Director on July 12, 2000 and appointed as Managing Director on July 29, 2005.

- (1) The business address of each of our Directors and Executive Officers, other than as described immediately below, is Bombay House, 24 Homi Mody Street, Mumbai – 400 001. The business address of Helmut Petri is DaimlerChrysler AG., D-70546, Stuttgart, Germany, the business address of P.K.M. Fietzek is Panoramastrasse 27, D-73760, Ostfildern, Germany, the business address of J.K. Setna is 5B, Saker Apartments, Pochkhanawala Road, Worli, Mumbai, 400 018, the business address of V.R. Mehta is Ganesh Deep, 373, Anand Vihar, Block 'D', New Delhi 110 092, the business address of N.N. Wadia is The Bombay Dyeing & Manufacturing Co. Ltd., Hemming Building Office, Pandurang Budhkar Marg, Prabhadevi, Mumbai 400 025, and the business address of S.A. Naik is 9/4, Moti Mahal, Jamshedji Tata Road, 195, Churchgate Reclamation, Mumbai 400 020.
- (2) Each of our Directors and Executive Officers beneficially owned less than 1% of our shares as of March 31, 2005.

Biographies

Set forth below is a short biography of each of our Directors and Executive Officers:

Mr. Ratan N. Tata (Chairman). Mr. Ratan N. Tata holds a B.Sc. (Architecture) degree from Cornell University, USA and has completed the Advanced Management Program at Harvard University, USA. He joined the Tata Group in 1962 and is the Chairman of the Tata group of companies and Tata Sons Limited, the holding company for the majority of the Tata group of companies. Mr. Tata has been on our Board since August 1981 and has spent more than 13 years in an executive capacity and is actively involved with product development and other business strategies pursued by us.



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Mr. N.A. Soonawala. Mr. N.A. Soonawala is an honors graduate in commerce from the University of Bombay and a Chartered Accountant from the Institute of Chartered Accountants of India. He has wide exposure in the field of finance, including having previously worked with ICICI, Washington. He joined Tata Sons Limited in 1968 and was a Finance director until June 2000. He is on the boards of various Tata group companies and committees as Director. Mr. Soonawala has been on our Board since May 1989.

Dr. J.J. Irani. Dr. Jamshed Irani obtained a B.Sc. degree from Science College, Nagpur in 1956 with a Gold Medal in Geology and a M.Sc. (Geology) degree from the Nagpur University in 1958, both with first class. He also obtained M.Met. and Ph.D. degrees from the University of Sheffield, UK, in 1960 and 1963 respectively, with a Gold Medal for the Ph.D. Thesis. In 1993, the University of Sheffield conferred upon him the Honorary Degree of "Doctor of Metallurgy". Dr. Irani was conferred an honorary knighthood in 1997 by the Queen of England for his contribution towards strengthening the Indo-British Partnership. He is also on the boards of various Tata companies and has been on our Board as a Tata Steel Nominee since June 1993.

Mr. J.K. Setna. Mr. J.K. Setna obtained a B.Com degree from University of Bombay, and is a Chartered Accountant from the Institute of Chartered Accountants of India. After a long and distinguished career with Ingersoll-Rand (India) Limited, where he retired as President in 1988 and Chairman in 1993, he has been on our Board since September 1993.

Mr. V.R. Mehta . Mr. V.R. Mehta holds a B.E. (Honours) degree from the University of Rajasthan. Mr. Mehta has considerable financial and project evaluation expertise, both at national and international levels. Mr. Mehta worked as a senior expert for the Asian Development Bank and earlier held a senior level position with the Indian federal Ministries of Railways, Shipping and Transport. He played a key role in financial revamping and rationalization processes of major ports in India and has participated in important diplomatic missions and has represented India in International Conferences. Mr. Mehta is on the Board of other companies in his individual capacity or a nominee of financial institutions or foreign companies. Mr. Mehta joined our Board since June 1998 as a Financial Institutions nominee. In September 2005, Unit Trust of India, withdrew their nomination of Mr Mehta as Financial Institution Director, though he continues to be on the Board in his individual capacity.

Mr. R. Gopalakrishnan. Mr. R. Gopalakrishnan holds a Bachelor's degree in Science and a B.Tech (Electronics) degree from the Indian Institute of Technology (IIT), Kharagpur. He is also an Executive Director of Tata Sons Limited and a member of the Group Executive Office of Tata Sons Limited, besides being on the Boards of various Tata companies. Prior to joining the Tata group in August 1998, he was the Vice-Chairman of Hindustan Lever Limited. With effect from January 2001, Mr. Gopalakrishnan has, together with the Chairman and Executive Director(s), the responsibility of overseeing our operations. Mr. Gopalakrishnan has been a Director on our Board since December 1998.

Mr. N.N. Wadia. Educated in the UK, Mr. N.N. Wadia is the Chairman of Bombay Dyeing & Manufacturing Company Limited and heads the Wadia Group. He is also the Chairman/Trustee of various charitable institutions and non-profit organizations. Mr. Wadia has been on our Board since December 1998.

Mr. Helmut Petri. Mr. Petri studied at Gummersbach Engineering School and is presently the Chairman and Member of Board of Management of DaimlerChrysler India Ltd. As the Deputy Board Member of Mercedes Benz AG., he was responsible for research and development of passenger cars. Mr. Petri has been the representative of DaimlerChrysler AG on our Board since March 2000.

Mr. S.A. Naik. Mr. S.A. Naik, a B.Sc. and LL.M., has a legal background. Prior to his retirement from the Industrial Development Bank of India, Mr. Naik was the Executive Director (Legal Advisor) in charge of its legal functions. He was also the Legal Advisor for SEBI when it was in its formation stage and is now an Advisor to India Law Services, Mumbai. Mr. Naik was on our Board as nominee of the Industrial Development Bank of India from 1988 to 2000. On his nomination being withdrawn, he was appointed on our Board in his individual capacity in July 2000.



Mr. Ravi Kant. Mr. Kant holds a Bachelor of Technology degree from the IIT, Kharagpur and a Masters in Science in management techniques from Aston University, Birmingham, UK. Mr. Kant has wide and varied experience in the manufacturing and marketing field, particularly in the automobile industry. Prior to joining us, he was with Philips India Limited as Director of Consumers Electronics business and prior to that with LML Ltd. as Senior Executive Director (Marketing) and Titan Watches Limited as Vice President (Sales & Marketing). Mr. Kant was also employed with Kinetic Engineering Limited, Hindustan Aluminum Company Limited and Hawkins Cookers Limited. Mr. Kant had been an Executive Director since May 2000, responsible for manufacturing and marketing of commercial vehicles and manufacturing of utility vehicles and was appointed as our Managing Director on July 29, 2005. Mr Kant is the CEO of the Company.

Mr. P.P. Kadle. Mr. P.P. Kadle is an Honours Graduate in Commerce and Accountancy from Mumbai University. He is also a member of the Institute of Chartered Accountants of India, the Institute of Cost and Works Accountants of India and the Institute of Company Secretaries of India. He has gathered wide experience with well known Indian companies in the fields of management, accountancy, law, finance and treasury. Prior to joining us as Vice-President (Finance), Mr. Kadle was with Tata-IBM Ltd as their Chief Financial Officer. In October 2001, Mr. Kadle was appointed as an Executive Director. He is responsible for Finance and Corporate Affairs and is the CFO of the Company.

Mr. P.K.M. Fietzek. Mr. Fietzek joined the technical and business training program of Daimler-Benz AG, now DaimlerChrysler AG, in 1957, and has held various positions with DaimlerChrysler AG since then, including exports. Mr. Fietzek has been on our Board as an Alternate Director to Mr. Petri since May 2000.

There is no family relationship between any of our Directors or Executive officers.

B. Compensation.

The following table provides the annual compensation paid to our Directors for the fiscal year ended March 31, 2005.

Name	Position	Remuneration ⁽¹⁾ (in Rupees)
Ratan N. Tata	Chairman	3,550,000
N.A. Soonawala	Director	2,345,000
J.J. Irani	Director	780,000
J.K. Setna	Director	3,035,000
V.R. Mehta *	Director	3,395,000
R. Gopalakrishnan	Director	2,680,000
N.N. Wadia	Director	1,445,000
Helmut Petri	Director	70,000
S.A. Naik	Director	1,545,000
Ravi Kant ^{(2) ^}	Executive Director	13,953,000
P.P. Kadle ⁽²⁾	Executive Director & CFO	13,594,000
V. Sumantran ^{(2) **}	Executive Director	11,789,000
P.K.M. Fietzek	Alternate Director	140,000

* Out of the remuneration of Rs.3,395,000, Rs.1,950,000 was payable to Unit Trust of India the nominating financial institution.

^ Appointed as the CEO & Managing Director of the Company with effect from July 29, 2005

** Ceased to be a Director of the Company with effect from August 24, 2005

(1) Includes salary, allowance, taxable value of perquisites, commission and our contribution to provident fund and superannuation fund for Executive Directors and sitting fees and commission for Non-Executive Directors.

(2) Rounded to nearest thousands of rupees and includes retirement benefits.

C. Board Practices

Our Executive Directors are entitled to six months' salary as severance fees upon termination of their contracts by us.



Committees

The Audit Committee is comprised of the following three independent directors: V.R. Mehta, Chairman, S.A. Naik and J.K. Setna. The scope of the Audit Committee includes:

- review of our financial reporting process, the financial statements and financial/risk management policies;
- review of the adequacy of the internal control systems and functioning of the internal audit team;
- discussions with the management and the external auditors, the audit plan for the financial year and a joint post-audit review of the same;
- recommendation of the appointment and removal of statutory / independent auditors, fixing audit fees and approving permissible non-audit services provided by the firms of statutory/independent auditors;
- review of the whistle-blower mechanism.

The Remuneration Committee is empowered to review the remuneration of whole-time directors, retirement benefits to be paid to them and dealing with matters pertaining to Employees' Stock Option Scheme.

We have not issued any stock options to our directors/employees. The Remuneration Committee is comprised of three independent and two non-executive directors, namely N.N. Wadia, Chairman, Ratan N. Tata, N.A. Soonawala, V.R. Mehta and S.A. Naik.

The Investor Grievance Committee oversees the redressing of investors' complaints pertaining to securities transfers, interest/dividend payments, non-receipt of annual reports, issue of duplicate certificates and other miscellaneous complaints. Its scope also includes delegation of powers to the executives of us or the share transfer agents to process share transfers and other investor-related matters. The Investor Grievance Committee comprises of S.A. Naik, Chairman, R. Gopalakrishnan, Ravi Kant and P. P. Kadle.

The Finance Committee deals with matters pertaining to finance and banking transactions, granting Power of Attorney, property matters and our other day-to-day financial operations. The Committee also makes appropriate recommendations to the Board on investments, restructuring initiatives and policy related matters. The Committee is comprised of Ratan N. Tata, Chairman, N.A. Soonawala, J.K. Setna, R. Gopalakrishnan, N N Wadia and P. P. Kadle.

The Committee of the Board reviews revenue and capital expenditure budgets, long-term business strategy and the organizational structure. The Committee is comprised of Ratan N. Tata, Chairman, N.A. Soonawala, J.J. Irani, R. Gopalakrishnan and N.N. Wadia.

The Ethics and Compliance Committee sets forth policies relating to the implementation of the Tata Code of Conduct for Prevention of Insider Trading, take on record the monthly reports and dealings in securities by the "Specified Persons", and to decide penal action in respect of violations of the Tata Code of Conduct. The Ethics and Compliance Committee is comprised of S.A. Naik, Chairman and R Gopalakrishnan. P. P. Kadle, Executive Director, has been appointed as the Compliance Officer under the said Code.

Apart from the Committees described above, the Board of Directors also constitutes committee(s) of Directors with specific terms of reference as it may deem fit.

Summary Comparison of Corporate Governance Practices

The following is a summary comparison of significant differences between our corporate governance practices and those required by the NYSE for non-U.S. issuers.

Independent directors: one third of our board are independent directors, as defined under applicable Indian legal requirements. Under these requirements, directors are independent if they :

- apart from receiving director's remuneration, do not have any material pecuniary relationships or transactions with us or our promoters, our directors, our senior management or our holding company, its subsidiaries and associates which may affect independence of the director;
- are not related to promoters or person occupying management position at the board level or at one level below the board;
- have not been our executive in the immediately preceding three financial years;



- are not a partner or an executive or was not a partner or an executive during the preceding three years, of our statutory audit firm or internal audit firm or a legal/consulting firm that has a material association with us.
- are not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect their independence; and
- are not our substantial shareholders, owning two percent or more of our voting shares.

We have not made a determination as to whether our directors would be considered independent under the NYSE rules. Though the judgment on independence must be made by our board, there is no requirement that our board affirmatively make such determination, as required by the NYSE rules.

Non-management directors meetings: There is no such requirement under applicable Indian legal requirements.

Board Governance and Remuneration Committee and the Audit Committee: The members of our Board Governance and Remuneration Committee are independent, as defined under applicable Indian legal requirements. All members of our Audit Committee are independent as defined under Rule 10A-3 under the Exchange Act. The constitution and main functions of these committees as approved by our board are described above and we believe comply with the spirit of the NYSE requirements for non U.S. issuers.

D. Employees

We consider our human capital as a critical factor to our success. The Tata Group and Tata Motors have drawn up a comprehensive human resource strategy that addresses key aspects of human resource development such as:

- Code of conduct and fair business practices.
- A fair and objective performance management system linked to the performance of the businesses which identifies and differentiates high performers while offering separation avenues for non-performers.
- Creation of a common pool of talented managers across the Tata Group with a view to increasing their mobility through inter-company job rotation.
- Evolution of performance based compensation packages to attract and retain talent within the Tata Group and Tata Motors.
- Development of comprehensive training programs to impart and continuously upgrade the industry/function specific skills.

In line with the Human Resource strategy, we, in turn, have recently implemented various initiatives in order to build better organizational capability that we believe will enable us to sustain competitiveness in the global market place. Our human resources focus is to attract talent, retain the better and advance the best.

Some of the initiatives to meet this objective include:

- Extensive job evaluation exercise through work level studies.
- Extensive process mapping exercise to benchmark and align the human resource processes with global best practices
- Introduction of a globally benchmarked employee satisfaction survey
- Succession planning through identification of second level of managers for all units, locations, functions.
- Implementation of an "Fast Track Selection Scheme", which is a system for identifying potential talent in the areas of general, commercial and operations management and offering them opportunities for growth within the organization. Our human resources team has been invited to replicate this system in other Tata companies.
- "Talent Management Scheme" which includes our Development Centre Process to identify high potential performers and provide them with challenging assignments for earlier development.
- Introduction of performance rating based salary review and quality linked variable payment for supervisory category of employees.

Other initiatives include:

- Extensive brand building initiative at university campuses to increase recruiting from premium universities
- Introduction of employee self service portal and employee help desk for the benefit of employees.

We employed approximately 28,300, 28,900 and 29,500 permanent employees as of March 31, 2003, 2004 and 2005, respectively.



The following tables set forth a breakdown of persons employed by our business segments and by geographic location as of March 31, 2005.

Segment	Number of Employees	Location	Number of Employees
Automotive	22,694	India	28,814
Other	6,800	Other countries	680
Total	29,494	Total	29,494

Rationalization of Workforce

We have been attempting to rationalize our workforce through launching the Early Separation Schemes, or ESS. The ESS launched in fiscal 2002 resulted in a reduction of approximately 1,900 employees or approximately 6% of our workforce in fiscal 2002. Similar schemes launched in fiscal 2003 and 2004 resulted in a reduction of approximately 90 and 540 employees respectively. During Fiscal 2005, the substantial increase in sales volumes were addressed by largely the same workforce size through improvements in productivity using outsourcing, low cost automation and other means. Recruitment and internal redeployment have been effected to reinforce key areas such as research and development, sales and marketing areas and new product introduction.

Due to these initiatives along with natural attrition, our total work force, which was at a level of approximately 35,000 in 1997, has been reduced to approximately 29,500 at the end of fiscal 2005. We believe this should enable us to achieve higher productivity levels in the future.

Training and Development

We provide training to our managers on an ongoing basis. The recent emphasis on training has been in the areas of customer focus total quality management, six sigma, world class manufacturing and cost reduction initiatives. At Jamshedpur, Pune and Lucknow in India, we have also established training divisions that impart basic skills in various trades like milling, grinding and welding to our young apprentices, and the Management Development Training Institutes that enhance the management skills of our executives and officers.

High performing management cadre employees are sponsored for Fulbright fellowship. This year four of our employees have been selected through an all India selection and our currently undergoing the 10 weeks programme in Carnegie Mellon University.

In the year 2004-05 we had imparted average of 8 man days of training to high performers.

Union Wage Settlements

All our regular employees in India, other than management, are members of labor unions. In March 2000, we declared a lock-out in our Lucknow manufacturing facility, which was lifted in September 2000 upon the formation of a new union. Except for this single incident, we have generally enjoyed cordial relations with our employees at our factories and offices.

Employee wages are paid in accordance with wage agreements that have varying terms (typically three years) at different locations. The wage agreements for Pune (excluding the car plant), the Pune car plant, Jamshedpur, Mumbai and Lucknow are valid until August 31, 2006, March 31, 2007, March 31, 2007, December 31, 2006 and March 31, 2008, respectively. A cordial industrial relations environment prevailed in all the manufacturing units of the company. The new wage negotiation process at Lucknow has been initiated.

The performance rating system, introduced for the first time, for the bargainable category in Mumbai, has completed one full cycle and the feedback of the process received from all the quarters has been encouraging.

Returnability in wage settlements was built in by introducing quality linked payments based on a quality index as perceived by the customer that has been introduced.

There was support by operatives across all locations in outsourcing low value added activities and in implementation of other reforms.

During fiscal 2005, the average number of part-time employees at the end of each month was approximately 11,000.



E. Share Ownership

The information required by this item is set forth in Item 6.A of this annual report.

Item 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders

We are a widely held, listed company with approximately 213,000 shareholders of record.

To our knowledge, as of March 31, 2005, the following persons beneficially owned more than 5% of our 361,751,751 Ordinary Shares outstanding at that time:

Name of Shareholder	Holding	Percentage
Tata Sons Limited and subsidiaries	79,814,790	22.06
The Tata Iron and Steel Co. Ltd and subsidiaries.	32,544,114	9.00
DaimlerChrysler AG	25,596,476	7.08
Life Insurance Corporation of India	22,401,248	6.75
Citibank N.A., as Depositary ⁽¹⁾	33,247,862	9.19

- (1) Citibank, N.A. as depositary for our ADRs, was the holder on record on March 31, 2005 of 33,247,862 shares on behalf of the beneficial owners of deposited shares.

Since March 31, 2001, our largest shareholder, Tata Sons Limited (together with its subsidiaries) has substantially increased its shareholding in us from 14.31% to 22.06%. Our second largest shareholder, The Tata Iron and Steel Co. Ltd. (together with its subsidiaries) has substantially increased its shareholdings, but its percentage shareholding has decreased slightly from 9.42% as of March 31, 2001 to 9.00% as of March 31, 2005, as a result of our new issuances of shares. Daimler Chrysler AG has kept its shareholdings steady, but its percentage shareholding has declined from 10.0% to 7.08% as a result of our new issuances of shares. Citibank N.A. as Depositary for our ADRs, has increased its shareholding from 7.47% to 9.19% because of the two-way fungibility of Depositary Receipts and the listing of 23,081,041 ADRs on the NYSE on September 27, 2004. Life Insurance Corporation of India has decreased its shareholding and has seen its shareholding percentage decline from 7.47% to 6.75% as a result of this decrease as well as our new issuances of shares.

According to our register of shareholders and register of beneficial shareholders, as of March 31, 2005, there were 264 record holders of our shares with addresses in the United States, whose shareholdings represented approximately 0.06% of our outstanding Ordinary Shares on that date, excluding any of our shares held by United States residents in the form of depositary shares. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States may be fewer than the number of beneficial owners in the United States.

The total permitted holding of Foreign Institutional Investors, or FIIs, in the paid up share capital of the company has been increased to 35% by a resolution passed by the shareholders of the Company on January 22, 2004. The holding of FIIs in the Company as of March 31, 2005, was approximately 21.07%. See "Item 10.D. - Exchange Controls" for further details.

None of our shares of common stock entitles the holder to any preferential voting rights.

Under the Takeover Regulations of India, any person who acquires more than 5%, 10% or 14% of our shares or who is entitled to exercise voting rights with respect to more than 5%, 10% or 14% of our shares must file a report concerning the shareholding or the voting rights with us and the stock exchanges on which our ordinary shares are traded. Please see "Item 9. The Offer and Listing - Markets" for information with respect to these stock exchanges. Similar disclosures would be applicable under the Insider Trading Regulations of India with respect to any person who acquires more than 5% of our shares or voting rights with respect to the shares. Any increases or decreases by 2% or more in the shareholding by such persons must also be disclosed. Furthermore, under our listing agreement with the stock exchanges where our shares are listed, we are required to periodically disclose to such stock exchanges the name and percentage of shares held by persons or entities that hold more than 1% of our Ordinary Shares. For the purposes of the above, reporting and takeover requirements under our listing agreements, shares withdrawn from our ADS facility will be included as part of a person's shareholding in us.



To our knowledge, we are not, directly or indirectly, owned or controlled by any other corporation or by any government or by any other natural or legal persons severally or jointly. We are not aware of any arrangements the operation of which may at a later time result in our change of control.

B. Related Party Transactions

Business Relationships

We purchase materials, supplies, assets and services from numerous suppliers throughout the world in the ordinary course of business, including from our affiliates and firms with which certain members of our board of directors are interested. We purchased materials, supplies, fixed assets and services from these entities in the amount of Rs.8,477.4 million Rs.10,599.6 million and Rs.13,700.5 million in fiscal 2003, 2004 and 2005, respectively. We also sell our products, assets and services to our affiliates and firms with which certain members of our board of directors are interested. We sold products and services to these entities in the amount of Rs.1,309.4 million, Rs.2,581.3 million and Rs.3,537.8 million in fiscal 2003, 2004 and 2005, respectively. We believe all of these purchase and sale transactions were arm's-length transactions, none of which were material to our overall operations. See note 24 of our audited consolidated financial statements for additional information regarding our related party transactions with our affiliates and other related parties. The foregoing do not include transactions with and among our consolidated subsidiaries, the amounts of which are eliminated upon consolidation when preparing our financial statements.

Loans

We regularly have trade accounts and other receivables payable by, and accounts payable to, our affiliates and firms with which certain members of our board of directors are interested. We had outstanding trade accounts and other receivables payable by these entities in the amount of Rs. 437.3 million, Rs.907.9 million and Rs.375.7 million as of March 31, 2003, 2004 and 2005, respectively. We had accounts payable to these entities in the amount of Rs. 488.3 million, Rs.698.4 million and Rs.724.1 million as of March 31, 2003, 2004 and 2005, respectively.

From time to time, we provide short to medium-term loans to our subsidiaries and affiliates, as well as loans under a loan program established by us and our affiliates to assist executives and directors with the purchase of housing. We believe that each of these loans was entered into in the ordinary course of business. From time to time, we also provide security deposits to the lessors of residential properties that we lease for our employees, including our Executive Directors. No extension of credit has been made, arranged or renewed by us, directly or indirectly, in the form of a personal loan to or for any of our directors or executive officers, nor has there been any material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after July 30, 2002.

C. Interests of Experts and Counsel

Not applicable

Item 8. Financial Information.

A. Consolidated Statements and Other Financial Information

Financial Statements

The information required by this item is set forth beginning on page F-1 of this annual report.

Legal or Arbitration Proceedings

The information on legal or arbitration proceedings required by this item is set forth in Item 4.B of this annual report.

**Dividend Policy**

Based on the net income available for appropriation, dividends are recommended by the Board of Directors for approval by the shareholders at our Annual General Meeting. Further, the Board of Directors may also pay an interim dividend at its discretion. Since fiscal year 1956, we have had an uninterrupted dividend distribution except for the fiscal years 2001 and 2002. We returned to dividend distribution in fiscal 2003. In view of our profitable performance in fiscal 2003, we declared dividends (net of tax) totaling Rs.1,279.1 million in fiscal 2003, which was paid on July 21, 2003 to our shareholders as of June 30, 2003. We also declared an interim dividend (net of tax) on January 22, 2004 of Rs.1,399.5 million which was paid on February 20, 2004.

At the Annual General Meeting held on July 8, 2004, our shareholders approved a further final dividend for fiscal 2004 of Rs.1,421.6 million (net of tax) which was paid on July 9, 2004. At the Annual General Meeting held on July 11, 2005, our shareholders approved the payment of a dividend of Rs.4,521.9 million (net of tax) which was paid on July 12, 2005.

B. Significant Changes

Other than as set forth in this annual report, no significant change has occurred with respect to us since the date of our audited consolidated US GAAP financial statements included elsewhere in this annual report.

Item 9. The Offer and Listing**A. Offer and Listing Details**

The details on our share and ADS price history is included in "Item 9.C – Markets" below.

B. Plan of Distribution

Not Applicable



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C. Markets

Our ADSs are have been listed on the New York Stock Exchange or NYSE, since September 27, 2004. Each ADS represents one Ordinary Share. Our shares are listed on The Stock Exchange, Mumbai, which is also referred to as the Bombay Stock Exchange, Mumbai or the BSE, and the National Stock Exchange of India, or NSE, and are also listed and traded on two other stock exchanges in India. Our application for delisting our shares with respect to these two other stock exchanges is currently pending. The following table shows closing price and trading volume data for our ordinary shares on the NSE and BSE and for our ADSs on the NYSE:

	NSE			BSE			NYSE		
	Closing Price per Share			Closing Price per Share			Closing Price per ADS		
	Period High	Period Low	Avg Daily Trading Volume (in '000)	Period High	Period Low	Avg Daily Trading Volume (in '000)	Period High	Period Low	Avg Daily Trading Volume (in '000)
	(Rs. Per Share)			(Rs. Per Share)			(\$Per ADS)		
Fiscal									
2005	525.20	366.70	3,837.68	524.75	366.55	1,604.95	12.06	8.73	237.92
2004	563.50	149.50	4,443.13	563.25	150.20	1,765.10			
2003	169.70	119.45	1,729.25	169.85	119.35	676.03			
2002	146.85	58.80	846.55	146.60	60.25	530.45			
2001	144.85	65.30	1,355.50	144.50	68.65	1,069.76			
Fiscal									
2006									
1st Quarter	450.20	406.40	1,715.32	449.25	406.20	532.24	10.37	9.25	168.21
2005									
1st quarter	525.20	366.70	4,987.01	524.75	366.55	2,098.56			
2nd quarter	435.95	372.95	5,329.75	435.85	372.95	2,333.58	9.15	8.75	249.65
3rd quarter	512.15	392.95	2,632.23	512.10	392.60	1,050.03	11.92	8.73	292.30
4th quarter	520.45	407.90	2,281.26	507.60	407.85	879.91	12.06	9.40	181.82
2004									
1st quarter	203.15	149.50	1,970.19	202.45	150.20	558.50			
2nd quarter	307.45	199.95	4,002.44	307.35	199.95	1,155.41			
3rd quarter	452.05	313.35	6,140.28	452.30	312.90	2,606.97			
4th quarter	563.50	422.30	5,558.91	563.25	416.80	2,728.26			
Month									
August 2005	526.90	461.45	2,065.88	526.90	462.85	616.86	11.90	10.34	237.48
July 2005	480.90	427.00	1,433.55	479.10	428.20	500.99	11.54	10.00	159.94
June 2005	438.40	413.95	1,322.62	438.50	414.15	341.01	10.37	9.46	197.20
May 2005	450.20	418.25	1,648.96	449.25	420.00	549.16	10.30	9.48	134.17
April 2005	444.30	406.40	2,239.94	444.60	406.20	733.54	10.09	9.25	171.88
March 2005	487.40	407.90	2,199.27	487.55	407.85	879.31	11.10	9.40	107.83

On September 26, 2005, the reported closing price of our shares on the BSE was Rs.520.80 per share, on NSE was Rs.520.35 per share and the ADS closing price on NYSE was \$12.00 per ADS.

D. Selling Shareholders

Not applicable

E. Dilution

Not applicable

F. Expenses of the Issue

Not applicable

Item 10. Additional Information.

A. Share Capital

Not applicable

B. Memorandum and Articles of Association

Objects and Purposes



Our principal objects, as provided by Clause 3 of our Memorandum of Association, include:

- manufacturing, marketing, import, export, hiring and letting on hire of commercial vehicles, automobile cars, two wheeler vehicles, heavy and construction equipment including components, accessories and spare parts in relation thereto;
- to carry on the business as manufacturers and dealers of machinery articles and goods of all classes;
- to carry on the business of manufacturing materials which may be usefully combined with our manufacturing and engineering business; and
- to carry on the business of financing and re-financing of all types of vehicles, construction equipment, capital equipment and services by way of credit, hire purchases, leases and loans.



Directors

Under the Companies Act, as well as our Articles of Association, each of our Directors, who is in any way directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on our behalf is required to disclose the nature of his interest at a meeting of the first meeting of the Board held after the Director becomes concerned. Under the Companies Act, as well as the Articles of Association, an interested Director is not allowed to take part in the discussion of, or vote on, any contract, arrangement or proposal in which the Director is interested.

Under the Companies Act and our Articles of Association, we are restricted from making loans to Directors and the prior approval of the Central Government is required before we can make any loans, directly or indirectly, to any Director or provide, directly or indirectly, any guarantees or security in connection with any loan made by a third party to a Director.

Under our Articles of Association, a director is not required to hold any qualification shares. Our Articles of Association do not prescribe an age limit for the retirement of the Directors.

Dividends

Under the Companies Act, unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Under our Articles of Association, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as on the record date for which such dividend is payable. In addition, the Board may declare and pay interim dividends. The shares to be issued upon the conversion of the ADSs will be fully paid-up when delivered as provided herein. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date". No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of their shares is outstanding.

Shares issued upon conversion of ADSs will rank *pari passu* with our existing shares in all respects including entitlement of the dividend declared.

Dividends must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any money which remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by us to the Investor Education and Protection Fund established by the Government pursuant to which no claim shall lie against us or the said Fund.

Under the Companies Act, we may only pay a dividend in excess of 10% of paid-up capital in respect of any year out of the profits of that year after we have transferred to our reserves a percentage of our non consolidated Indian GAAP profits for that year ranging between 2.5% to 10% depending on the rate of dividend proposed to be declared in that year. The Companies Act further provides that if the profit for a year is insufficient, the dividend for that year may be declared out of the non consolidated Indian GAAP accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10% of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years may not exceed an amount equivalent to 10% of paid-up capital and reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference or equity shares; and (iii) the balance of reserves after withdrawals must not be below 15% of paid-up capital.

Capitalization of Reserves and Issue of Bonus Shares

Our Articles of Association permit us by a resolution of our shareholders in a general meeting to resolve that amounts standing to the credit of reserves or securities premium can be capitalized by the issue of fully paid bonus shares (also referred to as a stock dividend) or by crediting shares not fully paid-up with the whole or part of any sum outstanding. Bonus shares must be issued *pro rata* to the amount of capital paid-up on existing shareholdings.



Any issue of bonus shares would be subject to the guidelines issued by SEBI in this regard. The relevant SEBI guidelines prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless similar benefit is extended to the holders of those convertible securities, through reservation of shares in proportion to the conversion. Further, for the issuance of these bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of these debentures. The declaration of bonus shares in lieu of dividend cannot be made. Further a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of employees, such as a contribution to a provident fund, gratuity or bonus. The issuance of bonus shares must be implemented within six months from the date of approval by the board of directors or the shareholders, whichever is later.

Calls on Shares, Pre-Emptive Rights and Alteration of Share Capital

Under the Companies Act, as well as our Articles of Association, the Board of Directors may from time to time make such calls as they think fit upon the members of the Company in respect of all moneys unpaid on the shares held by them respectively and each member is required to pay the amount of every call so made on him to the Company.

Subject to the provisions of the Companies Act, we may increase our share capital by issuing new shares on such terms and with such rights as we, by action of shareholders in a general meeting, determine. These new shares will be offered to existing shareholders listed on the members' register on the record date in proportion to the amount paid-up on these shares at that date. The offer will be made by notice specifying the number of shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After this date, the Board may dispose of the shares offered in respect of which no acceptance has been received, in such manner as the Board thinks most beneficial to us. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to such person in favor of any other person provided that the person in whose favor these shares have been renounced is approved by the Board in their absolute discretion. We have issued convertible and non-convertible debentures (along with detachable warrants) on a rights basis to our shareholders. The shares to be allotted on exercise of these debentures and warrants will be allotted in accordance with the terms of these issues.

Under the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, if a special resolution to that effect is passed by the shareholders of the company in a general meeting. The issuance of shares upon conversion of our outstanding Convertible Notes has been duly approved by a special resolution of our shareholders and our shareholders have waived their pre-emptive rights with respect to these shares.

Our issued share capital may, among other things, be increased by the exercise of warrants attached to any security, or individually issued which entitles the holder to subscribe for shares or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Government and financial institutions, requires the approval by a special resolution of shareholders.

Our Articles of Association provide that, by a special resolution passed at the general meeting, we may consolidate or sub-divide our share capital, convert all or any of our fully paid-up shares into stock and re-convert that stock into fully paid-up shares or cancel shares which have not been taken up by any person.

We currently do not have any authorized preference share capital. Under the Companies Act, we may issue redeemable preference shares but (i) no such shares shall be redeemed except out of our profits which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of us or out of our share premium account, before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares redeemed; and (v) the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if such reserve account were the paid-up share capital of such company. Preference shares must be redeemable before the expiry of a period of twenty years from the date of their issue.



Under the Companies Act, as well as our Articles of Association, if our share capital is divided into different classes of shares, all or any of the rights or privileges attached to each class of shares may be varied, modified or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. Our Articles of Association further provide that the rights conferred upon the holders of the shares of any class issued with preferential or other rights shall not, unless otherwise expressly prohibited by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* thereto.

General Meetings of Shareholders

We must hold our Annual General Meeting each year within 15 months of the previous Annual General Meeting and in any event not later than six months after the end of each accounting year, unless extended by the Registrar of Companies at our request for any special reason. Our Board of Directors may convene an Extraordinary General Meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10% of our issued and paid-up capital. Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders in the case of an Annual General Meeting, and from shareholders holding not less than 95% of our paid-up capital in the case of any other general meeting. Currently, we give written notices to all members and, in addition, give public notice of general meetings of shareholders in a daily newspaper of general circulation in Mumbai. General meetings are generally held at some place in Mumbai.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum, buy back of shares under the Companies Act, giving loans or extending guarantee in excess of limits prescribed under the Companies Act, and guidelines issued thereunder, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the general meeting of the company. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. The quorum for a general meeting of the company is five shareholders personally present.

Voting Rights

At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid-up on each share held by such holder bears to the total paid-up capital. Voting is by show of hands, unless a poll is ordered by the Chairman of the meeting or demanded by shareholder or shareholders holding at least 10% of the voting rights in respect of the resolution or by those holding paid-up capital of at least Rs.50,000 (*i.e.* 5,000 shares of Rs.10 each). The Chairman of the meeting has a casting vote.

Holders of ADSs may exercise voting rights with respect to the Ordinary Shares represented by ADSs only in accordance with the provisions of our ADS deposit agreement and Indian law. Holders of ADSs are not entitled to attend or vote at shareholders meetings. A holder of ADSs may withdraw from the ADS facility the related underlying shares and vote as a direct shareholder, but there may not be sufficient time to do so after the announcement of an upcoming vote. If requested by us, the depositary will notify holders of ADSs of upcoming votes and arrange to deliver our voting materials to holders of ADSs. The materials will describe the matters to be voted on and explain how holders of ADSs on a record date specified by the depositary may instruct the depositary to vote on the deposited securities underlying the ADSs as directed by the holders of ADSs. For the instructions to be valid, the depositary must receive them in writing on or before a date specified by the depositary. The depositary will try, insofar as practicable, subject to Indian laws and the provisions of our Articles of Association, to vote or have its agents vote the deposited securities as instructed. The depositary will only vote as instructed and is not entitled to exercise any voting discretion. If the depositary timely receives voting instructions from a holder of ADSs and which fails to specify the manner in which the depositary is to vote the shares underlying such holder's ADSs, such holder will be deemed to have instructed the depositary to vote in favor of the items set forth in such voting instructions. If the depositary does not receive timely instructions from a holder of ADSs, the holder shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by us, the depositary is required to represent all shares underlying the outstanding ADSs, regardless whether timely instructions have been received from the holders of such ADSs, for the sole purpose of establishing a quorum at a meeting of shareholders.



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Ordinary resolutions may be passed by simple majority of those shareholders present and voting at the meeting. Special resolutions require that the votes cast in favor of the resolution must be at least three times the votes cast against the resolution. The Companies Act provides that in order to amend the Articles of Association, a special resolution is required to be passed in a general meeting. Dissolutions, mergers or consolidations, transfers of the whole or a significant part of our business to another company or taking over the whole of the business of any other company and, in any case where shareholding of public financial institutions and banks exceeds 25%, appointment of statutory auditors, each require a special resolution. Our Articles of Association do not permit cumulative voting for the election of our directors.

A shareholder may exercise his voting rights by proxy to be given in the form required by our Articles of Association. The instrument appointing a proxy is required to be lodged with the company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any of our shareholders may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder which is a legal entity may appoint an authorized representative who can vote in all respects as if a shareholder both on a show of hands and a poll.

The Companies Act allows for a company to issue shares with differential rights as to dividend, voting or otherwise subject to other conditions. In this regard, the laws require that for a company to issue shares with differential voting rights the company must have had distributable profits in terms of the Companies Act for a period of three financial years, the company has not defaulted in filing annual accounts and annual returns for the immediately preceding three years, the articles of association of such company must allow for the issuance of such shares with differential voting rights and such other conditions set forth in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 must be fulfilled.

Convertible Securities/Warrants

We may issue from time to time debt instruments that are partly and fully convertible into shares and/or warrants to purchase shares.

Register of Shareholders and Record Dates

We are obliged to maintain a register of shareholders at our registered office in Mumbai or at some other place in the same city. The register and index of our beneficial owners maintained by a depository under the Depositories Act, 1996 is deemed to be a part of the index of members and register of shareholders. We recognize as shareholders only those persons who appear on our register of shareholders and we cannot recognize any person holding any Share or part of it upon any trust, express, implied or constructive, except as permitted by law. In the case of shares held in physical form, we register transfers of shares on the register of shareholders upon lodgment of the share transfer form duly complete in all respects accompanied by a share certificate or if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, we enter the name of the depository in our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares that are held by the depository.

For the purpose of determining the shareholders, the register may be closed for periods not exceeding 45 days in any one year or 30 days at any one time. In order to determine the shareholders entitled to dividends we keep the register of shareholders closed for approximately 21 days, generally in June or July of each year. Under the listing regulations of the stock exchanges on which our outstanding shares are listed, we may, upon at least 15 days' advance notice to these stock exchanges (or 21 days advance notice in the event the shares are traded on the stock exchanges in physical format), set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders entitled to the dividend. The trading of shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Annual Report and Financial Results

Our Indian GAAP audited financial statements for the relevant fiscal year, the directors' report and the auditors' report, collectively the Annual Report, must be laid before the Annual General Meeting. These also include other financial information, a corporate governance section and management's discussion and analysis report and general shareholders' information and are also made available for inspection at our registered office during normal working hours for 21 days prior to our annual general meeting.



Under the Companies Act, we must file the Annual Report with the Registrar of Companies within seven months from the close of the accounting year or within 30 days from the date of the annual general meeting, whichever is earlier. As required under listing agreements with the applicable stock exchanges, copies are required to be simultaneously sent to all the stock exchanges on which our shares are listed. We must also publish our financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where our registered office is situated.

We submit information, including our Annual Report, half yearly financial statements, report on corporate governance and the shareholding pattern statement, in accordance with the requirements of the listing agreement with the Luxembourg Stock Exchange and the Singapore Stock Exchange.

Transfer of Shares

Shares held through depositories are transferred in book-entry form or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for these depository services with National Securities Depository Limited and the Central Depository Services (India) Limited.

The SEBI requires that all investors hold our shares in book-entry form for trading and settlement purposes, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

The requirement to hold shares in book-entry form will apply to ADS holders when the shares are withdrawn from the depository facility upon surrender of the ADSs. In order to trade in our shares in the Indian market, the withdrawing ADS holder will be required to comply with the procedures above.

Our ordinary shares are freely transferable, subject only to the provisions of the Companies Act under which, if a transfer of shares contravenes the SEBI provisions or the regulations issued under it or any other law for the time being in force or the Sick Industrial Companies (Special Provisions) Act, 1985, or SICA, or any other similar law, the Indian Company Law Board may, on an application made by the company, a depository incorporated in India, an investor, the SEBI or other parties, direct a rectification of the register of records. If a company without sufficient cause refuses to register a transfer of shares within two months from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of equity shares. The Indian Company Law Board may in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention. Under the Companies (Second Amendment) Act, 2002, the operative provisions of which are yet to come into force, the Indian Company Law Board is proposed to be replaced with the National Company Law Tribunal. Further, under the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, the SICA is sought to be repealed and the Board of Industrial and Financial Reconstruction, as constituted under the SICA, is to be replaced with the National Company Law Tribunal.

Pursuant to the Listing Agreement, in the event we have not effected the transfer of shares within one month or where the Issuer has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the Issuer is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

The Companies Act provides that the shares or debentures of the public listed company (like the Issuer) shall be freely transferable. Our Articles of Association provide for restrictions on the transfer of shares, including granting power to the board of directors in certain circumstances to refuse to register or acknowledge transfer of shares or other securities issued by us. However, under the Companies Act the enforceability of these transfer restrictions is unclear.



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Acquisition of Our Own Shares

The Company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders voting on the matter in accordance with the Companies Act, 1956 and is also sanctioned by a High Court of competent jurisdiction. However, pursuant to amendments to the Companies Act, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to the following conditions:

- (i) the buy back should be authorized by the Articles of Association;
- (ii) a special resolution has been passed in a general meeting of us authorizing the buy back;
- (iii) the buy back is limited to 25% of the total paid up capital and free reserves;
- (iv) the debt owed by us (including all amounts of unsecured and secured debt) is not more than twice the capital and free reserves after the buy back; and
- (v) the buy-back is in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998.

The condition mentioned above in (ii) would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company and provided that this buy-back has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy-back any securities for a period of one year from the buy-back and to issue securities for six months. The aforesaid restriction relating to the one year period does not apply to a buyback authorized by a special resolution of the shareholders in general meeting.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with other provisions of the Companies Act.

Liquidation Rights

Subject to the rights of creditors, workmen and of the holders of any other shares entitled by their terms of issue to preferential repayment over the shares, in the event of our winding up, the holders of our shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on these shares, or in case of shortfall, proportionately. All surplus assets after payments due to workmen, the holders of any preference shares and other creditors belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on these shares respectively at the commencement of the winding-up.

C. Material Contracts.

Except for the Tata Brand Equity and Business Production Agreement incorporated by reference into this annual report as Exhibit 4.1., which is described in Item 4.C. of this annual report, neither Tata Motors Limited nor any of its consolidated subsidiaries or associated companies is a party to any material contract other than contracts entered into in the ordinary course of business.

D. Exchange Controls.**General**

Prior to June 1, 2000, foreign investment in Indian securities, including the acquisition, sale and transfer of securities of Indian companies, was regulated by the Foreign Exchange Regulation Act, 1973, or FERA, and the notifications issued by the Reserve Bank of India or RBI thereunder.



With effect from June 1, 2000, foreign investment in Indian securities is regulated by the Foreign Exchange Management Act 1999, or FEMA (as amended from time to time), and the rules, regulations and notifications made under FEMA. A person resident outside India can transfer any security of an Indian company or any other security to an Indian resident only under the terms and conditions specified in FEMA and the rules and regulations made thereunder or as permitted by the RBI.

The RBI issued the Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations 2000, or the Regulations, to regulate the issue of Indian securities including American depository receipts to persons resident outside India and the transfer of Indian securities by or to persons resident outside India.

The Regulations provide that an Indian entity may issue securities to a person resident outside India or record in its books any transfer of security from or to such person only in the manner set forth in FEMA and the rules and regulations made thereunder or as permitted by the RBI.

Foreign Direct Investment

The Government of India, pursuant to its liberalization policy, set up the Foreign Investment Promotion Board, or the FIPB, to regulate all foreign direct investment into India. Foreign Direct Investment, means investment by way of subscription and/or purchase of securities of an Indian company by a non resident investor. FIPB approval is required for investment in some sectors, including housing, petroleum (other than refining), defense and strategic industries. Also, the following investments would require the prior permission of the FIPB:

- investments, including a transfer of shares, in excess of specified sectoral caps;
- investments by a foreign investor who has an existing joint venture or technology transfer/trade mark agreement in the same field. However, prior FIPB approval will not be required in case of investment made by a venture capital fund registered with SEBI or where the investment in the existing joint venture is less than 3.0 per cent. or where the existing joint venture is defunct or sick
- investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries;
- investments by an unincorporated entity;
- investment in industries for which industrial licensing is compulsory; and
- all proposals relating to acquisition of shares of an Indian company by a foreign investor (including individuals of Indian nationality or origin residing outside India (a "Non-Resident Indian"), the activities of which company are not under the "automatic" route under existing Indian foreign investment policy or where the Indian company is engaged in the financial services sector or where the acquisition of shares attracts the provisions of the Takeover Code.

Subject to certain exceptions, Foreign Direct Investment and investment by individuals of Indian nationality or origin residing outside India, or Non-Resident Indians, in Indian companies does not require the prior approval of the FIPB or the RBI. The Government has indicated that in all cases where Foreign Direct Investment is allowed on an automatic basis without FIPB approval the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies.

The Government has set up the Foreign Investment Implementation Authority, or the FIIA in the Ministry of Commerce and Industry. The FIIA has been mandated to (i) translate foreign direct investment approvals into implementation, (ii) provide a proactive one-stop after-care service to foreign investors by helping them obtain necessary approvals, (iii) sort out operational problems and (iv) meet with various Government agencies to find solutions to foreign investment problems and maximize opportunities through a co-operative approach.

Pricing

The price of shares of a listed Indian company issued to non-residents under the foreign direct investment scheme on an automatic basis cannot be less than the price worked out in accordance with the guidelines issued by the SEBI for the preferential allotment of shares. Where an Indian company is not listed on any recognized stock exchange in India the minimum issue price of the shares would be based on a fair valuation of shares done by a chartered accountant as per the guidelines issued by the erstwhile Controller of Capital Issues.



Every Indian company issuing shares or convertible debentures in accordance with the Regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser. The above description applies only to an initial issue of shares or convertible debentures by an Indian company.

The above description applies only to a fresh issue of shares or convertible debentures by an Indian company.

Portfolio Investment by Foreign Institutional Investors

In September 1992, the Government issued guidelines that enable foreign institutional investors, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers referred to as Foreign Institutional Investors, or FIIs, to make portfolio investments in all securities of listed and unlisted companies in India. Investments by registered Foreign Institutional Investors or Non-Resident Indians made through a stock exchange are known as Portfolio Investments. Foreign investors wishing to invest and trade in Indian securities in India under these guidelines are required to register with the SEBI and obtain a general permission from the RBI under the Foreign Exchange Management Act, 1999. However, since the SEBI provides a single window clearance, a single application must be made to the SEBI. Foreign investors are not necessarily required to register with the SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 (the "Foreign Institutional Investor Regulations") as Foreign Institutional Investors and may invest in securities of Indian companies pursuant to the Foreign Direct Investment route discussed above.

Foreign Institutional Investors who are registered with the SEBI are required to comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, or Foreign Institutional Investor Regulations. A registered foreign institutional investor may buy, subject to the ownership restrictions discussed below, and sell freely securities issued by any Indian company, realize capital gains on investments made through the initial amount invested in India, subscribe to or renounce rights offerings for shares, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights offerings of shares. A Foreign Institutional Investor may not hold more than 10% of the total issued capital of a company in its own name; a corporate/individual sub-account of the Foreign Institutional Investor may not hold more than 5% of the total issued capital of a company, and a broad based sub-account may not hold more than 10% of the total issued capital of a company. The total holding of all Foreign Institutional Investors in a company is subject to a cap of 24% of the total paid up capital of a company, which can be increased to the relevant sectoral cap/ceiling applicable to the said company under the Foreign Direct Investment Regime with the passing of a special resolution by the shareholders of the company in a general meeting.

In terms of recent amendments made to the Foreign Institutional Investor Regulations, FIIs are permitted to purchase shares and convertible debentures, subject to the FII limits, of an Indian company either through:

- a public offer, where the price of the shares to be issued is not less than the price at which the shares are issued to Indian residents, or
- a private placement, where the price of the shares to be issued is not less than the price according to the terms of the relevant guidelines or the guidelines issued by the former Controller of Capital Issues.

Registered FIIs are generally subject to tax under Section 115AD of the Income Tax Act of 1961. There is uncertainty under Indian law as to the tax regime applicable to FIIs that hold and trade in ADSs and Shares. See "Item 10.E — Taxation — Indian Taxation".

Portfolio Investment by Non-Resident Indians

A variety of methods for investing in shares of Indian companies are available to Non-Resident Indians. These methods allow Non-Resident Indians to make Portfolio Investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. In addition to Portfolio Investments in Indian companies, non-resident Indians may also make foreign direct investments in Indian companies pursuant to the Foreign Direct Investment route discussed above.



Transfer of shares and convertible debentures of an Indian company by a person resident outside India

Subject to what is stated below, a person resident outside India may transfer the shares or debentures held by him in Indian companies in accordance with the Regulations. A non-resident, or a Non-Resident Indian, may transfer by way of sale the shares or convertible debentures held by him to any other non-resident without the prior approval of the RBI or the FIPB. Approval of the FIPB will however be required in cases where the person to whom the shares are being transferred has an existing or previous venture or tie-up in India through investment in shares or debentures or a technical collaboration or a trade mark agreement or investment howsoever called in the same field or allied field, other than in the information technology field and certain relaxations in the mining sector, as that in which the Indian company whose shares are being transferred is engaged, unless the existing venture is defunct or the parties' investment in the existing venture is less than 3%. Further, a non-resident may transfer any security held by him to a person resident in India by way of gift.

Pursuant to a recent liberalisation, non-residents (other than erstwhile overseas corporate bodies, foreign nationals, Non-Resident Indians, FIIs) are permitted to purchase shares or convertible debentures of an Indian company (subject to applicable sectoral caps), other than an Indian company engaged in the financial services sector, from a resident of India without the prior approval of the RBI, subject to compliance with prescribed conditions, pricing guidelines, submission of required documents and reporting and obtaining a certificate from the applicable authorised dealer. Similarly, a non-resident (i.e. incorporated non-resident entity, erstwhile overseas corporate bodies, foreign nationals, Non-Resident Indians, FIIs) may sell shares or convertible debentures of an Indian company (subject to applicable sectoral caps), on a recognized stock exchange through a registered broker, other than of an Indian company engaged in the financial services sector, to a resident of India without the prior approval of the RBI, subject to compliance with prescribed pricing guidelines, submission of required documents and reporting and obtaining a certificate from the applicable authorised dealer.

Sponsored ADR Schemes

By notification dated November 23, 2002, the RBI has permitted existing shareholders of Indian companies to sell their shares through the issuance of ADRs against the block of existing shares of the Indian company, subject to the following conditions:

- The facility to sell the shares would be available *pari passu* to all categories of shareholders.
- The sponsoring company whose shareholders propose to divest existing shares in the overseas market through issue of ADRs will give an option to all its shareholders indicating the number of shares to be divested and the mechanism how the price will be determined under the ADR norms. If the shares offered for divestment are more than the pre-specified number to be divested, shares would be accepted from the existing shareholders in proportion to their existing shareholdings.
- The proposal for divestment of the shares would have to be approved by a special resolution of the Indian company.
- The proceeds of the ADR issue raised abroad shall be repatriated into India within a period of one month from the closure of the issue. However, the proceeds of the ADR issue can also be retained abroad to meet the future foreign exchange requirements of the company and by a recent notification this facility has been extended indefinitely until further notice.
- The issue related expenses in relation to public issue of ADRs under this scheme would be subject to a ceiling of 4% of the issue size in the case of public issues and 2% of the issue size in the case of private placements. The issue related expenses would include underwriting commissions, lead managers' charges, legal expenses and reimbursable expenses. The issue expenses shall be passed on to the shareholders participating in the sponsored issue on a *pro rata* basis.

Transfer of ADRs by Non-residents

The Ministry of Finance, Government of India, has granted general permission for the transfer of ADRs outside India and also permitted non-resident holders of ADRs to surrender ADRs in exchange for the underlying shares. Pursuant to the terms of the Deposit Agreement an investor who surrenders ADRs and withdraws shares is permitted to re-deposit such shares subject to the total issued ADRs and obtain ADRs at a later time.

Fungibility of ADRs

In March 2001, the RBI has permitted the re-conversion of shares of Indian Companies into ADRs, subject to the following conditions:

- the Indian company has issued ADRs;



- the shares of the Indian company are purchased by a registered stock broker in India in the name of the Depository, on behalf of the non-resident investor who wishes to convert such shares into ADRs;
- shares are purchased on a recognized stock exchange;
- the shares are purchased with the permission of the custodian of the ADRs of the Indian company and are deposited with the custodian;
- the issuer company has authorized the custodian to accept shares from non-resident investors for re-issuance of ADRs;
- the number of shares so purchased do not exceed the ADRs converted into underlying shares, and are in compliance with the sectoral caps applicable under the Foreign Direct Investment regime; and
- the non-resident investor, broker, custodian and the overseas depository comply with the provisions of the Depository Receipt Mechanism and the guidelines issued thereunder from time to time.

Also the RBI has prescribed that the domestic custodians are the entity required to ensure compliance with the RBI guidelines and to file reports with the RBI from time to time, the domestic custodian is also required to perform the following functions:

- provide a certificate to the RBI and the SEBI stating that the sectoral caps for foreign investment in the relevant company have not been breached;
- monitor the total number of ADRs that have been converted into underlying shares by non-resident investors;
- liaise with the issuer company to ensure that the foreign investment restrictions, if any, are not being breached; and
- file a monthly report about the ADR transactions under the two-way fungibility arrangement with the RBI and the SEBI.

E. Taxation.

This section describes the material United States federal and Indian stamp duty and income and service tax consequences of owning shares or ADSs. It applies to you only if you hold your shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a life insurance company,
- a person liable for alternative minimum tax,
- a person that actually or constructively owns 10% or more of our voting stock,
- a person that holds shares or ADSs as part of a straddle or a hedging or conversion transaction, or
- a U.S. holder (as defined below) whose functional currency is not the dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, and the laws of India all as currently in effect, as well as on the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "Treaty"). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the Depository and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

You are a U.S. holder if you are a beneficial owner of shares or ADSs and you are, for U.S. federal income tax purposes:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.



With regard to Indian tax, the following discussion addresses only the tax consequences for persons that are “non-residents” of India, as defined in the Indian Income Tax Act of 1961, or the Income Tax Act and is based on the provisions of Section 115AC and other applicable provisions of the Income Tax Act and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993 promulgated by the Government of India, or together the Section 115AC Regime.

You should consult your own tax advisor regarding the United States federal, state and local and the Indian and other tax consequences of owning and disposing of shares and ADSs in your particular circumstances.

This discussion addresses only United States federal income taxation and Indian stamp duty and income and service taxation.

In general, and taking into account the earlier assumptions, for United States federal income and Indian tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income or to Indian tax, but such exchange may give rise to Indian stamp duty as described below under “— Stamp Duty”.

Taxation of Dividends

Indian Taxation. Dividends paid to non-residents of India will not be liable to tax. However, the Company will be liable to pay a “dividend distribution tax” currently at the rate of 12.5% (plus a surcharge at 10% and education cess at the rate of 2% on the dividend distribution tax and surcharge) on the total amount distributed as a dividend.

Distributions to non-residents of India of additional ADSs or shares or rights to subscribe for such shares made with respect to ADSs or shares are not subject to Indian tax.

United States Federal Income Taxation.

U.S. Holders. Under the United States federal income tax laws, and subject to the passive foreign investment company, or PFIC rules, if you are a U.S. holder, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. If you are a noncorporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2009 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that you hold the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income.

The dividend is taxable to you when you, in the case of shares, or the Depository, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the rupee payments made, determined at the spot rupee/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares or ADSs and thereafter as capital gain.



Dividends will be income from sources outside the United States. Dividends paid in taxable years beginning before January 1, 2007 generally will be “passive” or “financial services” income, and dividends paid in taxable years beginning after December 31, 2006 will, depending on your circumstances, be “passive” or “general” income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you.

Distributions of additional shares to you with respect to shares or ADSs that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax.

Taxation of Capital Gains

Indian Taxation

Capital Gains Generally. Under Section 115AC and other applicable provisions of the Income tax act 1961, any gain realized on the sale outside India of the ADSs from one non-resident of India to another non-resident holder is not subject to Indian capital gains tax. However, it is unclear whether a capital gain derived from the sale of rights by a non-resident of India to another non-resident holder outside India may be subject to attract Indian capital gains tax.

Capital gains arising to the non-resident investor on the transfer of the equity shares (including shares received in exchange of the ADSs) whether in India or outside India to a non-resident investor or Indian resident, will be liable for income tax under the provisions of the Income Tax Act.

Equity shares (including shares issuable on the exchange of the ADSs) held by the non-resident investor for a period of more than 12 months are treated as long-term capital assets. If the equity shares are held for a period of 12 months or less, the capital gains arising on the sale thereof is to be treated as short-term capital gains. A non-resident holder’s holding period (for purposes of determining the applicable Indian capital gains tax rate) in respect of Shares received in exchange for ADSs commences on the date of the advice of withdrawal of such Shares by the relevant Depository to its custodian.

For the purpose of computing capital gains tax on the sale of the equity shares, the cost of acquisition of equity shares received in exchange for ADSs will be determined on the basis of the prevailing price of the Shares on the Indian Stock Exchanges as on the date on which the relevant Depository gives notice to its Custodian for the delivery of such equity shares upon redemption of the ADSs, while the cost of acquisition of shares directly converted from the ADSs will be determined on the basis of the price prevailing on the Indian Stock Exchanges on the date of conversion into equity shares.

With effect from October 1, 2004 any gain realised on the sale of listed equity shares held for more than 12 months will not be subject to Indian capital gains tax if the Securities Transaction Tax (“STT”) has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold at the rate of 0.01% from the seller and at the rate of 0.1% from the purchaser on the total price at which the equity shares are sold.

Any gain realised on the sale of equity shares held for more than 12 months on which no STT has been paid will be subject to Indian capital gains tax at the rate of 10% plus applicable surcharge on income tax and education cess at the rate of 2.0% of the tax and surcharge.

With effect from October 1, 2004 capital gains realised in respect of equity shares held (calculated in the manner set forth in the prior paragraph) for 12 months or less (short term gain) on which STT is paid in the manner and rates set out above, is subject to tax at the rate of 10% plus applicable surcharge on income tax and an education cess at the rate of 2.0% of the tax and surcharge. In the event that no STT is paid, short term gain is subject to tax at variable rates with the maximum rate of 40% plus applicable rate of surcharge on income tax and education cess at the rate of 2.0% of the tax and surcharge. The actual rate of tax on short term gains depends on a number of factors, including the legal status of the non-resident holder and the type of income chargeable in India.

Tax on capital gains is to be deducted at source by the person paying for the shares in accordance with the relevant provisions of the Income Tax Act.

The provisions of the Agreement of Avoidance of Double Taxation entered into by Government with the country of residence of the non-resident investor will be applicable to the extent that they are more beneficial to the non-resident investor.



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Capital Losses. The Section 115AC Regime does not deal with capital losses arising on a transfer of shares. In general terms, losses arising from a transfer of a capital asset in India can only be set off only against capital gains and not against any other income. A short-term capital loss can be set off against a capital gain, whether short-term or long-term. However, long term capital loss can only be set off against long term capital gain and not against short term capital gain. To the extent that the losses are not absorbed in the year of transfer, they may be carried forward for a period of eight assessment years immediately succeeding the assessment year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent assessment years. In order to set off capital losses in this manner, the non-resident investor would be required to file appropriate and timely tax returns in India and undergo the usual assessment procedures.

Tax Treaties. Dividend income is not subject to tax in India in the hands of the holder of the shares. If any Shares are held by a U.S. holder following withdrawal thereof from the depository facility under the Deposit Agreement, provisions of any double taxation treaty, if any, entered into by India with the country of residence of such U.S. holder will be applicable to taxation of any capital gain arising from transfer of such shares.

However, during the period of fiduciary ownership of Shares in the hands of the Overseas Depository Bank, the provisions of Double Taxation Avoidance Agreement entered into by the Government of India with the country of residence of the Overseas Depository Bank will be applicable in the matter of taxation of capital gains in respect of ADSs.

Stamp Duty. Under Indian law, any transfer of ADSs will be exempt from liability to Indian stamp duty. Purchasers of shares who seek to register such shares on the share register of the company are required to pay Indian stamp duty at the rate of Rs.0.25 for every Rs.100 or part thereof of the market value of such shares. In order to register a transfer of shares in the physical form with the company, it is necessary to present a stamped deed of transfer. An acquisition of shares in physical form from the Depository in exchange for ADSs representing such shares will not render an investor liable to Indian stamp duty but the company will be required to pay stamp duty at the applicable rate on the Share Certificate. However, since our shares are compulsorily deliverable in dematerialized form (except for trades of up to 500 shares which may be delivered in physical form), no stamp duty is payable on the acquisition or transfer of shares in dematerialized form.

Service Tax. Brokerage or commission fees paid to stockbrokers in India in connection with the sale or purchase of shares are now subject to an Indian service tax of 10% (plus a 2% education cess). A stockbroker is responsible for collecting such service tax at such rate and for paying the same to the relevant authority.

United States Federal Income Taxation.

U.S. Holders. If the shares and ADSs are not treated as stock of a PFIC, and if you are a U.S. holder and you sell or otherwise dispose of your shares or ADSs, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the dollar value of the amount that you realize and your tax basis, determined in dollars, in your shares or ADSs. Capital gain of a non-corporate U.S. holder that is recognized before January 1, 2009 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Subject to certain limitations, Indian withholding tax, if any, will be creditable against your United States federal income tax liability. In the case of income to which Indian withholding for short-term capital gains applies, the income may be general limitation income rather than passive income.

PFIC Rules. We believe that shares and ADSs should not be treated as stock of a PFIC for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change.

F. Dividends and Paying Agents

Not Applicable

G. Statement by Experts

Not Applicable



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H. Documents on Display.

You may review a copy of this annual report at the Securities and Exchange Commission's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-732-0330 for additional information on how to obtain copies of all or any portion of the documents we file with or furnish to the SEC. The Securities and Exchange Commission also maintains a web site www.sec.gov that contains reports, proxy statements and other information regarding registrants that file electronically with the Securities and Exchange Commission.

We are subject to the information requirements of the Securities Exchange Act of 1934 and, in accordance therewith, will file annual reports on Form 20-F within six months of our fiscal year end and furnish other reports and information on Form 6-K with the Securities and Exchange Commission. These reports and other information can be inspected at the public reference room at the Securities and Exchange Commission and at the Securities and Exchange Commission regional offices listed above. You can also obtain copies of this material from the public reference room, the regional offices or by calling or writing the Securities and Exchange Commission upon payment of a prescribed fee. As a foreign private issuer, we are exempt from the rules under the Securities Exchange Act of 1934 prescribing the furnishing and content of proxy statements to shareholders.

I. Subsidiary Information

Not Applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk.

Our exposure to financial risks derives primarily from changes in interest rates and foreign exchange rates. To mitigate these risks, we utilize derivative financial instruments, including interest rate option contracts and currency swap agreements, the application of which is primarily for hedging purposes and not for speculative purposes.

Interest Rate and Swap Agreements

Our exposure to interest rate risks relates primarily to:

- our long term debt, which is normally utilised to finance capital expenditure;
- our investment in marketable securities; and
- our finance receivables

We are subject to market risk from exposure to changes in interest rates based on our financing, investing and cash management activities. We enter into various financial instrument transactions to maintain the desired level of exposure to the risk of interest rate fluctuations and to minimize interest expense. We have entered into exchange traded future and option contracts, interest rate caps and floors, along with various investments, to reduce the interest rate risk related to these activities.

There are particular shortcomings inherent in the sensitivity analyses presented below. The model assumes interest rate changes are instantaneous parallel shifts in the yield curve; however, in reality, changes are rarely instantaneous. Although some assets and liabilities may have similar maturities or periods to repricing, they may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may lag behind changes in market rates.

The sensitivity to a change in interest rates of 1% on our unhedged floating rate loans as at March 31, 2005 and March 31, 2004 is Rs.41.1 million and Rs.44.4 million, respectively. The sensitivity to a change in interest rates of 1% on the value of our portfolio of marketable securities as at March 31, 2004 and as on 31st March 2005 is Rs.124.4 million and Rs.64.8 million respectively.



We may have a prepayment and default risk with respect to our finance receivables due to any change in interest rates. Based on our model, with certain assumptions, the sensitivity to a 1% change in interest rates on the prepayment risk that is perceived by us on unearned finance charges as at March 31, 2005 and 2004 is Rs12.4 million and Rs10.9 million respectively. The sensitivity to a change in interest rates of 1% on the default (written off) amounts as at March 31, 2005 and 2004 is Rs34.8 million and Rs21.3 million, respectively, on the unsecuritised portion of our finance receivables.

Foreign Exchange Risk

The following table sets forth information relating to our foreign currency debt exposure for the periods indicated;

	2005	2004
	Percentage (%)	
Total Foreign Currency denominated debt as percentage of total outstanding debt	83.8	63.6
Total US\$ debt as percentage of total outstanding debt	83.5	49.7

We have foreign currency exposure related to buying, selling and financing in currencies, primarily in the dollar, other than the local currencies in which we operate. We are also exposed to foreign currency risk related to future earnings or assets and liabilities that are exposed due to operating cash flows and various financial instruments that are denominated in foreign currencies.

We use derivative instruments primarily to hedge our foreign exchange exposure, and also to hedge our interest rate exposure. Nevertheless, a weakening of the rupee against the dollar and other major foreign currencies may have an adverse effect on our cost of borrowing and consequently may increase the cost of financing our capital expenditures. In addition, we have experienced and expect to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings.

The sensitivity to a change in currency prices of 1% per US\$ on our unhedged foreign currency loans as at March 31, 2005 and 2004 is Rs113.0 million and Rs76.2 million, respectively.

We hedge most of our exports. However, some of our imports have remained unhedged during the year. The sensitivity to a 1% change in exchange rates of individual currencies against the rupee for the unhedged portion of our imports for the year ending March 31, 2005 and ending March 31, 2004 is Rs29.5 million and Rs26.3 million, respectively.

Investment price risk

The fair value of some of our investments in available-for-sale securities exposes us to equity price risks. In general, these securities are not held for trading purposes. These investments are subject to changes in the market prices of the securities. The fair value of our available-for-sale, equity securities as of March 31, 2005 and 2004 was Rs13,284.5 and Rs7,586.8 million respectively. A 1% change in equity prices of available-for-sale securities held as at March 31, 2005 and 2004 would result in an impact of Rs132.8 million and Rs75.9 million, respectively.

Commodity price risk

Commodity price risk is the possibility of impact from changes in the prices of commodities, such as non-ferrous metals (like aluminum), ferrous alloys (like steel) and others (like rubber), which we use in the production of automotive vehicles and their components. We do not use derivative instruments to hedge the price risk associated with the purchase of these commodities. However, we cover some of these risks through long-term purchase contracts.



Our exposure to financial risks derives primarily from changes in interest rates and foreign exchange rates. To mitigate these risks, we utilize derivative financial instruments, including interest rate option contracts and currency swap agreements, the application of which is primarily for hedging purposes and not for speculative purposes.

Item 12. Description of Securities Other than Equity Securities.

Not Applicable

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

None.

Item 15. Controls and Procedures.

Based on their evaluation as of March 31, 2005, our Managing Director and Executive Director (Finance & Corporate Affairs), who are our Chief executive officer and Chief financial officer, respectively, have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act) are effective.

During the period covered by this annual report, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert.

The Audit Committee is responsible for review of our financial results, auditor's reports, internal controls as well as compliance with the statutory laws and regulations of the country of incorporation and with the U.S. federal laws and regulations. The Committee also selects the independent registered public accounting firm and approves all related fees and compensation. It reviews the services performed by the independent registered public accounting firm and also reviews the procedures so as to ensure their independence.

We do not have a member who can be designated as an "audit committee financial expert". However, Mr. J. K. Setna possesses the necessary qualifications as per applicable home country listing standards. Thus, while, the Audit Committee does not have an audit committee financial expert, it does have a member who meets the home country listing standards.

Item 16B. Code of Ethics.

We have adopted the "Tata Code of Conduct" (hereinafter referred as to 'the Code') a written Code of Ethics which is applicable to all our employees, including the Chief executive officer, Chief financial officer, principal accounting officer, senior management, as well as all officers working in accounts, finance, treasury, internal audit, taxation, legal, secretarial, investor relations, Disclosure Committee, Audit Committee, Board of Directors and other departments. The Code is available at all our offices and is publicly available on the Company's web-site.

In August 2004, our Audit Committee adopted a Policy that provided a formal mechanism for all our employees to approach our Management (the 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 Whistle Blower Policy is an extension of the Tata Code of Conduct, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. We have not denied access to the Audit Committee to any of our employees for the same.

**Item 16C. Principal Accountant Fees and Services.**

Our financial statements prepared in accordance with US GAAP, are audited by Deloitte Haskins and Sells (DHS), a firm registered with the Public Company Accounting Oversight Board (PCAOB) in the United States and an Indian firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI).

DHS has some partners who are also partners in M/S A.F. Ferguson & Co. (AFF) and M/S S.B. Billimoria & Co. (SBB) who had been our Indian GAAP statutory auditors since inception up to year ended March 31, 2005. In our 60th Annual General Meeting held on July 11, 2005, the shareholders approved the change of the Indian GAAP Statutory Auditors to DHS.

M/S A.F. Ferguson & Co. (AFF) has become a member firm of DHS from October 1, 2004. Accordingly the fees have been calculated proportionately for fiscals 2004 and 2005.

DHS has served as our independent public accountant for each of the years ended March 31, 2005 and March 31, 2004, for which audited financial statements appear in this annual report.

The following table presents the aggregate fees for professional services and other services rendered by DHS and the various member firms of Deloitte to Tata Motors Limited and its subsidiaries in fiscal 2004 and 2005. It excludes Rs.7.5 million and Rs.10 million for fiscals 2004 and 2005 respectively, paid for services rendered for earlier years.

	Fiscal year ended March 31,			Description of Services
	2004	2005	2005	
	Rs. in millions	US\$ in millions		
Audit Fees	15.2	25.3	0.6	Audit of financial statements
Audit Related Fees	1.0	2.9	0.1	Services related to the performance of the audit or review of financial statements including advice related to the compliance of The Sarbanes-Oxley Act of 2002
Tax Fees	1.8	4.1	0.1	Tax audit, certification of foreign remittances and tax advisory services
Other Services	0.9	0.9	—	Audit of employee benefit funds; Other certifications and advisory services
Total	18.9	33.2	0.8	

We have put in place a policy for pre-approval of services to be rendered by our Independent Registered Public Accounting firm and their member firms ('independent accountants'). Under the said policy, any services that are rendered by our independent accountants need to be pre-approved by our Audit Committee. We do not engage our independent accountants for 'prohibited services'. Our Audit Committee recommends the appointment and compensation of independent accountants. Our CFO or Company Secretary as also of our subsidiary companies, are required to submit for pre-approval to our Audit Committee, a list of services with the proposed compensation payable to the independent accountants at the beginning of each fiscal. In case of urgent requirements, our CFO and the Chairman of our Audit Committee would jointly approve any services that may be rendered by our independent accountants which would be subsequently approved at the next Audit Committee meeting.

The pre-approval is not required where the fees proposed to be paid for the non-audit services do not exceed 5% of the total amount of fees paid by us to our independent accountants during the fiscal, provided these were not recognised as non-audit services at the time of the engagement of such services. These non-audit services would be brought to the attention of the Audit Committee at the next meeting.



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TATA MOTORS
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Page 1 of 1

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not Applicable

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

There were no purchases made by or on behalf of us or any affiliated purchaser of any of our ordinary shares .

Item 17. Financial Statements.

See Item 18.

Item 18. Financial Statements.

The information required by this item is set forth beginning on page F-1 of this annual report.

Item 19. EXHIBITS.

<u>Exhibit Number</u>	<u>Description</u>
1.1 —	Our Certificate of Incorporation
1.2 —	Our Memorandum and Articles of Association
2.2 —	Form of Amended and Restated Deposit Agreement among Tata Motors Limited, Citibank, N.A. as Depositary and all owners and holders from time to time of American Depositary Receipts, including the form of American Depositary Receipt**
4.1 —	Tata Brand Equity & Business Promotion Agreement, dated December 18, 1998, between Tata Sons Limited and Tata Engineering and Locomotive Company Limited (now Tata Motors Limited) *
7.1 —	Computation of Ratio of Net Debt to Shareholders' Equity
8.1 —	List of our Subsidiaries
11.1 —	The Tata Code of Conduct*
12.1 —	Certification of the Principal Executive Officer required by Rule 13a - 14(a)
12.2 —	Certification of the Principal Financial Officer required by Rule 13a - 14(a)
13.1 —	Certification of the Chief Executive Officer required by Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
13.2 —	Certification of the Chief Financial Officer required by Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code

We have not included as exhibits certain instruments with respect to our long-term debt, the amount of debt authorized under each of which does not exceed 10% of our total assets, and we agree to furnish a copy of any such instrument to the Securities Exchange Commission upon request.

* Incorporated by reference to our Registration Statement on Form 20-F File No. 001-32294 filed on September 15, 2004

** Incorporated by reference to our Registration Statement on Form F-6 (File no 333-119066) filed on September 16, 2004



SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

September 27, 2005

TATA MOTORS LIMITED

By /s/ Ravi Kant
Name: Ravi Kant
Title: Managing Director

By /s/ Praveen P Kadle
Name: Praveen P Kadle
Title: Executive Director



INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Consolidated Financial Statements of Tata Motors Limited	
<u>Report of independent registered public accounting firm</u>	F-2
<u>Consolidated balance sheets as of March 31, 2004 and 2005</u>	F-3
<u>Consolidated statements of income for the years ended March 31, 2003, 2004 and 2005</u>	F-4
<u>Consolidated statements of cash flows for the years ended March 31, 2003, 2004 and 2005</u>	F-5
<u>Statements of shareholders' equity for the years ended March 31, 2003, 2004 and 2005</u>	F-7
<u>Notes to consolidated financial statements</u>	F-9



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Tata Motors Limited:

We have audited the accompanying consolidated balance sheets of Tata Motors Limited and subsidiaries (the "Company") as of March 31, 2004 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in Indian rupees. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Tata Motors Limited and subsidiaries as of March 31, 2004 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 (a) to the financial statements, these financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which differ in certain material respects from accounting principles generally accepted in India, which form the basis of the Company's general purpose financial statements.

Our audit for the year ended and as of March 31, 2005, also comprehended the translation of the Indian rupees amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 (ac). The translation of the financial statement amounts into U.S. dollars have been made solely for the convenience of the readers.

/s/ Deloitte Haskins & Sells
Mumbai

June 6, 2005



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Tata Motors Limited

Consolidated Balance Sheets
As of March 31, 2004 and 2005

	As of March 31,		
	2004	2005	2005
	(In millions, except share and per share amounts)		
ASSETS:			
Current assets:			
Cash and cash equivalents	Rs. 6,511.1	Rs. 4,873.3	US\$ 111.7
Short-term deposits with banks	2,727.7	15,731.2	360.6
Finance receivables (net of allowances of Rs. 120.7 million and Rs.129.6 million, respectively)	3,053.7	8,086.0	185.4
Accounts receivable (net of allowances of Rs. 1,282.2 million and Rs.745.5 million, respectively)	8,199.1	10,273.4	235.5
Inventories	15,143.7	21,353.6	489.5
Deferred income taxes	946.5	1,209.2	27.7
Prepaid expenses and other current assets (net of allowances of Rs. 508.3 million and Rs. 501.2 million, respectively)	5,254.6	10,705.7	245.4
Total current assets	41,836.4	72,232.4	1,655.8
Investments	27,052.3	30,437.0	697.8
Equity in affiliates	1,870.7	1,918.4	44.0
Finance receivables – non-current	5,222.6	11,839.2	271.4
Property, plant and equipment, net	35,478.5	38,905.9	891.9
Other non-current assets	2,414.9	3,816.8	87.5
Total assets	Rs. 113,875.4	Rs. 159,149.7	US\$3,648.4
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Liabilities:			
Current liabilities:			
Accounts payable	Rs. 25,514.5	Rs. 25,896.3	US\$ 593.7
Acceptances	16,636.6	28,939.5	663.5
Accrued expenses and other current liabilities	10,294.8	11,779.4	270.0
Short-term debt	7,758.9	2,866.5	65.7
Total current liabilities	60,204.8	69,481.7	1,592.9
Deferred income taxes	4,059.8	5,295.2	121.4
Long-term debt	10,804.1	25,632.7	587.6
Total liabilities	75,068.7	100,409.6	2,301.9
Minority interest	1,429.1	2,330.9	53.4
Commitments and contingencies (See note 20)			
Shareholders' equity:			
Ordinary shares; Par value Rs. 10 per share; authorized 400,000,000 shares for both years; issued and fully paid up 352,944,380 and shares 361,738,001 respectively; issued and partly paid up 13,750 shares partly paid up, both years	3,530.0	3,617.9	82.9
Additional paid-in capital	26,872.3	28,143.3	645.2
Accumulated other comprehensive income	4,578.6	10,614.1	243.3
Capital redemption reserve	22.8	22.8	0.5
Debenture redemption reserve	3,445.0	3,341.5	76.6
Special reserve	55.8	60.9	1.4
Accumulated (deficit) retained earnings	(1,126.9)	10,608.7	243.2



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Total shareholders' equity	37,377.6	56,409.2	1,293.1
Total liabilities and shareholders' equity	Rs. 113,875.4	Rs. 159,149.7	US\$3,648.4

See accompanying notes to consolidated financial statements



Tata Motors Limited

Consolidated Statements of Income
For each of the years ended March 31, 2003, 2004 and 2005

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions, except share and per share amounts)			
Revenues				
Gross sales	Rs. 112,106.3	Rs. 162,176.6	Rs. 228,549.4	US\$ 5,239.6
Less: Excise duty	17,352.5	23,883.2	31,771.0	728.4
Net sales	94,753.8	138,293.4	196,778.4	4,511.2
Finance income	976.7	1,402.3	1,608.6	36.9
Total revenues	95,730.5	139,695.7	198,387.0	4,548.1
Cost of sales	74,038.5	108,159.6	156,906.7	3,597.1
Gross margin	21,692.0	31,536.1	41,480.3	951.0
Operating expenses				
Selling, general and administrative	13,040.9	15,276.9	20,144.9	461.8
Research and development	1,536.2	1,282.0	2,532.4	58.1
Employee separation compensation (See note 17)	32.6	386.3	11.5	0.3
Total operating expenses	14,609.7	16,945.2	22,688.8	520.2
Operating income	7,082.3	14,590.9	18,791.5	430.8
Non-operating expense				
Non-operating income, net	1,222.0	1,773.2	1,821.6	41.8
Interest income	412.4	349.6	761.6	17.5
Interest expense	(4,090.4)	(2,684.3)	(2,993.3)	(68.6)
Total non-operating expense	(2,456.0)	(561.5)	(410.1)	(9.3)
Income before income taxes	4,626.3	14,029.4	18,381.4	421.5
Income tax expense	(1,888.4)	(5,264.0)	(5,099.9)	(116.9)
Minority interest, net of tax	(14.7)	(228.9)	(365.7)	(8.4)
Equity in net income of affiliates, net of tax	46.1	363.4	340.4	7.8
Net income	Rs. 2,769.3	Rs. 8,899.9	Rs. 13,256.2	US\$ 304.0
Weighted average number of shares used in computing basic earnings per share:	319,777,248	328,306,904	359,837,353	359,837,353
Weighted average number of shares used in computing diluted earnings per share:	319,777,248	363,123,828	388,849,716	388,849,716
Earnings per share:				
Basic	Rs. 8.7	Rs. 27.1	Rs. 36.8	US\$ 0.8
Diluted	Rs. 8.7	Rs. 25.3	Rs. 34.9	US\$ 0.8

See accompanying notes to consolidated financial statements



Tata Motors Limited

Consolidated Statements of Cash Flows
For each of the years ended March 31, 2003, 2004 and 2005

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Cash flows from operating activities:				
Net income	Rs. 2,769.3	Rs. 8,899.9	Rs. 13,256.2	US\$ 304.0
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	3,879.2	4,117.7	4,888.8	112.1
Amortization of intangible assets	12.0	10.6	33.2	0.8
Gain on sale of finance receivables	(285.8)	(352.7)	(139.5)	(3.2)
Write offs of delinquent finance receivables	50.0	76.2	77.3	1.8
Allowances for delinquent finance receivables, net of recoveries	(20.8)	8.0	8.9	0.2
Equity in earnings of affiliates	(46.1)	(363.4)	(340.4)	(7.8)
(Gain) loss on sale of property, plant and equipment	(101.3)	72.1	(36.4)	(0.8)
Gain on sale of investment in affiliate	—	—	(29.8)	(0.7)
Impairment of property, plant and equipment	48.7	—	—	—
Deferred tax expense	1,626.5	4,113.9	904.9	20.7
Gain on sale of investments	(65.0)	(138.2)	(496.7)	(11.4)
Impairment of investments	—	83.4	40.0	0.9
Impairment of goodwill	150.1	—	—	—
Minority interest	14.7	228.9	365.7	8.4
Changes in working capital:				
Accounts receivable	1,155.1	2,646.0	(1,720.1)	(39.4)
Prepaid expenses and other current assets	777.6	343.0	(735.5)	(16.9)
Inventories	(1,568.2)	(81.8)	(6,047.0)	(138.6)
Other non-current assets	37.9	(203.3)	(342.8)	(7.9)
Accounts payable	2,507.8	(210.6)	(674.1)	(15.5)
Acceptances	4,132.1	3,925.9	12,302.9	282.0
Accrued expenses and other current liabilities	286.8	3,952.0	1,490.8	34.2
Net cash provided by operating activities	15,360.6	27,127.6	22,806.4	522.9
Cash flows from investing activities:				
Short-term bank deposits	—	(2,727.7)	(12,939.3)	(296.6)
Loans given to affiliate and others	—	—	(5,096.6)	(116.8)
Purchases of available-for-sale investments	(64.2)	(15,240.0)	(1,753.7)	(40.2)
Proceeds from sale of available-for-sale investments	—	44.7	4,977.3	114.1
Purchases of other investments	(40.0)	(389.3)	(1,708.6)	(39.2)
Proceeds from sale of other investments	169.5	98.5	1,127.8	25.9
Investments in affiliates	(360.1)	(60.7)	(401.7)	(9.2)
Proceeds from sale of investments in affiliates	—	—	91.2	2.1
Dividends received from affiliates	44.7	80.9	277.6	6.4
Net change in finance receivables	(7,031.0)	(8,238.2)	(14,243.1)	(326.5)
Proceeds from sale of finance receivables, net of retained interests	3,841.1	4,737.1	2,701.1	61.9
Cash flow from retained interests in securitized transactions	256.3	345.9	595.8	13.7
Purchases of property, plant and equipment	(2,874.4)	(2,643.0)	(7,736.5)	(177.4)
Proceeds from sale of property, plant and equipment	653.7	218.2	315.3	7.2
Purchase of intangible assets	(8.0)	(16.3)	(605.9)	(13.9)
Acquisition of subsidiaries, net of cash acquired	(88.2)	(1,181.5)	(186.6)	(4.3)
Net cash used in investing activities	(5,500.6)	(24,971.4)	(34,585.9)	(792.8)





Tata Motors Limited

Consolidated Statements of Cash Flows
For each of the years ended March 31, 2003, 2004 and 2005

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Cash flows from financing activities:				
Proceeds from issuance of shares, net of issue expenses	—	2,303.9	756.4	17.3
Proceeds from issue of shares by a subsidiary to minorities	0.9	1.0	738.9	16.9
Dividend paid (including dividend tax)	—	(2,986.1)	(1,653.8)	(37.9)
Dividends paid to minority shareholders of subsidiaries	—	(48.4)	(118.7)	(2.7)
Net change in short-term debt	(3,977.1)	2,743.9	(3,457.0)	(79.3)
Proceeds from issuance of long-term debt	4,158.1	8,010.4	19,230.4	440.9
Repayments of long-term debt	(10,596.0)	(7,866.8)	(5,508.8)	(126.3)
Net cash (used in) provided by financing activities	(10,414.1)	2,157.9	9,987.4	228.9
Net change in cash and cash equivalents	(554.1)	4,314.1	(1,792.1)	(41.0)
Effect of foreign exchange on cash flows	0.4	(561.7)	154.3	3.5
Cash and cash equivalents, beginning of the year	3,312.4	2,758.7	6,511.1	149.2
Cash and cash equivalents, end of the year	Rs. 2,758.7	Rs. 6,511.1	Rs. 4,873.3	US\$ 111.7
Supplemental cash flows information:				
Interest paid	Rs. 4,143.6	Rs. 3,040.1	Rs. 2,997.8	US\$ 68.7
Income taxes paid	Rs. 137.1	Rs. 252.6	Rs. 4,685.6	US\$ 107.4
Non-cash transactions:				
Convertible debt converted into 1,992 ordinary shares	Rs. 0.1	Rs. —	Rs. —	US\$ —
1% Foreign Currency Convertible Notes converted into 13,974,898 and 2,490,199 ordinary shares	Rs. —	Rs. 3,440.7	Rs. 602.5	US\$ 13.8

See accompanying notes to consolidated financial statements

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Page 1 of 2

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allotted on
settlement of
legal cases
against the rights
entitlement,
which were held
in abeyance

	6	12	—	—							
Warrants forfeited	(1,512)										
Net income					Rs. 8,899.9				8,899.9		8,899.9
Dividend (including dividend tax)									(3,021.8)		(3,021.8)
Transfer to debenture redemption reserve							103.5		(103.5)		—
Transfer to special reserve							16.7		(16.7)		—
Unrealized gain on available-for-sale securities, net of tax and realized earnings					4,714.4		4,714.4				4,714.4
Translation adjustment					5.5		5.5				5.5
Additional minimum pension liability					119.4		119.4				119.4
Comprehensive income					Rs. 13,739.2						
Balance at March 31, 2004	6,370,879	352,958,130	Rs. 3,530.0	Rs.26,872.3		Rs. 4,578.6	Rs. 22.8	Rs.3,445.0	Rs.55.8	Rs.(1,126.9)	Rs.37,377.6

See accompanying notes to consolidated financial statements

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reserve					(103.5)			103.5		—
Transfer to special reserve						5.1		(5.1)		—
Unrealized gain on available-for-sale securities, net of tax and realized earnings				5,764.7	5,764.7					5,764.7
Translation adjustment				176.3	176.3					176.3
Additional minimum pension liability				94.5	94.5					94.5
Comprehensive income				Rs. 19,291.7						
Balance at March 31, 2005	—	361,751,751	Rs.3,617.9	Rs.28,143.3	Rs. 10,614.1	Rs. 22.8	Rs. 3,341.5	Rs. 60.9	Rs. 10,608.7	Rs. 56,409.2
			US\$ 82.9	US\$ 645.2	US\$ 243.3	US\$ 0.5	US\$ 76.6	US\$ 1.4	US \$ 243.2	US\$ 1,293.1

See accompanying notes to consolidated financial statements



Tata Motors Limited

Notes to Consolidated Financial Statements

1. Background and Operations

Tata Motors Limited designs, manufactures and sells a wide range of vehicles. The Company also manufactures and sells spare parts for its vehicles and engines for industrial and marine applications, as well as construction equipment, including hydraulic excavators, cranes and wheel loaders, aggregates such as axles and transmissions for commercial vehicles and factory automation equipment, and provides information technology services.

Tata Sons Limited (or Tata Sons), together with its subsidiaries, owns 22.1% of the Company's shares, and has the ability to significantly influence the Company's operations.

2. Significant Accounting Policies

a. Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (or US GAAP). US GAAP differs in certain material respects from accounting principles generally accepted in India and the requirements of India's Companies Act, 1956 (collectively Indian GAAP), which form the basis of the general purpose financial statements of Tata Motors in India.

Principal differences insofar as they relate to the Company include: the identification of subsidiaries and affiliates; differences in the measurement basis for acquisitions accounted for using the purchase method; the valuation of investments; accounting for retirement benefits, compensated absences, startup expenses, foreign exchange, debt issuance and extinguishment costs, intangible assets, research and development costs and employee separation costs and the presentation and format of the financial statements and related notes.

Certain prior-year amounts have been reclassified to conform to current year presentation.

b. Basis of Consolidation

The Company consolidates all entities in which it has a majority financial interest, provided control is not impaired or temporary. Inter-company transactions, balances and unrealized profit or loss on inter-company transactions are eliminated on consolidation.

The results of subsidiaries acquired have been consolidated from the date of acquisition. Purchase consideration paid in excess of the fair value of net assets acquired is recognized as goodwill. The excess of fair value over the purchase consideration is first allocated to reduce the amounts otherwise assigned to the eligible acquired long-term assets and any excess remaining is recognized as an extraordinary gain in the income statement in the period in which the business combination is consummated.

At March 31, 2004, subsidiaries consolidated include HV Axles Limited, HV Transmissions Limited, Tata Technologies Limited and its subsidiary, TAL Manufacturing Solutions Limited, Tata AutoComp Systems Limited ("TACO") and its subsidiaries, Telco Construction Equipment Company Limited, Sheba Properties Limited, Telco Dadajee Dhackjee Limited, Concorde Motors Limited, Tata Precision Industries Pte Ltd and its subsidiary, Concorde Motors (India) Limited (formerly "Minicar (India) Limited") and Tata Daewoo Commercial Vehicle Company Limited. At March 31, 2005, in addition to the subsidiaries consolidated at March 31, 2004, Suryodaya Capital Finance (Bombay) Limited has been consolidated.



c. *Affiliates*

Entities where the Company exerts significant influence, generally where the Company controls between 20% and 50% of the voting stock of the investee company, are considered affiliates, and are accounted for using the equity method. Inter-company unrealized profit or loss on transactions with affiliates are eliminated.

d. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from these estimates. Material estimates in these financial statements that are susceptible to change as more information becomes available include allowances for uncollectible accounts and finance receivables, certain deferred tax assets and warranty obligation.

e. *Revenue Recognition*

The Company recognizes revenues on the sale of products, net of trade discounts and rebates, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sales include excise duties and charges for shipping and handling to the point of delivery, and exclude indirect taxes.

The Company recognizes revenues from services as rendered.

Revenues are recognized when collectibility of the resulting receivable is reasonably assured.

Finance and service charges are accrued on the unpaid principal balance of finance receivables using the effective interest method. Hire purchase and loan receivables are placed on "non-accrual" status when interest or principal payments are four quarters and two quarters past due, respectively, at which time no further interest is accrued and overdue interest is written off against interest income. Finance receivables are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

f. *Cost Recognition*

Costs and expenses are recognized when incurred and are classified according to their primary functions in the following categories:

Cost of sales

These costs primarily include raw materials, employee compensation of production personnel, depreciation and amortization of production equipment and factory overheads.

Selling, general and administrative expenses

Selling expenses primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, special incentives to dealers under sales promotion schemes, allowances for delinquent receivables and outward shipping expenses. Selling expenses include outward shipping expenses of Rs.1,931.7 million, Rs. 2,752.7 million and Rs. 4,192.7 million in fiscals 2003, 2004 and 2005, respectively.

General and administrative costs primarily include employee compensation for administrative, supervisory and managerial personnel, depreciation and amortization of non-production equipment and software, non-factory overheads including rent, insurance, electricity, telecommunication costs, legal and professional fees, amortization of intangibles, valuation allowances and other general expenses.



Research and development expenses

All research and development expenses are expensed when incurred. Research and development expenses include all costs relating to the Company's Engineering Research Center ("ERC") and all costs incurred for the design and development of new vehicle models.

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 actions on product failures.

h. *Sales of Receivables*

Tata Motors sells finance receivables to special purpose entities ("SPE") in securitization transactions. Recourse is in the form of the Company's investment in subordinated securities issued by these special purpose entities and cash collateral. The receivables are derecognized in the balance sheet when they are sold and consideration has been received by the Company. Sales and transfers that do not meet the criteria for surrender of control are accounted for as secured borrowings.

Gains or losses from the sale of receivables are recognized in the period the sale occurs based on the relative fair value of the portion sold and the portion allocated to retained interests, and are reported net of the estimated cost of servicing by the Company's dealers.

i. *Foreign Currency*

The functional currency of the Company is the Indian rupee. Foreign currency transactions are translated into Indian rupees at exchange rates prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are converted into Indian rupees using exchange rates prevailing on the balance sheet dates. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities and on foreign currency transactions are included in net income.

The financial statements of foreign subsidiaries have been translated into Indian rupees for the purposes of consolidation as follows: income statement items have been converted at the average exchange rates during the period, and assets and liabilities have been translated at exchange rates prevailing on the balance sheet date. Any resulting unrealized gains or losses are reported in other comprehensive income, a separate component of shareholders' equity.

j. *Income Taxes*

Income tax consists of the current tax provision and the net change in the deferred tax asset or liability for the year.

Current income taxes are provided for in accordance with the provisions of the Indian Income Tax Act of 1961 or applicable law in foreign tax jurisdictions.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry forwards. Such deferred tax assets and liabilities are computed separately for each taxable entity in the consolidated enterprise and for each taxable jurisdiction. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized and are separately estimated at each such entity without offsetting.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change.



k. *Earnings Per Share*

Basic earnings per ordinary share has been computed by dividing net income by the weighted average number of ordinary shares outstanding for the period. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per ordinary share has been computed using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the period using the "if-converted" method for warrants and convertible instruments, except where the result would be antidilutive.

l. *Cash and Cash Equivalents*

The Company considers all highly liquid financial instruments, which are readily convertible to cash and have an original maturity on the date of purchase of three months or less to be cash equivalents.

m. *Finance Receivables, Deferred Origination Costs and Allowance for Credit Losses*

Tata Motors finances vehicle sales with hire purchase and loan financing provided to its customers. Such contracts are accounted for as sales type leases and give rise to a normal manufacturer's margin. Finance receivables are reported at their outstanding unpaid principal balances reduced by a valuation allowance and are reported net of any deferred origination costs.

Origination fees and certain direct origination costs are deferred and amortized as an adjustment to yield of the related finance receivable.

The Company establishes a specific and unallocated allowance for credit losses for finance receivables based on management's best estimate of losses inherent in the finance receivable portfolio.

The Company considers a finance receivable to be impaired when, based on current information and events, it is probable that the Company will be unable to collect scheduled payments of principal or interest when due according to the contractual terms of the financing agreement.

The Company provides a specific allowance for credit losses for hire purchase and loan receivables that are in arrears for four quarters and two quarters or more, respectively, in an amount equivalent to the outstanding principal and interest balance.

Finance receivables comprise small homogeneous balances. Such balances are collectively evaluated for impairment at each balance sheet date and an unallocated allowance for credit losses is established based on historical losses incurred.

The allowance for credit losses is evaluated on a regular basis by management and is based upon management's view of the probability of recovery of receivables in light of historical experience, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, amounts that may be recoverable from originating dealers, factors affecting the industry which the receivable exposure relates to and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Credit losses are charged against the allowance when management believes that the balance cannot be recovered. Subsequent recoveries and proceeds from auctions of repossessed vehicles are credited to the allowance.

Repossessed Vehicles

Vehicles repossessed from delinquent financing customers and held for auction are recorded at the lower of the unpaid principal balance and estimated net realizable value. Gains or losses on disposal are recorded when the vehicles are sold.



n. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of raw materials and components is ascertained on a weighted average basis. Cost of work in progress and finished goods are determined on a full absorption cost basis.

o. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash and cash equivalents, debt securities, accounts receivable and loans and advances. None of the financial instruments result in material concentrations of credit risk.

p. Investments

Debt securities for which management has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are reported at amortized cost.

Debt securities and equity securities with readily determinable fair market values that are not classified as held-to-maturity, and retained interests in sold receivables are classified as available-for-sale and recorded at fair value. Unrealized gains and losses on such securities, net of applicable taxes, are reported in other comprehensive income, a separate component of shareholders' equity.

Retained interests in sold receivables are initially measured at fair value determined by an external credit rating process considering various factors; principally, the expected credit losses, the age of the receivables portfolio, expected prepayments and the credit rating of the Company. These retained interests are not quoted and therefore, subsequent fair values are determined based on a valuation model that takes account of various assumptions such as the shortfall in collections, prepayments, the age of the portfolio and other assumptions. These fair values are usually certified by the special purpose entities.

The Company does not have any securities classified as trading.

Equity securities that do not have readily determinable market values are accounted for at original cost. The fair values of these securities are not estimated if there are no events or changes in circumstances that may have a significant effect on the fair value.

Declines in the fair values below cost that are other than temporary are reflected in earnings as realized losses.

The cost in respect of securities sold is determined on a weighted average basis.

q. Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation.

Cost includes the purchase price, taxes and duties, labor cost and direct overheads for self constructed assets and other direct costs incurred up to the date the asset is available for use.

Interest cost incurred for constructed assets is capitalized up to the date the asset is available for 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.



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Depreciation is provided on a straight-line basis over estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

Type of Asset	Estimated useful life (years)
Building	20 to 40
Plant and equipment	9 to 20
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20

Depreciation on capital lease assets is recorded over the shorter of the estimated useful life of the asset or the period of the lease.

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

In respect of the assets of the Company whose estimated useful lives are revised, the unamortized depreciable amount is expensed prospectively over the revised remaining useful life.

r. Leases

Assets acquired under capital leases are initially recognized 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 finance charges and reduction of the outstanding liability. Finance charges are allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

s. Impairment of Long-Lived Assets

Whenever events or circumstances indicate that the carrying amount of long-lived assets may not be recoverable, the Company subjects such assets to a test of recoverability based on the undiscounted cash flows from use or disposition of the asset. If the asset is impaired, the Company recognizes an impairment loss as the difference between the carrying value of the asset and the lower of its fair value and net realizable value. As of March 31, 2004 and 2005, none of the Company's long-lived assets was considered impaired.

Un-depreciated cost of any assets that are abandoned or plant that relates to discontinued models is expensed.

t. Goodwill and Other Intangible Assets

Purchased intangible assets, other than goodwill and intangible assets with indefinite lives, primarily consist of technology know-how and software that is valued at acquisition cost and is amortized over its useful life of two to six years.

Purchased goodwill and intangible assets with an indefinite useful life are capitalized. Such intangibles are not amortized but are evaluated for impairment annually or when significant events occur that indicate that the fair value is less than its carrying value. The Company determines fair value by estimating the present value of expected future cash flows.

u. Derivative Instruments

Derivative financial instruments are reported as assets or liabilities in the balance sheet, at fair value. Changes in fair value are reported in earnings. Fair values of derivative financial instruments are generally based on quoted market prices or quotations obtained from inter-bank market participants.



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Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, as they are not designated as hedges.

v. Employee Benefits

Gratuity / Pension

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 in 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 certain of its subsidiaries make annual contributions to gratuity funds established as trusts. Concorde Motors and TACO and its subsidiaries have obtained insurance policies with the Life Insurance Corporation of India. The Company accounts for the liability for future gratuity benefits based on an independent actuarial valuation carried out annually. The Company has an obligation towards severance indemnity, a defined benefit retirement plan, covering eligible employees in Tata Daewoo Commercial Vehicle Company Limited in Korea. 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.

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 future benefits under the plan based on an independent actuarial valuation carried out annually. The Company makes contributions to a trust at 15% of the salary.

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, and therefore, has become a defined contribution plan.

Under the defined contribution plan, 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.

Bhavishya Kalyan Yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan accrue 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 more. The Company accounts for the liability for future benefits based on an independent actuarial valuation carried out annually.

Post-retirement Medicare Scheme

Under this Scheme, employees get medical benefits for ten to twenty years from the date of retirement depending on their grade at the time of retirement. Employees separated from the Company as part of an early separation scheme, on medical grounds, or due to permanent disablement are also covered.



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In respect of executive grade employees, the scheme is contributory and provides for annual reimbursement of medical expenses by the Company up to a certain limit.

The liability for post retirement medical benefits for executive grade employees is based on an external actuarial valuation.

All non-executive grade employees are members of a 'group mediclaim scheme' and the Company pays insurance premiums to an insurance company every year in respect of retired employees and their spouses. All claims under the scheme are payable by the insurance carrier. As the risk in such cases has been transferred to the insurance carrier, the Company does not record a liability for this scheme except to the extent of any premiums payable.

Measurement date

The measurement date of retirement plans is March 31.

Provident fund

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer contribute monthly at a determined rate (currently up to 12% of employee's salary). These contributions are either made to a fund set up as an irrevocable trust, or to the respective Regional Provident Fund Commissioners, or the Central Provident Fund under the state pension scheme, and are expensed as incurred. The Company is generally liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return, and recognizes such contributions and shortfall, if any, as an expense in the year incurred.

Compensated absences

The Company provides for the cost of vacation earned based on the number of days of unutilized leave at each balance sheet date.

w. *Long Term Debt*

The Company reports long-term debt at the outstanding principal balance. The proceeds from debt issued with detachable warrants is allocated between the debt instrument and the warrant based on the relative fair values of the two instruments determined by reference to quoted market prices. The proceeds from convertible debt which has a beneficial conversion feature at inception is allocated between the host contract and the option based on the intrinsic value of the option. Amounts allocated to warrants are reported as additional paid in capital. Amounts allocated to any beneficial conversion features are deferred and amortized as a yield adjustment using the interest method over the life of the debt.

x. *Debt Issuance Costs*

Issuance costs of long-term debt are amortized over the tenure of the debt.

y. *Dividends*

Any dividends declared by Tata Motors are based on the profits available for distribution as reported in the unconsolidated statutory financial statements of Tata Motors prepared in accordance with Indian GAAP. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable. As at March 31, 2004 and 2005, the amounts available for distribution were Rs. 16,385.9 million and Rs. 27,209.7 million, respectively. Subsequent to March 31, 2005, the board of directors of the Company has proposed a dividend of Rs.12.50 per share in respect of fiscal year ended March 31, 2005.

**z. Comprehensive Income**

The Company reports comprehensive income in accordance with SFAS No.130, *Reporting Comprehensive Income*. Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Unrealized gains and losses on available-for-sale securities, translation adjustments arising on the consolidation of foreign subsidiaries, additional minimum pension liability and net income are components of comprehensive income.

aa. Segments

The Company operates in one identified reportable segment, namely Automotive. Other operating segments do not meet the quantitative thresholds for disclosure and have been aggregated. Segment information has been provided in Note 23.

ab. New accounting pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) revised SFAS No. 123 (SFAS No. 123R, *Share-based payments*) requiring companies to record share-based payment transactions as compensation expense at fair market value. The provisions of this statement will be effective as of the beginning of the first annual reporting period that begins after June 15, 2005. As of March 31, 2005, there were no share-based payments or stock options.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4*. SFAS No. 151 amends the guidance in ARB No. 43, *Inventory Pricing*, for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) requiring that those items be recognized as current-period expenses regardless of whether they meet the criterion of "so abnormal." This statement also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The statement is effective for inventory costs incurred during the fiscal years beginning after June 15, 2005. The Company does not expect this statement to have a material impact on the consolidated financial position or results.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29*. APB Opinion No. 29, *Accounting for Nonmonetary Transactions*, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. SFAS No. 153 amends APB Opinion No. 29, eliminating the exception to fair value accounting for nonmonetary exchanges of similar productive assets and replaces it with a general exception to fair value accounting for nonmonetary exchanges that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not expect this statement to have a material impact on the consolidated financial position or results.

ac. Convenience Translation

The accompanying consolidated financial statements have been expressed in Indian rupees ("Rs."), the Company's functional currency. For the convenience of the reader, the financial statements as at and for the year ended March 31, 2005 have been translated into U.S. dollars at US\$1.00 = Rs.43.62 based on the noon buying rate for cable transfers on March 31, 2005 as certified for customs purposes by the Federal Reserve Bank of New York. Such translation should not be construed as representation that the rupee amounts have been or could be converted into U.S. dollars at that or any other rate, or at all.



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3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Cash on hand	Rs. 14.3	Rs. 37.1	US\$ 0.9
Balances with banks in Indian rupees	4,712.6	4,097.2	93.9
Balances with banks in foreign currencies	1,784.2	739.0	16.9
Total	Rs. 6,511.1	Rs. 4,873.3	US\$ 111.7

4. Finance receivables

Net investments in sales type and direct financing leases are as follows:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Total minimum lease payments to be received	Rs. 9,714.5	Rs. 22,698.1	US\$ 520.4
Less: Unearned income	1,317.5	2,643.3	60.6
	8,397.0	20,054.8	459.8
Less: Allowance for credit losses	120.7	129.6	3.0
Net investment in financing leases	Rs. 8,276.3	Rs. 19,925.2	US\$ 456.8
Current portion	3,053.7	8,086.0	185.4
Non-current portion	5,222.6	11,839.2	271.4
Net investment in financing leases	Rs. 8,276.3	Rs. 19,925.2	US\$ 456.8

Changes in the allowance for doubtful finance receivables are as follows:

	As of March 31,			
	2003	2004	2005	2005
		(In millions)		
Beginning balance	Rs. 133.5	Rs. 112.7	Rs. 120.7	US\$ 2.8
Additional allowances for credit losses for the year	7.9	43.6	40.3	0.9
Recoveries	(28.7)	(35.6)	(31.4)	(0.7)
Ending balance	Rs. 112.7	Rs. 120.7	Rs. 129.6	US\$ 3.0



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Minimum direct financing lease receivables are contractually due as follows:

	As of March 31, 2005	
	(In Millions)	
Years ending March 31:		
2006	Rs. 9,807.9	US\$224.9
2007	7,440.9	170.6
2008	3,978.8	91.2
2009	1,304.0	29.9
2010	166.5	3.8
Gross minimum lease payments to be received	Rs.22,698.1	US\$520.4

Retained interests in sold receivables, which consist of subordinated securities that have been included in available-for-sale investments, were as follows:

	As of March 31,		
	2004	2005	2005
	(In millions)		
Subordinated securities	Rs.1,282.8	Rs.687.0	US\$15.7

The following table summarizes pre-tax gains on securitizations and certain cash flows received from customers and paid to SPEs for sales that were completed in fiscals 2003, 2004 and 2005:

	For the years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Gross proceeds from new securitizations	Rs.4,682.3	Rs.5,607.6	Rs.2,701.1	US\$ 61.9
Fair value of finance receivables derecognized	4,328.8	5,142.5	2,508.0	57.5
Estimated cost of servicing by dealers	67.7	112.4	53.6	1.2
Pre-tax gains on securitization	Rs. 285.8	Rs. 352.7	Rs. 139.5	US\$ 3.2
Cash flow information				
Collections against securitized receivables	Rs.3,154.2	Rs.5,855.5	Rs.6,470.0	US\$148.3
Payments made to SPEs	Rs. 629.8	Rs.4,727.4	Rs.5,852.2	US\$134.2
Cash flows on retained interests	Rs. 256.3	Rs. 345.9	Rs. 595.8	US\$ 13.7

Tata Motors retained servicing rights for finance receivables sold in securitization transactions. The servicing portfolio is summarized in the table as follows:

	As of March 31,		
	2004	2005	2005
	(In millions)		
Balance at the beginning	Rs. 6,630.2	Rs. 8,641.2	US\$ 198.1
Receivables sold	7,866.5	2,990.7	68.6
Collections	(5,855.5)	(6,470.0)	(148.3)
Balance at the end	Rs. 8,641.2	Rs. 5,161.9	US\$ 118.4





6. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Advances to suppliers, contractors and others	Rs.2,231.5	Rs. 2,675.3	US\$ 61.3
Deposits with government and public bodies	792.4	902.9	20.7
Prepaid expenses	382.1	391.9	9.0
Advance taxes (net)	429.4	920.0	21.1
Loans to Tata Finance Limited	—	4,700.0	107.7
Other current assets	1,419.2	1,115.6	25.6
Total	Rs.5,254.6	Rs.10,705.7	US\$245.4

7. Investments

Investments consist of the following:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Investments available-for-sale, at market	Rs.24,150.3	Rs.26,178.7	US\$600.2
Investments held-to-maturity, at amortized cost	40.5	62.0	1.4
Investments at cost, net	2,861.5	4,196.3	96.2
Total	Rs.27,052.3	Rs.30,437.0	US\$697.8

Information on unrealized gains and losses for investments available-for-sale is as follows:

Available-for-sale securities	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Fair value
		(In millions)		
As of March 31, 2004:				
Equity shares	Rs. 2,212.0	Rs. 5,381.0	Rs. 6.2	Rs. 7,586.8
Investments in mutual funds	15,239.5	36.7	—	15,276.2
Government bonds	4.8	—	0.3	4.5
	17,456.3	5,417.7	6.5	22,867.5
Retained interests in securitized transactions				1,282.8
Total available-for-sale securities				Rs. 24,150.3
As of March 31, 2005:				
Equity shares	2,182.5	11,102.0	—	13,284.5
Investments in mutual funds	10,544.5	111.1	—	10,655.6
Government bonds	5.7	0.2	—	5.9
Other bonds	1,546.2	5.5	6.0	1,545.7
	14,278.9	11,218.8	6.0	25,491.7
Retained interests in securitized transactions				687.0



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Total available-for-sale securities

Rs. 26,178.7

Total available-for-sale securities

US\$ 600.2



The contractual maturity of the Company's available-for-sale debt securities as of March 31, 2005 is as follows:

	Amortized Cost	Fair value
(In millions)		
Due in year ending March 31,		
2006	Rs. 50.2	Rs. 50.1
2007	58.5	58.0
2008	1,064.4	1,068.2
2009	378.8	375.3
	Rs.1,551.9	Rs. 1,551.6

Information on unrealized gains and losses for held-to-maturity investments is as follows:

Held-to-maturity securities	Fair value	Gross unrealized gains	Gross unrealized losses	Amortized Cost
(In millions)				
As of March 31, 2004:				
Debtentures	Rs. 40.5	—	—	Rs. 40.5
As of March 31, 2005:				
Debtentures	Rs. 62.0	—	—	Rs. 62.0
	US\$ 1.4	—	—	US\$ 1.4

The contractual maturity of the Company's fixed income held-to-maturity securities as of March 31, 2005 is as follows:

	In millions
Due in year ending March 31,	
2006	Rs. 0.5
2008	61.5
	Rs. 62.0

Information on equity investments without readily determinable market values is as follows:

	In millions
As of March 31, 2004:	
Original cost	Rs. 2,951.6
Less: Other than temporary impairment	90.1
Total securities carried at cost, net	Rs. 2,861.5
As of March 31, 2005:	
Original cost	Rs. 4,285.6
Less: Other than temporary impairment	89.3
Total securities carried at cost, net	Rs. 4,196.3
Total securities carried at cost, net	US\$ 96.2

Held-to-maturity securities of Rs. 40 million has been impaired and recognised in earnings in fiscal 2005 consequent to the deterioration in the financial position of the investee.



Interest and dividends on investments were Rs. 115.1 million, Rs.408.7 million and Rs. 802.6 million in the years ended March 31, 2003, 2004 and 2005, respectively. Realized gains on sale of investments in fiscals 2003, 2004 and 2005 amounted to Rs. 65.0 million, Rs. 138.2 million and Rs. 496.7 million, respectively.

There was no sale of available-for-sale securities in the fiscal year ended March 31, 2003.

The proceeds and gross realized gains from sale of available-for-sale securities for the fiscal 2004 were Rs. 44.7 million and Rs. 39.7 million, respectively. Unrealized gains of Rs. 12.9 million were reclassified from accumulated other comprehensive income to earnings, on sale of these securities.

The proceeds and gross realized gains from sale of available-for-sale securities for the fiscal 2005 were Rs. 4,977.3 million and Rs. 44.1 million, respectively. Unrealized gains of Rs. 59.2 million were reclassified from accumulated other comprehensive income to earnings, on sale of these securities.

Equity investments without readily determinable market values include Rs. 354.6 in respect of an investment which was an affiliate as of March 2004. In fiscal 2005, the Company sold its investment to decrease its ownership interest and ceased to have significant influence. Proceeds from sale were Rs. 91.2 million and realized gain of Rs. 29.8 million has been recognized in earnings.

8. Property, plant and equipment, net

Property, plant and equipment consist of the following:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Land and buildings	Rs. 9,676.7	Rs. 9,863.6	US\$ 226.1
Plant and equipment	50,416.6	54,941.3	1,259.6
Computers	3,278.2	3,856.8	88.4
Vehicles	887.0	1,012.2	23.2
Furniture and fixtures	604.7	658.0	15.1
	64,863.2	70,331.9	1,612.4
Less: Accumulated depreciation	31,463.3	35,509.4	814.1
	33,399.9	34,822.5	798.3
Add: Capital work-in-progress	2,078.6	4,083.4	93.6
Property, plant and equipment, net	Rs.35,478.5	Rs.38,905.9	US\$ 891.9

Depreciation expense for fiscals 2003, 2004 and 2005 was Rs. 3,879.2 million, Rs. 4,117.7 million and Rs.4,888.8 million, respectively.

Interest capitalized in fiscals 2003, 2004 and 2005 was Rs. 136.2 million, Rs. 41.3 million and Rs. 29.6 million, respectively.

Included in property, plant and equipment are the following assets under capital lease:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Buildings	Rs. 271.3	Rs. 313.4	US\$ 7.2
Plant and equipment	1,887.3	1,887.3	43.3
Vehicles	5.9	5.9	0.1
	2,164.5	2,206.6	50.6
Less: Accumulated depreciation	582.4	734.1	16.8
Total leased property, net	Rs. 1,582.1	Rs.1,472.5	US\$33.8





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9. Leases

The Company has leased property, machinery, equipment and vehicles under operating and capital leases. The following is a summary of future minimum lease rental commitments under noncancelable operating leases and capital leases entered into by the Company:

	As of March 31, 2005	
	Operating	Capital
	(In millions)	
Years ending March 31,		
2006	Rs. 78.8	Rs. 21.4
2007	7.3	18.4
2008	3.8	10.1
2009	3.8	3.1
2010	3.8	0.8
Total minimum lease commitments	97.5	53.8
Less: Interest on capital leases	—	6.7
Present value of minimum lease payments	Rs. 97.5	Rs. 47.1

Total operating lease rental expense was Rs. 72.8 million, Rs. 132.8 million and Rs. 116.1 million in fiscals 2003, 2004 and 2005, respectively.

10. Income taxes

The income tax expense consists of the following:

	For the years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Current	Rs. 261.9	Rs. 1,150.1	Rs. 4,195.0	US\$ 96.2
Deferred	1,626.5	4,113.9	904.9	20.7
Total income tax expense	Rs. 1,888.4	Rs. 5,264.0	Rs. 5,099.9	US\$ 116.9



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The reconciliation of estimated income taxes at the Indian statutory income tax rate to income tax expense is as follows:

	For the years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Income before income tax	Rs.4,626.3	Rs. 14,029.4	Rs. 18,381.4	US\$ 421.5
Statutory tax rate	36.75%	35.875%	36.5925%	36.5925%
Expected income tax (benefit) expense at statutory tax rate	Rs.1,700.2	Rs. 5,033.0	Rs. 6,726.2	US\$ 154.2
Add/(less): Tax effect of permanent differences				
Research and development	—	—	(410.4)	(9.4)
Dividend income	—	(115.6)	(419.5)	(9.6)
Others	(99.2)	(101.3)	(282.2)	(6.5)
Tax effect of minimum alternate tax	282.5	492.5	54.3	1.2
Effect of change in tax laws and rates	(62.0)	15.0	(484.5)	(11.1)
Change in valuation allowance	66.9	(59.6)	(84.0)	(1.9)
Income tax expense reported	Rs.1,888.4	Rs. 5,264.0	Rs. 5,099.9	US\$ 116.9

Effective fiscal 2005, long-term capital gains on sale of equity shares through a recognized stock exchange have been exempted from tax. Consequently, reduction in deferred tax liability on unrealized gain on such investments held by Tata Motors has been included in determination of net income.

Significant components of deferred tax asset and liability are as follows:

	As of March 31,		
	2004	2005	2005
	(In millions)		
Deferred tax assets:			
Depreciation carryforwards	Rs. 758.2	Rs. 323.4	US\$ 7.4
Business loss carryforwards	360.1	392.8	9.0
Employees separation scheme	464.2	326.3	7.5
Expenses deductible in future years	396.5	555.9	12.7
Depreciation	1,294.5	1,206.0	27.6
Allowances for doubtful receivables and other current assets	741.0	477.7	11.0
Retirement benefits	404.1	392.6	9.0
Others	397.8	607.4	13.9
Total deferred tax asset	4,816.4	4,282.1	98.1
Less: Valuation allowance	448.3	364.3	8.3
Net deferred tax asset	4,368.1	3,917.8	89.8
Deferred tax liabilities:			
Depreciation	6,488.6	7,017.7	160.9
Undistributed earnings in subsidiaries	—	161.7	3.7
Others	992.8	824.4	18.9
Total deferred tax liability	7,481.4	8,003.8	183.5
Net deferred tax liability	Rs.(3,113.3)	Rs. (4,086.0)	US\$ (93.7)
Current	Rs. 946.5	Rs. 1,209.2	US\$ 27.7
Non-current	Rs.(4,059.8)	Rs. (5,295.2)	US\$(121.4)



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Valuation allowances have been created for deferred tax assets arising at subsidiaries that are making losses and that do not expect a return to tax profitability in the foreseeable future. Deferred tax assets and liabilities are offset if they arise in the same legal entity and taxing jurisdiction but not otherwise.

Under the Indian Income Tax Act, 1961, unutilized business losses expire eight years after the year in which they originate whereas unutilized depreciation allowances can be carried forward indefinitely. In respect of a foreign subsidiary in Singapore the unutilized business losses can be carried forward indefinitely unless there is a substantial change in the ownership.

Business loss carryforwards expire unutilized based on the year of origination as follows:

	In millions	
March 31,		
2006	Rs. 11.0	US\$0.3
2007	16.7	0.4
2008	16.4	0.4
2009	292.3	6.7
2010	327.8	7.5
2011	208.4	4.8
2012	214.6	4.9

Tax effects allocated to each component of other comprehensive income are as follows:

	Years ended March 31,		
	2004	2005	2005
		(In millions)	
Unrealized gain on available-for-sale securities	Rs.(554.8)	Rs. (40.4)	US\$(0.9)
Additional minimum liability on defined retirement benefit plans	157.6	135.5	3.1
Total	Rs.(397.2)	Rs. 95.1	US\$ 2.2

11. Other non-current assets

Other non-current assets consist of the following:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Deposits with Government and public bodies	Rs. 328.5	Rs. 474.1	US\$10.9
Margin money	601.6	783.5	18.0
Loans to employees	1,165.7	1,159.9	26.6
Goodwill	201.2	289.9	6.6
Other intangible assets	33.7	606.4	13.9
Loans to affiliates	—	396.6	9.1
Others	84.2	106.4	2.4
Total	Rs.2,414.9	Rs.3,816.8	US\$87.5

Margin money with banks is in the nature of restricted cash, and consists of collateral provided in support of guarantees issued by banks on the Company's behalf, in accordance with loan agreements and as may be required for securitization transactions.



Goodwill as of March 31, 2004 and 2005 related to the all other segment is as follows:

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Balance at the beginning	Rs. 165.1	Rs. 85.9	Rs.201.2	US\$ 4.6
Purchased during the year	70.9	115.3	88.7	2.0
Less: Impairment	(150.1)	—	—	—
Balance at the end	Rs. 85.9	Rs.201.2	Rs.289.9	US\$ 6.6

As a result of adverse economic conditions following September 11, 2001, the Company's consulting subsidiary in the United States incurred losses, which in fiscal 2003 were substantially in excess of its net worth. The Company assessed the goodwill relating to this subsidiary following this trigger event, concluded it was impaired and wrote off the entire balance of Rs. 150.1 million as a realized loss in the year ended March 31, 2003. In fiscals 2004 and 2005, there were no goodwill impairments.

Intangible assets consist of the following:

	As of March 31		
	2004	2005	2005
	(In millions)		
Software	Rs. 0.8	Rs.606.6	US\$13.9
Technology know-how	387.9	388.4	8.9
	388.7	995.0	22.8
Less: Accumulated amortization	355.0	388.6	8.9
Intangible assets, net	Rs. 33.7	Rs.606.4	US\$13.9

Amortization expense for fiscals 2003, 2004 and 2005 was Rs. 12.0 million, Rs. 10.6 million and Rs. 33.2 million, respectively.

The estimated amortization in each of the following four fiscal years is as follows:

	As of March 31, 2005	
	(In millions)	
Due in the year ending March 31,		
2006	Rs.165.8	US\$ 3.8
2007	155.8	3.6
2008	152.5	3.5
2009	132.3	3.0
Total	Rs.606.4	US\$13.9



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12. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Advances	Rs. 3,534.4	Rs. 4,105.7	US\$ 94.1
Accrued interest	173.7	198.8	4.6
Product warranties	1,599.3	1,795.1	41.2
Other accrued expenses	4,987.4	5,679.8	130.1
Total	Rs.10,294.8	Rs.11,779.4	US\$270.0

13. Short-term debt

Short-term debt consists of the following:

	As of March 31,		
	2004	2005	2005
		(In millions)	
Bank debt	Rs. 4,941.0	Rs. 1,758.0	US\$ 40.3
Current portion of long-term debt	2,817.9	1,108.5	25.4
Total	Rs. 7,758.9	Rs. 2,866.5	US\$ 65.7
Weighted average interest rate	5.87%	3.62%	3.62%
Unused short-term credit facilities available	Rs.11,486.4	Rs.12,270.0	US\$281.3

14. Long-term debt

Long-term debt consists of the following:

Debentures	Redemption/ Maturity date	As of March 31,		
		2004	2005	2005
			(In millions)	
12.25% Non-convertible debentures	December 1, 2004	Rs. 100.0	Rs. —	US\$ —
14.75% Non-convertible debentures	October 11, 2008	801.3	702.0	16.1
14.30% Non-convertible debentures		249.5	—	—
13.50% Non-convertible debentures	July 23, 2005	119.9	70.0	1.6
Floating rate debentures	October 1, 2007	345.9	49.4	1.1
11.5% / 8.0% Non-convertible debentures		150.0	—	—
11.5% Non-convertible debentures		30.0	—	—
11.35 %Non-convertible debentures		320.0	—	—
1% Foreign Currency Convertible Notes	July 31, 2008	1,063.5	478.6	11.0
Zero Coupon Foreign Currency Convertible Notes	April 27, 2009	—	4,276.2	98.0
1% Foreign Currency Convertible Notes	April 27, 2011	—	13,253.8	303.8
7.875% US Notes	July 15, 2007	1,941.6	1,941.7	44.5
Term loans		1,808.4	916.9	21.0
Foreign currency loans from banks		4,627.9	3,675.5	84.3
Foreign currency loans from others		68.3	68.1	1.6
Zero coupon sales tax deferment loan		1,143.3	1,017.6	23.3
Other		852.4	291.4	6.7
Total		Rs.13,622.0	Rs.26,741.2	US\$613.0
Less: current portion		2,817.9	1,108.5	25.4
Long-term debt		Rs.10,804.1	Rs.25,632.7	US\$587.6



Weighted average interest rate	7.35%	4.18%	4.18%



Interest rates shown in the table above are the stated coupon interest rates as per the terms of the loan. The effective interest rates and the face amount of the loans included in the above table, for which the coupon and effective rates are different, are as follows:

Non convertible debentures	As of March 31,				
	Effective interest rate		Face amount		
	2004	2005	2004	2005	2005
				(In millions)	
14.75% Debentures	14.90%	14.85%	Rs. 805.0	Rs. 705.0	US\$ 16.2
14.30% Debentures	14.88%	14.89%	250.0	—	—
13.50% Debentures	13.92%	13.57%	120.0	70.0	1.6
Floating rate debentures	6.40%	7.22%	350.0	50.0	1.1
1% Foreign Currency Convertible Notes due 2008	5.36%	5.59%	1,053.5	462.0	10.6
1% Foreign Currency Convertible Notes due 2011	—	4.10%	—	13,125.0	300.9
7.875% US Notes	8.09%	8.09%	1,945.5	1,945.1	44.6
Zero coupon sales tax deferment loan	5.75%	5.75%	1,445.2	1,265.5	29.0

The scheduled maturity of long-term debt as of March 31, 2005 is set out as below:

Due in the year ending March 31,	As of March 31, 2005	
	(In millions)	
2006	Rs. 1,108.5	US\$ 25.4
2007	1,173.5	26.9
2008	2,942.3	67.5
2009	2,206.9	50.6
2010	4,982.5	114.2
Thereafter	14,327.5	328.4
Total	Rs. 26,741.2	US\$613.0

Non-refundable fees and loan origination costs amounting Rs 163.9 million, Rs. 164.5 million and Rs. 402.0 million has been recognized as interest expense in fiscals 2003, 2004 and 2005, respectively as an adjustment of yield over the lives of the related loans.

Premium on early redemption of loans and debentures of Rs. 169.1 million, Rs. 371.4 million and Rs.121.4 million has been recognized in earnings in fiscals 2003, 2004 and 2005, respectively.



The following are specific terms relating to long-term debt:

The 14.75% Non-Convertible Debentures (2008), 13.50% Non-Convertible Debentures (2005) and Floating rate Non-Convertible Debentures (2007) are secured by pari passu charges by way of equitable mortgages of immovable properties and fixed assets in or attached thereto, both present and future, and a first lien on all other assets except inventory and book debts, present and future, two of the Company's showrooms in Mumbai, land and buildings at Mahim, Mumbai; the Company's residential flats at Mumbai, Pune and Jamshedpur; freehold land measuring approximately 4,245 sq. mtrs. situated in Thane.

The 13.5% Non-Convertible Debentures (2005) granted a one-time put and call option exercisable after July 23, 2003 to the debenture holder and the Company. Both options require thirty days notice to be given to the other party. If exercised, the Company is obligated to repay the principal balance together with interest to the date of redemption. The Company prepaid debentures of Rs. 800 million up to fiscal 2005 including Rs. 420 million by exercising call option in fiscal 2004.

In the fiscal year ended March 31, 2004 the Company exercised its call option and redeemed the 11% Non-Convertible Debentures (2005-2007). These debentures were issued with detachable warrants in ratio of one warrant for every two debentures. The warrants entitle the holder to purchase one ordinary share of Rs. 120 per share and may be exercised from June 6, 2003 to September 30, 2004. As of March 31, 2004, an aggregate of 6,370,879 warrants were outstanding and entitled to apply for one ordinary share at any time upto September 30, 2004. In fiscal 2005, 6,303,422 warrants were converted into ordinary shares and 67,457 warrants were forfeited upon expiry on September 30, 2004.

7.875% US Notes

As per the terms of issue of US Notes, Tata Motors and its material subsidiaries may not create or permit to subsist any liens for the benefit of other foreign currency debt instruments any such material subsidiaries' property or assets, present or future, to secure payment of sum due in respect of any such debt instruments, any payment under any guarantee of any such debt instruments, or any indemnity or other like obligation in respect of any such debt instruments, unless approved by the holders of these Notes.

For a foreign currency loan, Tata Motors is required to ensure that, at all times, its financial condition shall be such that tangible net worth as computed under Indian GAAP is not less than a specified amount and a specified percentage of its total direct liabilities. In addition to this, Tata Motors is also required to maintain its fixed assets and current assets at not less than a specified amount and certain ratios at not less than a specified percentage.

Other

The Sales Tax Deferment Loan is secured by a residual charge on the immovable and movable properties at Lucknow.

Secured loans of Tata Motors' subsidiaries are secured by charges on certain movable and immovable assets of the respective subsidiary companies.

1% Foreign Currency Convertible Note due 2008

On July 31, 2003, Tata Motors issued 1% foreign currency convertible Notes (or the "Notes") amounting to Rs. 4,615.6 million (US\$100 million). Unless previously redeemed, or purchased and cancelled the Notes may be converted into newly issued ordinary shares of the Company or American Depositary Shares ("ADSs"), at the option of the holders of the Notes, at any time from September 11, 2003 to July 1, 2008, at an initial conversion price of Rs.250.745 per share.

The Notes may be redeemed, in whole or in part, at the option of the Company, at any time on or after July 31, 2006, at a specified early redemption amount plus accrued and unpaid interest, if the closing price of the shares is greater than 125% of the conversion price for a period of at least 25 consecutive business days or in the event of certain changes relating to taxation in India. Unless previously converted, redeemed or purchased and cancelled, the Notes are redeemable on July 31, 2008 at 116.824% of their principal amount.



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13,974,898 ordinary shares were allotted during the period September 11, 2003 to March 31, 2004, consequent to conversion of 75,913 Notes with an aggregate value of Rs. 3,440.7 million. During fiscal 2005, 2,490,199 ordinary shares were allotted consequent to conversion of 13,527 Notes with an aggregate value of Rs. 602.5 million (US\$ 13.8 million). Further, 10,560 of the Notes with an aggregate value of Rs. 462 million (US\$ 10.6 million) outstanding as at March 31, 2005, may at the option of the noteholders be converted into 1,944,005 ADSs / shares at any time upto July 1, 2008.

Zero Coupon Foreign Currency Convertible Notes

On April 27, 2004, Tata Motors raised US\$ 100 million by way of Zero Coupon Convertible Notes due for redemption on April 27, 2009. The noteholders have an option to convert these Notes into ordinary shares or ADSs determined at an initial conversion price of Rs. 573.106 per share with a fixed rate of exchange on conversion of Rs.43.85 per USD, from and including June 7, 2004 to and including March 28, 2009. The conversion price will be subject to certain adjustments. Further, Tata Motors has a right to redeem in whole, but not in part, these Notes at any time on or after April 27, 2005, subject to certain conditions. Unless previously converted, redeemed or purchased and cancelled, these Notes will be due for redemption on April 27, 2009, at 95.111% of the principal amount.

1% Foreign Currency Convertible Notes due 2011

On April 27, 2004, Tata Motors also raised US\$ 300 million by way of one percent Convertible Notes due for redemption on April 27, 2011. The note holders have an option to convert these Notes into ordinary shares or ADSs determined at an initial conversion price of Rs. 780.400 per share at a fixed rate of conversion of Rs. 43.85 per USD, from and including June 7, 2004 to and including March 28, 2011. The conversion price will be subject to certain adjustments. In the event of certain changes affecting taxation, Tata Motors has an option to redeem in whole but not in part, these Notes at any time. Unless previously converted, redeemed or purchased and cancelled, these Notes will be due for redemption on April 27, 2011 at 121.781% of the principal amount.

None of these Notes contained a beneficial conversion feature at the time of issue.

15. Shareholders' equity

Issued shares

The number of ordinary shares issued as reported in the balance sheet and the statements of shareholders' equity does not include 100,619. These shares were cancelled in fiscal 2005.

Capital redemption reserve

The Indian Companies Act, 1956 (the "Companies Act") requires that where a company purchases its own shares not out of proceeds of a fresh issue but out of free reserves, then a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account, which may be applied to issue fully paid bonus shares. Tata Motors established this reserve pursuant to the redemption of preference shares issued in earlier years.

Debenture redemption reserve

The Companies Act requires that where a company issues debentures, it shall create a debenture redemption reserve from profits every year until such debentures are redeemed. Manufacturing companies are required to maintain a minimum proportion of the outstanding redeemable debentures as a reserve. The amounts credited to the debenture redemption reserve may not be utilized by the Company except to redeem debentures. As at March 31, 2005, Tata Motors has Rs. 3,204 million more in the debenture redemption reserve than statutorily required and, therefore, this excess amount is unrestricted.



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Special Reserve

The special reserve represents the reserve created by two subsidiaries of Tata Motors pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act") and related regulations applicable to those companies. Under the RBI Act, a non-banking finance company is required to transfer an amount not less than 20 per cent of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purposes specified by the RBI.

16. Non-operating income, net

Non-operating income, net consists of the following:

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Investment income	Rs. 180.1	Rs. 546.9	Rs. 1,299.3	US\$ 29.8
Gain on sale of affiliate	—	—	29.8	0.7
Premium on long-term debt prepaid	(169.1)	(371.4)	(121.4)	(2.8)
Foreign exchange gains (losses), net	112.7	759.3	(373.1)	(8.6)
Insurance proceeds	92.7	25.3	12.2	0.3
Other	1,005.6	813.1	974.8	22.4
Total	Rs. 1,222.0	Rs. 1,773.2	Rs. 1,821.6	US\$ 41.8

17. Employee separation compensation

Tata Motors and some of its subsidiary companies offered voluntary separation to employees under an early separation scheme during the years ended March 2003, 2004 and 2005. The scheme provided for payment of pension based on salary drawn at the time of separation and certain medical benefits up to the age of normal superannuation. Compensation payable to the separated employees is accounted for based on an independent actuarial valuation.

The number of employees who accepted voluntary separation under the scheme was 87 in fiscal 2003, 542 in fiscal 2004, and 18 in fiscal 2005.



18. Employee benefits

Gratuity and Superannuation plans

The following table sets out the funded status and the amounts recognized in the financial statements for the Gratuity and the defined benefit superannuation plans:

	As of March 31,					
	Gratuity and severance indemnity plans			Superannuation		
	2004	2005	2005	2004	2005	2005
(In millions)						
Change in projected benefit obligation:						
Projected benefit obligation, beginning of the year	Rs. 2,260.2	Rs. 2,758.9	US\$ 63.2	Rs. 1,551.0	Rs. 1,386.0	US\$ 31.8
Liability assumed on acquisition of subsidiaries	373.9	—	—	—	—	—
Service cost	128.0	190.3	4.4	44.3	53.9	1.2
Interest cost	168.2	191.1	4.4	113.4	98.4	2.3
Actuarial gain	175.8	791.5	18.1	(60.5)	(45.8)	(1.0)
Benefits paid	(347.2)	(351.9)	(8.1)	(262.2)	(147.0)	(3.4)
Projected benefit obligation, end of the year	Rs. 2,758.9	Rs. 3,579.9	US\$ 82.0	Rs. 1,386.0	Rs. 1,345.5	US\$ 30.9
Change in plan assets:						
Fair value of plan assets, beginning of the year	2,158.9	2,278.8	52.2	810.9	808.0	18.5
Actual return on plan assets	145.6	141.8	3.3	88.4	123.7	2.8
Employer's contributions	321.5	488.5	11.2	170.9	88.1	2.0
Benefits paid	(347.2)	(351.9)	(8.1)	(262.2)	(147.0)	(3.4)
Fair value of plan assets, end of the year	Rs. 2,278.8	Rs. 2,557.2	US\$ 58.6	Rs. 808.0	Rs. 872.8	US\$ 19.9
Shortfall of plan assets over obligation	(480.1)	(1,022.7)	(23.4)	(578.0)	(472.7)	(11.0)
Unrecognized net loss	942.3	1,720.0	39.4	762.2	498.7	11.4
Unrecognized prior service gains	—	—	—	(295.1)	(223.8)	(5.1)
Prepaid /(Accrued) pension cost	Rs. 462.2	Rs. 697.3	US\$ 16.0	Rs. (110.9)	Rs. (197.8)	US\$ (4.7)
Accumulated benefit obligation	Rs. 2,077.9	Rs. 2,409.9	US\$ 55.2	Rs. 1,375.5	Rs. 1,345.5	US\$ 30.8
Increase (decrease) in minimum liability included in other comprehensive income	—	Rs. 45.4	US\$ 1.0	Rs. (200.1)	Rs. (181.9)	US\$ (4.2)

The entire obligation of Rs 846.1 million under the severance indemnity plan is unfunded.



Net gratuity and superannuation cost consists of the following components:

	Years ended March 31,							
	Gratuity and severance indemnity plans				Superannuation			
	2003	2004	2005	2005	2003	2004	2005	2005
	(In millions)							
Service cost	Rs. 111.7	Rs. 128.0	Rs. 190.3	US\$ 4.4	Rs. 83.1	Rs. 44.3	Rs. 53.9	US\$ 1.2
Interest cost	169.4	168.2	191.1	4.4	156.4	113.4	98.4	2.3
Amortisation of net unrecognized obligation	—	—	—	—	—	(71.0)	(71.3)	(1.6)
Actuarial loss/ (gain)	25.3	37.0	47.1	1.1	160.8	171.3	152.4	3.5
Expected return on plan assets	(161.4)	(168.4)	(175.4)	(4.0)	(65.7)	(59.9)	(58.4)	(1.3)
Net periodic pension cost	Rs. 145.0	Rs. 164.8	Rs. 253.1	US\$ 5.9	Rs. 334.6	Rs. 198.1	Rs. 175.0	US\$ 4.1

The following table presents estimated future benefit payments relating to the gratuity and superannuation plans:

	As of March 31,			
	Gratuity and severance indemnity plans		Superannuation	
	(In millions)		(In millions)	
2006	Rs. 320.0	US\$ 7.3	Rs. 111.6	US\$ 2.6
2007	292.0	6.7	109.8	2.5
2008	293.2	6.7	120.7	2.8
2009	301.4	6.9	117.2	2.7
2010	326.4	7.5	116.0	2.7
2011 - 2015	Rs. 2,058.4	US\$47.2	Rs. 559.0	US\$12.8

The assumptions used in accounting for the gratuity and superannuation plans are set out below:

	Years ended March 31,					
	Gratuity and severance indemnity plans			Superannuation		
	2003	2004	2005	2003	2004	2005
Discount rate	8.00%	6.50% - 8.00%	4.50% - 7.50%	8.00%	7.50 - 8.50%	7.50%
Rate of increase in compensation level of covered employees	3% - 5%	3% - 5%	3% - 5%	NA	NA	NA
Expected return on assets	8.00%	8.00%	7.50%	8.00%	8.00%	7.50%

The expected return on plan assets is determined considering several applicable factors mainly including the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.



Plan Assets

The Company's gratuity and superannuation plans asset allocation as of March 31, 2004 and 2005 by category are as follows:

	Gratuity		Superannuation	
	Plan assets as of March 31,		Plan assets as of March 31,	
	2004	2005	2004	2005
Asset category:				
Debt securities	47%	51%	60%	65%
Balances with banks	53%	49%	40%	35%
	100%	100%	100%	100%

The Company's policy and objective for plan asset management is to maximize return on plan assets to meet future benefit payment requirements while at the same time accepting only a low level of risk. The asset allocation for plan assets is determined based on investment criteria approved under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The Company expects to contribute Rs. 527.4 million and Rs. 82.8 million to the gratuity and superannuation plans, respectively in fiscal 2006.

Bhavishya Kalyan Yojana (BKY)

The following table reconciles the projected benefit obligation of the BKY plan, an unfunded plan, and the amounts recognized in the financial statements:

	As of March 31,		
	2004	2005	2005
	(In millions)		
Change in projected benefit obligation:			
Projected benefit obligation, beginning of year	Rs. 288.1	Rs. 328.1	US\$ 7.5
Service cost	11.0	12.5	0.3
Interest cost	21.9	23.6	0.5
Plan gain	35.6	1.0	—
Benefits paid	(28.5)	(28.2)	(0.6)
Projected benefit obligation, end of year	Rs. 328.1	Rs. 337.0	US\$ 7.7
Accumulated benefit obligation	Rs. 290.8	Rs. 297.2	US\$ 6.8
Increase (decrease) in minimum liability included in other comprehensive income	Rs. 28.9	Rs. (3.3)	US\$(0.1)



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The components of net BKY cost are as follows:

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Service cost	Rs. 9.7	Rs. 11.0	Rs. 12.5	US\$ 0.3
Interest cost	22.5	21.9	23.6	0.5
Actuarial loss	0.4	1.7	3.8	0.1
Net periodic BKY cost	Rs. 32.6	Rs. 34.6	Rs. 39.9	US\$ 0.9

The following table presents estimated future benefit payments relating to the BKY plan:

	As of March 31,			
	Bhavishya Kalyan Yojana (BKY)			
	(In millions)			
2006	Rs.	32.2	US\$	0.7
2007		38.7		0.9
2008		45.3		1.0
2009		50.9		1.2
2010		56.7		1.3
2011 – 2015	Rs.	341.9	US\$	7.8

The assumptions used in accounting for the BKY costs are set out below:

	Years ended March 31,		
	2003	2004	2005
Discount rate	8.00 %	7.50 – 8.00%	7.50%
Rate of increase in compensation level of covered employees	3.00 – 5.00%	3.00 – 5.00%	3.00 – 5.00%

Postretirement medicare scheme

The following table reconciles the projected benefit obligation of the medicare scheme, an unfunded scheme, and the amounts recognized in the financial statements:

	As of March 31,		
	2004	2005	2005
	(In millions)		
Change in projected benefit obligation:			
Projected benefit obligation, beginning of year	Rs. 302.0	Rs. 312.2	US\$ 7.2
Service cost	9.6	13.2	0.3
Interest cost	22.6	22.4	0.5
Plan (loss) gain	3.9	133.4	3.1
Benefits paid	(25.9)	(26.8)	(0.6)
Projected benefit obligation, end of year	Rs. 312.2	Rs. 454.4	US\$ 10.5
Accumulated benefit obligation	Rs. 240.6	Rs. 313.3	US\$ 7.2



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The components of net postretirement medicare scheme are as follows:

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Service cost	Rs. 9.0	Rs. 9.6	Rs.13.2	US\$ 0.3
Interest cost	22.5	22.6	22.4	0.5
Actuarial gain	(1.3)	(0.5)	(0.3)	—
Net periodic medicare cost	Rs.30.2	Rs.31.7	Rs.35.3	US\$ 0.8

The following table presents estimated future benefit payments relating to the Postretirement medicare scheme plan:

	As of March 31, 2005	
	(In millions)	
2006	Rs. 29.6	US\$ 0.7
2007	31.2	0.7
2008	32.5	0.7
2009	34.0	0.8
2010	34.8	0.8
2011 – 2015	Rs.205.0	US\$ 4.7

The assumptions used in accounting for the postretirement medicare costs are set out below:

	Years ended March 31,		
	2003	2004	2005
Discount rate	8.00%	7.50%	7.50%
Increase in health care cost	3.00%	3.00%	4.00%

The table below outlines the impact on the service cost, the interest cost and the Projected Benefit Obligation in the event of an increase of 1% in the assumed rate of increase in annual medicare cost:

	Years ended March 31,		
	2004	2005	2005
	(In millions)		
PBO at the beginning of the year	Rs.331.5	Rs.344.0	US\$ 7.9
PBO at the end of the year	344.0	505.3	11.6
Service cost	11.3	15.7	0.4
Interest cost	Rs. 25.0	Rs. 24.8	US\$ 0.6

Defined contribution schemes

The Company's contribution to defined contribution plans aggregated Rs. 734.7 million, Rs. 819.2 million and Rs.977.2 million for fiscals 2003, 2004 and 2005 respectively.

**19. Acquisitions**

In fiscal 2005, the Company acquired the following entities for a total cash consideration of Rs. 187 million:

- all of the remaining ownership interests in Concorde Motors Limited and Telco Dadajee Dhackjee Limited;
- Suryodaya Capital and Finance (Bombay) Limited.

Goodwill recognized in these transactions amounted to Rs. 88.7 million.

On March 30, 2004 the Company entered into an investment agreement to acquire all the equity interest in Tata Daewoo Commercial Vehicle Company Limited ("TDCV"), for a purchase consideration of Rs. 2,462.5 million. The fair value of the net assets acquired of Rs. 2,462.5 million represent approximately 2.2% of total assets of the Company.

TDCV manufactures commercial vehicles in a higher horsepower and torque category than Tata Motors' products, and provides Tata Motors with complementary products in this category. This acquisition also enables Tata Motors to enter the Korean market with its range of products that are not manufactured by TDCV. Further, both Tata Motors and TDCV expect to gain product and market synergies as well as synergy in other areas like vehicle integration and product development through existing research and development activities.

On March 27, 2004, the Company acquired a further 48.81% financial interest in Automotive Stampings and Assemblies Limited (ASAL) for a consideration of Rs. 298.7 million. As a result, ASAL became an 81.35% owned subsidiary of the Company. ASAL is engaged in the manufacture of automotive components. The acquisition results in a vertical integration of the Company's manufacturing process. The Company acquired net assets of Rs. 193.0 million and goodwill on acquisition amounted to Rs. 105.7 million.

Purchase consideration paid for these acquisitions has been allocated as follows:

	Allocation of purchase price	
	TDCV	ASAL
	(In millions)	
Net assets acquired, at fair value:		
Cash and cash equivalents	Rs. 1,595.1	Rs. 4.8
Property and equipment	—	522.2
Inventories	1,312.4	209.6
Other non-current assets	1,280.1	10.8
Other current liabilities (net)	(1,725.1)	(352.0)
Fair value of net assets on date of acquisition	2,462.5	395.4
Share of net assets acquired	2,462.5	193.0
Goodwill	—	105.7
Purchase consideration	Rs. 2,462.5	Rs. 298.7

Proforma information related to these acquisitions has not been included as the impact of these acquisitions, either individually or in aggregate, on the Company's consolidated results of operations is not considered to be material.

During the year ended March 31, 2003, the Company invested a further Rs. 200 million in Concorde Motors Limited; as a result, Concorde became a 54.8% owned subsidiary of the Company. The purpose of the transaction was to strengthen the Company's capability to market and provide after sales service for passenger cars. The Company acquired net assets of Rs. 146.1 million and goodwill on acquisition amounted to Rs. 53.9 million.

During the year ended March 31, 2003, the Company also made additional investments of Rs. 12.8 million in Tata Precision Industries Pte. Limited (Singapore) ("TPIL") as a result of which, TPIL became a subsidiary. The Company acquired net assets of Rs. 6.1 million and goodwill on acquisition amounted to Rs. 6.7 million. Prior to the additional investment, TPIL was an affiliate of the Company. The carrying value of TPIL as an affiliate was Rs. 10.8 million including goodwill of Rs. 10.3 million.



20. Commitments and contingencies

In the normal course, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. 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 reasonably 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.

The following is a description of claims and assertions where a potential loss is reasonably possible, but not probable. Management believes that none of the contingencies described below, either individually or in the aggregate, would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Litigation

Tata Motors is involved in legal proceedings in various states in India, both as plaintiff and as defendant. In respect of claims against the Company below Rs. 50 million, the majority of cases pertain to motor accident claims (involving vehicles that were damaged in accidents while being transferred from the Company's manufacturing plants to regional sales offices) and consumer complaints. Some of these cases relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the Company or its dealers. Management believes that none of these claims or actions individually or in the aggregate will have a material adverse effect on the business or financial condition or results of operations.

The Company is also defending other claims that are above Rs. 50 million in value but which management does not believe to be of material nature, other than those claim described below.

Income Tax

The Company has ongoing disputes with Income tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, tax treatment of certain expenses claimed by the Company as deductions, and the computation of, or eligibility of, certain tax incentives or allowances. Some of the disputes relate to the year in which the tax consequences of financial transactions were recognized and in the event these disputes are not resolved in the Company's favour, the tax consequences can be reflected in the tax year allowed by the income tax authorities and are, therefore, timing differences.

Most of these disputes/disallowances, being repetitive in nature, have been raised by the department consistently in most of the years.

The Company has a right of appeal to the High Court or Supreme Court against adverse initial assessments by the appellate authorities for matters involving question of law. The income tax authorities have similar rights of appeal.

As of March 31, 2005, the income tax liabilities on the deductions disallowed by the Income Tax authorities aggregated Rs.315 million, which are being contested by the Company on appeal. There are matters aggregating Rs. 651 million in respect of which the Company has won the appeals that have been further contested by the income tax department before the higher appellate authorities. There are other matter/disputes pending in appeal aggregating Rs. 190 million.

Excise Duty

As on March 31, 2005, there were pending litigations on various counts involving demand of Rs. 1,231 million. These demands were raised challenging the basis of valuation of the Company's products and denial of the 'Central value added tax' ("CENVAT") on inputs. The details of the demands involving more than Rs. 50 million are as follows:



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Included in Rs. 1,231 million are excise demands of Rs. 204 million, raised by the excise authorities, where the Company had won the appeals that have been further contested by the excise authorities.

A demand of excise duty and penalty of Rs. 847 million have been made by the excise authorities denying the CENVAT credit on inputs relating to transfer of business to its subsidiaries. The case is pending before the Tribunal. The Company has been advised that on the basis of legal position and judicial precedence, the case is likely to be decided in favor of the Company.

The Excise authorities have denied CENVAT credit of Rs. 54 million on certain accessories supplied with the vehicles. The matter is being contested by the Company before the appellate authorities. On the basis of judicial precedence and favorable decision in the Company's prior case, the matter is likely to be decided in favour of the Company.

Sales tax

The total sales tax demands (including interest and penalty), which are being contested by the Company amount to Rs. 3,842 million as at March 31, 2005. The details of the demands involving more than Rs 50 million are as follows:

The sales tax authorities have demanded sales tax aggregating Rs. 1,815 million on export sales on the ground that these exports are not direct exports and are made through its agent Tata International Limited. Under Sales tax law, exports sale made either directly or through an agent are exempt from tax. The company is confident of getting the relief in Appeal.

Tata Cummins Limited ("TCL") is an affiliate of Tata Motors, manufactures internal combustion engines and sells them principally to Tata Motors Ltd. Sales tax authorities have denied exemption of Rs. 1,218 million claimed by TCL from sales tax on finished products and from the purchase tax on raw materials, being incentives given by a state government to new industries set up in specified area, which TCL had passed on to Tata Motors. TCL's claim has been upheld by the High Court in August 2003. An appeal filed by the state government against this decision is pending before the Supreme Court.

Under the sales tax laws applicable in different States of India, different rates of sales tax are applicable on sales of vehicles. The sales tax authorities in certain states have raised disputes totaling up to Rs. 334 million treating the stock transfers of vehicles from the Company's works to sales offices and the transfers between two sales offices as sales liable for levy of sales tax.

Under the Notification issued by the State Government of Rajasthan, vehicles having gross weight of more than 8,000 kgs were classified for certain tax rate. The Jaipur sales tax authorities have raised demand of Rs. 121 million on the ground that our bare chassis weight being less than 8,000 kgs do not fall under relevant tax entry. The Gross Vehicle Weight of the vehicle was not considered by the sales tax authorities.

Enhanced rate of sales tax were demanded by the sales tax authorities aggregating Rs. 66 million on vehicles sold to the customers but lying in the yard undelivered alleging that the sale is not complete. Under the Sale of Goods Act, the sale is complete when the goods are appropriated or identified for a particular customer and title of goods passes to the buyer by raising Invoices. The Company is confident of getting relief in appeal.

Sales tax demand aggregating Rs. 78 million were raised by the sales tax authorities on interest/hire premium charges on the vehicles sold under hire purchase. Under the sales tax laws, such interest charges collected from the customer are not eligible to sales tax.



Other taxes and dues

Other amounts for which the Company may contingently be liable for amounts aggregating Rs. 876 million include the following:

The municipal authorities in certain states levy octroi duty (a local indirect tax) on goods brought inside the municipal limits at rates based on the classification of goods. A demand of Rs. 534 million is currently pending before the High court in connection with the higher octroi duties claimed on account of classification disputes relating to components purchased for the manufacture of vehicles. The Company based on the opinion from the legal counsel obtained in September 2001, is of the view that the probability of the claim succeeding is remote.

The motor vehicles authorities have demanded Road tax aggregating Rs. 77 million on vehicles stored inside the works. The Company is confident of getting relief in appeal since vehicles are subjected to tax when put on road and the law does not have a provision for double taxation.

Other claims

There is a pending counter claim for approximately £4.4 million (Rs. 364.7 million), by Motor Vehicles Industries Limited, in connection with legal proceedings brought by Tata Motors and Tata International Limited, Mumbai in respect of alleged breaches of a distributorship arrangement. Leeds District Registry has passed order in favour of the Company and has initiated proceedings to wind down Motor Vehicles Industries Limited.

Guarantees

The Company has provided bank guarantees aggregating Rs. 757 million relating to certain securitized receivables to certain special purpose entities ('SPE'). The Company's liability would crystallize in the event customers fail to fulfill their obligations under the contract and the SPE serves a notice of shortfall in collections on the Company. The term of each guarantee depends upon the weighted average term of each pool of finance receivables securitized. In the event the guarantee is invoked, the Company has the right against the borrower to repossess the vehicle financed and to auction the vehicle. The maximum potential amount of future payment, the Company would be required to make is Rs. 757 million as at March 31, 2005. The Company has recognized a liability of Rs. 186 million for this guarantee.

The Company has guaranteed Rs. 29 million to the customer for making payment directly instead to a consignment agent, who had gone into liquidation due to financial difficulty. The Company would be liable in the event consignment agent lodges claim against the customer for non payment of his invoices. The Company has the recourse against the consignment agent. The term of the guarantee is for three years. The maximum potential amount of the future payment the Company would be required to make is Rs. 29 million as at March 31 2005. The Company has recognized a full liability for this guarantee.

Commitments

The Company has entered into various contracts with vendors and contractors for the purchase of machinery, tools and equipment and various civil contracts of a capital nature aggregating Rs. 5,823 million, which are yet to be executed.

Bill discounting

In respect of bills and export sales on deferred credit, which have been discounted with banks, the Company is contingently liable for a sum of Rs. 6,442 million in the event customers fail to pay the banks as scheduled.



Product warranties

Estimated warranty costs are accrued at the time vehicles are sold, based primarily on historical warranty claim experience.

The following is a tabular reconciliation of the product warranty accrual for fiscals 2004 and 2005:

	Years ended March 31,		
	2004	2005	2005
		(In millions)	
Balance at the beginning	Rs. 984.5	Rs. 1,599.3	US\$ 36.7
Liability assumed on acquisition of a subsidiary	120.5	—	—
Payments made during the year	(1,300.5)	(1,693.9)	(38.8)
Changes in the accrued warranties	1,794.8	1,875.9	43.0
Exchange Fluctuation	—	13.8	0.3
Balance at the end	Rs. 1,599.3	Rs. 1,795.1	US\$ 41.2

21. Estimated fair value of financial instruments

The following table presents a comparison of the fair values and carrying values of Tata Motors' principal financial instruments:

	As of March 31,			
	2004		2005	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In millions)			
ASSETS:				
Cash and cash equivalents	Rs. 6,511.1	Rs. 6,511.1	Rs. 4,873.3	Rs. 4,873.3
Short-term deposits with banks	2,727.7	2,727.7	15,731.2	15,731.2
Finance receivables	8,276.3	8,151.5	19,925.2	19,660.2
Accounts receivable	8,199.1	8,199.1	10,273.4	10,273.4
Prepaid expenses and other current assets	5,254.6	5,254.6	10,705.7	10,705.7
Investments	27,052.3	27,052.3	30,437.0	30,437.0
Other non-current assets	2,414.9	2,108.5	3,816.8	3,572.4
LIABILITIES:				
Accounts payable	Rs.25,514.5	Rs.25,514.5	Rs.25,896.3	Rs.25,896.3
Acceptances	16,636.6	16,636.6	28,939.5	28,939.5
Accrued expenses and other current liabilities	10,294.8	10,294.8	11,779.4	11,779.4
Short-term debt	7,758.9	7,758.9	2,866.5	2,866.5
Long-term debt	10,804.1	11,268.8	25,632.7	24,463.0

The carrying amounts of cash and cash equivalents, short-term deposits, accounts receivable, prepaid expenses and other current assets, accounts payable, acceptances, accrued expenses and other current liabilities, and short-term debt approximate their fair values due to the short-terms of these instruments.

The fair value of finance receivables is estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made as of March 31, 2004 and 2005.

Available-for-sale securities are carried at their fair values, which are generally based on market price quotations. Fair values of investments classified as held-to-maturity have been determined by discounting the future cash flows at the market rate as at the balance sheet dates of similar investments. The fair values of investments carried at cost cannot be reasonably estimated. The fair values of borrowings have been estimated by discounting expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the market spread required by Tata Motors' lenders for instruments of the given maturity.



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Management uses its best judgment in estimating the fair value of its financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts Tata Motors could have realized in a sales transaction as of either March 31, 2004 or 2005. The estimated fair value amounts for the years ended March 31, 2004 and 2005 have been measured as of the respective year ends, and have not been reevaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

22. Derivative financial instruments and risk management

Tata Motors is party to a variety of foreign exchange rate, interest rate and foreign currency forward contracts entered into to manage its exposure to fluctuations in foreign exchange rates and interest rates. The counter party is generally a bank. These financial exposures are managed in accordance with the corporate risk management policies and procedures.

The Company enters into interest rate swaps, and interest rate currency swap agreements mainly to manage exposure on its fixed-rate or variable-rate debt. The Company uses interest rate derivatives or currency swap agreements to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in currencies other than the functional currency of the Company.

The Company recognized gains (losses) on derivative financial instruments as follows:

	Years ended March 31,			
	2003	2004	2005	2005
	(In millions)			
Interest rate swaps	Rs. 61.2	Rs. 47.3	Rs. (4.9)	US\$(0.1)
Forward exchange contracts and currency swaps	(182.6)	151.2	(74.4)	(1.7)
Total	Rs.(121.4)	Rs.198.5	Rs.(79.3)	US\$(1.8)

23. Segment reporting

SFAS No.131, *Disclosures about Segments of an Enterprise and Related information*, establishes standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. Tata Motors' chief operating decision makers are a committee of directors.

Tata Motors primarily operates in the Automotive segment. The Automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles as well as related parts and accessories. The Company evaluates segment performance of this operating segment based on standalone net income of the segment and generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties. Revenues are allocated between 'within India' and 'exports' based on the location of the dealer/customer.

The Company's other segment comprises primarily activities relating to production, designing and selling of automotive components, construction equipment, engineering solutions and software operations. None of the other operating segments meets the quantitative thresholds specified in SFAS No. 131, and accordingly, have been aggregated.



For the year ended March 31, 2003				
	Automotive	Other	Inter-segment eliminations	Total
(In millions)				
Revenues				
External revenue	Rs.89,673.9	Rs. 6,056.6	Rs. —	Rs.95,730.5
Inter-segment revenue	467.3	4,913.7	(5,381.0)	—
Total revenues	90,141.2	10,970.3	(5,381.0)	95,730.5
Depreciation and amortization	3,384.5	585.5	(78.8)	3,891.2
Operating income	5,835.6	745.4	501.3	7,082.3
Non-operating income, net	1,410.8	141.5	(330.3)	1,222.0
Interest income	366.9	75.7	(30.2)	412.4
Interest expense	(3,428.4)	(692.2)	30.2	(4,090.4)
Income tax expense	(1,677.8)	(210.6)	—	(1,888.4)
Equity in income of affiliates	—	46.1	—	46.1
Minority interest	—	(14.7)	—	(14.7)
Net income	2,507.1	91.2	171.0	2,769.3

For the year ended March 31, 2004				
	Automotive	Other	Inter-segment eliminations	Total
(In millions)				
Revenues				
External revenue	Rs.128,167.1	Rs.11,528.6	Rs. —	Rs.139,695.7
Inter-segment revenue	2,859.1	4,840.4	(7,699.5)	—
Total revenues	131,026.2	16,369.0	(7,699.5)	139,695.7
Depreciation and amortization	3,543.2	676.6	(91.5)	4,128.3
Operating income	12,142.1	1,603.5	845.3	14,590.9
Non-operating income, net	1,952.2	120.8	(299.8)	1,773.2
Interest income	412.5	23.5	(86.4)	349.6
Interest expense	(2,265.4)	(505.3)	86.4	(2,684.3)
Income tax expense	(4,692.5)	(571.5)	—	(5,264.0)
Equity in income of affiliates	—	363.4	—	363.4
Minority interest	—	(228.9)	—	(228.9)
Net income	7,548.9	805.5	545.5	8,899.9

As of March 31, 2004				
	Automotive	Other	Inter-segment eliminations	Total
(In millions)				
Segment assets	Rs.114,405.6	Rs.16,385.7	Rs.(16,915.9)	Rs.113,875.4
Capital expenditure	2,220.3	439.0	—	2,659.3



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The following table summarizes related party transactions and balances included in these financial statements:

Years ended March 31,				
	2003	2004	2005	2005
(In millions)				
Purchases of products	Rs.8,036.7	Rs.9,837.0	Rs.12,935.0	US\$296.5
Purchase of fixed assets	—	—	108.0	2.5
Sale of fixed assets	—	—	0.5	—
Sale of products	1,267.4	2,373.7	3,144.1	72.1
Services received	440.7	762.6	657.5	15.1
Services rendered	42.0	207.6	393.2	9.0
Interest/dividend income	68.0	527.2	115.2	2.6

As of March 31,			
	2004	2005	2005
(In millions)			
Borrowings, net	Rs.812.5	Rs.1,365.4	US\$31.3
Accounts receivable	907.9	375.7	8.6
Accounts payable	698.4	724.1	16.6

25. Subsequent event

On April 26, 2005, the shareholders and creditors of Tata Motors Limited (“TML”) and Tata Finance Limited (“TFL”) approved the amalgamation, in the nature of merger, of the companies from April 1, 2005. The merger will be effective upon obtaining the approvals of High Court of Judicature at Bombay and other regulatory agencies. In accordance with the merger scheme, the shareholders of TFL will receive 8 equity shares in TML for every 100 shares held in TFL. Investment of Rs. 1,500 million held by TML in preference shares of TFL and loans and other advances of Rs. 5,100 million will be eliminated on merger.

The merger is a transaction between entities which are not under common control and will be accounted for under the purchase method from the date the transaction is approved by the regulatory agencies.



26. Earnings per share ("EPS")

	Net income	Weighted average shares	Earnings per share
(In millions except share and per share amounts)			
For the year ended March 31, 2003			
Basic net earnings per share	Rs. 2,769.3	319,777,248	Rs. 8.7
Effect of warrants			
Diluted earnings per share	Rs. 2,769.3	319,777,248	Rs. 8.7
For the year ended March 31, 2004			
Basic net earnings per share	Rs. 8,899.9	328,306,904	Rs. 27.1
Effect of warrants	Rs. 172.6	21,712,042	Rs. (7.9)
Effect of foreign currency convertible notes	Rs. 96.4	13,104,882	Rs. (7.4)
Diluted earnings per share	Rs. 9,168.9	363,123,828	Rs. 25.3
For the year ended March 31, 2005			
Basic net earnings per share	Rs. 13,256.2 US\$ 304.0	359,837,353	Rs. 36.8 US\$ 0.8
Effect of warrants	Rs. 23.3 US\$ 0.5	2,112,798	Rs. (11.03) US\$ (0.3)
Effect of foreign currency convertible notes	Rs. 305.9 US\$ 7.0	26,899,565	Rs. (11.4) US\$ (0.3)
Diluted earnings per share	Rs. 13,585.4 US\$ 311.5	388,849,716	Rs. 34.9 US\$ 0.8

Detachable warrants convertible into 25,571,218 ordinary shares issued with the Company's debentures were outstanding on March 31, 2003 and have not been included in the computation of diluted EPS for fiscal 2003 as these would have been anti-dilutive.



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INDEX OF EXHIBITS

Exhibit Number	Description
1.1 —	Our Certificate of Incorporation
1.2 —	Our Memorandum and Articles of Association
2.2 —	Form of Amended and Restated Deposit Agreement among Tata Motors Limited, Citibank, N.A. as Depositary and all owners and holders from time to time of American Depositary Receipts, including the form of American Depositary Receipt**
4.1 —	Tata Brand Equity & Business Promotion Agreement, dated December 18, 1998, between Tata Sons Limited and Tata Engineering and Locomotive Company Limited (now Tata Motors Limited) *
7.1 —	Computation of Ratio of Net Debt to Shareholders' Equity
8.1 —	List of our Subsidiaries
11.1 —	The Tata Code of Conduct*
12.1 —	Certification of the Principal Executive Officer required by Rule 13a - 14(a)
12.2 —	Certification of the Principal Financial Officer required by Rule 13a - 14(a)
13.1 —	Certification of the Chief Executive Officer required by Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
13.2 —	Certification of the Chief Financial Officer required by Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code

We have not included as exhibits certain instruments with respect to our long-term debt, the amount of debt authorized under each of which does not exceed 10% of our total assets, and we agree to furnish a copy of any such instrument to the Securities Exchange Commission upon request.

* Incorporated by reference to our Registration Statement on Form 20-F File No. 001-32294 filed on September 15, 2004

** Incorporated by reference to our Registration Statement on Form F-6 (File no 333-119066) filed on September 16, 2004



TATA MOTORS
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Page 1 of 1

Exhibit 1.1

**FRESH CERTIFICATE OF INCORPORATION
CONSEQUENT ON CHANGE OF NAME**

No. 4520

IN THE OFFICE OF THE REGISTRAR OF COMPANIES, BOMBAY

[Under the Companies Act, 1956 (1 of 1956)]

IN THE MATTER OF Tata Locomotive and Engineering Company Limited

I hereby certify that TATA LOCOMOTIVE AND ENGINEERING COMPANY LIMITED, which was originally incorporated on First day of September 1945 under the Indian Companies Act, 1913 and under the name TATA LOCOMOTIVE AND ENGINEERING COMPANY LIMITED having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956, and the approval of the Central Government signified in writing having been accorded thereto in the Ministry of Commerce and Industry, Department of Company Law Administration/Regional Director, Western Region, Bombay by his letter No. RD: 12(27)-60/Change dated 17th September, 1960, the name of the said company is this day changed to TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at BOMBAY this Twenty-Fourth day of September One thousand nine hundred and Sixty. 12nd Asvina,
(882)

Sd/. J. G. GATHA
Asst. Registrar of Companies.
Bombay.

The Seal of
the Registrar
of Companies,
Maharashtra.



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No.11- 4520.

FRESH CERTIFICATE OF INCORPORATION
CONSEQUENT ON CHANGE OF NAME
IN THE OFFICE OF THE REGISTRAR OF COMPANIES, MAHARASHTRA,
MUMBAI.

In the matter of **TATA ENGINEERING AND LOCOMOTIVE
COMPANY LIMITED.**

I hereby approve and signify in Writing under Section 21
of the Companies Act, 1956 (Act of 1956) read with the
Government of India, Department of Company Affairs,
Notification No.G.S.R. 507E dated the 24th June 1985 the
change of name of the company :

from **TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED.**

to **TATA MOTORS LIMITED.**

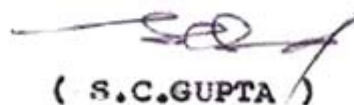
and I hereby certify that

TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED.

Which was originally incorporated on **FIRST**
day of **SEPTEMBER 1945** under the Companies Act, I of ~~1956~~ 1913
under the name **TATA LOCOMOTIVE AND ENGINEERING COMPANY
LIMITED.**
having duly passed necessary resolution in terms of section
21 / / / / of the Companies Act, 1956 the name of the
said company is this day changed to **TATA MOTORS LIMITED.**
and this certificate is issued
pursuant to Section 23(1) of the said Act.

Given under my hand at MUMBAI this **TWENTYNINTH**
day of **JULY** Two Thousand **THREE.**




(S.C.GUPTA)

DEPUTY REGISTRAR OF COMPANIES
MAHARASHTRA MUMBAI.



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Page 1 of 1

SECOND CERTIFICATE OF INCORPORATION

Co. No. 4520 1945-46.

I hereby certify that TATA LOCOMOTIVE AND ENGINEERING COMPANY LIMITED, was on FIRST day of SEPTEMBER One thousand nine hundred and FORTY FIVE incorporated under the Companies Act, 1913 (No. VII of 1913) and that the Company is Limited.

Given under my hand at BOMBAY this ***** THIRD day of JULY One thousand nine hundred and SEVENTY NINE.

/s/ Shri Ram

(SHRI RAM)
ASSIT. REGISTRAR OF COMPANIES,
MAHARASHTRA, BOMBAY.

The Seal of
the Registrar
of Companies,
Maharashtra



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Page 1 of 1

Certificate of Incorporation.

No. 4520 of 1945-1946.

I hereby certify that "TATA LOCOMOTIVE AND ENGINEERING COMPANY, LIMITED", is this day Incorporated under the Indian Companies Act, VII of 1913, and that the Company is Limited.

Given under my hand at Bombay this First day of September One thousand nine hundred and Forty-Five.

BEHRAMJI M. MODI.
Registrar of Companies

The Seal of
the Registrar
of Companies,
Maharashtra.



Exhibit 1.2



MEMORANDUM OF ASSOCIATION

AND

ARTICLES OF ASSOCIATION

TATA MOTORS LIMITED



No.11- 4520.

FRESH CERTIFICATE OF INCORPORATION
CONSEQUENT ON CHANGE OF NAME
IN THE OFFICE OF THE REGISTRAR OF COMPANIES, MAHARASHTRA,
MUMBAI.

In the matter of **TATA ENGINEERING AND LOCOMOTIVE
COMPANY LIMITED.**

I hereby approve and signify in Writing under Section 21
of the Companies Act, 1956 (Act of 1956) read with the
Government of India, Department of Company Affairs,
Notification No.G.S.R. 507E dated the 24th June 1985 the
change of name of the company :

from **TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED.**

to **TATA MOTORS LIMITED.**

and I hereby certify that

TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED.

Which was originally incorporated on **FIRST**
day of **SEPTEMBER 1945** under the Companies Act, I of ~~1956~~ **1913**
under the name **TATA LOCOMOTIVE AND ENGINEERING COMPANY
LIMITED.**
having duly passed necessary resolution in terms of section
21 / / / / of the Companies Act, 1956 the name of the
said company is this day changed to **TATA MOTORS LIMITED.**
and this certificate is issued
pursuant to Section 23(1) of the said Act.

Given under my hand at MUMBAI this **TWENTYNINTH**
day of **JULY** Two Thousand **THREE.**




(**S.C.GUPTA**)

DEPUTY REGISTRAR OF COMPANIES
MAHARASHTRA MUMBAI.



: SECOND CERTIFICATE OF INCORPORATION :

Co. No. 4520 1945-46.

I hereby certify that TATA LOCOMOTIVE AND
ENGINEERING COMPANY LIMITED. was on FIRST
day of SEPTEMBER One thousand nine hundred and
FORTY FIVE incorporated under the
Companies Act, ¹⁹¹³ ~~1938~~ (No. ^{VII} ~~I~~ of ¹⁹¹³ ~~1938~~) and that the
Company is Limited.

Given under my hand at BOMBAY this *****
THIRD day of JULY One thousand nine
hundred and SEVENTY NINE.




(Sd/-)
ASSTT. REGISTRAR OF COMPANIES,
MAHARASHTRA, BOMBAY.



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FRESH CERTIFICATE OF INCORPORATION
CONSEQUENT ON CHANGE OF NAME

No. 4520

IN THE OFFICE OF THE REGISTRAR OF COMPANIES, BOMBAY

[Under the Companies Act, 1956 (1 of 1956)]

IN THE MATTER OF Tata Locomotive and Engineering Company Limited

I hereby certify that TATA LOCOMOTIVE AND ENGINEERING COMPANY LIMITED, which was originally incorporated on First day of September 1945 under the Indian Companies Act, 1913 and under the name TATA LOCOMOTIVE AND ENGINEERING COMPANY LIMITED having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956, and the approval of the Central Government signified in writing having been accorded thereto in the Ministry of Commerce and Industry, Department of Company Law Administration/Regional Director, Western Region, Bombay by his letter No. RD: 12(27)-50/Change dated 17th September, 1960, the name of the said company is this day changed to TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at BOMBAY this Twenty-Fourth day of September One thousand nine hundred and Sixty. (2nd Ashvina, 1882)



The Seal of
the Registrar
of Companies,
Maharashtra.

Sd/- J. G. GATHA
Asst. Registrar of Companies,
Bombay.



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Certificate of Incorporation.

No. 4520 of 1945-1946.

I hereby certify that "TATA LOCOMOTIVE
AND ENGINEERING COMPANY, LIMITED", is this day incorporated
under the Indian Companies Act, VII of 1913, and that the Company is
Limited.

Given under my hand at Bombay this First day of September
One thousand nine hundred and Forty-Five.



BEHRAMJI M. MODI.
Registrar of Companies.



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Page 1 of 1

INDEX

	Page
MEMORANDUM OF ASSOCIATION	1
ARTICLES OF ASSOCIATION	6
Table A Excluded	6
Interpretation	6
Tenure of office of Managing Agents	6
Preliminary	7
Social Responsibilities of the Company	7
Capital – Shares	7
Underwriting and Brokerage	9
Certificates	9
Calls	9
Forfeiture, Surrender and Lien	10
Transfer and Transmission of Shares	12
Conversion of Shares into Stock	14
Increase, Reduction and Alteration in Capital	14
Buy-Back of Shares	15
Modification of Class Rights	16
Joint Holders	16
Dematerialisation of Securities	17
Borrowing Powers	18
General Meetings - Convening Meetings	19
Proceedings at General Meeting	20
Votes of Members	23
Directors	24
Retirement and Rotation of Directors	30
Age Limit for Directors	31
Removal of Directors	31
Increase or Reduction in the Number of Directors and Alteration in their qualifications	31
Proceedings of Board of Directors	31
Powers of Directors	33
Registers, Books and Documents	36
The Seal	37
Managing Agents	37
Managing or Whole-time Director(s)	38
Interest out of Capital	39
Dividends	39
Capitalization	40
Accounts	41
Annual Returns	42
Audit	42
Documents and Service of Documents	44
Authentication of Documents	45
Winding Up	45
Secrecy Clause	45
Indemnity and Responsibility	45
Subscribers Clause	45
Managing Agency Agreement	45
Resolutions to which Section 192 of the Act applies	45



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**ABSTRACT
OF
ARTICLES OF ASSOCIATION
OF
TATA MOTORS LIMITED**

TABLE A EXCLUDED

Table A not to apply but Company to be governed by these Articles	ARTICLE <u>1</u>	PAGE <u>6</u>

INTERPRETATION

Interpretation Clause		
“The Act” or “the said Act”	2	6
“The Board” or “Board of Directors”	2	6
“The Company” or “This Company”	2	6
“Directors”	2	6
“Dividend”	2	6
Gender	2	6
“Month”	2	6
“Office”	2	6
“Persons”	2	6
Plural number	2	6
“These Presents” or “Regulations”	2	6
“Seal”	2	6
Singular number	2	6
“Writing”	2	6
Expressions in the Act to bear the same meaning in Articles	2	6
Marginal Notes	2	6

TENURE OF OFFICE OF MANAGING AGENTS

Tenure of Office of Managing Agents	2A	6

PRELIMINARY

Agreements entered into by the Company	3	7
Copies of Memorandum and Articles of Association to be given to members	4	7

SOCIAL RESPONSIBILITIES

Social Responsibilities of the Company	4A	7

CAPITAL

SHARES

Capital	5	7
Rights attached to Preference Shares	6/6A	7
Unclassified Shares	7	7
Shares with non-voting rights	7(a)	8
Shares under the control of the Directors	8	8
Power of General Meeting to offer shares to such persons as the Company may resolve	9	8
Directors may allot shares as fully paid-up	10	8
Shares to be numbered progressively and no shares to be sub-divided	11	8
Acceptance of Shares	12	8
Deposit and calls etc. to be a debt payable immediately	13	8
Instalments on shares to be duly paid	14	8
Company not bound to recognise any interest in shares other than that of the registered holders	15	8

UNDERWRITING AND BROKERAGE

Commission for placing shares, debentures, etc.	16	9

CERTIFICATES

Certificates of Shares	17(a)	9



Member's right to certificates	17(b)	9
Limitation of time for issue of certificates	18	9
As to issue of new certificate in place of one defaced, lost or destroyed	19	9

CALLS

Board may make calls	20	9
Calls on shares of same class to be made on uniform basis	21	10



1LQCSX96P17N0NZ

Notice of call	22	10
Call to date from Resolution	23	10
Directors may extend time	24	10
Amount payable at fixed time or by instalments as calls	25	10
When interest on call or instalment payable	26	10
Judgement, decree or partial payment not to preclude forfeiture	27	10
Proof on trial of suit for or money due on shares	28	10
Payment in anticipation of calls may carry interest	29	10

FORFEITURE, SURRENDER AND LIEN

If call or instalment not paid notice must be given	30	10
Terms of notice	31	11
In default of payment shares to be forfeited	32	11
Entry of forfeiture in Register of Members	33	11
Forfeited shares to be property of the company and may be sold etc.	34	11
Power to annual forfeiture	35	11
Shareholder still liable to pay money owing at time of forfeiture and interest	36	11
Surrender of shares	37	11
Company's lien on shares	38	11
As to enforcing lien by sale	39	11
Application of proceeds of sale	40	11
Certificate of forfeiture	41	11
Title of purchaser and allottee of forfeited shares	42	12

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers	43	12
Form of Transfer	44	12
Application for Transfer	45	12
To be executed by transferor and transferee	46	12
Transfer not to be registered except on production of instrument of transfer	47	12
Directors may refuse to register transfer	48	13
Notice of refusal to be given to transferor and transferee	49	13
Transfer by legal representative	50	13
Custody of transfer	51	13
Closure of transfer books	52	13
Title of Shares of deceased holder	53	13
Registration - persons entitled to shares otherwise than by transfer (Transmission Clause)	54	13
Refusal to register nominee	55	13
Board may require evidence of transmission	56	13
Fee on transfer or transmission	57	13
Company not liable for disregard of a notice prohibiting registration of transfer	58	14

CONVERSION OF SHARES INTO STOCK

Conversion of shares into stock and reconversion	59	14
Transfer of stock	60	14
Rights of stock holders	61	14
Regulations	62	14

INCREASE, REDUCTION AND ALTERATION IN CAPITAL

Increase of Capital	63	14
Rights of Ordinary shareholders to further issue of capital	64	14
Same as original capital	65	15
Restrictions on purchase by Company of its own Shares	66	15
Buy – Back of Shares	66A	15
Provision in case of redeemable Preference Shares	67	15
Reduction of Capital	68	15
Consolidation, division and sub-division	69	15
Issue of further <i>pari passu</i> shares not to affect the right of shares already issued	70	16
No issue with disproportionate right after 1st April, 1956	71	16

MODIFICATION OF CLASS RIGHTS



Power to modify class rights

72 16

JOINT – HOLDERS

Joint-holders

73 16

Company may refuse to register more than six persons

73(a) 16

Joint and several liability for all payments in respect of shares

73(b) 16

Title of survivors

73(c) 16



1LQCSX96P17V3Z2

Receipts of one sufficient	73(d)	16
Delivery of certificate and giving of notices to first named holder	73(e)	16
Votes of joint-holders	73(f)	17

DEMATERIALISATION OF SECURITIES

Definitions	73A(1)	17
Dematerialisation of Securities	73A(2)	17
Options for investors	73A(3)	17
Securities in depositories to be in fungible form	73A(4)	17
Rights of depositories and beneficial owners	73A(5)	17
Service of documents	73A(6)	17
Transfer of Securities	73A(7)	17
Allotment of Securities dealt with in depository	73A(8)	17
Distinctive numbers of securities held in a depository	73A(9)	17
Register and index of beneficial owners	73A(10)	18

BORROWING POWERS

Power to Borrow	74	18
Conditions on which money may be borrowed	75	18
Bonds, debentures etc. to be subject to control of Directors	76	18
Securities may be assignable free from equities	77	18
Issue at discount etc. or with special privileges	78	18
Mortgage of uncalled capital	79	18
Indemnity may be given	80	18

GENERAL MEETING**CONVENING MEETINGS**

Annual General Meetings	81	19
Extraordinary General Meeting	82	19
Directors may call Extraordinary General Meeting	83	19
Calling of Extraordinary General Meeting on requisition	84	19
Notice of Meeting	85	19
Contents of Notice	86	19
Special Business	87	20
Service of Notice	88	20
Notice to be given to the Auditors	89	20
As to omission to give Notice	90	20
Resolutions requiring Special Notice	91	20

PROCEEDINGS AT GENERAL MEETING

Quorum at General Meeting	92	20
Proceedings when quorum not present	93	20
Business at adjourned meetings	94	20
Chairman of Directors or Vice-Chairman or a Director to be Chairman of General Meeting	95(1)	21
In case of their absence or refusal a member may act	95(2)	21
Business confined to election of Chairman whilst chair vacant	96	21
Chairman with consent may adjourn meeting	97	21
Notice to be given where a meeting adjourned for 30 days or more	98	21
What would be the evidence of the passing of resolution where poll not demanded	99	21
Demand for poll	100	21
Time and Manner of taking poll	101	21
Scrutineers at poll	102	21
Demand for poll not to prevent transaction of other business	103	21
Motion how decided in cases of equality of votes	104	22
Reports, Statements and Registers to be laid on the table	105	22
Registration of certain Resolutions and Agreements	106	22
Minutes of General Meetings	107	22
Inspection of minute books of General Meetings	108	22
Publication of reports of proceedings of General Meetings	109	22

VOTES OF MEMBERS



Votes may be given by proxy or attorney	110	23
Number of Votes to which Members entitled	111	23
No voting by proxy on show of hands	112	23
Votes in respect of shares of deceased or insolvent members	113	23
No member to vote unless calls are paid up	114	23
Right of member to use his votes differently	115	23



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Proxies	116	23
Appointment of proxy	117	23
Deposit of instrument of appointment	118(1)	23
Inspection of proxies	118(2)	24
Form of proxy	119	24
Custody of the instrument	120	24
Validity of votes given by proxy notwithstanding death of member etc.	121	24
Time for objection to votes	122	24
Chairman of any meeting to be the judge of validity of any vote	123	24

DIRECTORS

Number of Directors	124	24
First Directors	125	24
Special Director	126	24
Steel Director	127	25
I.C.I.C.I Director	127A	25
Financial Institutions' Directors	127B	25
Debentures Director	128	25
Debenture Director not bound to hold qualification shares	129	25
Appointment of Alternate Director	130	26
Casual Vacancy	131	26
Appointment of Additional Directors	132	26
Certain persons not to be appointed except by Special Resolution	133	26
Share Qualification of Directors	134	26
Remuneration of Directors	135(1)	26
Directors not <i>bonafide</i> residents of the place where meetings held may receive extra compensation and remuneration of committee	135(2)	27
Special remuneration to Director on Company's business or otherwise performing extra services	135(3)	27
Directors may act notwithstanding vacancy	136	27
When office of Director to become vacant	137(1)	27
Resignation	137(2)	27
Directors may contract with Company	138(1)	28
Disclosure of interest	138(2)	28
General Notice of Interest	138(4)	28
Interested Director not to participate or vote in Boards' proceedings	138(6)	28
Register of contracts in which Directors are interested	139	28
Directors may be directors of companies promoted by the company	140	29
Disclosure by Director of appointments	141	29
Disclosure of holdings	142	29
Directors not to hold office or place of profit	143	29
Loans to Directors	144	29
Board Resolution at a meeting necessary for certain contracts	145	29

RETIREMENT AND ROTATION OF DIRECTORS

Retirement by rotation	146	30
Directors to retire annually how determined	147	30
Ascertainment of Directors retiring by rotation	148	30
Eligibility for re-appointment	149	30
Company to fill up vacancy	150	30
Provisions in default of appointment	151	30
Notice of candidature for office of Director	152	30
Individual resolution for Director's appointments	153	31

AGE LIMIT FOR DIRECTORS

Age Limit for Directors	154-156	31

REMOVAL OF DIRECTORS

Removal of Directors	157	31

**INCREASE OR REDUCTION IN THE NUMBER OF DIRECTORS
AND ALTERATION IN THEIR QUALIFICATIONS**



The Company may increase or reduce number of Directors and alter their qualifications	158	31

PROCEEDINGS OF BOARD OF DIRECTORS

Meetings of Directors	159	31
When meetings to be convened	160	32
Quorum	161	32



Adjournment of meeting for want of quorum	162	32
Appointment of Chairman and Vice-Chairman	163	32
Who to preside at meetings of the Board	164	32
Question at Board Meeting how decided (casting vote)	165	32
Directors may appoint Committees	166	32
Meetings of Committees how to be governed	167	32
Resolution by Circular	168	32
Acts of Board or Committees valid notwithstanding defect in appointment	169	33
Minutes of proceedings of Board of Directors and Committees to be kept	170	33
By whom minutes to be signed and the effect of minutes recorded	171	33

POWERS OF DIRECTORS

General powers of the Directors	172	33
Consent of Company necessary for the exercise of certain powers	173	33
Certain powers to be exercised by the Board only at meeting	174	33
Certain powers of the Board	175	34

REGISTERS, BOOKS AND DOCUMENTS

Registers, Books and Documents	176	36

THE SEAL

Seal	177	37
Deeds how executed	178	37
Seals abroad	179	37

MANAGING AGENTS

Appointment of Managing Agents	180	37
Disclosure to members in case of contract appointing a Managing Agent	181	37
General Management in hands of Managing Agents	182	37
Managing Agents to have power to sub-delegate	183	37
Board's previous approval	184	37
Contracts between Managing Agent or associate and Company for the sale or purchase of goods or the supply of services, etc.	185	38

MANAGING OR WHOLE-TIME DIRECTOR(S)

Power to appoint Managing or Whole-time Director(s)	185A	38
What provisions they shall be subject to	185B	38
Remuneration of Managing or Whole-time Director(s)	185C	38
Powers and duties of Managing or Whole-time Director(s)	185D	39

INTEREST OUT OF CAPITAL

Payment of interest out of capital	186	39

DIVIDENDS

Dividend	187	39
Capital paid up in advance at interest not to earn Dividend	188	39
Dividends in proportion to amount paid up	189	39
The Company in General meeting may declare a Dividend	190	39
Power of Directors to limit Dividend	191	39
Interim Dividend	192	39
Retention of Dividends until completion of transfer under Article 54	193	39
No member to receive dividend whilst indebted to the Company and Company's right of reimbursement thereout	194	40
Transfers of shares must be registered	195	40
Dividends, how remitted	196	40
Unclaimed Dividend	197	40
Dividend and Call together	198	40
Set-off allowed	198	40

CAPITALIZATION



Capitalization	199	40
Capitalization in respect of partly paid up shares	200	41

ACCOUNTS

Books of Accounts to be kept	201	41
Books of Account to be preserved	202	41
Inspection by members of accounts and books of the Company	203	41
Statements of Accounts to be furnished to General Meeting	204	41
Balance Sheet and Profit and Loss Account	205	41
Authentication of Balance Sheet and Profit and Loss Account	206	42



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Profit and Loss Account to be annexed and Auditor's Report to be attached to the Balance Sheet	207	42
Board's Report to be attached to Balance Sheet	208	42
Right of members to copies of Balance Sheet and Auditor's Report	209	42

ANNUAL RETURNS

Annual Returns	210	42

AUDIT

Accounts to be audited	211	42
Appointment of Auditors	212(1)	42
Qualification and disqualification of Auditors	212(7)	43
Audit of Branch Offices	213	43
Remuneration of Auditors	214	43
Rights and duties of Auditors	215(1)	43
Accounts when audited and approved to be conclusive except as to errors discovered within three months	216	44

DOCUMENTS AND SERVICE OF DOCUMENTS

How document to be served on members	217(1)	44
Service on members having no registered address	218	44
Service on persons acquiring shares on death or insolvency of member	219	44
Persons entitled to notice of General Meetings	220	44
Advertisement	221	44
Members bound by document given to previous holders	222	44
Notices by Company and signature thereto	223	45
Service of notices by shareholders	224	45

AUTHENTICATION OF DOCUMENTS

Authentication of documents and proceedings	225	45

WINDING UP

Distribution of Assets	226	45
Distribution of specie or kind	227(1)	45
Rights of shareholders in case of sale	228	45

SECRECY CLAUSE

Secrecy Clause	229	45

INDEMNITY AND RESPONSIBILITY

Directors' and others' rights to indemnity	230	45
Not responsible for acts of others	231	46

ANNEXURES TO THE ARTICLES OF ASSOCIATION

RESOLUTIONS TO WHICH SECTION 192 OF THE ACT APPLIES		—



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**MEMORANDUM OF ASSOCIATION
OF
TATA MOTORS LIMITED**

- I. The name of the Company is **“TATA MOTORS LIMITED”**
- II. The Registered Office of the Company will be situate in the State of Maharashtra.
- III. The objects for which the Company is established are:-
 1. To carry on the business of manufacturing, assembling, buying, selling, re-selling, exchanging, altering, importing, exporting, hiring, letting on hire, or distributing or dealing in locomotives, boilers, engines steam gas electrical or otherwise, turbines, tanks, motor vehicles, trucks, lorries, omnibuses, buses, motorcycles, cycle cars, scooters, bicycles, tricycles, cycles, tractors, bulldozers and steam rollers of every description and kind and all component parts, spare parts, accessories, equipment and apparatus for use in connection therewith.
 - 1A. *To carry on the business of financing, re-financing of all kinds and descriptions of motor vehicles, tractors and other farm equipment, construction equipment, capital equipment, spares and components, whether manufactured by the Company or not, including used/second hand products as also services of every kind and description, through credit/financing products, including by way of hire purchase, financial and/or operating leases, loans and guarantees or otherwise.
 2. To carry on the business of iron foundries, mechanical and general engineers and manufacturers of implements and other machinery, tool-makers, brass-foundries, metalworkers, boilermakers, millwrights, machinists, iron and steel converters, smiths, wood-workers, builders, painters, metallurgists, water supply engineers, gas-makers, printers, carriers and merchants, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling-stock and hardware of all kinds.
 3. To carry on any business relating to the winning and working of minerals, the production and working of metals (other than the production of pig iron or steel) and the production, manufacture and preparation of any other materials which may be usefully or conveniently combined with the engineering or manufacturing business of the Company, or any contracts undertaken by the Company, and either for the purpose only of such contracts or as an independent business.
 4. To carry on business as manufacturers, importers and exporters of and dealers in machinery articles and goods of all classes and kinds whatsoever including electrical and engineering materials, goods, machinery and requisites and as Electrical, Mechanical and General Engineers and Contractors and as manufacturers and workers in materials of any nature and kind.
 5. To carry on business as manufacturers and makers of and dealers in metal (other than as manufacturers and makers of pig iron or steel), wood, enamel, aluminum, alloys, plastics and any other products, articles and things of every description and kind and to carry on and conduct workshops, engineering works of every description and kind and foundries of iron, brass and other metals, wood and any other substances and to buy, sell, manipulate and deal both wholesale and retail in such products, commodities, goods, articles and things.
 6. To carry on the trades or business of manufactures of ferromanganese, colliery proprietors, Coke manufacturers, Miners, smelters, engineers and tin plate makers in all their respective branches.
 7. To prospect and search for, get, work, raise, make merchantable, sell and deal in coal, oil, limestone, manganese, ferro-manganese, magnesite, copper, clay, fire-clay, slate, stone, brick earth, bricks, and other materials (excluding the making and selling of pig iron from iron ore), minerals and substances, and to manufacture and sell briquettes and other fuel, and generally to undertake and carry on any business transaction or operation commonly undertaken or carried on by explorers, prospectors or concessionaries and to search for, win, work, get, calcine, reduce, amalgamate, dress, refine and prepare for the market any quarts and ore and mineral substances and to buy, sell, manufacture and deal in minerals and mineral products, plant and machinery, and other things capable, of being used in connection with mining or metallurgical operations or required by the workmen and others employed by the Company.
 8. To purchase, take on lease or otherwise acquire, any mines, mining rights, and metalliferous land and any interest therein, and to explore, work, exercise, develop and turn to account the same. To expend such sums of moneys as may seem desirable for all such prospecting and surveying operations with the object of obtaining any such mines, mining rights and metalliferous lands and deposits as aforesaid and otherwise for the acquisition of any property and rights whatsoever which the Company is authorised to acquire under any of its objects.
 9. To buy, sell, manufacture, and deal in minerals, plant, machinery, implements, conveniences, provisions and things capable of being used in connection with metallurgical operations, or required by workmen and others employed by the Company.
 10. To carry on the business of manufacturing, assembling, buying, selling, re-selling, exchanging, altering, importing, exporting, hiring, letting on hire, or distributing or dealing in ships, boats, barges, launches, submarines and other under-water vessels, aeroplanes, aero-engines, airships, seaplanes, flying boats, hydroplanes and aircrafts and aerial conveyances of every description and kind for transport or conveyance of passengers, merchandise or goods of every description whether propelled or moved or assisted by means of petrol, spirit, electricity, steam, oil, vapour, gas, petroleum, mechanical, animal or any other motive power and all component parts, spare parts, accessories, equipment and apparatus for use in connection therewith.



11. To carry on the trade or business of manufacturing, assembling, buying, selling, re-selling, exchanging, altering, importing, exporting, hiring, letting on hire, or distributing or dealing in railway carriages, wagons, carts, vehicles, rolling stocks and conveyances of all kinds whether for railway, tramway, road, field or other traffic or purposes, and also railways and tramway plant, and all machinery, materials, and things applicable or used as accessory thereto and of letting or supplying all or any of the things hereinbefore specified to coal proprietors, railway and other companies, and other persons, from year to year or for a term of years, or otherwise, at annual or other rents, and of repairing and maintaining the same respectively, whether belonging to this Company or not, and of selling exchanging and otherwise dealing in the same respectively.

*Amended vide Court Order dated June 24, 2005, pursuant to Scheme of Reorganisation and Amalgamation of Tata Finance Limited with Tata Motors Limited.



12. To enter into any contracts or arrangements with any government, state or authorities, municipal, local or otherwise that may seem conducive to the Company's objects or any of them and to obtain from any such government, state or authority, any rights, privileges and concessions which the Company may think it desirable to obtain and to carry out, execute and comply with any such contracts, arrangements, rights, privileges and concessions.
13. To construct, execute, carry out, equip, improve, work, develop, administer, manage or control public works and conveniences of all kinds, which expression in this memorandum, includes railways, tramways, docks, harbours, piers, wharves, canals, reservoirs, embankments, irrigations, reclamation, improvement, sewage, drainage, sanitary, water, gas, electric light, telephonic, telegraphic, and power supply works, and hotels, warehouses, markets and public buildings, and all other works or conveniences of public utility.
14. To carry on business as quarry masters and stone merchants and to buy, sell, get, work, shape, hew, carve, polish, crush and prepare for market or use stone of all kinds.
15. To carry on business as road and pavement makers and repairers and manufacturers of and dealers in lime, cement, mortar, concrete and building materials of all kinds and as builders and contractors for the execution of works and buildings of all kinds in the construction of which stone is required.
16. To construct, carry out, maintain, improve, manage, work, control, and superintend any roads, ways, tramways, railways, bridges, reservoirs, watercourses, aqueducts, wharves, furnaces, saw-mill, crushing works, hydraulic works, electrical works, factories, warehouses, shops and other works and conveniences which may seem directly or indirectly conducive to any of the objects of the Company, and to contribute to, subsidise, or otherwise aid or take part in any such operations.
17. To carry on the trades or businesses of manufacturers of blasting ballistic and pyrotechnic apparatus and other articles and things of a similar or analogous description or use or of and in the several components parts thereof.
18. To carry on the trades or businesses of manufacturers of and dealers in explosives, ammunition, fireworks and other explosive products and accessories of all kinds and of whatsoever composition and whether for military, sporting, mining or industrial, purposes or for pyrotechnical display or for any other purpose.
19. To carry on the business of manufacturers of every sort of missile, arm and weapon for warlike, sporting or other purposes.
20. To carry on the business of waterproofers and manufacturers of India-rubber, leather, imitation leather, leather cloth, plastic, oil cloth, linoleum, tarpaulins, hospital sheetings and surgical bandages.
21. To carry on the business of a water-works Company in all its branches and to sink wells and shafts and to make, build and construct, lay down and maintain dams, reservoirs, waterworks, cisterns, culverts, filterbeds, mains and other pipes and appliances and to execute and do all other acts and things necessary or convenient for obtaining, storing, selling, delivering, measuring, distributing and dealing in water.
22. To purchase, take on lease or in exchange, or otherwise acquire, either absolutely or by lease, license, concession, grant or otherwise any lands, mines and mineral rights, easements, rights and privileges and licenses for mining in, or over any lands which may be acquired by the Company, and to lease out any such lands for building or agricultural use and to sell or otherwise dispose of the lands, mines and other property of the Company.
23. To acquire by concession, grant, purchase, barter, lease, license or otherwise any tract or tracts of country, together with such, rights as may be agreed upon and granted by Government or the rulers or owners thereof, and to expend such sums of money as may be deemed requisite and advisable in the exploration, survey and, development thereof.
24. To acquire by concession, grant, purchase, amalgamation, barter, lease, license or otherwise, either absolutely or conditionally and either solely or jointly with others any houses, lands, farms, quarries, water rights, way leaves and other works, privileges, rights and hereditaments and any machinery, plant, utensils, trademarks and other moveable, and immoveable property of any description.
25. To acquire, provide and maintain hangars, garages, sheds, aerodromes and accommodation for or in relation to aerial conveyances.
26. To carry on the business of railway, tramway, airway, omnibus, van, carriage and boat proprietors and carriers of passengers and goods by land, sea or air.
27. To search for and to purchase or otherwise acquire from any government, state or authority any licenses, concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to the Company capable of being turned to account, and in particular any water rights or concession, either for the purpose of obtaining motive power or otherwise and to work, develop, carry out, exercise and turn to account the same.
28. To carry on the businesses of a General Electric Power and Supply Company and Gas Works Company in all their respective branches, and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and gas and to light cities, towns, streets, docks, markets, theatres, buildings and places both public and private.
29. To acquire the right to use or manufacture and to put up telegraphs, telephones, phonographs, dynamos, accumulators and all apparatus now known or which may hereafter be invented, in connection with the generation, accumulation, distribution, supply



and employment of electricity, or any power that can be used as a substitute therefor, including all cables, wires or appliances for connecting apparatus at a distance with other apparatus, and including the formation of exchanges or centres.

30. To carry on the business of electricians and electrical engineers, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise.



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31. To deal with, manufacture and render saleable, coke, coal-tar, pitch, asphaltum, ammoniacal liquor, and other residual products obtained in the manufacture of gas.
32. To construct, manufacture, and maintain works for holding, receiving and purifying gas, and all other buildings and works, meters, pipes, fittings, machinery, apparatus, and appliances convenient or necessary for the purposes of the Company.
33. To manufacture, buy, sell, let on hire and deal in stoves, engines, and other apparatus and conveniences.
34. To carry on the business of a telephone and telegraph Company, and in particular to establish work, manage, control and regulate telephone exchanges and works, and to transmit and facilitate the transmission of telephonic and telegraphic communications and messages.
35. To construct, maintain, lay down, carry out, work, sell, let on hire and deal in telephonic and all kinds of works machinery apparatus conveniences and things capable of being used in connection with any of these objects and in particular any cables, wires, lines, stations, exchanges, reservoirs, accumulators, lamps, meters and engines.
36. To carry on all or any of the business of lithographers, printers, publishers and stationers.
37. To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific and technical research and experiments and to undertake and carry on all scientific, and technical researches, experiments, and tests of all kinds and to promote studies and research both scientific and technical, investigation and invention by providing, subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing the remunerations of scientific or technical professors or teachers and by providing for the award of exhibitions, scholarships, prizes, grants and bursaries to students or independent students or otherwise and generally to encourage, promote and reward studies, researches, investigation, experiment, tests and invention of any kind that may be considered likely to assist any of the business which the Company is authorised to carry on.
38. To erect, construct, enlarge, alter and maintain buildings and structures of every kind necessary or convenient for the Company's business.
39. To let out on hire all or any of the property of the Company whether immoveable or moveable including all and every description of apparatus or appliances, and to hold, use, cultivate, work, manage, improve, carry on and develop the undertaking land and immoveable and moveable property and assets of any kind of the Company or any part thereof.
40. To purchase or by any other means acquire and protect prolong and renew, any patents, patent rights, brevets d'invention, licences, protections and concessions which may appear likely to be advantageous or useful to the Company, and to use and turn to account and manufacture under or grant licenses or privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patent, inventions or rights which the Company may acquire or propose to acquire.
41. To buy, sell, manufacture, refine, manipulate, import, export, and deal both wholesale and retail in commodities, substances, apparatus, articles and things of all kinds capable of being used or which can conveniently be dealt in by the Company in connection with any of its objects.
42. To transact and carry on all kinds of agency business.
43. To carry on any other trade whether manufacturing or otherwise which may seem to the Company capable of being carried on in connection with any of the Company's objects or calculated directly or indirectly to enhance the value of or render profitable any of the Company's properties or rights.
44. To be interested in, promote and undertake the formation and establishment of such institutions, businesses or companies (industrial, agricultural, trading, manufacturing or other) as may be considered to be conducive to the profit and interest of the Company, and to carry on any other business, (industrial, agricultural, trading, manufacturing or other) which may seem to the Company capable of being conveniently carried on in connection with any of these objects or otherwise calculated directly or indirectly to render any of the Company's properties or rights for the time being profitable, and also to acquire, promote, aid, foster, subsidise or acquire interests in any industry or undertaking.
45. To enter into partnership or into any arrangement for sharing or pooling profits, amalgamation, union of interests, co-operation, joint adventure, reciprocal concessions or otherwise with any person, firm or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in, or any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.
46. To amalgamate with any Company or Companies.
(Alteration confirmed by an Order passed on the 15th January, 1971 by the Bombay High Court)
47. To pay for any properties, rights or privileges acquired by the Company, either in shares of the Company or partly in shares and partly in cash, or otherwise.
48. To pay all the costs, charges, and expenses of and incidental to the promotion, formation, registration and establishment of the Company and the issue of its capital including any underwriting or other commissions, brokers' fees and charges in connection therewith, and to remunerate or make donations (by cash or other assets or by the allotment of fully or partly paid shares or by a



call or option on shares, debentures, debenture stock or securities of this or any other company or in any other manner, whether out of the Company's capital or profits or otherwise) to any person, firm or company for services rendered or to, be rendered in introducing any property or business to the Company or in placing or assisting to place or guaranteeing the subscription, of any shares, debentures, debenture stock or other securities of the Company, or in or about the formation or promotion of the Company or for any other reason which the Company may think proper.

49. To draw, accept and make and to endorse, discount and negotiate promissory notes, hundies, bills of exchange, bills of lading and other negotiable or transferable instruments.



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50. To borrow or raise money or to receive money on deposit at interest, or otherwise in such manner as the Company may think fit, and in particular by the issue of debentures or debenture stock perpetual or otherwise including debentures or debenture stock convertible into shares of this Company, or perpetual annuities; and in security of any such money so borrowed, raised, or received, to mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders power of sale and other powers as may seem expedient; and to purchase, redeem, or payoff any such securities.
51. To accumulate funds and to lend, invest or otherwise employ moneys belonging to or entrusted to the Company upon any shares, securities or investments upon such terms as may be thought proper and from time to time to vary such transactions in such manner as the Company may think fit.
52. To invest moneys of the Company in any investments moveable or immoveable and vary such investments in such manner as may from time to time seem expedient and be determined.
53. To sell and in any other manner deal with or dispose of the undertaking of the Company, or any part thereof, for such consideration as the Company may think fit, and in particular for shares, debentures and other securities of any other company having objects altogether or in part similar to those of the Company.
54. To sell, improve, manage, work, develop, lease, mortgage, abandon or otherwise deal with all or any part of the property, rights and concessions of the Company.
55. To guarantee the payment of money unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture stock, contracts, mortgages, charges, obligations, instruments and securities of any company or of any authority, supreme, municipal, local or otherwise or of any person whomsoever, whether incorporated or not incorporated and generally to guarantee or become sureties for the performance of any contracts or obligations.
56. To undertake and execute any trust the undertaking of which may seem to the Company desirable either gratuitously or otherwise.
57. To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.
58. To subscribe or otherwise to assist, support, endow or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions, societies, clubs, funds or objects, which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.
59. To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works or art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.
60. To distribute any of the property of the Company amongst the members in specie or kind but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
61. To dedicate, present or otherwise dispose of either voluntarily with or without consideration or for value, any property of the Company deemed to be of national, public or local interest, to any national trust, public body, museum, corporation, or authority or any trustees for or on behalf of any of the same or of the public.
62. To appropriate, use or lay out land belonging to the Company for streets, parks, pleasure grounds, allotments, and other conveniences and to present any such land so laid out to the public or to any persons or company conditionally or unconditionally as the Company thinks fit.
63. To aid pecuniarily or otherwise, any association body or movement having for an object the solution, settlement or surmounting of industrial or labour problems or troubles or the promotion of industry or trade.
64. To do all or any of the above things and all such other things as are incidental or may be thought conducive to the attainment of the above objects or any of them in India or elsewhere in any other part of the world and as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others and so that the word "Company" in this Memorandum when applied otherwise than to this Company shall be deemed to include any authority, partnership or other body or persons, whether incorporated or not incorporated and the intention is that the objects set forth in each of the several paragraphs of this Clause shall have the widest possible construction and shall be in no wise limited or restricted by reference to or inference from the terms of any other paragraph of this Clause or the name of the Company.
- IV. The liability of the Members is limited.
- V. The Capital of the Company is Rs. 410,00,00,000/- divided into 41,00,00,000 Ordinary Shares of Rs. 10/- each.*

*Amended vide Court Order dated June 24, 2005, pursuant to Scheme of Reorganisation and Amalgamation of Tata Finance Limited with Tata Motors Limited.





We the several persons whose names and addresses are subscribed are desirous of being formed into a Company, in pursuance of this Memorandum of Association and respectively agree to take the number of shares in the Capital of the Company set opposite our respective names.

Dated this first day of September 1945.

Names of Subscribers	Address and Description of Subscribers	Number of Shares taken by each Subscriber	Witnesses
J. R. D. TATA	Director, Tata Sons Ltd., Bombay House, Bruce Street, Fort, Bombay	One	
S.D.SAKLATVALA	Director, Tata Sons Ltd., Bombay House, Fort, Bombay	One	
H. P. MODY	Do	One	Witness to all signatures A. B. PARAKH Assistant to Director-in- Charge Tata Iron and Steel Company Ltd., Bombay House, Bruce Street Fort, Bombay
A. D. SHROFF	Do	One	
JOHN MATTHAI	Do	One	
J. D. CHOKSI	Director, Tata Sons Ltd., Bombay House, Bruce Street, Fort, Bombay	One	
R. D. LAM	Secretary, Tata Sons Ltd., Bombay House, Bruce Street, Fort, Bombay	One	
K. M. MADAN	Secretary and Chief Accountant, Tata Iron & Steel Co. Ltd., Bombay House, Fort, Bombay	One	



These Articles of Association were approved and adopted by the Company by Special Resolution at the Annual General Meeting held on 10th August 1961

ARTICLES OF ASSOCIATION

OF

TATA MOTORS LIMITED

TABLE A EXCLUDED

- Table A not to apply but Company to be governed by these Articles
1. The regulations contained in Table A, in the First Schedule to the Companies Act, 1956, shall not apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

INTERPRETATION

Interpretation Clause	2. In the interpretation of these Articles the following expressions shall have the following meanings, unless repugnant to the subject or context:-
“The Act” or “the said Act”	“The Act” or “the said Act” means “The Companies Act, 1956” as amended up to date or other the Act or Acts for the time being in force, in India containing the provisions of the Legislature in relation to Companies.
“The Board” or “Board of Directors”	“The Board” or the “Board of Directors” means a meeting of the Directors duly called and constituted or as the case may be the Directors’ assembled at a Board, or the requisite number of Directors entitled to pass a Circular Resolution in accordance with these Articles.
“The Company” or “This Company”	“The Company” or “This Company” means “Tata Motors Limited”.
“Directors”	“Directors” means the Directors for the time being of the Company or as the case may be the Directors assembled at a Board.
“Dividend”	“Dividend” includes bonus.
Gender	Words importing the masculine gender also include the feminine gender.
“Month”	“Month” means a calendar month.
“Office”	“Office” means the Registered Office for the time being of the Company.
“Persons”	“Persons” includes corporations as well as individuals.
Plural number	Words importing the plural number also include the singular number.
“These presents” or “Regulations”	“These presents” or “Regulations” means these Articles of Association as originally framed or altered from time to time and includes the Memorandum where the context so requires.
“Seal”	“Seal” means the Common Seal for the time being of the Company.
Singular number	Words importing the singular number include the plural number.
“Writing”	“Writing” shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.
Expressions in the Act to bear the same meaning in Articles	Subject as aforesaid any words or expression defined in the Act shall except where the subject or context forbids bear the same meaning in these Articles.
Marginal notes	The marginal notes hereto shall not affect the construction hereof.



TENURE OF OFFICE OF MANAGING AGENTS

Tenure of office of Managing Agents 2.A All references whatsoever to Managing Agents, their powers, functions and duties under these Articles and under any agreement entered into by them with the Company, shall be applicable only if and so long as there are Managing Agents in accordance with the provisions of the law.



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PRELIMINARYAgreements
entered into by
the Company

3. The Company has entered into the following Agreements:-

- (1) An agreement dated the Twenty-seventh day of September One thousand nine hundred and forty-five and made between TATA SONS LTD, of the one part and the COMPANY of the other part
 - (a) for acquiring (through Tata Sons Ltd.) the Singhbhum Workshops situate at Tatanagar, Singhbhum in the Province of Bihar, belonging to the Government of India;
 - (b) for obtaining a transfer from Tata Sons Ltd. to itself of the rights subject to the obligations of Tata Sons Ltd. contained in the arrangements made by that Company with the Government of India for the manufacture of locomotive boilers and locomotives at the said Singhbhum Workshops.
- (2) An agreement dated the Twenty-seventh day of September One thousand nine hundred and forty-five and made between the COMPANY of the one part and TATA SONS LTD., of the other part which Agreement provided for the appointment of Tata Sons Ltd., their successors and assigns as the Managing Agents of the Company.

The basis on which the Company was established was that the Company should enter into the said Agreements upon the terms therein set forth and should be bound by the conditions therein contained and accordingly it should be no objection to the said documents or any of them that Mr. Jehangir Ruttonji Dadabhoy Tata, Sir Hormusji Peroshaw Mody and Dr. John Matthai who were members and Directors of Tata Sons Ltd., were interested in the Agreements 1 and 2 above and in the consideration thereby conferred as Directors of the Company or that any person being interested in either or both of the said Agreements was or might be a promoter or a Director of the Company or stood in a fiduciary position towards the company or that in the circumstances the Directors did not constitute an independent Board and every member present or future shall be deemed to join the Company on this basis.

Copies of
Memorandum
and Articles of
Association to
be given to
members

4. Copies of the Memorandum of Association and these presents and other documents mentioned in Section 39 of the Act shall be furnished by the Company to any member at his request within 7 days of the requirement subject to the payment of a fee of Re. 1/-.

SOCIAL RESPONSIBILITIES OF THE COMPANYSocial
Responsibilities
of the Company

- 4A. The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilisation of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations; and the Company, shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community.

CAPITAL**SHARES**

Capital

5. *The Capital of the Company is as reflected in Clause V of the Memorandum of Association from time to time.
6. **"DELETED"**
- 6A. **"DELETED"**
- 6B. **"DELETED"**
- 6C. **"DELETED"**
7. The unclassified shares for the time being in the capital of the Company may be issued either with the sanction of the Company in General Meeting or by the Directors and upon such terms and conditions and with such right and privileges annexed thereto as by the General Meeting sanctioning the issue of such shares shall be directed and if no direction be given and in all other cases as the Directors shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in distribution of the assets of



the Company and any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

- * Amended vide Court Order dated June 24, 2005, pursuant to Scheme of Re-organisation and amalgamation of Tata Finance Limited with Tata Motors Limited



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- Shares with non-voting rights 7A In the event it is permitted by the Law to issue shares with non-voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by the Law.
- Shares under the control of the Directors 8. Subject to the provisions of the Act and Article 64 and the other Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such times as they may from time to time, think fit and proper, and with full power with the sanction of the Company in General Meeting to give to any person the option to call for or be allotted shares of any class of the Company either at par or at a premium or subject as aforesaid at a discount such option being exercisable at such time and for such consideration as the Directors think fit.
- Power of General Meeting to offer shares to such Company may resolve 9. In addition to and without derogating from the powers for that purpose conferred on the Directors under Articles 7 and 8 and on the Company under Articles 7 and 8, the Company in general meeting may determine to issue further shares of the authorised but unissued capital of the Company and may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par or, subject to compliance with the provisions of Section 79 of the Act, at a discount, as such general meeting shall determine and with full power to give to any person (whether a member or holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting, or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares. Subject to any direction given by general meeting as aforesaid, the provisions of Article 64 hereof shall apply to any issue of new shares.
- Directors may allot shares as fully paid-up 10. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid or partly paid-up otherwise than in cash, and, if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.
- Shares to be numbered Progressively and no share to be sub-divided 11. The shares in the capital of the Company shall be numbered progressively according to their several denominations, and except in the manner hereinafter mentioned, no shares shall be sub-divided.
- Acceptance of shares 12. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.
- Deposit and calls etc. to be a debt payable immediately 13. The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall, immediately on the insertion of the name of the allottee in the Register of Members as the name or the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
- Instalments on shares to be duly paid 14. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.
- Company not bound to recognise any interest in shares other than that of the registered 15. Except as required by law no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way, to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share or any interest in any fractional part of a share, (or except only as by these Articles or as ordered by a Court of competent jurisdiction or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.



holders

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UNDERWRITING AND BROKERAGE

- Commission for Placing shares, Debentures, etc. 16. The Company may subject to the provisions of Section 76 and other applicable provisions (if any) of the Act at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in or debentures of the Company but so that the amount or rate of commission does not exceed in the case of shares 5% of the price at which the shares are issued and in the case of debentures 2 1/2% of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in the one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

CERTIFICATES

- Certificates of Shares 17. (a) The certificates of title to shares shall be issued under the Seal of the Company which shall be affixed in the presence of and signed by (i) two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney; and (ii) the Secretary or some other person appointed by the Board for the purpose;

PROVIDED that, if the composition of the Board permits or if, at least one of the aforesaid two Directors shall be a person other than a Managing Director or Whole-time Director or, so long as the Company has Managing Agents, a person other than a Director appointed by the Managing Agents under Article 126 or a Director to whom Article 133 applies.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography.

PROVIDED ALWAYS that notwithstanding anything contained in this article the certificates of title to shares may be executed and issued in accordance with such other provisions of the Act or the Rules made thereunder, as may be in force for the time being and from time to time.

- Members' rights to certificates (b) Every member shall be entitled without payment to one certificate for all the shares of each class or denomination registered in his name or if the Directors so approve (upon paying such fee or fees or at the discretion of the Directors without payment of fees as the Directors may from time to time determine) to several certificates each for one or more shares of each class. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Directors shall prescribe or approve.

- Discretion to refuse sub-division or consolidation of certificates 17A. Notwithstanding anything contained in Article 17, the Board may in its absolute discretion refuse applications for the sub-division or consolidation of share, debenture or bond certificates in denominations of less than the marketable lot except when sub-division or consolidation is required to be made to comply with a statutory provision or an order of a competent Court of law.

- Limitation of time for issue of certificates 18. The Company shall within three months after the allotment of any of its shares or debentures and within two months after the application for the registration of the transfer of any such shares or debentures complete and have ready for delivery the certificates of all shares and debentures allotted or transferred, unless the conditions of issue of the shares or debentures otherwise provided and the Company shall otherwise comply with the requirements of Section 113 and other applicable provisions (if any) of the Act.

- As to issue of new certificate in place of one defaced, lost or destroyed 19. If any certificate be worn out, defaced, torn or be otherwise mutilated or rendered useless from any cause whatsoever, or if there be no space on the back thereof for endorsement of transfers, then upon production thereof to the Directors they may order the same to be cancelled and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate on payment, if any, of such sum not exceeding Re.1/- as the Directors may in their discretion determine. The Directors may in their discretion waive payment of such fee in the case of any certificate or certificates.

CALLS

- Board may make calls 20. The Board of Directors may from time to time, but subject to the conditions hereinafter mentioned, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall



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Page 2 of 2

pay the amount of every calls so made on him to the Company or where payable to a person other than the Company to the person and at the time or times appointed by the Directors. A call may be made payable by instalments.



Calls on shares of same class to be made on uniform basis	21. Where after the commencement of the Act, any calls for future share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article, shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.
Notice of call	22. Fifteen days' notice at the least of every call otherwise than on allotment shall be given specifying the time of payment and if payable to any person other than the Company the name of the person to whom the call shall be paid; provided that before the time for payment of such call the Directors may by notice in writing to the members, revoke the same.
Call to date from Resolution	23. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.
Directors may extend time	24. The Directors may from time to time, at their discretion, extend the time fixed for the payment of any call; and may extend such time as to all or any of the members who from residence at a distance or other cause, the Director may deem entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.
Amount payable at fixed time or by instalments as calls	25. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times (whether on account of the amount of share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Board or Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.
When interest on call or instalment payable	26. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due shall pay interest on the same at such rate of interest as may be determined by the Directors from time to time from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Judgement, Decree or partial payment not to preclude forfeiture	27. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the forfeiture of such shares as herein provided.
Proof on trial of suit for money due on shares	28. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder of the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in Anticipation of calls may carry Interest	29. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for; and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon and the Company may at any time repay the amount so advanced upon giving to such member three months' notice in writing.

FORFEITURE, SURRENDER AND LIEN

If call or Instalment not paid notice must be given	30. If any member fails to pay the whole or any part of any call or instalment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same the Directors may at any time thereafter during such time as the call or instalment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by



reason of such non-payment.



- Terms of notice 31. The notice shall name a day (not being less than 14 days from the date of the notice) on or before which such call instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid and if payable to any person other than the Company the person to whom such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the Company) to the person appointed the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.
- In default of payment, shares to be forfeited 32. If the requirement of any such notice as aforesaid shall not be complied with, any of the shares in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys or dues in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
- Entry of forfeiture in Register of Members 33. When any share shall have been so forfeited, an entry of the forfeiture with the date thereof shall be made in the Register of Members.
- Forfeited shares to be property of the Company and may be sold etc. 34. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof, or to any other person, upon such terms and in such manner as the Directors shall think fit.
- Power to annul Forfeiture 35. The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as they think fit.
- Shareholder still liable to pay money owing at time of forfeiture and interest 36. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls instalments interest expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate of interest as may be determined by the Directors from time to time and the Directors may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.
- Surrender of shares 37. The Directors may subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering on such terms as they think fit.
- Company's lien on shares 38. The Company shall have no lien on its fully paid shares. In the case of partly paid-up shares the Company shall have a first and paramount lien only for all moneys called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this Article.
- As to enforcing lien by sale 39. For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfilment or discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.
- Application of 40. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or



Proceeds of sale towards the satisfaction of the debts, liabilities or engagements of such member and the residue (if any) paid to such member or the person (if any) entitled by transmission to the shares so sold.

Certificate of forfeiture 41. A certificate in writing under the hands of two Directors, and countersigned by the Managing Agents, that the call in respect of a share was made, and notice thereof given, and that default in payment of the call was made, and that the forfeiture of the share was made, by a resolution of the Directors to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.



- Title of Purchaser and Allottee of Forfeited shares 42. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

TRANSFER AND TRANSMISSION OF SHARES

- Register of Transfers 43. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly distinctly entered the particulars of every transfer or transmission of any share.
- Form of Transfer 44. Shares in the Company may be transferred by an instrument in writing in such form and by such procedure as may from time to time be prescribed by law. Subject thereto the Directors may prescribe a common form for instruments of transfer, which may from time to time be altered by the Directors.

TATA MOTORS LIMITED

I,
Of _____ in consideration of
The sum of Rupees _____
Paid to me by _____
of _____
(hereinafter called "the Transferee") do hereby transfer to the Transferee _____ share (or shares) numbered _____ in the undertaking called Tata Motors Limited, to hold unto the said Transferee his (or her) executors administrators and assigns subject to the several conditions on which I held the same immediately before the execution hereof, and I, the Transferee, do hereby agree to take the said share (or shares) and to be a member of the Company subject to the said conditions aforesaid.

Signed this _____ day of _____ 19____

Witness: _____ Signature(s).
The Directors may from time to time alter or vary the form of such transfer.

- Application for Transfer 45. (1) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.
- (2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) For the purposes of clause (2) above notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

- To be executed by transferor and transferee 46. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

- Transfer not to be registered except on production of instrument of transfer 47. The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares, or if no such share certificate is in existence, along with the letter of allotment of the shares; Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit; Provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.



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- Directors may refuse to register transfer
48. Subject to the provisions of Section 111 of the Act, or any statutory modification thereof for the time being in force, the Directors may, at their absolute and uncontrolled discretion decline to register or acknowledge any transfer of shares and shall not be bound to give any reason for such refusal and in particular may so decline in respect of shares upon which the Company has a lien or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee.
- Notice of refusal to be given to transferor and transferee
49. If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within two months from the date on which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.
- Transfer by legal representative
50. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.
- Custody of transfer
51. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.
- Closure of transfer books
52. The Directors shall have power on giving not less than seven days' previous notice by advertisement as required by Section 154 of the Act to close the transfer books of the Company for such period or periods of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as to them may seem fit.
- Title to shares of deceased holder
53. The executors or administrators or a holder of a Succession Certificate in respect of the estate of a deceased member (whether European, Hindu, Mahomedan, Parsi or otherwise) not being one of two or more joint holders shall be the only person whom the Company will be bound to recognise as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration as the case may be, from a duly Constituted Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with production of Probate or Letters of Administration or Succession Certificate and under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.
- Registration persons entitled to shares otherwise than by transfer (Transmission Clause)
54. Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Directors shall require either be registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares; Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of such shares. This Clause is herein referred to as the Transmission Clause.
- Refusal to register nominee
55. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.



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Page 2 of 2

Board may
require evidence
of transmission

56. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Fee on transfer or
transmission

57. A fee not exceeding Rupees two and fifty naye Paise per share may be charged in respect of the transfer or transmission to the same party of any number of shares of any class or denomination subject to such maximum on any one transfer or transmission as may from time to time be fixed by the Directors. Such maximum may be a single fee payable on any one transfer or on transmission of any number of shares of one class or denomination or may be on a graduated scale varying with the number of shares of any one class comprised in one transfer or transmission or may be fixed in any other manner as the Directors may in their discretion determine.



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Company not
liable for
disregard of a
notice
prohibiting
registration of
transfer

58. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

CONVERSION OF SHARES INTO STOCK

Conversion of
shares into stock
and reconversion

59. The Company may, by ordinary resolution of the Company in General Meeting:—

- (a) convert any paid-up shares into stock;
And
- (b) convert any stock into paid-up shares of any denomination.

Transfer of stock

60. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Rights of stock
holders

61. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except dividends, participation in profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Regulations

62. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up shares shall apply to stock and the words “share” and “member” in those regulations shall include “stock” and “stockholder” respectively.

INCREASE, REDUCTION AND ALTERATION IN CAPITAL

Increase of
Capital

63. (a) The Company may from time to time in General Meeting increase its share capital by the issue of new shares of such amount as it thinks expedient.
- (b) Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as by the General Meeting creating the same shall be directed and if no direction be given as the Directors shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in distribution of assets of the Company and any Preference shares may be issued on the terms that they are or at the option of the Company are to be liable to be redeemed.

Rights of
ordinary
shareholders to
further issue of
capital

64. Where it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further shares shall be offered to the persons who, at the date of the offer, are holders of the ordinary shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date, and such offer shall be made in accordance with the provisions of Section 81 of the Act. Provided that notwithstanding anything hereinbefore contained, the further shares aforesaid may be offered to any persons, whether or not those persons include the persons who, at the date of the offer, are holders of the ordinary shares of the Company in any manner whatsoever:—

- (a) If a Special Resolution to that effect is passed by the Company in General Meeting, or



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(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be), in favour of the proposal contained in the Resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in that behalf, that the proposal is most beneficial to the Company.

Same as original capital 65. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the original ordinary capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

Restrictions on purchase by Company of its own shares 66. (1) The Company shall not have the power to buy its own shares unless the consequent reduction of capital is effected and sanctioned in pursuance of Article 68 or in pursuance of Sections 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.

(2) Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise any financial assistance for the purpose, of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.

(3) Nothing in this Article shall affect the right of the Company to redeem any redeemable Preference shares issued under Article 63 or under Section 80 or other relevant provisions (if any) of the Act or of any previous Companies Law.

Buy-Back of Shares 66A. Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.

Provisions in case of redeemable Preference shares 67. On the issue of redeemable Preferences shares under the provisions of Article 63 the following provisions shall take effect :-

(a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(b) No such shares shall be redeemed unless they are fully paid;

(c) The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share premium account, before the shares are redeemed;

(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend be transferred to a Reserve Account to be called "The Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of a Company shall except as provided under Section 80 of the Act or herein apply as if the Capital Redemption Reserve Account were paid up share Capital of the Company;

(e) Subject to the provisions of Section 80 of the Act and this Article the redemption of Preferences shares hereunder may be effected in accordance with the terms and conditions of their issue and failing that in such manner as the Directors may think fit.

Reduction of Capital 68. The Company may from time to time by Special Resolution reduce its share capital in any way authorised by law and in particular may pay off any paid up share capital upon the footing that it may be called up again or otherwise and may if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.



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Consolidations 69.
divisions and
sub division

The Company may in General Meeting alter the conditions of its Memorandum as follows :-

- (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares.
- (b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum subject nevertheless to be provisions of the Act and of these Articles.



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- (c) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Issue of further
pari passu shares
not to affect the
right of shares
already issued

70. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

No issue with
disproportionate
right after 1st
April, 1956

71. The Company shall not after 1st April, 1956, issue any shares (not being Preference shares) which carry voting right or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares (not being Preference shares).

MODIFICATION OF CLASS RIGHTS

Power to modify
class rights

72. If at any time the share capital by reason of the issue of Preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied modified abrogated or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions contained in these Articles as to General Meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly prohibited by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* herewith.

JOINT – HOLDERS

Joint-holders

73. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles :-

Company may
refuse to register
more than six
persons

- (a) The Company shall be entitled to decline to register more than six persons as the joint-holders of any share.

Joint and several
Liability for all
payments in
respect of shares

- (b) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

Title of
survivors

- (c) On the death of any such joint-holder the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Receipts of one
sufficient

- (d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.

Delivery of
certificate and
giving of notice
to first named
holders

- (e) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents (which expression shall be deemed to include all documents served on or sent to such person) shall be deemed service on all the joint-holders.



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Votes of Joint-holders

(f) Any one of two or more joint-holders may vote at any meeting either personally or by attorney duly authorised under a power of attorney or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint-holders then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to be present at the meeting; Provided always that a joint-holder present at any meeting personally shall be entitled to vote in preference to a joint-holder present by an attorney duly authorised under power of attorney or by proxy although the name of such joint-holder present in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall for the purposes of this sub-clause be deemed joint-holders.

DEMATERIALISATION OF SECURITIES

Definitions

73A. 1. For the purpose of this Article :-

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository; 'SEBI' means the Securities and Exchange Board of India; 'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and 'Security' means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for investors

3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form

4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of depositories and beneficial owners

5. A Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

B Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

C Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of documents

6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with in a

8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.



depository

Distinctive
numbers of
Securities held in
a depository

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.



Register and
Index of
beneficial
owners

10 The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

BORROWING POWERS

Power to
Borrow

74. Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles the Directors shall have the power from time to time at their discretion to borrow any sum or sums of money for the purposes of the Company provided that the total amount borrowed at any time together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose.

Conditions on
which money
may be
borrowed

75. Subject to the provisions of the Act and these Articles the Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Bonds,
debentures etc.
to be subject to
control of
Directors

76. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Securities may
be assignable
free from
equities

77. Debentures, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue at
discount etc. or
with special
privileges

78. Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending and voting at General Meetings, appointment of Directors and otherwise; Provided that an option to call for or be allotted shares of the Company or a privilege of voting at General Meetings of the Company otherwise than when any interest is in arrears shall not be attached to any such bonds, debentures, debenture-stock or other securities except with the sanction of the Company in General Meeting.

Mortgage of
uncalled capital

79. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed or if permitted by the Act may by instrument under the Seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions hereinbefore contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Directors' power or otherwise and shall be assignable if expressed so to be.

Indemnity may
be given

80. Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.



GENERAL MEETINGS CONVENING MEETINGS

- Annual General Meetings 81. (1) The Company shall, in addition to any other meetings, hold a general meeting (herein called an "Annual General Meeting") at the intervals and in accordance with the provisions herein specified. The Annual General Meeting of the Company shall be held within six months after the expiry of each financial year; Provided however, that if the Registrar of Companies shall have for any special reason extended the time within which any Annual General Meeting shall be held by a further period not exceeding three months, the Annual General Meeting may be held within the additional time fixed by the Registrar. Except in the cases where the Registrar has given an extension of time as aforesaid for holding any Annual General Meeting not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.
- (2) Every Annual General Meeting shall be called for a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the registered office of the Company or at some other place within the City of Bombay. The notice calling the meeting shall specify it as the Annual General Meeting.
- Extraordinary General Meeting 82. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
- Directors may call Extraordinary General Meeting 83. The Board of Directors may call an Extraordinary General Meeting whenever they think fit.
- Calling of Extraordinary General Meeting on requisition 84. (1) The Board of Directors shall, on the requisition of such number of members of the Company as hold in regard to any matter at the date of deposit of the requisition, not less than one-tenth of such of the paid up capital of the Company as at that date carries the right of voting in regard to that matter, forthwith proceed duly to call an Extraordinary General Meeting of the Company and the provisions of Section 169 of the Act (including the provisions below) shall be applicable.
- (2) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.
- (3) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
- (4) Where two or more distinct matters are specified in the requisition, the provisions of Clause (1) above shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that Clause is fulfilled.
- (5) If the Board of Directors does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves or by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in Clause (1) above whichever is less.
- (6) A meeting called under Clause (5) above by the requisitionists or any of them shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board, but shall not be held after the expiration of three months from the date of the deposit of the requisition.
- (7) Any reasonable expense incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
- Notice of Meeting 85 (1) A General Meeting of the Company may be called by giving not less than 21 days' notice in writing.



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(2) However, a General Meeting may be called after giving shorter notice than 21 days, if the consent is accorded thereto:

- (i) In the case of an Annual General Meeting, by all the members entitled to vote thereat; and
- (ii) In the case of any other meeting, by members of the Company holding not less than 95% of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

PROVIDED that where any members of the Company are entitled to vote only on some Resolution or Resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purpose of this Clause in respect of the former Resolution or Resolutions but not in respect of the latter.

Contents of Notice	86. (1) Every notice of a meeting of the Company shall specify the place, date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. (2) In every notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member of the Company.



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- Special Business 87. (1) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special with the exception of business relating to :-
- (i) the consideration of the Accounts, Balance Sheet and Profit and Loss Account and the Report of the Board of Directors and of the Auditors;
 - (ii) the declaration of dividend;
 - (iii) the appointment of Directors in the place of those retiring;
 - (iv) the appointment of and the fixing of the remuneration of the Auditors.
- (2) In the case of any other meeting all business shall be deemed special.
- (3) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular, the nature of the concern or interest, if any, therein of every Director and of the Managing Agents.
- Provided, however, that where any item of special business as aforesaid to be transacted at a Meeting of the Company relates to, or any other company, the extent of shareholding interest in that company of every Director and the Managing Agent of the Company shall also be set out in the explanatory statement, if the extent of such shareholding interest is not less than 20 percent of the paid-up share capital of that other company.
- (4) Where any item of business to be transacted at the meeting of the Company consists of according the approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the explanatory statement.
- Service of Notice 88. Notice of every meeting shall be given to every member of the Company in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act and by these Articles. It shall be given to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a pre-paid letter addressed to them by name, or by the title of the representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the explanatory statement need not be annexed to the notice as required by Section 173 of the said Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
- Notice to be given to the Auditors 89. Notice of every meeting of the Company shall be given to the Auditor or Auditors for the time being of the Company, in any manner authorised by Section 53 in the case of any member or members of the Company.
- As to omission to give Notice 90. The accidental omission to give notice of any meeting to or the non-receipt of any notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
- Resolution requiring Special Notice 91. (1) Where, by any provision contained in the Act or in these Articles special notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
- (2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by the Articles not less than seven days before the meeting.

PROCEEDINGS AT GENERAL MEETING

- Quorum at 92. Five members entitled to vote and present in person shall be a quorum for a General Meeting and no



General Meeting	business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the business.
Proceedings 93. when quorum not present	If within half an hour after the time appointed for the holding of a General Meeting a quorum be not present the meeting if convened on the requisition of shareholders shall be dissolved and in every other case shall stand adjourned to the same day in the next week at the same time and place or to such other day, time and place as the Directors may by notice to the shareholders appoint. If at such adjourned meeting a quorum be not present those members present shall be a quorum and may transact the business for which the meeting was called.
Business at 94. Adjourned meetings	No business shall be transacted at any adjourned meeting other than business which might have been transacted at the meeting from which the adjournment took place.



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- Chairman of Directors or Deputy Chairman, or Vice-Chairman or a Director to be Chairman of General Meeting 95. (1) The Chairman of the Board of Directors shall if willing, preside as Chairman at every General Meeting, whether Ordinary or Extraordinary, but if there be no such Chairman, or in case of his absence or refusal, the Deputy Chairman or Vice-Chairman of the Board of Directors shall, if willing, preside as Chairman at such meeting and if there be no such Deputy Chairman or Vice-Chairman, or in case of his absence or refusal, some one of the Directors present shall be chosen to be the Chairman of the meeting.
- In case of their absence or refusal a member may act (2) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman of the Board or by the Deputy Chairman or the Vice-Chairman or by a Director at the expiration of half an hour from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the chair, the members present shall choose one of their own number to be Chairman of the meeting.
- Business confined to election of Chairman whilst chair vacant 96. (1) No business shall be discussed at any General Meeting whilst the chair is vacant except the election of a Chairman.
- (2) If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles, the Chairman so elected on a show of hands exercising all the powers of the Chairman under the Act and these Articles.
- (3) If some other person is elected Chairman as a result of the poll he shall be Chairman for the rest of the meeting.
- Chairman with consent may adjourn meeting 97. The Chairman with the consent of any meeting at which a quorum is present, may adjourn any meeting from time to time and from place to place in Bombay.
- Notice to be given where a meeting adjourned for 30 days or more 98. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- What would be the evidence of the passing of resolution where poll not demanded 99. At any General Meeting, a resolution put to the vote of the meeting shall unless a poll is demanded, be decided on a show of hands. A declaration by the Chairman that on a show of hands a resolution has or has not been carried, or has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
- Demand for poll 100. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at anytime by the person or persons who make the demand.
- Time and manner of taking poll 101. A poll demanded on any question (other than the election of the Chairman or on a question of adjournment which shall be taken forthwith) shall be taken at such place in Bombay and at such time not being later than forty-eight hours from the time when the demand was made, as the Chairman may direct. Subject to the provisions of the Act the Chairman of the Meeting shall have power to regulate the manner in which a poll shall be taken and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
- Scrutineers at 102. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes



poll given on the poll and to report thereon to him. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause. Of the two scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Demand for poll not to prevent transaction of other business 103. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question of on which the poll has been demanded.



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Motion how
decided in case
of equality of
votes

104. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Reports,
Statements and
Registers to be
laid on the table

105. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and audited Statement of Accounts, Auditors' Report (if not already incorporated in the audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' and Managing Agents' holdings maintained under Section 307 of the Act. The Auditors' Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

Registration of
certain
Resolutions and
Agreements

106. A copy of each of the following resolution (together with a copy of the Statement of material facts annexed under Section 173 to the notice of the meeting in which such resolution has been passed) or agreements shall, within thirty days after the passing or making thereof be printed or typewritten and duly certified under the signature of an officer of the Company and filed with the Registrar:—
- (a) special resolutions;
 - (b) resolutions which have been agreed to by all the members of the Company but which, if not so agreed to, would not have been effective for their purposes unless they had been passed as special resolutions;
 - (c) resolutions of the Board or agreements relating to the appointment, re-appointment or the renewal of the appointment or variations of the terms of appointment of a Managing Director;
 - (d) any agreement relating to the appointment, re-appointment or renewal of the appointment of a managing agent or secretaries and treasurers for the Company, or varying the terms of any such agreement, executed by the Company;
 - (e) resolutions or agreements which have been agreed to by all the members of any class of shareholders but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by some particular majority or otherwise in some particular manner; and all resolutions or agreements which effectively bind all the members of any class of shareholders though not agreed to by all those members;
 - (f) resolutions requiring the Company to be wound up voluntarily passed in pursuance of sub-section (1) of Section 484 of the Act;
 - (g) resolutions passed by the Company according consent to the exercise by its Board of Directors of any of the powers under clause (a), clause (d) and clause (e) of sub-section (1) of Section 293 of the Act; and
 - (h) resolutions passed by the Company approving the appointment of sole selling agents under Section 294 of the Act.

A copy of every resolution which has the effect of altering the Articles of Association of the Company and a copy of every Agreement referred to in the above sub-clauses (c), (d) and (e) shall be embodied in and annexed to every copy of the Articles issued after the passing of the resolution or the making of the Agreement.

Minutes of
General
Meetings

107. The Company shall cause minutes of all proceedings of every General Meeting to be kept in accordance with the provisions of Section 193 of the Act, by making within thirty days of the conclusion of each such meeting entries thereof in books kept for that purpose with their pages consecutively numbered. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose. In no case the minutes of the proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise. Any such minutes kept as aforesaid shall be evidence of the proceedings recorded therein.

Inspection of
minute books of
General
Meetings

108. The book containing the aforesaid minutes shall be kept at the registered office and be open during business hours to the inspection of any member without charge subject to such reasonable restriction as the Company may by these Articles or in General Meeting impose in accordance with Section 196 of the Act. Any member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of the minutes on payment of such amount for such number of words required to be copied as may be prescribed by the Government from time to time.



Publication of
reports of
proceedings of
General
Meetings

109. No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles of Section 193 of the Act to be contained in the minutes of the proceedings of such meeting.



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VOTES OF MEMBERS

Votes may be given by proxy or attorney	110.	Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate also by a representative duly authorised under Section 187 of the Act and Article 112.
Number of votes to which Members entitled	111.	(1) Subject to the provisions of the Act and these Articles upon show of hands every member entitled to vote and present in person (including a body corporate present by a representative duly authorised in accordance with the provisions of Section 187 of the Act and Article 112) or by attorney or in the case of a body corporate by proxy shall have one vote. (2) Subject to the provisions of the Act and these Articles, upon a poll every member entitled to vote and present in person (including a body corporate present as aforesaid) or by attorney or by proxy shall be entitled to vote and shall have the following voting rights:— (a) In respect of every Ordinary Share (whether fully paid or partly paid) his voting right shall be in the same proportion as the capital paid up on such Ordinary Share bears to the total paid-up ordinary capital of the Company; (b) In respect of every fully paid Preference Share his voting right shall be equal to the voting right for a fully paid Ordinary Share. (c) In respect of every fully paid 'A' Preference Shares, his voting right shall be as provided in clause (b) of Article 6A(1).
No voting by proxy on show of hands	112.	No member not personally present shall be entitled to vote on a show of hands unless such member is present by attorney or unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act or by a proxy in which case such attorney or representative or proxy may vote on a show of hands as if he were a member of the Company.
Votes in respect of shares of deceased or insolvent members	113.	Any person entitled under the Transmission Clause (Article 54 hereof) to transfer any shares may vote at any General Meeting in respect thereof as if he was the registered holder of such shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
No member to vote unless calls are paid up	114.	Subject to the provisions of the Act no member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or attorney or as a proxy or attorney for any other member or be reckoned in whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member.
Rights of member to use his votes differently	115.	On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Proxies	116.	Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.
Appointment of proxy	117.	Every proxy shall be appointed by an instrument in writing signed by the appointor or his attorney duly authorised in writing, or, if the appointor is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
Deposit of instrument of appointment	118.	(1) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the office of the Company not less than forty-eight hours before the time of holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution except in the case of adjournment of any meeting first held previously to the expiration of such time. An attorney shall not be entitled to vote unless the power of attorney or other instrument appointing him or



notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote or is deposited at the office of the Company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may by notice in writing addressed to the member or the attorney given at least fourteen days before the meeting require him to produce the original power of attorney or authority and unless the same is thereon deposited with the Company not less than forty-eight hours before the time fixed for the meeting the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute discretion excuse such non-production and deposit.



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Inspection of proxies (2) Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days' notice in writing of the intention so to inspect is given to the Company.

Form of proxy 119. An instrument appointing a proxy shall be in the following form, or shall contain words to the following effect :-

TATA MOTORS LIMITED

I/We,

of

in the district of

being a member/members of the abovenamed Company hereby appoint

of

in the district of

or failing him,

of

in the district of

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting /Extraordinary General Meeting of the Company to be held on the

day of

and at any adjournment thereof.

Signed this

day of

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Custody of the instrument 120. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of member 121. A vote given in accordance with the terms of an instrument of proxy or a power of attorney shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the power of attorney as the case may be or of the power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death revocation or transfer shall have been received at the office of the Company before the meeting.

Time for objection to votes 122. Subject to the provisions of the Act and these Articles, no objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy or by any means hereby authorised and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of validity of any vote 123. Subject to the provisions of the Act and these Articles, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting, and subject as aforesaid the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

DIRECTORS

Number of Directors 124. Until otherwise determined by a General Meeting, the number of Directors shall not be less than 3 or more than 15.

First Directors 125. The First Directors of the Company were :-

- (1) MR. JEHANGIR RATANJI DADABHOY TATA, (Chairman and Special Director).
- (2) SIR PURSHOTAMDAS THAKURDAS, K.B.E., C.I.E. (Steel Director)
- (3) SIR CHUNILAL V. MEHTA, K.C.S.I.
- (4) SIR COWASJEE JEHANGIR, BART., C.B.E., K.C.I.E.
- (5) SIR HOMI MODY, K.B.E.
- (6) DR. JOHN MATTHAI, C.I.E.



Special Director 126. During such time as Tata Industries Private Ltd., or their successors in business or assigns shall be the Managing Agents of the Company, that Company or their successors in business or assigns shall have the right to appoint one person as a Director of the Company and to remove such person from office and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise of any such person so appointed, to appoint another Director in the vacant place. The Director appointed under this Article is herein referred to as "Special Director" and the term "Special Director" means the Director for the time being in office under this Article. The Special Director shall not be liable to retire by rotation or subject to the provisions of the Act be removed from office except by Tata Industries Private Ltd., or its successors in business or assigns as aforesaid. The Special Director shall not be bound to hold any qualification shares.



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- Steel Director 127. The Tata Iron and Steel Co. Ltd., or their successors in business or assigns shall have the right to appoint one person as a Director of the Company and to remove such person from office and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise of any such person so appointed, to appoint another Director in the vacant place. The Director appointed under this Article is herein referred to as "Steel Director" and the term "Steel Director" means the Director for the time being in office under this Article. The Steel Director shall not be liable to retire by rotation or subject to the provisions of the Act be removed from office except by the Tata Iron and Steel Co. Ltd., or their successors in business or assigns. The Steel Director shall not be bound to hold any qualification shares.
- ICICI Director 127A. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited out of any loan granted by the said Corporation to the Company, the said Corporation shall have a right from time to time to appoint nominee acceptable to the Board of Directors of the Company as a Director on the Board of the Company (hereinafter described as 'ICICI Director') and to remove from such office any person so appointed and to appoint any other person in his place;
- The Board of Directors of the Company shall have no power to remove from office the ICICI Director;
- The ICICI Director shall not be required to hold any share qualification in the Company nor shall be liable to retirement by rotation. Subject as aforesaid, the ICICI Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- Financial Institutions' Directors 127B. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys by way of loans/private placed debentures remain owing by the Company to the Industrial Development Bank of India, Industrial Finance Corporation of India, Life Insurance Corporation of India, Unit Trust of India and General Insurance Corporation of India and its subsidiaries (hereinafter cumulatively referred to as the financial institutions), the financial institutions shall jointly have a right to appoint two nominees as directors on the Board of the Company (hereinafter described as Financial Institutions' Directors).
- The Directors so appointed will not be required to hold qualification shares and they will not be liable to retire by rotation. The financial institutions may at any time and from time to time remove the nominee or nominees appointed by them and on a vacancy being caused in such office from any cause, whether by resignation, removal or otherwise, appoint another or others in his/their place. Such appointment or removal shall be by notice in writing to the Company. The Board of Directors of the Company shall have no power to remove such nominee or nominees from office. Each such nominee shall be entitled to the same rights, privileges and obligations as any other director of the Company, and shall also be entitled to attend any general meeting of the Company. The Company shall pay to such directors normal fees and expenses to which the other directors are entitled. The Company shall also pay or reimburse any expenses that may be incurred by financial institutions or such directors in connection with their appointment. Such directors as well as financial institutions shall be entitled to receive all notices and other communications (including agenda) relating to meetings of the Board and its Committees and general meetings of the Company and the minutes of all such meetings.
- Debenture Director 128. Notwithstanding anything to the contrary contained in the Articles, so long as any Debentures issued by the Company remain outstanding the holders of such debentures shall in accordance with the provisions of the Trust Deed securing such Debentures have a right to appoint and nominate from time to time any person or persons as a Director or Directors on the Board of the Company and to remove and re-appoint any person or persons in his or their place or places. A Director so appointed under this Article is herein referred to as "the Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. The Board of Directors of the Company shall have no power to remove from office the Debenture Director. The Debenture Director shall have all the rights and privileges as any other Director of the Company other than a Managing or Wholetime Director.
- Debenture Director not bound to hold qualification shares 129. The Debenture Director shall not be bound to hold any qualification shares nor shall he be liable to retirement by rotation subject however to the provisions of the Trust Deed securing such Debentures.



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Appointment of 130. The Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter Alternate Director) during his absence for a period of not less than three months from the State of Maharashtra and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the State of Maharashtra. If the term of office of the original Director is determined before he so returns to the State of Maharashtra, any provision in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the original Director and not to the Alternate Director.

Casual 131. Subject to the provisions of Article 133 and Sections 261, 262(2) and 284(6) and other applicable Vacancy provisions (if any) of the Act, any casual vacancy occurring in the office of a Director whose period of office is liable to determination by retirement by rotation may be filled up by the Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date up to which the Director in whose place he is appointed would have held office, if the vacancy had not occurred.

Appointment of 132. Subject to the provisions of Article 133 and Sections 260, 261 and 284(6) and other applicable provisions Additional Directors (if any) of the Act, the Directors shall have powers at any time and from time to time to appoint a person as an Additional Director. The Additional Director shall retire from office at the next following Annual General Meeting, but shall be eligible for re-election.

Certain persons 133. (1) So long as the Company has a Managing Agent and such Managing Agent is authorised by the Articles or not to be appointed Directors except by Special Resolution by an Agreement to appoint a Director to the Board, none of the following persons shall be appointed as a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation or to fill a casual vacancy in the office of a Director under Section 262, or as an Additional Director under Section 260, or as an Alternate Director under Section 313, except by a Special Resolution passed by the Company:—

- (a) any person who is an officer or employee of, or who holds any office or place of profit under the Company or any subsidiary thereof; Provided that nothing in this sub-clause shall apply to a Director of the Company or its subsidiary or to the holder of any office or place of profit under the Company or its subsidiary which may be held by a Director of the Company by virtue of Article 143 or Section 314 of the Act;
- (b) where any office or place of profit which would disqualify a person under sub-clause (a) above read with the proviso thereto is held by any firm, any partner in, or employee of the firm;
- (c) where any such office or place of profit is held by a private company; any member, officer or employee of such company;
- (d) where any such office or place of profit is held by a body corporate any officer or employee of such body corporate;
- (e) any person who is entitled by virtue of any agreement to any share of, or any amount out of, the remuneration received by the Managing Agents;
- (f) any associate or officer or employee of the Managing Agents; or
- (g) any person who is an officer or employee of, or who holds any office or place of profit under, any body corporate under the management of the Managing Agents or any subsidiary of such body corporate; Provided that nothing in this sub-clause shall apply to the Director of such body corporate or subsidiary or to the holder of any office or place of profit under such body corporate or subsidiary which may be held by a Director of such body corporate by virtue of Article 143 and Section 314 of the Act.

(2) Special notice shall be given of any resolution appointing or approving the appointment of any person referred to in clause 1(a) to (g) of this Article as a Director or an Additional or Alternate Director of the Company or fill a casual vacancy in the office of a Director. The notice given to the Company of any such resolution and the notice thereof given by the Company to its members shall set out the reasons which make the resolution necessary.

Share 134. A Director of the Company shall not be required to hold qualification shares.
Qualification of



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Page 2 of 2

Directors

- Remuneration of Directors 135 (1) The maximum remuneration of a Director for his services shall be such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors attended by him. Subject to the limitation provided by the Act, such additional remuneration as may be fixed by the Directors, may be paid to any one or more of the Directors for services rendered by him or them; and the Directors shall be paid further remuneration (if any) as the Company in General Meeting shall from time to time determine, and such further remuneration shall be divided among the Directors in such proportion and manner as the Directors may from time to time determine and in default of such determination within the year equally. Such remuneration and/or additional remuneration may be by way of salary or commission on dividends, profits or turnover or by participation in profits or by any or all of those modes:



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Provided that any commission on dividends, profits or turnover or any participation in profits of the Company shall not exceed in the aggregate the equivalent of 3 per cent of the net profits of the Company as defined in Section 349 of the Act. Nothing in this Article shall restrict the right of the Directors as regards the distribution of general bonus to all members of the staff.

- Directors not bona fide residents of the place where meetings held may receive extra compensation and remuneration of committee (2) The Directors may subject as aforesaid allow and pay to any Director who is not a bona fide resident of the place where a meeting is to be held who shall come to such place for the purpose of attending a meeting such sum as the Directors may consider fair compensation for travelling expenses, in addition to his fee for attending such meeting as above specified, and the Directors may from time to time fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Directors in terms of these Articles, and may pay the same.
- Special remuneration to Director on Company's business or otherwise performing extra services (3) If any Director, being willing, shall be called upon to perform extra services, or to make any special exertions in going or residing out or otherwise for any of the purposes of the Company, the Company shall subject as aforesaid remunerate such Director either by a fixed sum or by a percentage of profits not exceeding 3 per cent of the net profits of the Company as defined in Section 349 of the Act or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.
- Directors may act notwithstanding vacancy 136. The continuing Directors may act notwithstanding any vacancy in their body; but so that subject to the provisions of the Act if the number falls below the minimum number above fixed and notwithstanding the absence of a quorum, the Directors may act for the purpose of filling up vacancies or for summoning a General Meeting of the Company or in emergencies.
- When office of Director to become vacant 137. (1) Subject to the provisions of Section 283(2) of the Act the office of a Director shall become vacant if:—
- (a) he fails to obtain within the time specified in Article 134 and sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification if any, required of him by these Articles; or
 - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (c) he applies to be adjudicated an insolvent, or
 - (d) he is adjudged an insolvent; or
 - (e) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the Official Gazette; removed the disqualification incurred by such failure; or
 - (f) any office or place of profit under the Company or any subsidiary thereof is held by him in contravention of Section 314(1) of the Act; or
 - (g) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board of Directors; or
 - (h) he becomes disqualified by an Order of the Court under Section 203 of the Act; or
 - (i) he is removed in pursuance of Article 157 or Section 284 of the Act; or
 - (j) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Article 144 or Section 295 of the Act; or



- (k) he acts in contravention of Section 299 of the Act and by virtue of such contravention shall have been deemed to have vacated office; or
- (l) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereto imprisonment for not less than six months; or
- (m) he having been appointed a Director by virtue of his holding any office or other employment in the Company, or as a nominee of the Managing Agents of the Company, ceases to hold such office or other employment in the Company or, as the case may be, the Managing Agency comes to an end.

Resignation

- (2) Subject to the provisions of the Act a Director may resign his office at any time by notice in writing addressed to the Company or to the Board of Directors.



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Directors may contract with Company	138(1). Subject to the provisions of Clauses (2), (3), (4) and (5) of this Article and the restrictions imposed by Article 145 and the other Articles hereof and the Act and the observance and fulfilment thereof, no Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by Clauses (2), (3) and (4) hereof.
Disclosure of interest	(2) Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided by Clause (4) hereof. (3) (a) In the case of a proposed contract or arrangement, the disclosure required to be made by Director under Clause (2) above, shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of the meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested. (b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
General Notice of interest	(4) For the purpose of this Article, a general notice given to the Board of Directors by a Director to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice be entered into which that body corporate or firm shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for further periods of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. The general notice aforesaid and any renewal thereof shall be given at a meeting of the Board of Directors or the Director concerned shall take reasonable steps to secure that it is brought up and read at the first meeting, of the Board after it is given. (5) Nothing in clauses (2), (3) and (4) hereof shall apply to any contract or arrangement entered into or to be entered into between the Company and any other Company where any one of the Directors of the Company or two or more of them together holds or hold not more than 2 per cent of the paid-up share capital in the other company.
Interested Director not to participate or vote in Board's proceedings	(6) An interested Director shall not take any part in the discussions of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way, directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussions or vote; and if he does vote, his vote shall be void; Provided that this prohibition shall not apply (i) to any contract of indemnity against any loss which the Director or any one or more of them may suffer by reason of becoming or being sureties or a surety for the Company; (ii) to any contract or arrangement entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely in his being a director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof he having been nominated as such director by the Company or in his being a member holding not more than two percent of the paid-up capital of such company. (iii) in case a notification is issued under sub-section (3) of Section 300 of the Act to the extent specified in the notification.
Register of contracts in	139(1) The Company shall keep one or more Registers in which shall be entered separately particulars of all contracts or arrangements to which Section 297 or Section 299 of the Act applies, including the following



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which Directors
are interested

particulars to the extent they are applicable in each case, namely :-

- (a) the date of the contract or arrangement;
 - (b) the names of the parties thereto;
 - (c) the principal terms and conditions thereof;
 - (d) in the case of a contract to which Section 297 of the Act applies or in the case of a contract or arrangement to which sub-section (2) of Section 299 of the Act applies, the date on which it was placed before the Board;
 - (e) the names of the Directors voting for and against the contract or arrangement and the names of those remaining neutral.
- (2) Particulars of every such contract or arrangement to which Section 297 of the Act or, as the case may be, sub-section (2) of Section 299 of the Act applies, shall be entered in the relevant Register aforesaid:-
- (a) In the case of a contract or arrangement requiring the Board's approval, within seven days (exclusive of public holidays) of the meeting of the Board at which the contract or arrangement is approved;



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- (b) In the case of any contract or arrangement, within seven days of the receipt at the registered office of the Company of the particulars of such other contract or arrangement or within thirty days of the date of such other contract or arrangement, whichever is later;

and the Register shall be placed before the next meeting of the Board and shall then be signed by all the Directors present at the meeting.

- (3) The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the firms and bodies corporate of which notice has been given by him under sub-section (3) of Section 299 of the Act.
- (4) Nothing in the foregoing Clauses (1), (2) and (3) shall apply to any contract or arrangement for the sale, purchase or supply of any goods, materials and services, if the value of such goods and materials or the cost of such services does not exceed one thousand rupees in the aggregate in any year.

Directors may be directors of companies promoted by the Company	140.	A Director of the Company may be, or become a director of any company promoted by the Company, or in which it may be interested as a vendor, member or otherwise, and subject to the provisions of the Act and these Articles, no such Director shall be accountable for any benefit received as director or member of such company.
Disclosure by Director of appointments	141.	A Director shall within twenty days of his appointment to or relinquishment of his office as Director, Managing Agent, Managing Director, Manager or Secretary, in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under Section 303(1) of the Act. The Company shall enter the aforesaid particulars in a Register kept for that purpose in conformity with Section 303 of the Act.
Disclosure of holdings	142.	A Director shall give notice in writing to the Company of his holding of shares and debentures of the Company or its subsidiary, together with such particulars as may be necessary to enable the Company to comply with the provisions of Section 307. If such notice be not given at a meeting of the Board, the Director shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given. The Company shall enter particulars of a Director's holding of shares and debentures as aforesaid in a Register kept for that purpose in conformity with Section 307 of the Act.
Directors not to hold office or place of profit	143.	DELETED
Loans to Directors	144.	The Company shall observe the restrictions imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 295 and other applicable provisions (if any) of the Act.
Board Resolutions at a meeting necessary for certain contracts	145.(1)	Except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director, shall not enter into any contract with the Company (a) for the sale, purchase or supply of any goods, materials or services, or (b) for underwriting the subscription of any shares in, or debentures of, the Company.
- (2) Nothing contained in the foregoing Clause (1) shall affect :—
- (a) The purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
- (b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company as the case may be, regularly trades or does business;

Provided that such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.



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- (3) Notwithstanding anything contained in the foregoing Clauses (1) and (2), a Director, relative, firm, partner or private company as aforesaid may, in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods materials or services even if the value of such goods or cost of such services exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract; but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (4) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board required under Clause (1) above shall not be deemed to have been given within the meaning of that Clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If consent is not accorded to any contract under this Article anything done in pursuance of the contract shall be voidable at the option of the Board.



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- (6) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

RETIREMENT AND ROTATION OF DIRECTORS

Retirement by rotation	146.(1) Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and save and otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meeting.
	(2) The remaining directors shall be appointed in accordance with the provisions of these Articles and the Act.
Directors to retire annually how determined	147. At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.
Ascertainment of Directors retiring by rotation	148. Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the meeting at which his re-appointment is decided or his successor is appointed.
Eligibility for re-appointment	149. Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.
Company to fill up vacancy	150. Subject to the provisions of Section 261 and other applicable provisions (if any) of the Act and these Articles, the Company at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing the retiring Director or one other person thereto.
Provisions in default of appointment	151.(1) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place; or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place. (2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless – (a) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost; (b) the retiring director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed; (c) he is not qualified or is disqualified for appointment; (d) a resolution, whether special or ordinary, is required for the appointment or re-appointment in virtue of any provisions of the Act; (e) Article 153 or sub-section (2) of Section 263 of the Act is applicable to the case.
Notice of candidature for office of Director	152.(1) Subject to the provisions of the Act and these Articles any person who is not a retiring Director shall be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has at least fourteen clear days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidature for that office as the case may be, alongwith a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director. (2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, his consent in writing to act as



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a Director, if appointed.

- (3) A person other than –
- (a) a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or
 - (b) an additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act appointed as a Director or re-appointed as an additional or alternate Director, immediately on the expiry of his term of office or
 - (c) a person named as a Director of the Company under its Articles as first registered shall not act as a Director of the Company unless he has within thirty days of his appointment, signed and filed with the Registrar his consent in writing to act as such Director.



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Individual resolution for Directors' appointments 153. At a General meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved; Provided that where a resolution so moved is passed no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.

Age Limit for Directors 154 **DELETED**

155 **DELETED**

156 **DELETED**

REMOVAL OF DIRECTORS

- Removal of Directors 157
- (1) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director before the expiry of his period of office.
 - (2) Special notice as provided by Article 91 or Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
 - (3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
 - (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall, unless the representations are received by it too late for it to do so (a) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and (b) send a copy of the representations to every member of the Company, and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; Provided that copies of the representations need not be sent or read out at the meeting if, on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Clause are being abused to secure needless publicity for defamatory matter.
 - (5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 131 or Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed; Provided special notice of the intended appointment has been given under Clause (2) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
 - (6) If the vacancy is not filled under Clause (5) hereof it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable, of Article 131 or Section 262 of the Act, and all the provisions of that Section shall apply accordingly.
 - (7) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
 - (8) Nothing contained in this Article shall be taken :-
 - (a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as a Director; or
 - (b) as derogating from any power to remove a Director which may exist apart from this Article.

INCREASE OR REDUCTION IN THE NUMBER OF DIRECTORS AND ALTERATION IN THEIR QUALIFICATIONS



The Company may increase or reduce number of Directors and alter their qualifications 158. Subject to the provisions of the Act and these Articles, the Company may by Ordinary Resolution from time to time increase or reduce the number of Directors and alter their qualification; Provided that any increase in the number of Directors except an increase which is within the permissible maximum of 16 (excluding the Special Director, Steel Director and Debenture Director, if any) under the Articles in force as on the 21st day of July, 1951 shall not have any effect unless approved by the Central Government and shall become void if and so far as it is disapproved by that Government.

PROCEEDINGS OF BOARD OF DIRECTORS

Meetings of Directors 159. The Directors may meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms herein mentioned could not be held for want of a quorum.



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- When meetings to be convened 160. A Director or the Managing Agents may at any time and the Managing Agents upon the request of a Director, shall convene a meeting of the Directors. Notice of every meeting of the Directors of the Company shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.
- Quorum 161. Subject to the provisions of Section 287 and other applicable provisions (if any) of the Act the quorum for a meeting of the Board of Directors shall be one-third of the total strength of the Board of Directors (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher; Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested and are present at the meeting, not being less than two shall be the quorum during such time. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Act or the Articles of the Company, for the time being vested in or exercisable by the Board of Directors generally.
- Adjournment of meeting for want of quorum 162. If a meeting of the Board cannot be held for want of a quorum, then the meeting shall stand adjourned to such day, time and place as the Director or Directors present at the meeting may fix.
- Appointment of Chairman, Deputy Chairman and Vice-Chairman 163.(1) The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office.
- (2) The Directors may appoint a Deputy Chairman or a Vice Chairman of the Board of Directors to preside at meetings of the Directors at which the Chairman shall not be present.
- Who to preside at meetings of the Board 164. All meetings of the Directors shall be presided over by the Chairman if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same the Deputy Chairman or the Vice-Chairman, if present shall preside and if he be not present at such time then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.
- Question at Board Meeting how decided (casting vote) 165. Questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman of the meeting (whether the Chairman, Deputy Chairman or Vice-Chairman appointed by virtue of these Articles or the Director presiding at such meeting) shall have a second or casting vote.
- Directors may appoint Committees 166. Subject to the provisions of Section 292 of the Act and Article 174, the Directors may delegate any of their powers to Committees consisting of such member or members of their body as they think fit and they may from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes; but every Committee so formed shall, in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations, and in fulfillment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.
- Meetings of Committees how to be governed 167. The meetings and proceedings of any such Committee constituting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
- Resolution by Circular 168.(1) A resolution passed by circular, without a meeting of the Board or a Committee of the Board appointed under Article 166 shall subject to the provisions of Clause (2) hereof and the Act be as valid and effectual as a resolution duly passed at a meeting of the Directors or of a Committee duly called and held.



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Page 2 of 2

- (2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum for a meeting of the Board of Committee as the case may be), and to all other Directors or members of the Committee at their usual address in India and has been approved by such of the Directors or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.
- (3) Subject to the provisions of the Act a statement signed by the Managing Agents as the Managing Director or other person authorised in that behalf by the Directors certifying the absence from India of any Director shall for the purpose of this Article be conclusive.



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- Acts of Board or Committees valid notwithstanding defect in appointment 169. Subject to the provisions of the Act and these Articles, all acts done by any meeting of the Directors or by a Committee of Directors or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid, or that they or any of them were or was disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
- Minutes of proceedings of Board of Directors and Committees to be kept 170. The Company shall cause minutes of the meetings of the Board of Directors and of Committees of the Board to be duly entered in a book or books provided for the purpose in accordance with the relevant provisions of Section 193 of the Act. The minutes shall contain a fair and correct summary of the proceedings at the meeting including the following -
- (i) the names of the Directors present at the meetings of the Board of Directors or of any Committee of the Board;
 - (ii) all orders made by the Board of Directors or Committee of the Board and all appointments of officers and Committees of Directors;
 - (iii) all resolutions and proceedings of meetings of the Board of Directors and the Committees of the Board;
 - (iv) in the case of each resolution passed at a meeting of the Board of Directors or Committees of the Board, the names of Directors, if any, dissenting from or not concurring in the resolutions.
- By whom minutes to be signed and the effect of minutes recorded 171. All such minutes shall be signed by the Chairman of the meeting as recorded, or by the person who shall preside as Chairman at the next succeeding meeting and all minutes purported to be so signed shall for all purposes whatsoever be prima facie evidence of the actual passing of the resolutions recorded and the actual and regular transaction or occurrence of the proceedings so recorded and of the regularity of the meeting at which the same shall appear to have taken place.

POWERS OF DIRECTORS

- General powers of the Directors 172(1) Subject to the provisions of the Act and these Articles, the Board of Directors of the Company shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do; Provided that the Board shall not exercise any power or do any act or things which is directed or required, whether by the Act or any other Act or by the Memorandum or these Articles or otherwise, to be exercised or done by the Company in General Meeting; Provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting.
- (2) No regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
- Consent of Company necessary for the exercise of certain powers 173. The Board of Directors shall not except with the consent of the Company in General Meetings :-
- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
 - (b) remit, or give time for the repayment of, any debt due by a Director;
 - (c) invest otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition after 1st April, 1956 of any such undertaking as is referred to in sub-clauses (a) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
 - (d) borrow moneys in excess of the limits provided in Article 74;
 - (e) contribute to charitable and other funds not directly relating to the business of the Company or the



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welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty-five thousand rupees or five per cent of its average net profits as determined in accordance with the Act during the three financial years immediately preceding, whichever is greater.

Certain powers
to be exercised
by the Board
only at meeting

174.(1) Without derogating from the powers vested in the Board of Directors under these Articles the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board:-

- (a) the power to make calls on shareholders in respect of money unpaid on their shares;
- (b) the power to issue debentures;
- (c) the power to borrow moneys otherwise than on debentures;
- (d) the power to invest the funds of the Company;
- (e) the power to make loans;

provided that the Board may by resolution passed at a meeting delegate to any Committee of Directors or the Managing Director or the Managing Agents or any other principal officers of the Company or to a principal officer of any of its branch offices, the powers specified in (c), (d) and (e) of this clause to the extent specified below on such conditions as the Board may prescribe.



- (2) Every resolution delegating the power referred to in Clause (1)(c) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegates; Provided, however, that where the Company has an arrangement with its bankers for the borrowing of moneys by way of overdraft, cash credit or otherwise the actual day to day operation of the overdraft, cash credit or other accounts by means of which the arrangements is made is availed of shall not require the sanction of the Board.
- (3) Every resolution delegating the power referred to in Clause (1)(d) shall specify the total amount upto which the funds may be invested and the nature of the investments which may be made by the delegates.
- (4) Every resolution delegating the power referred to in Clause (1)(e) shall specify the total amount upto which loans may be made by the delegates, the purposes for which the loans may be made, and the maximum amount of loans which may be made for each such purpose in individual cases.
- (5) Nothing in this Article contained shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in (a), (b), (c), (d) and (e) of Clause (1) above.

**Certain powers
of the Board**

175. Without prejudice to the powers conferred by Articles 74 and 172 and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding two Articles, it is hereby declared that the Directors shall have the following powers, that is to say power :-
 - (1) to pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act and Articles 16 and 186;
 - (2) subject to the provisions of the Act and these Articles to purchase or otherwise acquire for the Company any property rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfied;
 - (3) at their discretion and subject to the provisions of the Act, to pay for any property or rights acquired by or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures, debenture-stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture-stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
 - (4) To insure and keep insured against loss or damages by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores produce and other movable property of the Company either separately or conjointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;
 - (5) to open accounts with any bank or bankers or with any company firm or individual and to pay money into and draw money from any such account from time to time as the Directors may think fit;
 - (6) to secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they think fit;
 - (7) to attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment of services rendered to the Company, such conditions as to the transfer thereof as they think fit;
 - (8) to accept from any member on such terms and conditions as shall be agreed a surrender of his shares or stock or any part thereof, so far as may be permissible by law;
 - (9) to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purposes and to execute and do all such acts and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees;
 - (10) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for



payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

- (11) to refer any claim or demand by or against the Company or any differences to arbitration and observe and perform any awards made thereon;
- (12) to act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (13) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (14) to determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes;



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- (15) subject to the provisions of the Act and these Articles to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof upon such security and other investments (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments, provided that save as permitted by Section 49 of the Act, all investments shall be made and held in Company's own name;
- (16) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, covenants, provisions and agreements as shall be agreed on;
- (17) subject to the provisions of the Act to give to any Director, officer or other person employed by the Company an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as a part of the working expenses of the Company except that a share of profits shall not, unless specifically provided by the terms of the Agreement appointing the Managing Agents be treated as a working expense or a deduction from revenue in arriving at the profits or net profits for calculation of the commission to be payable to the Managing Agents; Provided the aggregate commission or share of profits payable to the Directors or to the officers of the Company otherwise than to the Managing Agents shall not exceed in the aggregate a sum equivalent to 3 per cent of the net profits of the Company as defined in Section 349 of the Act; Provided however that this limitation or restriction on the percentage of net profits shall not be applicable to any distribution of a general bonus to employees of the Company.
- (18) to provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or the dependants or connections of such persons, by building or contributing to the building of houses, dwellings or quarters or by grants of money, pensions, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing toward places of instruction and recreation, hospitals and dispensaries, medical and other attendance as the Directors shall think fit; and to subscribe or contribute or otherwise to assist, support, endow or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions, societies, clubs, funds or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation, or of public and general utility or otherwise; Provided that when contributing (a) to any political party or (b) for any political purpose to any individual or body, the provisions of Section 293A of the Act shall be complied with;
- (19) before recommending any dividend to set aside out of the profits of the Company such sums as they may think proper for depreciation, to a Depreciation Fund, General Reserve, Reserve, Reserve Fund, Sinking Fund or any special or other fund or funds or account or accounts to meet contingencies to repay redeemable Preference shares, debentures or debenture-stock and for special dividends, and for equalising dividends, and for repairing, improving, extending and maintaining any part of the property of the Company, and/or for such other purposes (including the purposes referred to in the preceding Clause) as the Directors may, in their absolute discretion think conducive to the interests of the Company, and to invest the several sums so set aside or so much thereof as require to be invested upon such investments (subject to the restrictions imposed by the Act) as the Directors may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve, General Reserve or the Reserve Fund into such special funds as the Directors may think fit, and to employ the assets constituting all or any of the above fund or accounts, including the Depreciation Fund, in the business of the Company or in the purchase or repayments of redeemable Preference shares, debentures or debenture-stock and that without being bound to keep the same separate from the other assets, and without being bound to pay or allow interest on the same, with power however to the Directors at their discretion to pay or allow to the credit of such fund interests at such rates as the Directors may think proper, not exceeding 9 per cent per annum;
- (20) without thereby prejudicing the appointment of the Managing Agents and the position, rights and powers of such Managing Agents by virtue of Articles 180 to 185 (inclusive) and by virtue of any agreement



entered into between them and the Company, to appoint and at their discretion remove or suspend such managers, secretaries, officers, clerks, agents and employees for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit. And also without prejudice as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in Clauses (22), (23), (24) and (25) following shall be without prejudice to the general powers conferred by this Clause;

- (21) to comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with;



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- (22) from time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Boards, or any managers or agents, and to fix their remuneration;
- (23) subject to the provisions of Section 292 of the Act and Article 174 from time to time, and at any time to delegate to any such Local Board, or any member or members thereof or any managers or agents so appointed any of the powers, authorities and discretions for the time being vested in the Board of Directors, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation under Clause (22) of this Article may be made on such terms and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annul or vary any such delegation;
- (24) at any time and from time to time by power of attorney to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the powers which may be exercised only by the Board of Directors under the Act or these Articles) and for such period and subject to such conditions as the Board of Directors may from time to time think fit; and any such appointment may (if the Board of Directors think fit) be made in favour of the members or any of the members of any Local Board, established as aforesaid or in favour of any company, or the members, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board of Directors may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;
- (25) generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretions vested in the Directors to any person, firm, company or fluctuating body of persons as aforesaid;
- (26) subject to the provisions of the Act and these Articles for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company, enter into all such negotiation, and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

REGISTERS, BOOKS AND DOCUMENTSRegisters,
Books and
Documents

176. (1) The Company shall maintain registers, books and documents as required by the Act or these Articles including the following namely :-
- (a) Register of Investments not held in Company's name according to Section 49 of the Act.
 - (b) Register of Mortgages, Debentures and Charges according to Section 143 of the Act.
 - (c) Register of Members and an Index of Members according to Sections 150 and 151 of the Act.
 - (d) Register and Index of Debentureholders according to Section 152 of the Act.
 - (e) Register of Contracts, Companies and Firms in which Directors are interested according to Section 301 of the Act.
 - (f) Register of Directors, Managing Directors and Managing Agents according to Section 303 of the Act.
 - (g) Register of Directors' Shareholdings and Debentureholdings according to Section 307 of the Act.
 - (h) Register of Appointment of Managing Agents or associate as selling agent of the Company, according to Section 356 of the Act.
 - (i) Register of particulars of every Contract under Section 359(1) of the Act.
 - (j) Register of particulars of all contracts between a Managing Agent or associate for the sale or purchase of goods or supply of services according to Section 360 of the Act.



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- (k) Register of Investments in shares or debentures of bodies corporate according to Section 372 of the Act.
 - (l) Books of Account in accordance with the provisions of Section 209 of the Act.
 - (m) Copies of Instruments creating any charge requiring registration according to Section 136 of the Act.
 - (n) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of Certificates required under Section 161.
 - (o) Register of Renewed and Duplicate Certificates according to Rule 7(2) of the Companies (Issue of Share Certificates) Rules, 1960.
- (2) The said registers, books and accounts shall be maintained in conformity with the applicable provisions of the Act and shall be kept open for inspection by such persons as may be entitled thereto respectively, under the Act, on such days and during such business hours as may, in that behalf, be determined in accordance with the provisions of the Act or these Articles and extracts shall be supplied to the persons entitled thereto in accordance with the provisions of the Act or these Articles.



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- (3) The Company may keep a Foreign Register of Members in accordance with Sections 157 and 158 of the Act. Subject to the provisions of Sections 157 and 158 the Directors may from time to time make such provisions as they may think fit in respect of the keeping of such Branch Registers of Members and/or Debentureholders.

THE SEAL

- Seal 177. The Directors shall provide a Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given.
- Deeds how 178. Every Deed or other instrument to which the Seal of the Company is required to be affixed, shall unless the executed same is executed by a duly constituted attorney of the Company, be signed by two Directors and countersigned by the Managing Agents or by two Directors alone in case the same is an instrument in favour of the Managing Agents or in case the Managing Agents are a party to it; Provided nevertheless that certificates of debentures may be signed by one Director only or by an attorney of the Company duly authorised in this behalf and countersigned by the Managing Agents and certificates of shares shall be signed as provided in Article 17(a).
- Seals abroad 179. The Company may exercise the powers conferred by Section 50 of the Act and such powers shall accordingly be vested in the Directors.

MANAGING AGENTS

- Appointment of 180. Subject to the provisions of the Act, Tata Industries Private Limited, their successors in business and Managing Agents assigns shall be the Managing Agents of the Company from the 16th day of August 1960 for the period and upon the terms, provisions and conditions set out in the Agreement dated the twelfth day of August one thousand nine hundred and sixty approved at the Annual General Meeting of the Company held on 19th August, 1959. The said Agreement may (subject to the provisions of the Act) be modified from time to time in such manner as may be mutually agreed upon between the Managing Agents and the Company.
- Disclosure to 181. Whenever the Company proposes to enter into a contract for the appointment of a Managing Agent in members in case of contract appointing a Managing Agent which contract any Director of the Company is concerned or interested or proposes to vary any such contract already in existence in which a Director is concerned or interested, the Company shall send an abstract of the terms of such contract or variation, as the case may be, together with a memorandum clearly specifying the nature of the concern or interest of the Director in such contract or variation, to every member of the Company in sufficient time before the general meeting of the Company at which the proposal is to be considered and the Company shall comply with the provisions of Section 302 and other applicable provisions (if any) of the Act relating to the appointment of such Managing Agent.
- General 182. (1) The Managing Agents, subject to the provisions of the Act and these Articles, shall be entitled to the Management in hands of Managing Agents management of the whole of the affairs of the Company, and they shall exercise their powers as such Managing Agents including the powers conferred on them by the Managing Agency Agreement dated 12th August, 1960 subject to the superintendence, control and direction of the Board of Directors of the Company and subject also to the restrictions contained in Schedule VII of the Act and Article 184.
- (2) The Managing Agents shall have the power from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.
- Managing 183. Subject to the provisions of the Act and these Articles, the Managing Agents shall be authorised to sub-Agents to have power to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them, and in particular from time to time to provide, by the appointment of an attorney or attorneys, for the management and transaction of the affairs of the Company in any specified locality, in such manner as they may think fit.
- Board's 184. The Managing Agents shall not exercise any of the following powers except after obtaining the previous approval of the Board of Directors of the Company in regard to each such exercise :-
- (a) Power to appoint as an officer or member of the staff of the Company, payable from its funds (as distinguished from the funds of the Managing Agents or from out of any remuneration payable to the Managing Agents by the Company), any person -



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Page 2 of 2

- (i) on a remuneration or scale of remuneration exceeding the limits laid down by the Board in this behalf;
or
- (ii) who is a relative of any director or member of the Managing Agents Company;
- (b) Power to purchase capital assets for the Company except where the purchase price is within the limits prescribed by the Board in this behalf;



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- (c) Power to sell the capital assets of the Company except, where the sale price is within the limits prescribed by the Board in this behalf;
- (d) Power to compound or sanction the extension of time for the satisfaction or payment of any claim or demand of the Company against (including any debt claimed to be due to it from) the Managing Agents or any associate of the Managing Agents, the term 'associate' to mean an associate as defined in Section 2(3) of the Companies Act, 1956; or
- (e) Power to compound any claim or demand made against the Company (including any debt claimed to be due from it) by the Managing Agents or any such associate of the Managing Agents as aforesaid.

Contracts
between
Managing
Agent or
associate and
Company for
the sale or
purchase of
goods or the
supply of
services, etc.

- 185(1) Any contract between the Company and its Managing Agent or as associate of the Managing Agent :-
- (a) for the sale, purchase or supply of any property movable or immovable, or for the supply or rendering of any service other than that of Managing Agent; or
 - (b) for the underwriting of any shares or debentures to be issued or sold by the Company; shall not be valid against the Company -
 - (i) Unless the contract has been approved by the Company by a special resolution passed by it; and
 - (ii) where the contract is for the supply or rendering of any service other than that of Managing Agent, unless further the contract has been approved by the Central Government, either before the date of the contract or at any time within three months next after that date.
- (2) The special resolution aforesaid shall -
- (a) set out the material terms of the contract proposed to be entered into, or entered into; and
 - (b) provide specifically that for any property supplied or sold, or any services supplied or rendered, by the Company, the Managing Agent or associate shall make payment to the Company within one month from the date of the supply or sale of the property, or the supply or rendering of the service, as the case may be.
- (3) Every such contract and all particulars relating thereto shall be entered in a separate register maintained by the Company for the purpose.
- (4) Nothing in sub-clause (a) of Clause (1) above shall affect any contract or contracts for the sale, purchase or supply of any property or the supply or rendering of any services, in which either the Company or the Managing Agent or associate, as the case may be, regularly trades or does business, provided that the value of such property or the cost of such services does not exceed five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.

MANAGING OR WHOLE-TIME DIRECTOR(S)

Power to
appoint
Managing or
Whole-time
Director(s)

- 185A. Subject to the provisions of the Act, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included a joint Managing Director) or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit, to manage the affairs and business of the Company as and when Tata Industries Private Limited cease to be the Managing Agents of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

What provisions
they shall be
subject to

- 185B. Subject to the provisions of the Act and of these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 146 but he shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall *ipso facto* and immediately cease to be a Managing Director or Whole-time Director if he ceases to hold the office of Director for any cause, provided that if at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors, as the Directors shall from time to time select, shall be liable to retirement by rotation in accordance with Article 146 to the intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

Remuneration

- 185C. The remuneration of a Managing Director or Whole-time Director (subject to Section 309 and other



of Managing or
Whole-time
Director(s)

applicable provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors and may be by way of fixed salary, or commission on profits of the Company or by participation in any such profits or by any or all of those modes. A Managing Director or Whole-time Director shall not receive or be paid any commission on sales or purchases made by or on behalf of the Company.



Powers and
duties of
Managing or
Whole-time
Director(s)

185D. Subject to the superintendence, control and direction of the Board of Directors, the day to day management of the Company shall be in the hands of the Director or Directors appointed under Article 185A, with power to the Directors to distribute such day to day management functions among such Directors, if more than one, in any manner as directed by the Board or to delegate such power of distribution to any one of them. The Directors may from time to time entrust to and confer upon a Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient and they may subject to the provisions of the Act and these Articles confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

INTEREST OUT OF CAPITAL

Payment of
interest out of
capital

186. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital, as is for the time being paid up, for the period, at the rate, and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.

DIVIDENDS

Dividend

187. The profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively;

Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall, unless the Directors otherwise determine, only entitle and shall be deemed always to have only entitled, the holder of such share to an apportioned amount of such dividend as from the date of payment.

Capital paid up
in advance at
interest not to
earn Dividend

188. Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

Dividends in
proportion to
amount paid up

189. The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.

The Company in
General
Meeting may
declare a
Dividend

190. The Company in General Meeting may subject to Section 205 of the Act declare a dividend to be paid to the members according to their respective rights and interests in the profits and subject to the provisions of the Act, may fix the time for payment. When a dividend has been so declared, the warrant in respect thereof shall be posted within forty-two days from the date of the declaration to the shareholders entitled to the payment of the same.

Power of
Directors to
limit Dividend

191. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Sections 205, 206 and 207 of the Act and no dividend shall carry interest as against the Company. The declarations of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim
Dividend

192. Subject to the provisions of the Act, the Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

Retention of
Dividends until
completion of
transfer under
Article 54

193. Subject to the provisions of the Act, the Directors may retain the dividends payable upon shares in respect of which any person is, under Article 54 hereof, entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.



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- No member to receive Dividend whilst indebted to the Company and Company's right of reimbursement thereout 194. Subject to the provisions of the Act no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons; and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
- Transfer of shares must be registered 195. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
- Dividends how remitted 196. Unless otherwise directed any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled, or in case of joint-holders to that one of them first named in the register in respect of the joint-holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.
- Unclaimed Dividend 197. Unclaimed dividends may be invested or otherwise used by the Directors for the benefit of the Company until claimed and all dividends unclaimed for 6 years after having been declared may be forfeited by the Directors for the benefit of the Company; Provided however the Directors may at any time annul such forfeiture and pay any such dividend.
- Dividend and Call together Set-off allowed 198. Any General meeting declaring a dividend may make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the members be set off against the calls.

CAPITALIZATION

- Capitalization 199. (1) Any General Meeting may resolve that any amounts standing to the credit of the share premium account or the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and, where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend be capitalized :-
- (a) by the issue and distribution as fully paid up, of shares and if and to the extent permitted by the Act, of debentures, debenture-stock, bonds or other obligations of the Company, or
- (b) by crediting shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.
- Provided that any amounts standing to the credit of the share premium account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.
- Provided further that notwithstanding anything contained hereinabove, any amounts standing to the credit of the Securities Premium Account may also be utilised (other than for Capitalisation), in accordance with the provisions of law.
- (2) Such issue and distribution under (1)(a) above and such payment to credit to unpaid share capital under (1)(b) above shall be made to, among and in favour of the members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under (1)(a) or payment under (1)(b) above shall be made on the footing that such members become entitled thereto as capital.
- (3) The Directors shall give effect to any such resolution and apply such portion of the profits, General



Reserve, Reserve or Reserve Fund or any other Fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under (1)(a) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up under (1)(b) above provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.



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- (4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, debentures, debenture-stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement, for the acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as they may think fit.
- (5) When deemed requisite a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

Capitalization
in respect of
partly paid up
shares

200. Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalization may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid up shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

ACCOUNTS

Books of
Accounts to be
kept

- 201 (1) The Company shall keep at its registered office proper books of account with respect to :
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
 - (b) all sales and purchases of goods by the Company; and
 - (c) the assets and liabilities of the Company.
- Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.
- (2) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transactions effected at that office shall be kept at that office, and proper summarized returns, made upto date at intervals of not more than three months, shall be sent by the branch office to the Company at its registered office or other place in India, as the Board thinks fit, where the main books of the Company are kept.
- (3) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as the case may be, with respect to the matters aforesaid, and explain its transactions.
- (4) The Books of Account and other books and papers shall be open to inspection by any Director during business hours.

Books of
Account to be
preserved

202. The Books of Account, together with the vouchers relevant to any entry in such Books of Account of the Company relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order.

Inspection by
members of
accounts and
books of the
Company

203. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.

Statements of

204. The Board of Directors shall lay before each Annual General Meeting a Profit and Loss Account for the



Accounts to be
furnished to
General
Meeting

financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or where an extension of time has been granted by the Registrar under the provisions of the Act by more than six months and the extension so granted.

Balance Sheet
and Profit and
Loss Account

205. (1) Subject to the provisions of' Section 211 of the Act every Balance Sheet and Profit and Loss Account of the Company shall be in the Forms set out in Parts I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit.
- (2) There shall be annexed to every Balance Sheet a statement showing the bodies corporate (indicating separately the bodies corporate in the same group within the meaning of Section 372(11) of the Act) in the shares of which investments have been made by it (including all investments, whether existing 'or not, made subsequent to the date as at which the previous Balance Sheet was made out) and the nature and extent of the investments so made in each body corporate.
- (3) So long as the Company is a holding Company having a subsidiary, the Company shall conform to Section 212 and other applicable provisions of the Act.



- (4) If in the opinion of the Board, any of the current assets of the Company have not a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

Authentication of Balance Sheet and Profit and Loss Account

206. (1) Every Balance Sheet and every Profit and Loss Account of the Company shall be signed on behalf of the Board of Directors by the Managing Agents, if any, or Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director where there is one.
- (2) Provided that when only one Director is for the time being in India, the Balance Sheet and Profit and Loss Account shall be signed by such Director and in such a case there shall be attached to the Balance Sheet and the Profit and Loss Account a statement signed by him explaining the reason for non-compliance with the provisions of Clause (1) above.
- (3) The Balance Sheet and the Profit and Loss Account shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report thereon.

Profit and Loss Account to be annexed and Auditor's Report to be attached to the Balance Sheet

207. The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditor's Report (including the Auditor's separate, special or supplementary Reports, if any) shall be attached thereto.

Boards Report to be attached to Balance Sheet

208. (1) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a Report by the Board of Directors with respect to the state of the Company's affairs; the amounts, if any, which it proposes to carry to any Reserve in such Balance Sheet; and the amount, if any, which it recommends to be paid by way of dividend and material changes, and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.
- (2) The Report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members, and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries, deal with any changes which have occurred during the financial year in the nature of the Company's business, in the Company's subsidiaries or in the nature of the business carried on by them and generally in the classes of business in which the Company has an interest.
- (3) The Board shall also give the fullest information and explanations in its report or in cases falling under the proviso to Section 222 of the Act in an addendum to that report, on every reservation, qualification or adverse remark contained in the Auditor's Report.
- (4) The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorised in that behalf by the Board; and where he is not so authorised shall be signed by such number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company by virtue of Clauses (1) and (2) of Article 206.
- (5) The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of Clauses (1) to (3) of this Article are complied with.

Rights of members to copies of Balance Sheet and Auditor's Report

209. The Company shall comply with the requirements of Section 219 of the Act.

ANNUAL RETURNS



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Annual Returns 210. The Company shall make the requisite annual returns in accordance with Sections 159 and 161 of the Act and shall file with the Registrar three copies of the Balance Sheet and Profit and Loss Account in accordance with Section 220 of the Act.

AUDIT

Accounts to be 211. Every Balance Sheet and Profit and Loss Account of the Company shall be audited by one or more Audited Auditors to be appointed as hereinafter mentioned.

Appointment of 212. (1) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold Auditors office from the conclusion of that meeting until the conclusion of the next Annual General Meeting, and shall within seven days of the appointment, give intimation thereof to every Auditor so appointed unless he is a retiring Auditor.

(2) At any Annual General Meeting, a retiring Auditor, by whatsoever authority appointed, shall be re-appointed, unless:-

(a) he is not qualified for re-appointment;

(b) he has given the Company notice in writing of his unwillingness to be re-appointed;



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(c) a resolution has been passed at that Meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed; or

(d) where notice has been given of an intended resolution to appoint some person or persons in the place of a retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be preceded with.

- (3) Where at an Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person *to* fill the vacancy.
- (4) The Company shall, within seven days of the Central Government's power under Clause (3) becoming exercisable, give notice of that fact to that Government.
- (5) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.
- (6) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this Clause shall also apply to a resolution that a retiring Auditor shall not be re-appointed.

Qualification
and
disqualification
of Auditors

- (7) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.
- (8) None of the persons mentioned in Section 226 of the Act as not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

Audit of
Branch Offices

213. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government in that behalf.

Remuneration
of Auditors

214. The remuneration of the Auditors of the Company shall be fixed by the Company in General Meeting except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

Rights and
Duties of
Auditors

215. (1) Every Auditor of the Company shall have the right of access at all times to the books and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditors.
- (2) All notices of and other communications relating to any General Meeting of a Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company; and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.
- (3) The Auditor shall make a Report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account, and on every other document declared by the Act to be part of or annexed to the Balance Sheet or Profit and Loss Account, which are laid before the Company in General Meeting during his tenure of office, and the Report shall state, whether, in his opinion and to the best of his information and according to the explanation given to him, the said accounts give the information required by the Act in the manner so required and give a true and fair view:-



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- (i) in the case of the Balance Sheet, of the state of the Company's affairs as at the end of its financial year, and
 - (ii) in the case of the Profit and Loss Account, of the profit and loss for its financial year.
- (4) The Auditor's Report shall also state -
- (a) whether he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit;
 - (b) whether, in his opinion, proper books of accounts as required by law have been kept by the Company so far as appears from his examination of those books, and proper returns adequate for the purposes of his audit have been received from branches not visited by him;
 - (c) whether the report on the accounts of any branch office audited under Section 228 by a person other than the Company's Auditors has been forwarded to him as required by clause (e) of sub-section (3) of that Section and how he has dealt with the same in preparing the Auditor's Report;
 - (d) whether the Company's Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of account and returns.
- (5) Where any of the matters referred to in Clauses (i) and (ii) of sub-section (2) of Section 227 of the Act, or in Clauses (a), (b), (bb) and (c) of sub-section (3) of Section 227 of the Act, or sub-clauses 4(a), (b), (c) and (d) hereof is answered in the negative or with a qualification, the Auditor's Report shall state the reason for the answer.



- (6) The accounts of the Company shall not be deemed as not having been, and the Auditor's Report shall not state those accounts have not been, properly drawn up on ground merely that the Company has not disclosed certain matters if:-
- (a) those matters are such as the Company is not required to disclose by virtue of any provisions contained in the Act or any other Act, and
 - (b) those provisions are specified in the Balance Sheet and Profit and Loss Account of the Company.

Accounts when audited and approved to be conclusive except as to errors discovered within three months

216. Every account when audited and approved, by a General Meeting shall be conclusive except as regards to any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the account shall forthwith be corrected, and thenceforth shall be conclusive.

DOCUMENTS AND SERVICE OF DOCUMENTS

How document to be served on members

217. (1) A document (which expression for this purpose shall be deemed to include and shall include any summons, notice, requisition, process, order, judgement, or any other document in relation to or in the winding up of the Company) may be served or sent by the Company on or to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address if any within India supplied by him to the Company for the giving of notices to him.
- (2) Where document is sent by post -
- (a) Service thereof shall be deemed to be effected by properly addressing pre-paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and
 - (b) such service shall be deemed to have been effected -
 - (i) in the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the notice is posted, and
 - (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

Service on members having no registered address

218. If a member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, a document advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.

Service on persons acquiring shares on death or insolvency of

219. A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a pre-paid letter addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent or by the like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

Persons entitled to notice of General

220. Subject to the provisions of the Act and these Articles notice of General Meetings shall be given:-



Meetings

- (i) to members of the Company as provided by Article 88 in any manner authorised by Articles 217 and 218 as the case may be or as authorised by the Act;
- (ii) to the persons entitled to a share in consequence of the death or insolvency of a member as provided by Article 219 or as authorised by the Act;
- (iii) to the Auditor or Auditors for the time being of the Company, in any manner authorised by Article 217 or the Act in the case of any member or members of the Company.

Advertisement 221. Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them, and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised once in one daily English and one daily vernacular newspaper circulating in Bombay.

Members bound by document given to previous holders 222. Every person, who by operation of law, transfer, or other means whatsoever, shall become entitled to any share shall be bound by every document in respect of such share which, previously to his name and address being entered on the Register, shall be duly served on or sent to the person from whom he derives his title to such share.



- Notices by Company and signature thereto 223. Any notice to be given by the Company shall be signed by the Managing Agents or by such Director or Officer as the Directors may appoint, and such signature may be written or printed or lithographed.
- Service of notices by shareholders 224. All notices to be given on the part of shareholders shall be left at or sent by registered post to the Registered Office of the Company.

AUTHENTICATION OF DOCUMENTS

- Authentication of documents and proceedings 225. Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Agent, or an authorised officer of the Company and need not be under its Seal.

WINDING UP

- Distribution of assets 226. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
- Distribution in specie or kind 227. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction shall think fit.
- (2) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the liquidators shall if practicable act accordingly.
- Rights of shareholders in case of sale 228. A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

SECRECY CLAUSE

- Secrecy Clause 229. No members shall be entitled to visit or inspect the Company's Works without the



permission of the Directors or the Managing Agents or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors or the Managing Agents it will be inexpedient in the interest of the members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY

Directors' and
others' right to
indemnity

230. (a) Subject to the provisions of Section 201 of the Act, every Director of the Company or of the Managing Agents, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such Director, Director of the Managing Agents, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, officer or servant or in any way in the discharge of his duties.



- (b) Subject as aforesaid every Director, Managing Director, member of the Managing Agents Company, Manager, Secretary or other officer or employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.

Not responsible
for acts of
others

Subject to the provisions of Section 201 of the Act no Director or Directors of the Managing Agents or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgement or oversight on his part, or for any other loss or damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.



Dated this first day of September 1945.

Names of Subscribers.	Address and Description of Subscribers.	Number of Shares taken by each Subscriber.	Witnesses.
J. R. D. TATA	Director, Tata Sons Ltd., Bombay House, Bruce Street, Fort, Bombay.	One	
S. D. SAKLATVALA	Director, Tata Sons Ltd., Bombay House, Fort, Bombay.	One	
H. P. MODY	Do	One	Witness to all signatures A. B. PARAKH Assistant to Director-in-Charge Tata Iron and Steel Company Ltd., Bombay House, Bruce Street Fort, Bombay.
A. D. SHROFF	Do	One	
JOHN MATTHAI	Do	One	
J. D. CHOKSI	Do	One	
R. D. LAM	Secretary, Tata Sons Ltd., Bombay House, Fort, Bombay.	One	
K. M. MADAN	Secretary and Chief Accountant, Tata Iron & Steel Co. Ltd., Bombay House, Fort, Bombay.	One	



TATA MOTORS LIMITED

Special Resolution passed on the 10th August, 1961

At the Sixteenth Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Registered Office of the Company on Thursday the tenth day of August, 1961, the subjoined Resolution was duly passed as a Special Resolution:-

“RESOLVED that the Regulations contained in the document submitted to this Meeting and for the purpose of identification subscribed by the Chairman thereof, be and are hereby approved and adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles thereof.”

Special Resolution passed on the 28th August, 1962

At the Seventeenth Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Registered Office of the Company on Tuesday the 28th day of August, 1962, the subjoined Resolution was duly passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered by substituting the figure of ‘250’ for the figure of ‘100’ in clause (1) of Article 135.”

Special Resolution passed on the 29th January, 1963

At the Extraordinary General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Registered Office of the Company on Tuesday the 29th day of January, 1963, the subjoined Resolution was duly passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered in the manner following:

The following Article shall be substituted for Article 5 of the Articles of Association of the Company:

“5. The present Capital of the Company is Rs.15 crores divided into 1,300,000 Ordinary Shares of Rs. 100/- each and 200,000 5% Cumulative Preference Shares of Rs.100/- each.”

Special Resolution passed on the 9th August, 1963

At the Eighteenth Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Registered Office of the Company on Friday the 9th day of August, 1963, the subjoined Resolution was duly passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be and are hereby altered in the manner following:

In Article 146(2), insert the words “and the Act” after the word “Article” at the end”

Special Resolution passed on the 19th August, 1965

At the Twentieth Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Registered Office of the Company on Thursday the 19th day of August, 1965, the subjoined Resolution was duly passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered in the manner following:

A. Substitute the following Article for Article 5:

5. The present capital of the Company is Rs. 20,00,00,000/- divided into 13,00,000 Ordinary Shares of Rs.100/- each, 2,00,000 5% Cumulative Preference Shares of Rs. 100/- each, 2,00,000 9% Cumulative Redeemable ‘A’ Preference Shares of Rs. 100/- each and 3,00,000 Unclassified Shares of Rs. 100/- each.

B. Add the following Article after Article 6, as Article 6A:

6A(1)(a) The Cumulative Redeemable ‘A’ Preference Shares (hereinafter referred to as “A’ Preference Shares”) shall confer on the holders thereof the right to a fixed cumulative preferential dividend at the rate of 9% per annum



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on the capital for the time being and from time to time paid up thereon, such dividend to be calculated from such date or dates (being not later than the date or dates of allotment) as may be fixed by the Directors, without any deduction therefrom on account of income-tax payable by the Company, but subject to such deduction of tax at source in respect of the tax payable by the shareholders as may be prescribed by Section 194 of the Income-tax Act, 1961, or any statutory modification or replacement thereof or by any Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may be prescribed thereby or by any competent authority, and the right in winding up, subject only to the right of the holders of the 5% Cumulative Preference Shares, to payment of capital and arrears of dividend whether earned, declared or not upto the commencement of the winding up in priority to the Ordinary Shares, but shall not confer any further right to participate in the profits or assets of the Company.

(b) The 'A' Preference Shares shall not confer on the holders thereof the right to vote at any meetings of the Company save to the extent and in the manner provided by sub-section (2) of Section 87 of the Companies Act, 1956, that is to say:-

- (i) Subject to the provisions of the Companies Act, 1956 and save as provided in sub-clause (ii) of this clause, every such holder shall in respect of the 'A' Preference Shares held by him have a right to vote only on resolutions placed before the Company which directly affect the rights attached to his 'A' Preference Shares.

Explanation: Any resolution for winding up the Company or for the re-payment or reduction of its share capital shall be deemed directly to affect the rights attached to the 'A' Preference Shares within the meaning of this sub-clause.

- (ii) Subject as aforesaid, every such holder shall in respect of the 'A' Preference Shares held by him, be entitled to vote on every resolution placed before the Company at any meeting, if the dividend due on such capital or any part of such dividend has remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting.

Explanation:- For the purpose of this clause dividend shall be deemed to be due on 'A' Preference Shares in respect of any period whether a dividend has been declared by the Company on such shares for such period or not, on the expiry of fifteen days after the date fixed for the Annual General Meeting of the Company, in respect of the year to which the dividend relates or on the expiry of nine months after the close of such year, whichever is earlier.

- (iii) Where the holder of any 'A' Preference Share has a right to vote on any resolution in accordance with the provisions hereof, his voting right on a poll as the holder of such 'A' Preference Shares shall, subject to the provisions of Section 89 and sub-section (2) of Section 92 of the Companies Act, 1956, be in the same proportion as the capital paid-up in respect of such 'A' Preference Share bears to the total paid-up ordinary share capital of the Company.

(c) The following provisions shall apply with regard to the redemption of the said 'A' Preference Shares:

- (i) The Company may subject to the provisions of Section 80 and other applicable provisions (if any) of the Companies Act, 1956, at any time after the 1st day of October, 1972, on six months' notice to the holders thereof, out of any profits or out of any proceeds of a fresh issue of shares made for the purpose of redemption or out of any moneys of the Company which may be lawfully applied for that purpose, redeem at par all or any of the said 2,00,000 'A' Preference Shares and shall so redeem all the said Shares not later than the 1st day of October, 1977, provided that the Company shall not apply any of its profits for that purpose unless at the time when such redemption is effected the preferential dividend on any "A" Preference Shares not then redeemed shall have been paid down to the last date for payment thereof.
- (ii) If the Company should at any time determine to redeem a part only of the said 2,00,000 "A" Preference Shares for the time being outstanding, the shares to be redeemed shall be determined by a drawing to be made at the Registered Office or at such other place as the Directors may decide, in the presence of a representative of the Auditors for the time being of the Company and forthwith after every such drawing the company shall notify to the holders of the "A" Preference Shares in writing the numbers of the "A" Preference Shares which shall have been drawn for redemption and give to such holders six months' notice of the Company's intention to redeem such shares by payment at a specified time, date and place against surrender of the 'A' Preference Shares to be redeemed.



- (iii) At the time, date and place to specified each 'A' Preference Shareholder, whose share or shares is or are notified for redemption, shall be bound to surrender to the Company certificate or certificates in respect of the 'A' Preference Share or Shares which is or are to be redeemed and upon receiving evidence of such surrender the Company shall cause to be paid to such holder of the amount payable to him in respect of such redemption.
- (iv) The dividend on any share becoming liable to redemption under the foregoing provisions shall cease to accrue as from the due date for redemption thereof, unless payment of the redemption moneys shall be refused, upon the holders demanding on or after the date and at the place specified for redemption payment of the redemption moneys payable in respect thereof and tendering certificate for such shares and a receipt for the redemption moneys duly signed and authenticated in such manner as the Company may reasonably require: provided that in the event of the payment of the redemption moneys being refused on the due date dividend at the fixed cumulative preferential rate of 9% per annum shall continue to accrue upto the actual date of redemption.
- (2) The Company shall be at liberty to issue further 'A' Preference Shares which shall rank for dividend and in all other respects immediately after the 5% Cumulative Preference Shares and shall rank in regard to capital and dividend and in all other respects *pari passu* with the aforesaid 2,00,000 'A' Preference Shares.
- C. Add the following sub-clause after sub-clause (b) of clause (2) of Article III, as sub-clause (c):
'(c) In respect of every fully paid 'A' Preference Share, his voting right shall be as provided in clause (b) of Article 6A (1)' "

Special Resolutions passed on the 18th August, 1966

At the Twenty-first Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at Birla Matushri Sabhagar, New Marine Lines, Bombay-1 on Thursday, the 18th day of August, 1966, the subjoined Resolutions were duly passed as Special Resolutions:-

1. "RESOLVED that the Articles of Association of the Company be altered in the manner following:-
 - (i) In Article 106, for the words "fifteen days", substitute the words "thirty days",
 - (ii) In Article 107, for the words "fourteen days" wherever they occur, substitute the words "thirty days",
 - (iii) In Article 134, delete the words "and shall also file with the Registrar within the said period of two months a declaration specifying the qualification shares held by him."
 - (iv) In Article 143 -
 - (a) delete the word "previous" in the opening sentence of Clause (1),
 - (b) delete the existing proviso to Clause (1) and insert the following provisos in its place:
 "Provided that it shall be sufficient if the Special Resolution according the consent of the Company is passed at the general meeting of the Company held for the first time after the holding of such office or place of profit;
 Provided further that where a relative of a director, or a firm in which such relative is a partner, is appointed to an office or place of profit under the Company or a subsidiary thereof without the knowledge of the director, the consent of the Company may be obtained either in the general meeting aforesaid or within three months from the date of the appointment whichever is later",
 - (c) substitute the following for Clause (3):
 "(3) If any office or place of profit is held in contravention of the provisions of Clause (1) above or except as provided by Clause (2) above, the director, partner, relative, firm, private company, managing agent, secretaries and treasurers or the manager, concerned, shall he deemed to have vacated his or its office as such as on from the date next following the date of the general meeting of the Company referred to in the first proviso to Clause (1) above, or, as the case may be, the date of the expiry of the period of three months referred to in the second proviso to Clause (1) above, and shall also be liable to refund to the Company any remuneration received or the monetary equivalent of any perquisite or advantage enjoyed by him or it for the period immediately preceding the date aforesaid in respect of such office or place of profit."
 - (v) From Article 151(2)(e), delete the words and figures "or Clause (3) of Article 154 or sub-Section (3) of Section 280".



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(vi) In Article 152, substitute the following for Clauses (2) and (3):

“(2) Every person (other than a director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 signifying his candidature for the office of a director) proposed as a candidate for the office of a director shall sign and file with the Company, his consent in writing to act as a director, if appointed,

(3) A person other than -

- (a) a director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or
- (b) an additional or alternate director, or a person filling a casual vacancy in the office of a director under Section 262 of the Act, appointed as a director or re-appointed as an additional or alternate director, immediately on the expiry of his term of office, or
- (c) a person named as a director of the Company under its Articles as first registered.

shall not act as a director of the Company unless he has within thirty days of his appointment, signed and filed with the Registrar his consent in writing to act as such director.”

(vii) Delete the heading “AGE LIMIT FOR DIRECTORS” and delete Articles 154, 155 and 156.

(viii) In Article 159, for the words “three calendar months and not more than two months shall intervene between the last day of the calendar month in which such meeting is held and the date of the next meeting”, substitute the words “three months and at least four such meetings shall be held in every year”.

(ix) In Article 201, Clause (4), add the words “and other books and papers” after the words “the books of account”.

(x) In Article 202, add the words “together with the vouchers relevant to any entry in such books of account” after the words “the current year”.

2. “RESOLVED that

(A) Out of the 3,00,000 unclassified shares of Rs.100/- each created by Resolution No. 6 passed at the Twentieth Annual General Meeting of the Company held on the 19th August, 1965, 10,000 shares be and are hereby classified as 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each (hereinafter referred to as “A” Preference Shares) and that the Memorandum of Association of the Company be and is hereby altered accordingly.



(B) The said 10,000 "A" Preference Shares shall rank in regard to capital and dividend (including the dividend declared for the financial year ended 31st March, 1966) and in all other respects *pari passu* with the existing 2,00,000 9% Cumulative Redeemable "A" Preference Shares of Rs.100/- each."

3. "RESOLVED that the Articles of Association of the Company be altered in the manner following:

(a) For Article 5, substitute the following Article:

'5. The present capital of the Company is Rs.20,00,00,000 divided into 13,00,000 Ordinary Shares of Rs.100/- each, 2,00,000 5% Cumulative Preference Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable 'A' Preference Shares of Rs.100/- each and 2,90,000 Unclassified Shares of Rs.100/- each.'

(b) In Article 6A, for the words "2,00,000 'A' Preference Shares", substitute the words "2,10,000 'A' Preference Shares" wherever they occur".

Special Resolution passed on the 14th February, 1967

At the Extraordinary General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Registered Office of the Company on Tuesday, the 14th February, 1967, the subjoined Resolution was duly passed as a Special Resolution:-

"RESOLVED that the Articles of Association of the Company be altered in the manner following:-

The following Article shall be substituted for the existing Article 5:

'5. The present Capital of the Company is Rs.20,00,00,000 divided into 15,05,000 Ordinary Shares of Rs.100/- each, 2,00,000 5% Cumulative Preference Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable 'A' Preference Shares of Rs.100/- each and 85,000 Unclassified Shares of Rs.100/- each'."

Special Resolution passed on the 22nd August, 1967

At the Twenty-second Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, New Marine Lines, Bombay 1 on Tuesday, the 22nd day of August, 1967, the subjoined Resolution was duly passed as a Special Resolution:-

"RESOLVED that the Articles of Association of the Company be altered in the manner following:-

For Article 44, substitute the following Article:

"44. Shares in the Company may be transferred by an instrument in writing in such form and by such procedure as may from time to time be prescribed by law. Subject thereto the Directors may prescribe a common form for instruments of transfer, which may from time to time be altered by the Directors."

Special Resolution passed on the 12th August, 1969

At the Twenty-fourth Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar on Tuesday, the 12th August, 1969, the subjoined Resolution was duly passed as a Special Resolution.

**SUBSTANTIVE SPECIAL RESOLUTION NO.7
INCORPORATING THE AMENDMENT**

"RESOLVED that the Articles of Association of the Company be altered in the manner following:-

(i) After Article 2, insert the heading "TENURE OF OFFICE OF MANAGING AGENTS" and the following Article and Marginal Note as Article 2A:-



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Tenure of office
of Managing
Agents

2A. All references whatsoever to Managing Agents, their powers functions and duties under these Articles and under any agreement entered into by them with the Company, shall be applicable only if and so long as there are Managing Agents in accordance with the provisions of the law.”

- (ii) In Article 17(a), delete the words and figures “Provided that at least one of the aforesaid two directors shall be a person other than the Director appointed by the Managing Agents under Article 126 or a Director to whom Article 133 applies” and in place thereof substitute the following:-
“PROVIDED that, if the composition of the Board permits of it, at least one of the aforesaid two directors shall be a person other than a Managing Director or Whole-time Director or, so long as the Company has Managing Agents, a person other than a Director appointed by the Managing Agents under Article 126 or a Director to whom Article 133 applies.”

(iii) (deleted)

(iv) After Article 127, insert the following Article as Article 127A:-

ICICI Director

“127A. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited out of any loan granted by the said Corporation to the Company, the said Corporation shall have a right from time to time to appoint their nominee acceptable to the Board of Directors of the Company as a Director on the Board of the Company (hereinafter described as ‘ICICI Director’) and to remove from such office any person so appointed and to appoint any other person in his place;

The Board of Directors of the Company shall have no power to remove from office the ICICI Director;

The ICICI Director shall not be required to hold any share qualification in the Company nor shall he be liable to retirement by rotation. Subject as aforesaid, the ICICI Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.”

- (v) In Clause (3) of Article 168, after the words “the Managing Agents”, insert the words “or the Managing Director”.
- (vi) In the proviso to Clause (1) of Article 174, after the words “any Committee of Directors”, insert the words “or the Managing Director”.
- (vii) In Sub-Clause (f) of Clause (1) of Article 176, for the words “Register of Directors and Managing Agents”, substitute the words “Register of Directors, Managing Directors and Managing Agents”.
- (viii) After Article 185, insert the heading “MANAGING OR WHOLE-TIME DIRECTOR(S)” and the following Articles and Marginal Notes as Articles 185A, 185B, 185C and 185D:-

Power to
appoint
Managing or
Whole-time
Director(s)

185A Subject to the provisions of the Act, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included a Joint Managing Director) or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit, to manage the affairs and business of the Company as and when Tata Industries Private Limited cease to be the Managing Agents of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.



What provisions they shall be subject to	185B	Subject to the provisions of the Act and of these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 146 but he shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time Director if he ceases to hold the office of Director for any cause, provided that if at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors, as the Directors shall from time to time select, shall be liable to retirement by rotation in accordance with Article 146 to the intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.
Remuneration of Managing or Whole-time Director(s)	185C	The remuneration of a Managing Director or Whole-time Director (subject to Section 309 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company), shall from time to time be fixed by the Directors, subject to the approval of the Company in General Meeting, and may be by way of fixed salary, or commission on profits of the Company or by participation in any such profits or by any or all of those modes. A Managing Director or Whole-time Director shall not receive or be paid any commission on sales or purchases made by or on behalf of the Company.
Powers and duties of Managing or Whole-time Director(s)	185D	Subject to the superintendence, control and direction of the Board of Directors, the day to day management of the Company shall be in the hands of the Director or Directors appointed under Article 185A, with power to the Directors to distribute such day to day management functions among such Directors, if more than one, in any manner as directed by the Board or to delegate such power of distribution to anyone of them. The Directors may from time to time entrust to and confer upon a Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient and they may subject to the provisions of the Act and these Articles confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors, in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.”

(ix) Substitute the following for sub-clause (a) of Clause (1) of Article 199:-

“(a) by the issue and distribution as fully paid up, of shares and if and to the extent permitted by the Act, of debentures, debenture stock, bonds or other obligations of the Company, or”

(x) Substitute the following for Clause (1) of Article 206:-

“(1) Every Balance Sheet and every Profit and Loss Account of the Company shall be signed on behalf of the Board of Directors by the Managing Agents, if any, or Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director where there is one.”



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Special Resolution passed on the 27th January, 1970

At the Extraordinary General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay 1 on Tuesday, the 27th January, 1970, the subjoined Resolution was duly passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered in the manner following:-

After Article 4, insert the following heading and Article as Article 4A:-

‘SOCIAL RESPONSIBILITIES OF THE COMPANY

Social Respon- sibilities of the Company	4A	The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilisation of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations; and the Company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community’.”

Special Resolution passed on the 18th August, 1970

At the Twenty-fifth Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, New Marine Lines, Bombay 20 on Tuesday, the 18th August, 1970, the subjoined Resolution was duly passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered in the manner following:-

For the existing Article 134, substitute the following:

Share Quali- fication of Directors	134	The qualification of a Director whose period of office is liable to determination by retirement by rotation shall be the holding of shares in the Company of the aggregate nominal value of rupees five thousand. A Director may act before acquiring his qualification but shall, in any case, acquire the same within two months from his appointment as Director. Notwithstanding anything contained in this Article, the Managing Director, Joint Managing Director (if any) and Whole-time Director shall not be required to hold any such qualification shares.”

Special Resolutions passed on the 27th October, 1970

At the Extraordinary General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY, LIMITED, duly convened and held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay 1 on Tuesday, the 27th October, 1970 the subjoined Resolutions were duly passed as Special Resolutions:-

“RESOLVED that the Articles of Association of the Company be and the same are hereby altered by substituting for the existing Article 5, the following Article:

“5. The Capital of the Company is Rs.24,00,00,000/- divided into 17,50,000 Ordinary Shares of Rs.100/- each, 2,00,000 5% Cumulative Preference Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each and 2,40,000 New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each”.”

“RESOLVED that the object clause No. 46 of the Memorandum of Association of the Company be and is hereby amended by substituting for it the following object clause:

“To amalgamate with any Company or Companies”.”

“RESOLVED that the Articles of Association of the Company be and the same are hereby altered by adding new Article 6B after the existing Article 6A of the Articles of Association:

“6B. The 2,25,000 New 9% Cumulative Redeemable “A” Preference Shares to be issued and allotted under the Scheme of Amalgamation of The Central Bank of India Limited with the Company shall rank *pari passu* with and confer on the holders thereof the same right as the rights conferred on the existing 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each as set out in Article 6A hereof save and except that:

- (i) the New 9% Cumulative Redeemable “A” Preference Shares shall not rank for dividends declared for the accounting year of the Company ended the 31st March, 1970 but shall rank *pari passu* with the existing Cumulative Redeemable “A” Preference Shares for all dividends declared on or payable in respect of the Cumulative Redeemable “A” Preference Shares of the Company after the Effective Date mentioned in the Scheme notwithstanding that such dividends shall relate to an accounting year of the Company commencing prior to the Effective Date but further so that the holders of such New



Cumulative Redeemable "A" Preference Shares shall only be entitled to a portion of the dividends declared in respect of the accounting year ending the 31st March, 1971 proportionate to the period for which holders of such New Cumulative Redeemable "A" Preference Shares shall hold the same during the accounting year from the Appointed Day and

- (ii) the 2,25,000 New 9% Cumulative Redeemable "A" Preference Shares shall be redeemable by the Company on or before the 1st day of October, 1982, by giving six months' previous notice in writing to the holders thereof."

Special Resolution passed on the 17th August, 1971

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, New Marine Lines, Bombay 20 on Tuesday, the 17th August, 1971, the subjoined Resolution was duly passed as a Special Resolution:-

"RESOLVED that Resolutions 4, 5 and 6 passed as Special Resolutions at the Extraordinary General Meeting of the Company held on the 27th October, 1970 be altered in the manner following:

- (i) for the figures and words "75,000 Ordinary Shares" wherever they occur in the said Resolution 4, the figures and words "upto 77,000 Ordinary Shares" shall be substituted and always be deemed to have been substituted;
- (ii) for the figures and words "2,25,000 New 9% Cumulative Redeemable "A" Preference Shares" wherever they occur in the said Resolutions 4 and 6 the figures and words "upto 2,31,000 New 9% Cumulative Redeemable "A" Preference Shares" shall be substituted and always be deemed to have been substituted; and
- (iii) for the figures and words, "2,25,000 Ordinary Shares" wherever they occur in the said Resolution 5, the figures and words "upto 2,31,000 Ordinary Shares" shall be substituted and always be deemed to have been substituted."

"RESOLVED that subject to confirmation by the Court, the Capital of the Company be reduced from Rs.24,00,00,000/- to Rs.22,00,00,000/- (divided into 17,50,000 Ordinary Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable "A" Preference Shares of Rs.100/- each and 2,40,000 New 9% Cumulative Redeemable "A" Preference Shares of Rs.100/- each) and the remainder of the Capital namely 2,00,000 5% Cumulative Preference Shares of Rs.100/- each numbered 1 to 2,00,000 and held by the Government of India be paid off and that such last-mentioned Preference Shares and all liability thereon be wholly extinguished."

"RESOLVED further that consequential amendments be made in the Capital Clauses of the Memorandum and Articles of Association of the Company after the said reduction becomes operative and effective."

Special Resolution passed on the 31st July, 1973

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, New Marine Lines, Bombay-400 020, on Tuesday, the 31st July, 1973, the subjoined Resolution was duly passed as a Special Resolution:

"RESOLVED that the Articles of Association of the Company be altered in the manner following:

For the existing Articles 128 and 129, substitute the following:

Debenture Director 128 Notwithstanding anything to the contrary contained in the Articles, so long as any Debentures issued by the Company remain outstanding the holders of such Debentures shall in accordance with the provisions of the Trust Deed securing such Debentures have a right to appoint and nominate from time to time any person or persons as a Director or Directors on the Board of the Company and to remove and re-appoint any person or persons in his or their place or places. A Director so appointed under this Article is herein referred to as "the Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. The Board of Directors of the Company shall have no power to remove from office the Debenture Director. The Debenture Director shall have all the rights and privileges as any other Director of the Company other than a Managing or Whole-time Director.

Debenture Director not bound to hold qualification shares 129 The Debenture Director shall not be bound to hold any qualification shares nor shall he be liable to retirement by rotation subject however to the provisions of the Trust Deed securing such Debentures."



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Special Resolution passed on the 30th July, 1975

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, New Marine Lines, Bombay-400 020, on Wednesday, the 30th July, 1975, the subjoined Resolution was duly passed as a Special Resolution:

“RESOLVED that the Articles of Association of the Company be and the same are hereby altered by inserting the following Article as Article 127B after Article 127A:

Financial Institutions' Directors	127B	Notwithstanding anything to the contrary contained in these Articles, so long as any moneys by way of loans/privately placed debentures remain owing by the Company to the Industrial Development Bank of India, Industrial Finance Corporation of India, Life Insurance Corporation of India and Unit Trust of India (hereinafter cumulatively referred to as the financial institutions), the financial institutions shall jointly have a right to appoint two nominees as directors on the Board of the Company (hereinafter described as Financial Institutions' Directors).

The directors so appointed will not be required to hold qualification shares and they will not be liable to retire by rotation. The financial institutions may at any time and from time to time remove the nominee or nominees appointed by them and on a vacancy being caused in such office from any cause, whether by resignation, removal or otherwise, appoint another or others in his/their place. Such appointment or removal shall be by notice in writing to the Company. The Board of Directors of the Company shall have no power to remove such nominee or nominees from office. Each such nominee shall be entitled to the same rights, privileges and obligations as any other director of the Company, and shall also be entitled to attend any general meeting of the Company. The Company shall pay to such directors normal fees and expenses to which the other directors are entitled. The Company shall also pay or reimburse any expenses that may be incurred by financial institutions or such directors in connection with their appointment. Such directors as well as financial institutions shall be entitled to receive all notices and other communications (including agenda) relating to meetings of the Board and its committees and general meetings of the Company and the minutes of all such meetings'.”

Special Resolution passed on 17th August, 1976

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, New Marine Lines, Bombay-400 020, on Tuesday, the 17th August, 1976, the subjoined Resolution was duly passed as a Special Resolution:

“RESOLVED that the Articles of Association of the Company be altered in the following manner:-

For Article 5 the following Article shall be substituted:

5. The Capital of the Company is Rs.30,00,00,000 divided into 25,50,000 Ordinary Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each, and 2,40,000 New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each.”

Special Resolution passed on 11th August, 1977

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Thursday, the 11th August, 1977, the subjoined Resolution was duly passed as a Special Resolution:

“RESOLVED that the Articles of Association of the Company be altered in the following manner:-

Substitute the following Article for the existing Article 134:-

‘134. A Director of the Company shall not be required to hold qualification shares.’”

Special Resolution passed on 8th August, 1978

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, New Marine Lines, Bombay 400 020, on Tuesday, the 8th August, 1978, the subjoined Resolution was duly passed as a Special Resolution:

“RESOLVED that the Articles of Association of the Company be altered in the following manner:

For Article 5, the following Article shall be substituted:

- ‘5. The capital of the Company is Rs.40,00,00,000 divided into 35,50,000 Ordinary Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable ‘A’ Preference Shares of Rs.100/- each and 2,40,000 New 9% Cumulative Redeemable ‘A’



Preference Shares of Rs,100/- each.’’



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Special Resolution passed on 26th July, 1979

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at Birla Matushri Sabhagar, New Marine Lines, Bombay-400 020, on Thursday, the 26th July, 1979, the subjoined Resolution was duly passed as a Special Resolution:

“RESOLVED that the Articles of Association of the Company be altered in the manner following:-

For Article 5 the following Article shall be substituted:

‘5. The Capital of the Company is Rs.60,00,00,000 divided into 55,50,000 Ordinary Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable ‘A’ Preference Shares of Rs.100/- each and 2,40,000 New 9% Cumulative Redeemable ‘A’ Preference Shares of Rs.100/- each.’”

Special Resolution passed on the 24th August, 1982

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at Birla Matushri Sabhagar, New Marine Lines, Bombay 400 020, on Tuesday, the 24th August, 1982, the subjoined Resolution was passed as a Special Resolution:

“RESOLVED that, Article 124 of the Articles of Association of the Company be substituted by the following Article:

‘Number 124 Until otherwise determined by a General Meeting, the number of Directors shall not be less than 3 or more of than 16 excluding the Steel Director, the Debenture Director and the Financial Institutions’ Director or Directors Directors’.”

Special Resolution passed on the 24th August, 1983

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at Birla Matushri Sabhagar, New Marine Lines, Bombay 400020, on Wednesday, the 24th August, 1983, the subjoined Resolution was passed as a Special Resolution:

“RESOLVED that, the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner:

(A) Substitute the following Article for Article 5:

Capital 5. The Capital of the Company is Rs.60,00,00,000 divided into 55,50,000 Ordinary Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each, 12,147 New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each and 2,27,853 New 13.5% Cumulative Redeemable “A” Preference Shares of Rs.100/- each.’

(B) After Article 6B, add the following Article:

‘6C. The 2,27,853 New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each issued and allotted out of the 2,40,000 New 9% Cumulative Redeemable “A” Preference Shares issued, pursuant to the Scheme of Amalgamation of the Central Bank of India Limited with the Company, which Shares being redeemable on the 1st October, 1982 have been further extended upto the 30th September 1992 shall rank pari passu with and confer on the holders thereof the same rights as conferred on the earlier 9% Cumulative Redeemable “A” Preference Shares save and except that—

- (i) commencing from the 1st October, 1982, the said Shares shall carry the right to fixed cumulative preferential dividend @ 13.5% per annum (subject to deduction of tax), provided that if at any time during the currency of the said Shares the Central Government announces any increase in the rate of dividend payable on such Shares, the Company shall pay such higher rate of dividend on the outstanding number of Shares from a date to be specified, subject, however, to the Company obtaining the requisite approval from the appropriate authorities;
- (ii) the said Shares shall be classified as New 13.5% Cumulative Redeemable “A” Preference Shares of Rs.100/- each; and
- (iii) the said Shares shall be redeemable in four annual instalments, the first three instalments of the said shares being worth Rs.57,00,000 each and the last being worth Rs.56,85,300; the first such instalment being redeemable on the 1st day of October, 1989 followed by further instalments on the 1st October of each subsequent year till 1992; the Shares to be determined for redemption by a draw to be made at the Registered Office of the Company in the presence of a representative of the Company’s Auditors for the time being on or before the 31st August in each year of redemption; the Company being under an obligation to notify in writing forthwith after every





such draw to the holders of the said Shares the numbers of shares which shall have been drawn for redemption, and to give to such Shareholders notice of the Company's intention to redeem such Shares by payment at a specified time, date and place against surrender of the said Shares to be redeemed, it being understood that -

- (a) at the time, date and place so specified, each Shareholder whose shares are notified for redemption shall be bound to surrender to the Company the Certificates in respect of such Shares which are to be redeemed and upon such surrender, the Company shall cause to be paid to such Shareholders the amount payable to them as a result of such redemption;
- (b) the dividend on the said Shares becoming liable to redemption as above shall cease to accrue as from the due date for redemption thereof unless Company has either failed or refused to redeem the said Shares in which event dividend on the said Shares shall continue to accrue upto the actual date of redemption.'

(C) Substitute the following Article and marginal notes for Article 95 and its marginal notes:

'Chairman of Directors or Deputy Chairman, or Vice-Chairman or a Director to be Chairman of General Meeting 95 (1) The Chairman of the Board of Directors shall, if willing, preside as Chairman at every General Meeting, whether Ordinary or Extraordinary Director ordinary, but if there be no such Chairman, or in case of his absence or refusal, the Deputy Chairman or Vice-Chairman of the Board of Directors shall, if willing, preside as Chairman at such meeting and if there be no such Deputy Chairman or Vice-Chairman, or in case of his absence or refusal, some one of the Directors present shall be chosen to be the Chairman of the meeting.

In case of their absence or refusal a member may act (2) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman of the Board or by the Deputy Chairman or the Vice-Chairman or by a Director at the expiration of half an hour from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the chair, the members present shall choose one of their own number to be Chairman of the meeting.'

(D) Substitute the following Article and marginal note for Article 163 and its marginal note:

'Appointment of Chairman, Deputy Chairman and Vice-Chairman 163 (1) The Directors may elect a Chairman of their meetings, and determine the period for which he is to hold office.

(2) The Directors may appoint a Deputy Chairman or a Vice-Chairman of the Board of Directors to preside at meetings of the Directors at which the Chairman shall not be present.'

(E) In Article 164 for the word 'the Vice-Chairman', substitute the words 'the Deputy Chairman or the Vice-Chairman'.

(F) In Article 165 for the words 'whether the Chairman or Vice-Chairman appointed by virtue of these Articles or the Director presiding at such meeting, substitute the words 'whether the Chairman, Deputy Chairman or Vice-Chairman appointed by virtue of these Articles or the Director presiding at such meeting'."

Special Resolution passed on the 23rd August, 1984

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at Birla Matushri Sabhagar, New Marine Lines, Bombay 400 020, on Thursday, the 23rd August, 1984, the subjoined Resolution was passed as a Special Resolution:

"RESOLVED that, the Articles of Association of the Company be altered in the manner following:

In Article 127B, delete the word 'and' appearing after 'Life Insurance Corporation of India' and add the words and 'General Insurance Corporation of India and its subsidiaries' after the words 'Unit Trust of India'."



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Special Resolution passed on the 26th August, 1986

At the Annual General Meeting of the Members of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at Birla Matushri Sabhagar, New Marine Lines, Bombay 400 020, on Tuesday, the 26th August 1986, the subjoined Resolution was passed as a Special Resolution:

“RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner:

(A) Substitute the following Article for Article 5:

‘Capital 5. The Capital of the Company is Rs.100,00,00,000/- divided into 95,50,000 Ordinary Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each, 12,147, New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each and 2,27,853, New 13.5% Cumulative Redeemable “A” Preference Shares of Rs.100/- each.’

(B) Add the following Article as new Article 17 A:

Discretion to ‘17A. Notwithstanding anything contained in Article 17, the Board may in its absolute discretion refuse Sub- refuse applications for the sub-division or consolidation of share, debenture or bond certificates division or in denominations of less than the marketable lot except when such sub-division or consolidation Consolidation is required to be made to comply with a statutory provision or an order of a competent court of of Certificates law.’

(C) In Article 135(1), subject to the approval of the Central Government, for the word and figure ‘Rs.250/-’ at both places substitute the word and figure ‘Rs.500/-’.



Special Resolution passed on the 9th March, 1987

At the Extra-Ordinary General Meeting of the Tata Engineering & Locomotive Company Limited, duly convened and held at the Registered Office of the Company, at Bombay House, 24, Homi Mody Street, Hutatma Chowk, Bombay 400 001, on Monday, the 9th March, 1987, the subjoined Resolution was passed as a Special Resolution:

“RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner:

Substitute the following Article for Article 5:

Capital 5. The Capital of the Company is Rs.150,00,00,000/- divided into 145,50,000 Ordinary Shares of Rs.100/- each, 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each, 12,147 New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each and 2,27,853 New 13.5% Cumulative Redeemable “A” Preference Shares of Rs.100/- each”.

Special Resolution passed on the 11th August, 1988

At the Annual General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Thursday, the 11th August 1988, the sub-joined Resolution was passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner:

(A) For Article 100 substitute the following:

‘Demand 100. Before or on the declaration of the result of the voting on any resolution on a show of hands, a for poll poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power of vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand.’

(B) In clause (1) of Article 135, for the first sentence thereof, substitute the following:

‘The maximum remuneration of a Director for his services shall be such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors attended by him.’

(C) Delete Article 143

(D) At the end of clause (I) of Article 152, add the following words:

‘along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director’.”

Special Resolution passed on the 18th August, 1989

At the Annual General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Friday, the 18th August 1989, the sub-joined Resolution was passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered in the following manner:

Substitute the following Article for Article 5:

‘5. The capital of the Company is Rs.150,00,00,000/- divided into 14,55,00,000 Ordinary Shares of Rs.10/- each, 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each, 12,147 New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each and 2,27,853 New 13.5% Cumulative Redeemable “A” Preference Shares of Rs.100/- each’.”



1L0C5X8C4S1NP6G

Special Resolution passed on the 16th August, 1991

At the Annual General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Friday, the 16th August 1991, the subjoined Resolution was passed as a Special Resolution :-

“RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner:

(A) In Article 26 for the words ‘at such rate not exceeding 9 per cent per annum as the Directors shall fix’, substitute the words ‘at such rate of interest as may be determined by the Directors from time to time’.

(B) In Article 36, for the words ‘at such rate not exceeding 9 per cent per annum as the Directors may determine’, substitute the words ‘at such rate of Interest as may be determined by the Directors from time to time’.

(C) In Article 108, for the words ‘on payment of six annas for every one hundred words or fractional part thereof required to be copied’ substitute the words ‘on payment of such amount for such number of words required to be copied as may be prescribed by the Government from time to time’.

Ordinary Resolution passed on the 30th March, 1994

At the Extra Ordinary General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Wednesday, the 30th March, 1994, the subjoined Resolution was passed as a Ordinary Resolution:-

“RESOLVED that the Authorised Capital of the Company be increased from Rs.150,00,00,000 divided into 14,55,00,000 Ordinary Shares of Rs.10/- each, 2,10,000 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each, 12,147 New 9% Cumulative Redeemable “A” Preference Shares of Rs.100/- each and 2,27,853 New 13.5% Cumulative Redeemable “A” preference shares of Rs.100/- to Rs.200,00,00,000 divided into 20,00,00,000 Ordinary Shares of Rs.10/- each by the creation of 5,00,00,000 Ordinary Shares of Rs.10/- each and the reclassification and sub-division of the aforesaid Redeemed 4,50,000 Preference Shares of Rs.100/- each into 45,00,000 Ordinary Shares of Rs.10/- each and that Clause V of the Memorandum of Association of the Company be altered accordingly.”

Special Resolution passed on the 30th March, 1994

At the Extra Ordinary General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Wednesday, the 30th March 1994, the subjoined Resolution was passed as a Special Resolution:-

“RESOLVED that the Articles of Association of the Company be altered as follows:

A. For Article 5, Substitute the following Article:-

5. The capital of the Company is Rs.200,00,00,000 divided into 20,00,00,000 Ordinary Shares of Rs.10/- each.

B. Delete Articles 6. 6A 6B and 6C.

C. After Article 7 Insert the following article as Article 7 A:

Shares with non-voting rights “7A In the event it is permitted by the Law to issue shares with non-voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by the Law.”

***Special Resolution passed on the 11th September, 1995***

At the Annual General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Monday, the 11th September 1995, the subjoined Resolution was passed as a Special Resolution :

“RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered as follows :-

For Article 5, substitute the following Article :-

5. The Capital of the Company is Rs.400,00,00,000 divided into 30,00,00,000 Ordinary Shares of Rs.10/- each and 10,00,00,000 Unclassified Shares of Rs.10/-.”

Special Resolution passed on the 30th July, 1997

At the Annual General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Wednesday, the 30th July, 1997, the subjoined Resolution was passed as a Special Resolution :-

“RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered as follows :-

In Article 124, for the number and words ‘16 excluding the Steel Directors, the Debenture Director and the Financial Institutions’ Director or Directors’ substitute the number ‘15’ .”

Special Resolution passed on the 28th July, 1998

At the Annual General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Tuesday, the 28th July, 1998, the subjoined Resolution was passed as a Special Resolution :-

“RESOLVED that the pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows :-

- i) Insert the following Heading and Article as Article 66A after Article 66.

BUY-BACK OF SHARES

Buy back of Shares	66A	Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company’s own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.

- ii) Insert the following Heading and Article as Article 73A after Article 73.

DEMATERIALISATION OF SECURITIES

Definitions	73A

- 1 For the purpose of this Article :-

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository;

‘SEBI’ means the Securities and Exchange Board of India;

‘Depository’ means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

‘Security’ means such security as may be specified by SEBI from time to time.

Dematerial- isation of Securities	2	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a demeterialised form pursuant to the Depositories Act, 1996.



Options for
investors

- 3 Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.



If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form	4	All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
Rights of depositories and beneficial owners	5	(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. (c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
Service of documents	6.	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
Transfer of Securities	7	Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
Allotment of Securities dealt with in a depository	8	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
Distinctive numbers of Securities held in a depository	9	Nothing contained in the Act or these articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
Register and Index of beneficial owners	10	The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

Special Resolution passed on August 14, 2001

At the Annual General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Bombay 400 020, on Tuesday, August 14, 2001 the subjoined Resolution was passed as a Special Resolution :-

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:-

For Article 5, substitute the following Article:-

'5. The Capital of the Company is Rs. 400,00,00,000/- divided into 35,00,00,000 Ordinary Shares of Rs.10/- each and 5,00,00,000 Unclassified Shares of Rs.10/- each."



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Special Resolution passed on March 27, 2002

At the Extraordinary General Meeting of the TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Wednesday, March 27, 2002, the subjoined Resolution was passed as a Special Resolution:-

“RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:

In Article 199 (1) –

(a) For the words “Share Premium Account” the words “Securities Premium Account” shall be substituted.

(b) The following new proviso shall be added:

‘Provided further that notwithstanding anything contained hereinabove, any amounts standing to the credit of the Securities Premium Account may also be utilised (other than for Capitalisation), in accordance with the provisions of law.’ ”

Special Resolution passed on July 21, 2003

At the Annual General Meeting of TATA ENGINEERING AND LOCOMOTIVE COMPANY LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Monday, July 21, 2003, the subjoined Resolution was passed as a Special Resolution:-

“RESOLVED that in accordance with Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be changed from ‘Tata Engineering and Locomotive Company Limited’ to ‘Tata Motors Limited’.”

“RESOLVED FURTHER that the name ‘Tata Engineering and Locomotive Company Limited’, wherever it occurs in the Memorandum and Articles of Association of the Company, be replaced with the new name of the Company.”

Special Resolution passed on July 8, 2004

At the Annual General Meeting of the TATA MOTORS LIMITED, duly convened and held at the Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Thursday, July 8, 2004 the subjoined Resolution was passed as a Special Resolution :-

“RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:-

For Article 5, substitute the following Article:-

‘5. The Capital of the Company is Rs. 400,00,00,000/- divided into 40,00,00,000 Ordinary Shares of Rs.10/- each.’ ”



1L0C5X96P820S2Z

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 258 OF 2005
CONNECTED WITH
COMPANY APPLICATION NO. 179 OF 2005

In the matter of:

The Companies Act, 1956

And

In the matter of:

Sections 391 to 394 read with Sections 100 – 103 of the Companies Act, 1956

And

In the matter of:

Tata Motors Limited, a company incorporated under the provisions of the Indian Companies Act, 1913 and having its Registered Office at Bombay House, 24, Homi Mody Street, Mumbai 400 001.

And

In the matter of:

The Scheme of Reorganization and Amalgamation of Tata Finance Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Bezzola Complex, V. N. Purav Marg, Chembur, Mumbai 400 071 (Transferor Company) with Tata Motors Limited, (a company incorporated under the provisions of the Indian Companies Act, 1913 and having its Registered Office at Bombay House, 24, Homi Mody Street, Mumbai 400 001 (Transferee Company) and their respective members and creditors.

Tata Motors Limited, a company
incorporated under the provisions of
the Indian Companies Act, 1913 and
having its Registered Office at
Bombay House, 24, Homi Mody
Street, Mumbai 400 001.

)
)
)
)
) Petitioner Company



1LOC5X96P6WHNBZ

Coram : A. M. Khanwilkar, J
Dated : June 24, 2005

Upon the Petition of Tata Motors Limited, the Petitioner Company abovenamed solemnly declared on the 27th day of April, 2005 and presented to this Hon'ble Court on the 27th day of April, 2005 for sanctioning the arrangement embodied in the Scheme of Reorganisation and Amalgamation of Tata Finance Limited (hereinafter referred to as the "Transferor Company") with Tata Motors Limited (hereinafter referred to as the "Transferee Company" or the "Petitioner Company") and their respective members and creditors (the said Scheme of Amalgamation is hereinafter referred to as the "Scheme") and for other consequential reliefs as mentioned in the said Petition AND the said Petition being this day called on for hearing and final disposal AND UPON READING the said Petition and the affidavit of Mr. Hoshang K. Sethna, Authorised Signatory of the Petitioner Company solemnly affirmed on the 27th day of April, 2005 verifying the said Petition AND UPON READING the affidavit of Mr. Hoshang K. Sethna, Authorised Signatory of the Petitioner Company dated 4th day of May, 2005 proving publication of the notice of hearing of the Petition in newspapers viz. the Free Press Journal on the 3rd day of May, 2005, and Nav Shakti (Mumbai Edition) on the 3rd day of May, 2005 AND UPON READING the affidavit of Dilip Mithbavkar, clerk in the office of the Advocates for the Petitioner Company dated the 4th day of May, 2005 proving service of the notice of hearing of the Petition upon Regional Director, Department of Company Affairs, Maharashtra, Mumbai AND UPON READING the order dated the 18th day of March, 2005 passed by this Hon'ble Court in Company Application No.179 of 2005 whereby the Petitioner Company was directed to convene and hold meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner for the purpose of considering and, if thought fit, approving, with or without modification, *inter alia*, the proposed amalgamation of the Transferor Company with the Petitioner Company as embodied in the Scheme. AND UPON reading the affidavit dated 6th April, 2005 of Mr. Hoshang K Sethna, Company Secretary and Authorised Signatory of the Petitioner Company proving publication of the notice convening meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner Company in the issue of Free Press Journal dated 30th March, 2005 and Navshakti dated 31st March, 2005 and also proving despatch of notice convening meeting to the Individual Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner Company AND UPON READING the report dated 27th April, 2005 of Mr. Ratan N. Tata, Chairman appointed for the meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner Company as to the results of the said meetings AND UPON READING the affidavit dated 27th April, 2005 of Mr. Ratan N. Tata verifying the Chairman's report AND IT APPEARS from the Report of the Chairman that the Scheme of Reorganisation and Amalgamation of the Transferor Company with the Petitioner Company has been approved by requisite majority of Equity Shareholders, Secured Creditors and unsecured creditors of the Petitioner representing more than three fourth in value of the Equity Shareholders, Secured Creditors and Unsecured Creditors present at the respective meetings and voting in favour of the Scheme. AND UPON READING the affidavit dated 9th day of June, 2005 of Mr. Chakradhara Paik, Regional Director, Western Region, Ministry of Company Affairs, stating that the Scheme is not prejudicial to the interest of the Shareholders and Creditors of the Petitioner Company subject to Company complying with requirements of Section 18 of the Companies Act, 1956 and to file resolution deemed to have been passed under Section 31/16/149(2A) of the Companies Act, 1956 and Transferee Company to file Form No. 5 with the Registrar of Companies for such increase with registration fees as required under Section 97 of the Companies Act, 1956 and payment of stamp duty AND UPON HEARING Mr. Janak Dwarkadas and Mr. Darius Khambata, counsel instructed by AZB & Partners, Advocates for the Petitioner Company and Mr. C. J. Joy with Mr. R. C. Master and Mr. M. M. Goswami, Panel Counsel instructed by Dr T. C. Kaushik for the Regional Director, Department of Company Affairs, Maharashtra, Mumbai AND no other person



or persons entitled to appear at the hearing of the Petition appearing this day either in support of the said Petition or to show cause against the same AND UPON the assurance given by the Petitioner Company through Counsel for Petitioner Company to comply with the requirements stated in the affidavit of the Regional Director and to take steps in pursuing the legal cases already instituted and also take resort to such other remedies as may be permissible by law against the erstwhile officers and upon the authorised officer of the Petitioner Company filing undertaking on the above terms in this Court within one week from the date hereof AND UPON READING the affidavit dated 24th day of June, 2005 of Mr. Hoshang K. Sethna, Company Secretary of the Petitioner Company filed pursuant to the abovesaid order THIS COURT DOTH HEREBY SANCTION the Scheme of Reorganisation and Amalgamation of Tata Finance Limited, the Transferor Company with Tata Motors Limited, the Petitioner Company and their respective members and creditors, as set forth in Exhibit "I" to the Petition and also in the Schedule hereto AND THIS COURT DOTH HEREBY DECLARE that the same to be binding on the Transferor Company and the Petitioner Company and also their respective members and creditors and all persons concerned under the Scheme of Reorganisation and Amalgamation AND THIS COURT DOTH ORDER that pursuant to the provisions of Section 394 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "Act") if any, with effect from the 1st day of April, 2005 (hereinafter referred to as the "Appointed Date") the Transferor Company shall stand amalgamated with the Petitioner Company, as provided in the Scheme, and, pursuant to the provisions of Sections 391 and 394 and other applicable provisions of the Act, all the assets whatsoever concerning the Transferor Company, including but not limited to the entire industrial undertaking of the Transferor Company, being the business of generation and sale of electricity and any incentive pertaining thereto, as on the Appointed Date shall, without any further act, instrument or deed, be transferred to and stand vested in and / or be deemed to be transferred to and stand vested in the Petitioner Company and in respect of such of the assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery, the same may be so transferred by the Transferor Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Petitioner Company to the end and intent that the ownership and property therein passes to the Petitioner Company on such handing over and without prejudice to the generality of the above, all benefits including under income tax, excise (including Cenvat), sales tax (including deferment of sales tax), etc., to which the Transferor Company is entitled to in terms of the various statutes and/or schemes of Union and State Governments, be available to and vest in the Petitioner Company AND THIS COURT DOTH FURTHER ORDER that with effect from the Appointed Date all the debts, outstandings, credits, liabilities, duties and obligations whatsoever concerning the Transferor Company, including but not limited to the entire industrial undertaking of the Transferor Company, being the business of generation and sale of electricity and any incentive pertaining thereto, as on the Appointed Date shall, accordingly, stand transferred to and vested in and/or be deemed to be and stand transferred to and vested in the Petitioner Company AND THIS COURT DOTH FURTHER ORDER that any suits, actions and proceedings of whatsoever nature by or against the Transferor Company which are pending on the Effective Date (as defined in the Scheme), shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Petitioner Company or anything contained in the Scheme, but the said proceedings may be continued and enforced by or against the Petitioner Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, in the absence of the Scheme AND THIS COURT FURTHER ORDER that subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements, incentives, licences, engagements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of the Petitioner



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Company, as the case may be, and may be enforced by or against the Petitioner Company as fully and effectually as if, instead of the Transferor Company, the Petitioner Company had been a party or beneficiary thereto AND THIS COURT DOTH FURTHER ORDER that subject to the provisions of the Scheme, all the employees of the Transferor Company in service on the Effective Date shall, on and from the Effective Date, become the employees of the Petitioner Company and all employees of the Transferor Company in service on the Effective Date to whom provisions of Industrial Disputes Act, 1947, apply, shall, on and from the Effective Date, become the employees of the Petitioner Company on the terms and conditions not less favourable than those on which they were engaged on the Effective Date and on and from the Effective Date, the services of the employees of the Transferor Company will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the rules or bye-laws of the said Funds (as defined in the Scheme) AND THIS COURT DOTH FURTHER ORDER that upon coming into effect of the Scheme, the Objects Clause of the Memorandum of Association of the Petitioner Company be amended and the following clause be added as Clause No. (1A) to the Objects Clause of the Memorandum of Association of the Petitioner Company: *"To carry on the business of financing, re-financing of all kinds and descriptions of motor vehicles, tractors and other farm equipment, construction equipment, capital equipment, spares and components, whether manufactured by the Company or not, including used/second hand products as also services of every kind and description, through credit/financing products, including by way of hire purchase, financial and/or operating leases, loans and guarantees or otherwise."* AND THIS COURT DOTH FURTHER ORDER upon coming into effect of the Scheme, Clause V of the Memorandum of Association of the Petitioner Company be hereby replaced with the following: *"V. The Capital of the Company is Rs. 4,10,00,00,000/- divided into 41,00,00,000 Ordinary Shares of Rs.10/- each."* AND THIS COURT DOTH FURTHER ORDER that pursuant to the provisions of Sections 391 and 394 of the Act and other applicable provisions of the Act, if any, and upon coming into effect of the Scheme, Article 5 of the Articles of Association of the Petitioner Company be hereby replaced with the following: *"5. The Capital of the Company is as reflected in Clause V of the Memorandum of Association from time to time."* AND THIS COURT DOTH FURTHER ORDER that pursuant to the provisions of Sections 391 and 394 of the Act and other applicable provisions of the Act, if any, and upon the Scheme coming into effect, that without any further application, act or deed, the Petitioner Company shall, in consideration of the amalgamation, issue and allot to every equity shareholder of the Transferor Company (other than the Petitioner Company but including Sheba Properties Limited, a wholly owned subsidiary company of the Petitioner Company, if applicable) holding fully paid-up equity shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the Record Date (as defined in the Scheme), 8 ordinary shares of Rs.10/- each in the Petitioner Company credited as fully paid-up with rights attached thereto as hereinafter mentioned, for every 100 equity shares of Rs.10/- each, fully paid-up, held by such member in the capital of the Transferor Company and it be further ordered that the equity shares which the Petitioner Company holds in the Transferor Company, if any, shall get cancelled, without any further application, act or deed and in so far as forfeited shares in the Transferor Company are concerned, no shares shall be issued by the Petitioner Company in lieu thereof and that the preference shares held by the Petitioner Company in the Transferor Company shall get cancelled without any further application, act or deed and it be further ordered that in respect of the equity shares in the Transferor Company already held in dematerialised form, the Ordinary Shares to be issued by the Petitioner Company in lieu thereof shall also be issued in dematerialised form with the shares being credited to the existing depository accounts of the members of the Transferor Company entitled thereto and in respect of the equity shares in the Transferor Company held in the physical form, each member of the Transferor Company holding such shares shall have the option, to be exercised by way of giving a notice to the Transferee Company on or before the Record Date, to receive the Ordinary Shares of the Petitioner Company either in physical form or in dematerialised form and in the event that



such notice has not been received by the Petitioner Company in respect of any member, the Ordinary Shares of the Petitioner Company shall be issued to such members in physical form AND THIS COURT DOTH FURTHER ORDER that the shares of Transferor Company held by its equity shareholders (both in physical and dematerialized form) whose names appear in the Register of Members and the records of the depository as on the Record Date, shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and that the said equity shares of the Transferor Company held in physical form be deemed to have been automatically cancelled without any requirement to surrender the certificates for shares held by the shareholders of the Transferor Company and that the Transferee Company take such corporate actions in relation to the equity shares of the Transferor Company held in dematerialized form, as may be necessary AND THIS COURT DOTH FURTHER ORDER that the Board of Directors of the Petitioner Company consolidate all fractional entitlements arising due to the issue of Ordinary Shares in terms of Clause 13.1 of the Scheme to shareholders of the Transferor Company and thereupon issue and allot Ordinary Shares in lieu thereof to a separate trust created for the purpose which shall hold the Ordinary Shares in trust for and on behalf of the members entitled to such fractional entitlements with the express understanding that such trust shall sell the same at such time or times and at such price or prices to such person or persons, as it deems fit and that the said trust shall distribute such net sale proceeds to the members in the same proportion as their respective fractional entitlements bear to the consolidated fractional entitlements AND THIS COURT DOTH FURTHER ORDER that on the Scheme becoming effective, the Transferor Company shall stand dissolved without winding up AND THIS COURT DOTH FURTHER ORDER that the Petitioner Company do within 30 days from the date of the sealing of the order cause a certified copy of THE order to be delivered to the Registrar of Companies, Maharashtra, Mumbai for registration, and upon such certified copy of the Order being delivered, the Registrar of Companies, Maharashtra, Mumbai shall place all the files and records of the Transferor Company and registered with him on the file kept by him in relation to the Petitioner Company and shall consolidate the files of the Transferor Company with the Petitioner Company accordingly AND THIS COURT DOTH FURTHER ORDER that the parties to the arrangement embodied in the said Scheme sanctioned herein or any other person or persons interested therein shall be at liberty to apply to this Hon'ble Court for any directions that may be necessary with regard to the working of the arrangement embodied in the said Scheme sanctioned herein and set forth in the Schedule hereto AND THIS COURT DOTH LASTLY ORDER that the Petitioner Company do pay a sum of Rs. 2,500/- (Rupees two thousand five hundred only) to the Regional Director, Department of Company Affairs, Maharashtra, Mumbai, towards costs of the said Petition WITNESS SHRI DALVEER BHANDARI, the Chief Justice at Bombay aforesaid this 24th day June 2005.

BY THE COURT,

For Prothonotary & Senior Master

Order sanctioning Scheme of Reorganisation)
and Amalgamation under Sections 391 and 394)
of the Companies Act, 1956 drawn on the)
application of AZB & Partners, Advocates for)
the Petitioner Company having their office at)
23rd Floor, Express Towers, Nariman Point,)
Mumbai 400021.)
)



HIGH COURT, BOMBAY
O.O.C.J.
COMPANY PETITION NO.258 OF 2005
CONNECTED WITH
COMPANY APPLICATION NO.179 OF 2005

In the matter of:

The Companies Act, 1956

And

In the matter of:

Sections 391 to 394 read with Section 100 to 103 of the Companies Act, 1956

And

In the matter of:

Tata Motors Limited, a company incorporated under the provisions of the Companies Act, 1913 and having its Registered Office at Bombay House, 24, Homi Mody Street, Mumbai 400 001.

And

Applied on	27-6-2005
Engrossed on	28-6-2005
Section Writer	/s/
Folios	-
Examined by	/s/
Compared with	/s/
Ready on	28-6-2005
Delivered on	24-6-2005
Applied on	
Engrossed on	28-6-2005
Order Writer	/s/
Folios	21 pages
Examined by	/s/
Compared with	/s/
Ready on	28/June/2005
Delivered on	28/June/2005

In the matter of:

The Scheme of Reorganization and Amalgamation of Tata Finance Limited, the Transferor Company with Tata Motors Limited, the Petitioner Company and their respective members and creditors.
Tata Motors Limited

..... Petitioner Company
**ORDER SANCTIONNING THE SCHEME OF
REORGANISATION AND AMALGAMATION
DRAWN UP ORDER**

Dated this 24th the day of June, 2005

Filed this 28th day of June 2005

AZB & Partners

Advocates for the Petitioner Company
Express Towers, 23rd Floor, Nariman Point,
Mumbai 400021.



**SCHEME OF REORGANISATION AND AMALGAMATION
OF
TATA FINANCE LIMITED
WITH
TATA MOTORS LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

UNDER SECTIONS 100, 391 and 394 OF THE COMPANIES ACT, 1956

This Scheme of Reorganisation and Amalgamation provides for the reorganisation of the capital of Tata Finance Limited, a company incorporated under the Companies Act, 1956, having its Registered Office at Bezzola Complex, V. N. Purav Marg, Chembur, Mumbai 400071, India (hereinafter referred to as the “**Transferor Company**”) and the amalgamation of the Transferor Company with Tata Motors Limited, a company incorporated under the Indian Companies Act, 1913, having its Registered Office at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India (hereinafter referred to as the “**Transferee Company**”), pursuant to the relevant provisions of the Companies Act, 1956.

1. DEFINITIONS

In this Scheme, unless repugnant to or inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1. “**Act**” or “**the Act**” means the Companies Act, 1956, or any modifications or re-enactment thereof from time to time;
- 1.2. “**Appointed Date**” means April 1, 2005 or such other date as may be mutually agreed by the Board of Directors of the Transferor Company and the Transferee Company;
- 1.3. “**Effective Date**” means last of the dates specified in Clause 18 of this Scheme;
- 1.4. “**Record Date**” means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of issue of Ordinary Shares of the Transferee Company to the shareholders of the Transferor Company in terms of this Scheme;
- 1.5. “**Scheme**” or “**the Scheme**” or “**this Scheme**” means this Scheme of Reorganisation and Amalgamation in its present form or with any modification(s) made under Clause 17 of this Scheme or any modifications approved or directed by the High Court of Judicature at Bombay;
- 1.6. “**Transferee Company**” means Tata Motors Limited, a company incorporated under the Indian Companies Act, 1913 and having its Registered Office at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India;
- 1.7. “**Transferor Company**” means Tata Finance Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Bezzola Complex, V. N. Purav Marg, Mumbai 400071, India;

2. NATURE OF BUSINESS

2.1. Nature of Business of the Transferor Company

The Transferor Company is, *inter alia*, engaged in the business of providing finance for commercial vehicles, motor cars and construction equipment and generation and sale of electricity.

2.2. Nature of Business of the Transferee Company

The Transferee Company is, *inter alia*, engaged in the business of designing, manufacturing, assembly and sale of a wide range of automotive vehicles. Additionally, the Transferee Company is also engaged in the sale of spare parts for its vehicles and engines for industrial and marine applications.



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3. CAPITAL STRUCTURE

3.1. As on December 31, 2004, the share capital of the Transferor Company is as under:

Particulars	Amount (Rs. in crores)
Authorised Capital	
<i>Equity Shares</i>	
40,00,00,000 equity shares of Rs.10/- each	400.00
<i>Cumulative Redeemable Preference Shares</i>	
3,75,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each	375.00
1,45,00,000 Cumulative Convertible Preference Shares of Rs.100/- each	145.00
	920.00
Issued, Subscribed and Paid-up Capital	
<i>Equity Shares</i>	
19,98,06,246 equity shares of Rs. 10/- each, fully paid-up	199.81
<i>Add: Forfeited Shares</i>	0.01
	199.82
<i>Cumulative Redeemable Preference Shares</i>	
1,50,00,000 – 0.01% Cumulative Redeemable Preference Shares of Rs 100/- each, fully paid-up	150.00
	349.82

3.2. As on December 31, 2004, the share capital of the Transferee Company is as under:

Particulars	Amount (Rs. in crores)
Authorised Capital	
<i>Ordinary Shares</i>	
40,00,00,000 Ordinary Shares of Rs. 10/- each	400.00
Issued, Subscribed and Paid-up Capital	
36,17,51,751 Ordinary Shares of Rs.10/- each, fully paid-up	361.75
<i>Less: Calls in arrears</i>	0.01
	361.74
<i>Add: Share forfeiture</i>	0.05
	361.79

4. BACKGROUND AND RATIONALE FOR THE SCHEME4.1. The background and circumstances which justify the said Reorganisation and Amalgamation are, *inter-alia*, as follows:-

4.1.1. The Transferor Company was set up in 1984 as a finance company to carry on the business of hire purchase, leasing and other finance related activities. Whilst the Transferor Company had diversified into various other business activities like credit cards, share broking, home finance, merchant banking, its mainstay business has always been vehicle financing.

4.1.2. The Transferor Company had, in the last two years, decided to exit from various non-core activities by focusing primarily on its vehicle financing business. The Transferor Company predominantly carries on vehicle financing activities through a direct marketing channel spread across a countrywide network of branches with field staff and direct sales agents.



- 4.1.3. The Transferee Company has an in-house financing arm, the Bureau of Hire Purchase and Credit (BHPC) which also undertakes vehicle financing business, primarily for its products. This customer financing activity is based on a dealer driven business model reaching out to its customers through its automobile dealers acting as marketing, sourcing and collection agents.
- 4.1.4. In order to be competitive in the auto financing market, both the Transferor Company and the Transferee Company had entered into a joint marketing arrangement under which they approach the market through a common marketing front under the brand of 'Tata Motor Finance'. This has enabled Tata Motor Finance to draw operational synergies from the Transferor Company and the Transferee Company resulting in enhanced vehicle financing activity, whilst simultaneously supporting the Transferee Company's vehicle sales.
- 4.1.5. In line with international practice, the Transferee Company is planning to build a formidable captive financing arm to support its vehicle sales business, de-risk the revenue stream from the cyclical nature of vehicles sales business, ensure customer loyalty by enveloping a complete value chain of life cycle spending of a vehicle buyer and generate a sustainable profit stream to enhance shareholders' value. With this view, it is now proposed to amalgamate the Transferor Company with the Transferee Company.
- 4.1.6. The above amalgamation would result in synergies to Tata Motor Finance through complementary customer sourcing models, access to low cost funds, flexibility to offer competitive products/services, bundling financing options with other products / services of the Transferee Company and operational synergies.
- 4.1.7. This amalgamation therefore would enable Tata Motor Finance to face the increasing competition with better economies of scale, improved cost efficiencies and enhanced productivity and in the process, grow this business profitably. It would also help the combined entity to attract and retain the best human resource talent which is of vital importance for this business.
- 4.1.8. The proposed amalgamation would be beneficial to the shareholders of the Transferor Company in as much as they would have an opportunity to be able to participate in the auto finance growth under the amalgamated entity and participate in the up side of the overall business growth of the Transferee Company, possible appreciation of its stock price and dividend payouts.

5. AMALGAMATION OF COMPANIES

- 5.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferor Company shall stand amalgamated with the Transferee Company, as provided in the Scheme, and, pursuant to the provisions of Sections 391 and 394 and other applicable provisions of the Act, all the assets and debts, outstanding, credits, liabilities, duties and obligations whatsoever concerning the Transferor Company, including but not limited to the entire industrial undertaking of the Transferor Company, being the business of generation and sale of electricity and any incentive pertaining thereto, as on the Appointed Date shall, accordingly, stand transferred to and vested in and/or be deemed to be and stand transferred to and vested in the Transferee Company, as under. Without prejudice to the generality of the above, all benefits including under income tax, excise (including Cenvat), sales tax (including deferment of sales tax), etc., to which the Transferor Company is entitled to in terms of the various statutes and/or schemes of the Union and State Governments, shall be available to and vest in the Transferee Company.
- 5.1.1. In respect of such of the assets of the Transferor Company, as are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery, and the same may be so transferred by the Transferor Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company to the end and intent that the ownership and property therein passes to the Transferee Company on such handing over in pursuance of the provisions of Section 394 of the Act.
- 5.1.2. In respect of such of the assets belonging to the Transferor Company other than those referred to in sub-clause 5.1.1 above, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and / or be deemed to be transferred to and stand vested in the Transferee Company pursuant to the provisions of Section 394 of the Act.
- 5.1.3. In relation to the assets belonging to the Transferor Company, which require separate documents of transfer, the parties will execute the necessary documents, as and when required.
- 5.1.4. The transfer and vesting of all the assets of the Transferor Company, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such charges, mortgages and/or encumbrances shall be confined only to the relative assets of the Transferor Company or part thereof on or over which they are subsisting on transfer to and vesting of such assets in the Transferee Company and no such charges, mortgages, and/or encumbrances shall be enlarged or extended over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to any assets of the Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security thereof.



- 5.1.5. In respect of the debts, liabilities, duties and obligations of the Transferor Company, it is hereby clarified that, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen.
- 5.2. For the removal of any doubt, it is clarified that, to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

6. LEGAL PROCEEDINGS

If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the “**Proceedings**”) by or against the Transferor Company are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, in the absence of the Scheme.

7. CONTRACTS AND DEEDS

- 7.1. All contracts, deeds, bonds, agreements, arrangements, incentives, licences, engagements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.
- 7.2. The Transferee Company shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that the Transferor Company is required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Company.

8. SAVING OF CONCLUDED TRANSACTIONS

- 8.1. The transfer of the assets and liabilities of the Transferor Company under Clause 5 above, the continuance of Proceedings under Clause 6 above and the effectiveness of contracts and deeds under Clause 7 above, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

9. EMPLOYEES

- 9.1. All the employees of the Transferor Company in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company. All employees of the Transferor Company in service on the Effective Date to whom provisions of the Industrial Disputes Act, 1947 apply, shall, on and from the Effective Date, become the employees of the Transferee Company on the terms and conditions not less favourable than those on which they were engaged on the Effective Date.
- 9.2. On and from the Effective Date, the services of the employees of the Transferor Company will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the rules or bye-laws of the said Funds (as defined herein below).



9.3. With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees (hereinafter referred to as the “**said Funds**”) of the Transferor Company, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever relating to the administration or operation of such schemes or funds in relation to the obligations to make contributions to the said Funds in accordance with the provisions of such schemes or funds in the respective Trust Deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. In the event that the Trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust or superannuation trust of the Transferor Company, such funds shall be transferred by such trustees of the trusts of the Transferor Company, to separate trusts and the trustees of the Transferee Company if set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act, 1882, the Income Tax Act, 1961 and relevant stamp legislations, as applicable. In such a case, appropriate deeds of trusts and/or documents for transfer of trust properties shall be executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of the Transferee Company, so as to continue the benefits of the employees. For this purpose, the trusts created by the Transferor Company shall be transferred and/or continued by the Transferee Company, if permitted by law, failing which the Transferee Company shall establish similar trusts ensuring that there is continuity in this regard. The Trustees, including the Board of Directors of the Transferor Company and the Transferee Company, shall be entitled to adopt such course of action in this regard, as may be advised, provided however that there shall be no discontinuation or breakage in the service of the employees of the Transferor Company.

10. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date:

- 10.1. The Transferor Company shall be deemed to have been carrying on and shall carry on its businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of the Transferor Company for and on account of, and in trust for, the Transferee Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 10.2. The Transferor Company shall carry on its businesses and activities with reasonable diligence, business prudence and shall not (without the prior written consent of the Transferee Company) alienate, charge, mortgage, encumber or otherwise deal with or dispose of the undertaking or any part thereof (except in the ordinary course of business).
- 10.3. All the profits or income, taxes (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 10.4. On and after the Appointed Date and until the Effective Date, the Transferor Company shall not without the prior written approval of the Board of Directors of the Transferee Company:
 - 10.4.1. except as contemplated under the Scheme, issue or allot any further securities, either by way of rights or bonus or otherwise; or
 - 10.4.2. utilise, subject to Clause 11.1 below, the profits, if any, for any purpose, including declaring or paying any dividend.

11. DIVIDENDS

- 11.1. The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date. The dividend, if any, shall be declared by the Transferor Company only with the prior written consent of the Board of Directors of the Transferee Company, as mentioned in Clause 10.4.2 above.
- 11.2. Subject to the provisions of the Scheme, the profits of the Transferor Company, for the period beginning from the Appointed Date, shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner as it thinks fit.
- 11.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of the Transferee Company, subject to such approval of the shareholders, as may be required.



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12. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEEE COMPANY

- 12.1. Upon coming into effect of the Scheme, the Objects Clause of the Memorandum of Association of the Transferee Company shall stand amended and the following clause shall be added as Clause No.(1A) to the Objects Clause of the Memorandum of Association of the Transferee Company:

“To carry on the business of financing, re-financing of all kinds and descriptions of motor vehicles, tractors and other farm equipment, construction equipment, capital equipment, spares and components, whether manufactured by the Company or not, including used/second hand products as also services of every kind and description, through credit/financing products, including by way of hire purchase, financial and/or operating leases, loans and guarantees or otherwise.”

It shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Section 17 of the Act. It is clarified that there will be no need to pass a separate shareholders’ resolution as required under Section 17 of the Act.

- 12.2. Upon coming into effect of the Scheme, Clause V of the Memorandum of Association of the Transferee Company be and is hereby replaced with the following:

‘V. The Capital of the Company is Rs.4,10,00,00,000/- divided into 41,00,00,000 Ordinary Shares of Rs.10/- each.’

- 12.3. Upon coming into effect of the Scheme, Article 5 of the Articles of Association of the Transferee Company be and hereby replaced with the following:

‘5. The Capital of the Company is as reflected in Clause V of the Memorandum of Association from time to time.’

It shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Sections 31 and 94 of the Act or any other provisions of the Act to the extent the same may be considered applicable. It is clarified that there will be no need to pass a separate shareholders’ resolution as required under the Act.

- 12.4. In order to carry on the activities currently being carried on by the Transferor Company, upon the approval of the Scheme by the members of the Transferor Company and the members of the Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Section 149(2A) of the Act or any other provisions of the Act for the commencement of any business or activities currently being carried on by the Transferor Company in relation to any of the objects contained in the Memorandum of Association of the Transferee Company, to the extent the same may be considered applicable. In particular, the Transferee Company would be allowed to commence the new business of generation and sale of power, specifically through wind mills as hitherto carried on by the Transferor Company, as per Object Clause No. 28 in the Memorandum of Association of the Transferee Company. It is clarified that there will be no need to pass a separate shareholders’ resolution as required under Section 149(2A) of the Act.

13. ISSUE OF SHARES BY THE TRANSFEEE COMPANY

- 13.1. Upon the Scheme coming into effect, and without any further application, act or deed, the Transferee Company shall, in consideration of the amalgamation, issue and allot to every equity shareholder of the Transferor Company (other than the Transferee Company but including Sheba Properties Limited, a wholly owned subsidiary company of the Transferee Company, if applicable) holding fully paid-up equity shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the Record Date, 8 Ordinary Shares of Rs.10/- each in the Transferee Company credited as fully paid-up with rights attached thereto as hereinafter mentioned for every 100 equity shares of Rs.10/- each fully paid-up held by such member in the capital of the Transferor Company.
- 13.2. Notwithstanding what is stated in Clause 13.1 above, upon the Scheme coming into effect, the equity shares which the Transferee Company holds in the Transferor Company, if any, shall get cancelled, without any further application, act or deed.
- 13.3. In so far as forfeited shares in the Transferor Company are concerned, no shares shall be issued by the Transferee Company in lieu thereof.



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- 13.4. Upon the Scheme coming into effect, the preference shares held by the Transferee Company in the Transferor Company shall get cancelled without any further application, act or deed.
- 13.5. In respect of the equity shares in the Transferor Company already held in dematerialised form, the Ordinary Shares to be issued by the Transferee Company in lieu thereof shall also be issued in dematerialised form with the shares being credited to the existing depository accounts of the members of the Transferor Company entitled thereto. In respect of the equity shares in the Transferor Company held in the physical form, each member of the Transferor Company holding such shares shall have the option, to be exercised by way of giving a notice to the Transferee Company on or before the Record Date, to receive the Ordinary Shares of the Transferee Company either in physical form or in dematerialised form. In the event that such notice has not been received by the Transferee Company in respect of any member, the Ordinary Shares of the Transferee Company shall be issued to such members in physical form.
- 13.6. The shares of Transferor Company held by its equity shareholders (both in physical and dematerialized form) whose names appear in the Register of Members and the records of the depository as on the Record Date, shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled. The said equity shares of the Transferor Company held in physical form shall be deemed to have been automatically cancelled without any requirement to surrender the certificates for shares held by the shareholders of the Transferor Company. The Transferee Company shall take such corporate actions in relation to the equity shares of the Transferor Company held in dematerialized form, as may be necessary.
- 13.7. The Board of Directors of the Transferee Company shall consolidate all fractional entitlements arising due to the issue of Ordinary Shares in terms of Clause 13.1 to shareholders of the Transferor Company and thereupon issue and allot Ordinary Shares in lieu thereof to a separate trust created for the purpose which shall hold the Ordinary Shares in trust for and on behalf of the members entitled to such fractional entitlements with the express understanding that such trust shall sell the same at such time or times and at such price or prices to such person or persons, as it deems fit. The said trust shall distribute such net sale proceeds to the members in the same proportion as their respective fractional entitlements bear to the consolidated fractional entitlements.
- 13.8. On the approval of the Scheme by the members of the Transferor Company and the members of the Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the said members have also resolved and accorded all relevant consents under Section 81(1A) of the Act or any other provisions of the Act to the extent the same may be considered applicable. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Section 81(1A) of the Act.
- 13.9. The new shares in the Transferee Company to be issued to the members of the Transferor Company shall be subject to the Memorandum and Articles of Association of the Transferee Company and the Ordinary Shares shall rank *pari passu* in all respects with the existing Ordinary Shares in the Transferee Company.
- 13.10. The Ordinary Shares of the Transferee Company issued in terms of the Scheme shall, subject to applicable regulations, be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Ordinary Shares of the Transferee Company are listed and/or admitted to trading.

14. DISSOLUTION OF THE TRANSFEROR COMPANY

- 14.1. On the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up without any further act by the parties.
- 14.2. On and with effect from the Effective Date, the name of the Transferor Company shall be struck off from the records of the Registrar of Companies, Maharashtra, Mumbai. The Transferee Company shall make necessary filings in this regard.

15. ACCOUNTING TREATMENT AND REDUCTION OF CAPITAL

- 15.1. Subject to Clause 15.2 below, all Assets & Liabilities, including Reserves, of the Transferor Company shall be recorded in the books of account of the Transferee Company at their existing carrying amounts and in the same form.



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- 15.2. Upon the Effective Date and with effect from March 31, 2005, but always deemed to be prior to the coming into effect of the amalgamation contemplated in this Scheme, the debit balance of the Profit & Loss Account of the Transferor Company shall be deemed to be written off against the Share Premium Account of the Transferor Company to the extent of the balance available in the Share Premium Account and accordingly, the Share Premium Account of the Transferor Company shall automatically stand reduced as on March 31, 2005 to that extent. The reduction in the Share Premium Account of the Transferor Company, as aforesaid, shall be effected as part of the Scheme only in accordance with Sections 100 to 103 of the Act. As the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101(2) of the Act are not applicable. However, the order of the Hon'ble High Court of Judicature at Bombay, sanctioning the Scheme, shall be deemed to be an order under Section 102 of the Act confirming the reduction. The debit balance remaining in the Profit & Loss Account of the Transferor Company after the write off against the Share Premium Account of the Transferor Company, shall be transferred to the General Reserves of the Transferee Company.
- 15.3. Such reserves of the Transferor Company, including Share Premium Account, if any, will be incorporated in the books of account of the Transferee Company as reduced by the cost of investments of the Transferee Company in the Equity Shares of the Transferor Company.
- 15.4. The difference between the amounts recorded as Share Capital issued and the amount of Share Capital of the Transferor Company shall be adjusted in General Reserves.
- 15.5. The Preference Share Capital of the Transferor Company will be adjusted against the Investments of the Transferee Company in the said capital.
- 15.6. In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the General Reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policies.

16. APPLICATIONS TO THE HIGH COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make applications to the Hon'ble High Court of Judicature at Bombay, where the Registered Offices of the Transferor Company and the Transferee Company are situated, for sanctioning this Scheme under Sections 100, 391 to 394 of the Act for an order or orders thereof for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

17. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 17.1. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise, including any committee or sub-committee thereof, may make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise, including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 17.2. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate(s) of the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary, including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

18. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

- 18.1. The Scheme is conditional upon and subject to:
- 18.1.1. Approval of the Scheme by the requisite majority of the respective members and such class of persons of the Transferor Company and the Transferee Company as may be directed by the Hon'ble High Court of Judicature at Bombay.
- 18.1.2. Sanctions and Orders under the provisions of Section 391 read with Section 394 of the Act being obtained by the Transferor Company and the Transferee Company from the Hon'ble High Court of Judicature at Bombay.



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18.1.3. The approval of the Government of India and/or Reserve Bank of India, if required, and the prior consent of the Stock Exchange, Mumbai and/or the National Stock Exchange of India Limited where such approval or consent is necessary.

18.1.4. All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

18.2. This Scheme, although to come into operation from the Appointed Date, shall not become effective until the last of the following dates, namely:

18.2.1. That on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 18.1 shall be obtained or passed; or

18.2.2. That on which all necessary certified copies of orders under Sections 391 and 394 of the Act shall be duly filed with the appropriate Registrar of Companies.

The last of such dates shall be the “**Effective Date**” for the purpose of this Scheme.

19. COSTS

19.1. All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or Court’s order including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by the Transferee Company.

20. REVOCATION OF THE SCHEME

20.1. In the event of any of the said sanctions and approvals referred to in Clause 18 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Hon’ble High Court of Judicature at Bombay and/or order or orders not being passed as aforesaid before June 30, 2006 or such other date as may be mutually agreed upon by the respective Board of Directors of the Transferor Company and the Transferee Company {who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s)}, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred, *inter se* the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of the Transferor Company and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the companies.



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Exhibit 7.1

Computation of Ratio of Net Debt to Shareholders' Equity

The computation of Net Debt to Shareholders' Equity ratio as of March 31, 2004 and 2005 is as follows:

	March 31, 2004	March 31, 2005
	(Rs. Millions)	
Long-term Debt	10,804.1	25,632.7
Short-term Debt (including current portion)	7,758.9	2,866.5
Total Debt	18,563.0	28,499.2
Cash and Cash Equivalents	6,511.1	4,873.3
Short-term deposits with banks	2,727.7	15,731.2
Mutual Fund Units	15,276.2	10,655.6
Total Investible Surplus	24,515.0	31,260.1
Net Debt	(5,952.0)	(2,760.9)
Shareholders' Equity	37,377.6	56,409.2
Net Debt/Shareholders' Equity	(0.16)	(0.05)



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Exhibit 8.1**List of Subsidiaries as of March 31, 2005**

Name of Subsidiary	Country of Incorporation	Percentage Ownership and Voting Interest (including indirect interest)
Sheba Properties Ltd .	India	100.00%
Concorde Motors (India) Limited ⁽¹⁾	India	100.00%
Telco Construction Equipment Co. Ltd.	India	80.00%
Tata Technologies Ltd. (and its subsidiary)	India	94.60%
HV Axles Ltd.	India	100.00%
HV Transmissions Ltd.	India	100.00%
TAL Manufacturing Solutions Ltd.	India	100.00%
Concorde Motors Ltd.	India	100.00%
Tata AutoComp Systems Ltd. (and its subsidiaries).	India	54.61 %
Tata Precision Industries Pte. Ltd. (and its subsidiary)	Singapore	51.04%
Tata Daewoo Commercial Vehicle Co. Ltd ⁽²⁾ .	Republic of Korea	100.00%
Telco Dadajee Dhackjee Ltd. ^{(3) (4)}	India	100.00%
Suryodaya Capital and Finance (Bombay) Ltd. ⁽⁴⁾	India	100.00%

(1) Formerly Minicar India Ltd.

(2) Formerly Daewoo Commercial Vehicle Co. Ltd., or DWCV.

(3) Formerly subsidiary of Sheba Properties Ltd.

(4) Merged with the Company with effect from April 1, 2005.



CERTIFICATION

Exhibit 12.1

I, Ravi Kant, certify that:

1. I have reviewed this annual report on Form 20-F of Tata Motors Limited ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this annual report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 27, 2005

/s/ RAVI KANT

Ravi Kant
Managing Director



CERTIFICATION

Exhibit 12.2

I, Praveen P Kadle, certify that:

1. I have reviewed this annual report on Form 20-F of Tata Motors Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this annual report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 27, 2005

/s/ PRAVEEN P KADLE

Praveen P Kadle
Executive Director



CERTIFICATION

Exhibit 13.1

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Tata Motors Limited (the “Company”) hereby certifies, to such officer’s knowledge, that:

- i. The Company’s annual report on Form 20-F for the year ended March 31, 2005 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 27, 2005

/s/ RAVI KANT

Ravi Kant

Managing Director

**CERTIFICATION****Exhibit 13.2**

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Tata Motors Limited (the "Company") hereby certifies, to such officer's knowledge, that:

- i. The Company's annual report on Form 20-F for the year ended March 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 27, 2005

/s/ PRAVEEN P KADLE

Praveen P Kadle

Executive Director