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Annual General Meeting on Monday, July 9, 2007 at Birla Matushri Sabhagar at 3.00 p.m.

Board of Directors

Ratan N Tata
Chairman

N A Soonawala

J J Irani

V R Mehta

R Gopalakrishnan

N N Wadia

S A Naik

S M Palia

Ravi Kant
Managing Director

Praveen P Kadle
Executive Director

P M Telang
Executive Director

Registered Office

Bombay House
24, Homi Mody Street
Mumbai 400 001
Tel: +91-22-6665 8282
Fax: +91-22-6665 7799
Email: inv_rel@tatamotors.com
Website: www.tatamotors.com

Management Team

Ravi Kant, *Managing Director*
Praveen P Kadle, *Executive Director (Finance and Corporate Affairs)*
P M Telang, *Executive Director (Commercial Vehicles)*
A P Arya, *President (Heavy and Medium Commercial Vehicles)*
Rajiv Dube, *President (Passenger Cars)*
C Ramakrishnan, *Vice President (Chairman's Office)*
Shyam Mani, *Vice President (Sales and Marketing) CVBU*
K C Girotra, *Vice President (Lucknow Works and FBV)*
R S Thakur, *Vice President (Finance)*
M V Rajarao, *Vice President (Manufacturing) Pune*
P Y Gurav, *Vice President (Corporate Finance-Accounts and Taxation)*
S J Tambe, *Vice President (Human Resources)*
Zackria Sait, *Vice President (Technical Services)*
A K Mankad, *Head (Car Plant)*
S Krishnan, *Vice President (Commercial-PCBU)*

Company Secretary

H K Sethna

Share Registrars

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011
Tel: +91-22-6656 8484 Fax: +91-22-6656 8494
Email: csg-unit@tsrdarashaw.com

Solicitors

Mulla & Mulla and Craigie, Blunt & Caroe
AZB & Partners

Auditors

Deloitte Haskins & Sells

Works

Jamshedpur, Pune, Lucknow, Dharwad

Bankers

Bank of America, Bank of Baroda, Bank of India, Bank of Maharashtra, Central Bank of India, Citibank N. A., Corporation Bank, Deutsche Bank, HDFC Bank Limited, ICICI Bank Limited, Standard Chartered Bank, State Bank of India, The Hongkong & Shanghai Banking Corporation Limited, Union Bank of India

Summarised Balance Sheet

(Rs. in crores)

	WHAT THE COMPANY OWNED	As at March 31, 2007	As at March 31, 2006
1	NET FIXED ASSETS	**6394.58**	4521.23
2	INVESTMENTS	**2477.00**	2015.15
3	NET CURRENT ASSETS	**2784.05**	2545.95
4	MISCELLANEOUS EXPENDITURE	**10.09**	14.12
5	TOTAL ASSETS (NET)	**11665.72**	9096.45
	WHAT THE COMPANY OWED		
1	LOANS	**4009.14**	2936.84
2	NET WORTH	**6869.75**	5537.07
	Represented by :		
	Share Capital **Rs. 385.41 Crores** (Previous Year Rs. 382.87 Crores)		
	Reserves **Rs. 6484.34 Crores** (Previous Year Rs. 5154.20 Crores)		
3	DEFERRED TAX LIABILITY (NET)	**786.83**	622.54
4	TOTAL FUNDS EMPLOYED	**11665.72**	9096.45

Summarised Profit and Loss Account

(Rs. in crores)

		2006-2007	2005-2006
1	**INCOME**		
	SALE OF PRODUCTS AND OTHER INCOME	**31884.69**	24001.44
	LESS : EXCISE DUTY	**4349.45**	3347.95
		27535.24	20653.49
	DIVIDEND AND OTHER INCOME	**245.19**	289.08
		27780.43	20942.57
2	**EXPENDITURE**		
	RAW MATERIALS / COMPONENTS, MANUFACTURING AND OTHER EXPENSES	**22853.69**	16930.64
	EMPLOYEE COST	**1367.83**	1147.17
	PRODUCT DEVELOPMENT EXPENDITURE	**85.02**	73.78
	DEPRECIATION	**586.29**	520.94
	INTEREST	**313.07**	226.35
	TOTAL EXPENDITURE	**25205.90**	18898.88
	PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX	**2574.53**	2043.69
	PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	**(1.09)**	9.69
	EMPLOYEE SEPARATION COST	**(0.26)**	-
3	**PROFIT BEFORE TAX**	**2573.18**	2053.38
4	TAX : i) CURRENT	**(482.50)**	(382.35)
	ii) DEFERRED	**(177.22)**	(142.15)
5	**PROFIT AFTER TAX**	**1913.46**	1528.88
6	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	**776.76**	585.60
	Arrears of preference dividends pertaining to erstwhile Tata Finance Ltd. (including tax)	-	(19.94)
		2690.22	2094.54
7	**APPROPRIATIONS**		
	(i) Proposed Dividends	**578.07**	497.94
	(ii) Tax on Proposed Dividends	**98.25**	69.84
	(iii) Residual dividend paid for year 2005-06 (including tax)	**0.07**	-
	(iv) General Reserve	**1000.00**	750.00
	(v) Balance carried to Balance Sheet	**1013.83**	776.76
		2690.22	2094.54

Chairman's Statement

Dear Shareholder,

The Indian economy continued its trend of robust growth on the back of strong performance in key industrial sectors. While inflationary concerns during the year have prompted a correction in interest rates, which could lead to a slowdown in consumer demand, the fundamentals of the economy continue to remain strong and the long-term outlook for the economy continues to be positive.

The Indian automotive industry, after experiencing a slow-down in growth rate last year, bounced back impressively this year to post strong volumes in all segments. In particular, the commercial vehicles segment, which saw a decline in growth rates over the last two years, grew by 33%, buoyed by increased industrial activity and continued investment in road infrastructure. The passenger vehicle segment was favorably impacted by a reduction in excise duty on small cars and increased consumer spending.

In this scenario, Tata Motors has had another outstanding year. The Company out-performed the industry with record revenues and sales volumes. It significantly improved its market share in commercial vehicles, driven by the enormous market acceptance of the Ace 0.75-tonne pick-up vehicle. The Company also achieved its highest-ever sales volumes of passenger cars and utility vehicles during the year.

The Company has, over the past few years, followed a conscious strategy of expanding its product range and its geographic spread in order to reduce its dependence on one single economy and one single business cycle. This has led to the development of new products such as the Ace in the case of commercial vehicles, and the proposed small car, apart from serious expansion of exports and/or assembly activities in overseas markets.

As a result of this strategy, the Company has formed a joint venture in Thailand to assemble and market pick-up trucks in the Thai market, which is the second largest pick-up market in the world. The Company has also entered into a joint venture with the Brazil-based Marcopolo Company, to manufacture and assemble fully built buses and coaches in India. The Company has achieved great visibility in the passenger car markets in South Africa, Spain and Italy. It is now proposed that the vast markets of Latin American countries be jointly addressed with the Fiat Group, as part of the global alliance between the two companies.

During the year, construction of the new manufacturing plant (jointly owned with Fiat) at Ranjangaon has been progressing on schedule and will go on-stream in 2008. The Fiat relationship has further been strengthened through the execution of a Memorandum of Understanding with Iveco (the Fiat Group's commercial vehicle company), to explore opportunities for cooperation in engineering, manufacturing, sourcing and distribution of products, aggregates and components of commercial vehicles across markets. FIAT has also signed a licensing agreement with the Company to build a pick-up vehicle for sale in the Latin American market.

Tata Motors remains committed to launching its new small car in the first half of 2008. Construction work has commenced at the plant site at Singur in West Bengal. There is confidence that the Company's presence in Singur will result in the same positive impact on the communities in the area and in the state that its plants have had on the communities in and around Pune, Jamshedpur, Lucknow and Dharwad. In addition to the Company's own investment in Singur, large investments will also be made within the plant perimeter by a large number of automotive component suppliers and manufacturers who will serve the small car project. One hopes that the Company's bona fides and high sense of social responsibility will overcome the misplaced apprehensions and concerns which arose in the early days of the project.

There continue to be pressures on margins arising from rising prices of raw materials like steel, non-ferrous metals, rubber and engineering plastics. These will be partially offset by the cost reduction initiatives undertaken by the Company. However, the prices of most of these materials continue to spiral upwards for the second consecutive year and this may impact the Company's profitability going forward. The hardening of consumer finance interest rates and tight liquidity in the second half of the fiscal year under review, have already started to have an adverse impact on the automotive industry. If these trends were to continue, growth in the automotive sector could be adversely impacted.

Despite these bothersome trends, the years ahead for the industry and in particular for Tata Motors, although challenging, are years of great opportunity. The growth of the Indian market, the increased sophistication in components suppliers' capabilities and global sectorial competitiveness will result in the establishment of a world-scale

automotive industry. The challenge for Tata Motors will be to develop and produce technically-advanced commercial vehicles and passenger cars of world-class quality for the domestic and overseas markets. An impressive range of new products is planned to be launched over the next two years. This will be the most aggressive new product program in the Company's history. The focus has been on innovation and market leadership. The new Ace goods carrier and its passenger-carrying variants are such innovative products - the first in the industry. Similarly, the small car proposed to be launched at a price of around Rs. 1 lakh, will be a never-before-undertaken project which will hopefully create a new paradigm in the aspirational fulfillment of the lower-income segment of the people of India, Asia and Africa.

With intense global competition, the challenges will be great but with the spirit, commitment and dedication displayed by employees at all levels, these challenges will continue to be met and overcome. Tata Motors will strive to retain its leadership position in India while being increasingly recognized internationally as an emerging automobile company in the global marketplace.

Ratan N. Tata

Chairman

Mumbai, June 4, 2007

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SECOND ANNUAL GENERAL MEETING OF TATA MOTORS LIMITED will be held on Monday, July 9, 2007 at 3.00 p.m., at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2007 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.

2. To declare a dividend on Ordinary Shares.

3. To appoint a Director in place of Mr N A Soonawala, who retires by rotation and is eligible for re-appointment.

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

   "RESOLVED that Mr S A Naik, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company."

   "RESOLVED FURTHER that the vacancy, so created on the Board of Directors of the Company, be not filled."

5. To appoint Auditors and fix their remuneration.

Special Business

6. **Appointment of Mr P M Telang as a Director**

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

   "RESOLVED that Mr P M Telang who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 18, 2007 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

7. **Appointment of Mr P M Telang as Executive Director**

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

   "RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves of the appointment and terms of remuneration of Mr P M Telang as the Executive Director of the Company for a period of 5 years w.e.f. May 18, 2007, upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in any financial year, as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr Telang."

"RESOLVED FURTHER that the Board of Directors or a Committee thereof of the Company, be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

8. **Increase in borrowing limits**

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

"RESOLVED that in supersession of Resolution No.10 passed at the Annual General Meeting of the Company held on July 11, 2006 and pursuant to Section 293(1)(d) of the Companies Act,1956 and all other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may 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, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.12,000 crores."

9. **Change in place of keeping registers and records**

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

"RESOLVED that, in supersession of Resolution No.14 passed at the Annual General Meeting of the Company held on August 26, 1986, and pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) {'the Act'}, the Company hereby approves that the Register and Index of Members, Register and Index of Debenture holders and copies of all the Annual Returns prepared under Section 159 of the Act, along with other certificates and documents required to be annexed thereto under Section 161 of the Act and other applicable provisions, be kept at the Registered Office of the Company and / or at the offices of TSR Darashaw Limited, the Company's Registrars and Share Transfer Agents at 6-10, 1st Floor, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 and/ or Pooja Apartment, Ground floor, Near Vitrum Glass Factory, Opp. HCC Ltd., L.B.S. Road, Vikhroli (West), Mumbai 400 079."

NOTES:

a. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 and 6 to 9 set out above and details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, are annexed hereto.

b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organization.

c. Only registered Members of the Company may attend and vote at the Annual General Meeting. The holders of the American Depositary Receipts (the 'ADRs') of the Company shall not be entitled to attend the said Annual General Meeting. However, the ADR holders are entitled to give instructions for exercise of voting rights at the said meeting through the Depositary, to give or withhold such consents, to receive such notice or to otherwise take action to exercise their rights with respect to such underlying shares represented by each such American Depositary Share. A brief statement as to the manner in which such voting instructions may be given would be sent to the ADR holders by the Depositary.

d. The Register of Members and Transfer Books of the Company will be closed from Tuesday, June 5, 2007 to Tuesday, June 12, 2007, both days inclusive, for the purpose of payment of dividend to those Members whose names stand on the Register of Members as on June 12, 2007. The dividend in respect of Ordinary Shares held in electronic form will be payable to the beneficial owners of the Ordinary Shares as at the end of business hours on June 4, 2007, as per the details furnished by the depositories for this purpose.

e. The dividend on Ordinary Shares as recommended by the Directors for the year ended March 31, 2007 will be payable on or after July 9, 2007 in accordance with the resolution to be passed by the Members of the Company.

f. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Transfer Agents.

g. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/name, etc. to their Depository Participant only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the Members.

h. Members' attention is particularly drawn to the "Corporate Governance" section in respect of unclaimed and unpaid dividends.

i. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.

j. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.

By Order of the Board of Directors

H K Sethna
Company Secretary

Mumbai, May 18, 2007

Registered Office:
Bombay House
24, Homi Mody Street
Mumbai 400 001

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 (the Act), sets out all material facts relating to the business mentioned at Item nos.4 and 6 to 9 of the accompanying Notice dated May 18, 2007.

Item No.4: In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mr S A Naik retires by rotation and has not sought re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled and commend the resolution for approval.

Mr Naik was appointed on the Company's Board in May 1988 as a nominee of Industrial Development Bank of India and ceased to be a Director in May 2000 on withdrawal of his nomination by the Institution. In July 2000, Mr Naik was appointed in his individual capacity on the Company's Board. Mr Naik is also a member of the Audit Committee (Chairman for a brief tenure of 2 years from January 1997 to January 1999), the Remuneration Committee as also the Chairman of the Investors' Grievance Committee and the Ethics and Compliance Committee. The Board has placed on record its appreciation of the contribution made by Mr Naik to the Company. Members' attention is invited to the Directors' Report.

Item Nos.6 and 7: The Board of Directors of the Company appointed Mr P M Telang as an Additional Director of the Company with effect from May 18, 2007 pursuant to Section 260 of the Act and Article 132 of the Articles of Association of the Company. Under Section 260 of the Act, Mr Telang ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. A notice under Section 257 of Act has been received from a Member signifying his intention to propose his appointment as a Director.

The Board had also appointed Mr Telang as the Executive Director (Commercial Vehicles) of the Company for a period of 5 years w.e.f. May 18, 2007, subject to the approval of the Members.

Mr Telang is a Mechanical Engineer from Nagpur University and a Post Graduate Diploma holder in Business Administration from IIM, Ahmedabad. Mr Telang joined the Company in June 1972 and has been responsible, in various executive positions, for product development, manufacturing, sales and marketing functions in the Company. Prior to his induction on the Board, Mr Telang was the President (Light & Small Commercial Vehicles) and was responsible for manufacturing activities at Pune, Dharwad and Pantnagar works. Mr Telang played a significant role in cost reduction and e-procurement initiatives which have enabled the Company to turnaround and improve its operations. A brief resume of Mr Telang is given in the Annexure attached to the Notice.

The Board of Directors at their meeting held on May 18, 2007 and the Remuneration Committee on June 1, 2007 approved of the terms of appointment and remuneration of Mr Telang as Executive Director of the Company, *inter alia*, on the following terms:-

(i) Tenure of Agreement: For a period of 5 years commencing from May 18, 2007.

(ii) Nature of duties: Mr Telang ("the Appointee") shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with the Company and the business of any one or more of its subsidiaries and / or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company.

(iii) A. Remuneration: Salary (upto a maximum of Rs.6,00,000/- per month) with annual increments effective April 1 every year as may be decided by the Board, based on merit and taking into account the Company's performance; incentive remuneration, if any, and/or commission based on certain performance criteria to be laid down by the Board; benefits, perquisites and allowances as may be determined by the Board from time to time.

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

The aggregate of the remuneration as aforesaid shall be within the maximum limits as stipulated under Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act, as amended from time to time.

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

(v) The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amounts payable to the Appointee, in accordance with the provision of the Act or any amendments made hereafter in this regard and subject to such approvals as may be required.

(vi) This appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu of the Notice.

(vii) The Appointee is being appointed as a Director by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Act.

(viii) If and when any appointment comes to an end for any reason whatsoever, the Appointee will cease to be the Executive Director and also cease to be a Director. If at any time, the Appointee ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director, as the case may be, and the appointment shall forthwith terminate.

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

The Directors commend the resolution at Item Nos. 6 and 7 of the accompanying notice for approval of the Members of the Company.

Mr Telang is concerned or interested in Item Nos. 6 and 7 of the Notice.

This may be treated as an abstract of the draft Agreement between the Company and Mr Telang pursuant to Section 302 of the Act.

Item No.8: Under Section 293(1)(d) of the Act, the Board of Directors of a company cannot, except with the consent of the company in a general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose. The Members, at the Annual General Meeting of the Company held on July 11, 2006, had accorded their consent to the Board of Directors borrowing upto Rs.7,500 crores. To meet the capital expenditure requirements and for additional working capital needs, as also to provide for the issue of any debt/debt related instrument in the Indian and/or international market, it is necessary to enhance the present borrowing limit. The Members' approval is therefore being sought pursuant to Section 293(1)(d) of the Act to increase the borrowing limit to Rs.12,000 crores. Even with the proposed borrowing, the debt equity ratio will be within a reasonable limit.

The Directors commend the resolution at Item No.8 of the accompanying Notice for approval by the Members.

Item No.9: Under the provisions of Section 163 of the Act, certain documents such as Register and Index of Members, Registers and Index of Debenture holders and copies of all annual returns prepared under Section 159 of the Act have to be kept at the Registered Office of the Company. However, these documents can be kept in any

other place within the city, town or village in which the registered office is situated, with the approval of the members at a general meeting by way of a Special Resolution.

Pursuant to the Special Resolution passed at the Annual General Meeting of the Company held on August 26, 1986, the above mentioned documents were being kept at the office of the Company's Registrar and Share Transfer Agents, which was then located at Army & Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai 400 001 and / or at such other places as indicated in the said resolution.

The Company's Registrar and Share Transfer Agents viz. TSR Darashaw Limited have shifted their office to 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

Approval of the Members is sought to keep the aforesaid documents at the office of the Company's Registrar and Share Transfer Agents viz. TSR Darashaw Limited at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 and/or at Pooja Apartment, Ground Floor, Near Vitrum Glass Factory, Opp. HCC Ltd., L.B.S. Road, Vikhroli (West), Mumbai 400 079. A Special Resolution under Item No.9 of the Notice is, therefore, proposed for approval of the Members.

The Board commends the Resolution for approval of the Members.

None of the Directors is concerned or interested in the Resolution at Item No.9 of the Notice.

The aforesaid documents can be inspected on any working day of the Company between 10:00 am to 12:00 noon except when the Registers and the Books are closed under the provisions of the Act or the Articles of Association.

By Order of the Board of Directors

H K Sethna
Company Secretary

Mumbai, May 18, 2007

Registered Office:
Bombay House
24, Homi Mody Street
Mumbai 400 001

BRIEF RESUME OF DIRECTORS RETIRING BY ROTATION SEEKING RE-ELECTION AND APPOINTMENT OF EXECUTIVE DIRECTOR AT THIS ANNUAL GENERAL MEETING

Particulars	*Mr N A Soonawala*	*Mr P M Telang*
Date of Birth & Age	June 27, 1935; 71 years	June 21, 1947; 59 years
Appointed on	May 31, 1989	May 18, 2007
Qualifications	B. Com. (Hons), A.C.A.	B.E.(Mech.), P.G.D.B.A
Expertise in specific functional areas	Accounts, Finance & Development Banking, Investment & Capital Markets	Automotive industry and machinery manufacturing.
Directorships held in other Public companies (excluding foreign companies)	The Indian Hotels Co. Ltd. Tata Industries Ltd. Tata Investment Corporation Ltd.- Chairman Tata Sons Ltd. - Vice Chairman Trent Ltd.	Tata Marcopolo Motors Ltd. Tata Cummins Ltd. Telco Construction Equipment Co Ltd. TAL Manufacturing Solutions Ltd. Automobile Corporation of Goa Ltd.
Memberships/ Chairmanships of committees across public companies	*Audit* Tata Sons Ltd. - Chairman *Investors' Grievance* Indian Hotels Co. Ltd. - Chairman Tata Investment Corporation Ltd.-Chairman	*Audit* TAL Manufacturing Solutions Ltd.
Shareholding	Nil	1120

FINANCIAL STATISTICS

	CAPITAL ACCOUNTS (Rs. in lakhs)						REVENUE ACCOUNTS (Rs. in lakhs)						RATIOS		
Year	Capital	Reserves and Surplus	Borro-wings	Gross Block	Depre-ciation	Net Block	Turn-over	Depri-ciation	Profit/ (Loss) Before Taxes	Taxes	Profit/ (Loss) After Taxes	Divi-dend	PAT to Sales	Earnings Per Share (Basic)* (Rs.)	Net Worth Per Share* (Rs.)
1945-46	100	1	—	31	2	29	12	2	1	0	1	0	8.3%	0.07	10
1949-50	200	11	94	233	44	189	167	15	11	5	6	0	3.6%	0.03	10
1953-54	500	27	412	731	270	461	321	97	3	0	3	0	0.9%	0.11	11
1954-55	627	27	481	792	303	489	445	35	0	0	0	0	0.0%	0.00	11
1955-56	658	120	812	1010	407	603	1198	105	125	32	93	59	7.8%	1.32	12
1956-57	700	149	1382	1352	474	878	2145	70	116	27	89	44	4.1%	1.64	13
1957-58	700	117	1551	1675	668	1007	2694	129	99	6	93	52	3.5%	1.72	12
1958-59	1000	206	1245	2050	780	1270	2645	113	155	13	142	56	5.4%	1.68	12
1959-60	1000	282	1014	2201	940	1261	2825	161	222	93	129	108	4.6%	1.50	13
1960-61	1000	367	1263	2593	1118	1475	3735	180	313	122	191	126	5.1%	2.26	14
1961-62	1000	432	1471	2954	1336	1618	4164	220	378	188	190	124	4.6%	2.28	15
1962-63	1000	450	1758	3281	1550	1731	4364	223	327	185	142	124	3.3%	1.68	15
1963-64	1198	630	2470	3920	1802	2118	5151	260	404	200	204	144	4.0%	1.97	16
1964-65	1297	787	3275	4789	2144	2645	6613	345	479	208	271	157	4.1%	2.39	17
1965-66	1640	995	3541	5432	2540	2892	7938	398	477	189	288	191	3.6%	2.20	18
1966-67	1845	1027	4299	6841	3039	3802	9065	505	620	192	428	235	4.7%	2.80	17
1967-68	1845	1121	5350	7697	3608	4089	9499	572	395	66	329	235	3.5%	2.10	18
1968-69	1845	1295	5856	8584	4236	4348	10590	630	582	173	409	235	3.9%	2.66	19
1969-70	1845	1333	6543	9242	4886	4356	9935	662	274	0	274	221	2.8%	1.72	19
1970-71	1845	1516	6048	10060	5620	4440	13624	749	673	270	403	251	3.0%	2.49	20
1971-72	1949	2020	6019	10931	6487	4444	15849	758	885	379	506	273	3.2%	3.04	23
1972-73	1949	2194	5324	12227	7491	4736	15653	820	832	360	472	266	3.0%	2.87	24
1973-74	1949	2394	6434	13497	8471	5026	16290	902	1007	450	557	180	3.4%	3.43	26
1974-75	1949	2827	9196	15838	9593	6245	22510	1134	677	136	541	266	2.4%	3.32	28
1975-76	2013	3691	9399	18642	10625	8017	27003	1054	855	91	764	276	2.8%	4.60	33
1976-77	2328	3833	11816	20709	11685	9024	28250	1145	1056	0	1056	323	3.7%	5.38	30
1977-78	2118	4721	11986	22430	12723	9707	28105	1101	1044	0	1044	313	3.7%	5.37	35
1978-79	3151	5106	11033	24900	13895	11005	37486	1200	1514	0	1514	467	4.0%	5.36	27
1979-80	3151	6263	17739	28405	15099	13306	44827	1300	1762	0	1762	605	3.9%	5.96	31
1980-81	3151	8095	15773	33055	16496	16559	60965	1616	2437	0	2437	605	4.0%	8.27	38
1981-82	4320	10275	25476	38819	18244	20575	79244	1993	4188	0	4188	839	5.3%	10.18	35$
1982-83	4226	12458	23361	43191	20219	22972	86522	2187	3481	460	3021	827	3.5%	7.34	40
1983-84	5421	14103	25473	46838	23078	23760	85624	2923	2163	235	1928	923	2.3%	3.61	37@
1984-85	5442	15188	30226	52819	26826	25993	93353	3895	2703	390	2313	1241	2.5%	4.32	39
1985-86	5452	16551	44651	61943	29030	32913	102597	3399	1832	215	1617	1243	1.6%	3.00	41
1986-87	5452	15886	53476	68352	30914	37438	119689	2157	293	0	293	552	0.2%	0.51	40
1987-88	6431	17491	44406	75712	34620	41092	140255	3822	3205	510	2695	1356	1.9%	4.25	38@
1988-89	10501	30740	32396	83455	38460	44995	167642	4315	8513	1510	7003	2444	4.2%	6.74	40@
1989-90	10444	37870	48883	91488	43070	48418	196910	4891	14829	4575	10254	3126	5.2%	9.87	47
1990-91	10387	47921	48323	100894	48219	52675	259599	5426	23455	9250	14205	4154	5.5%	13.69	56
1991-92	11765	61863	105168	123100	54609	68491	317965	6475	20884	7800	13084	4389	4.1%	12.45	67@
1992-93	12510	64207	144145	153612	61710	91902	309156	7456	3030	26	3004	3642	1.0%	2.47	63
1993-94	12867	70745	141320	177824	70285	107539	374786	9410	10195	20	10175	5020	2.7%	7.91	65
1994-95	13694	128338	115569	217084	81595	135489	568312	11967	45141	13246	31895	8068	5.6%	23.29	104
1995-96	24182	217400	128097	294239	96980	197259	790967	16444	76072	23070	53002	14300	6.7%	21.92	100
1996-97	25588	339169	253717	385116	117009	268107	1012843	20924	100046	23810	76236	22067	7.5%	30.40	143
1997-98	25588	349930	330874	487073	141899	345174	736279	25924	32880	3414	29466	15484	4.0%	11.51	147
1998-99	25590	350505	344523	569865	165334	404531	659395	28132	10716	970	9746	8520	1.5%	3.81	147
1999-00	25590	349822	300426	581233	182818	398415	896114	34261	7520	400	7120	7803	0.8%	2.78	147
2000-01	25590	299788	299888	591427	209067	382360	816422	34737	(50034)	0	(50034)	0	—	(18.45)	127
2001-02	31982	214524	230772	591006	243172	347834	891806	35468	(10921)	(5548)	(5373)	0	—	(1.98)	77@
2002-03	31983	227733	145831	608114	271307	336807	1085874	36213	51037	21026	30011	14430	2.76%	9.38	81
2003-04	35683	323677	125977	627149	302369	324780	1555242	38260	129234	48200	81034	31825	5.21%	24.68	102@
2004-05	36179	374960	249542	715079	345428	369651	2064866	45016	165190	41495	123695	51715	5.99%	34.38	114@
2005-06	38287	515420	293684	892274	440151	452123	2429052	52094	205338	52450	152888	56778	6.29%	40.57	145@
2006-07	38541	648434	400914	1128912	489454	639458	3212988	58629	257318	65972	191346	67639	5.96%	49.76	178@

Notes :

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

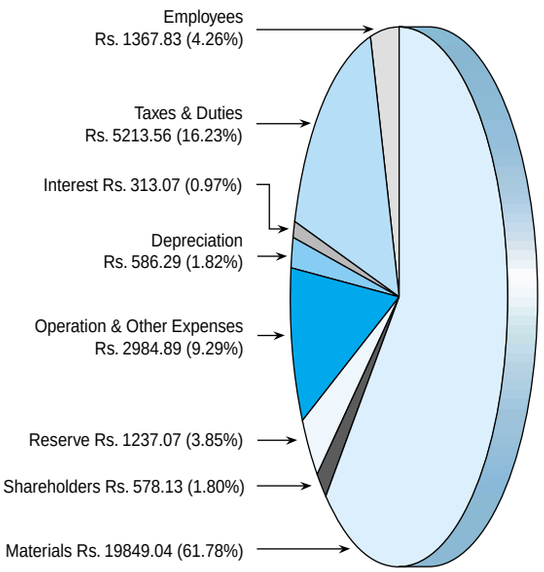
$ On increased capital base due to issue of Bonus Shares. Net Worth excludes ordinary dividends.

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

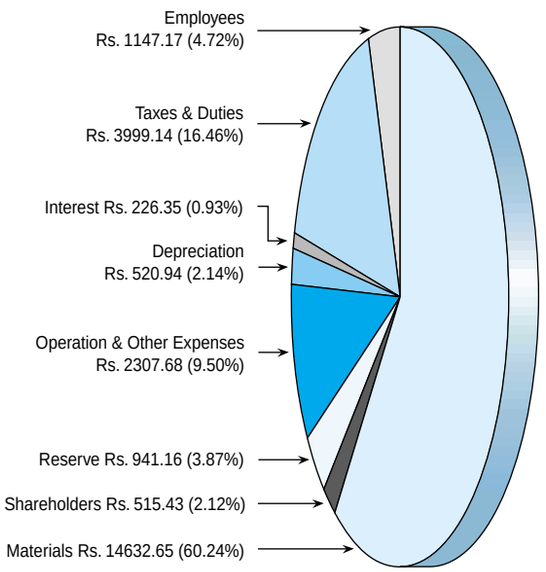
DISTRIBUTION OF REVENUE

(Rupees in Crores)

2006-07



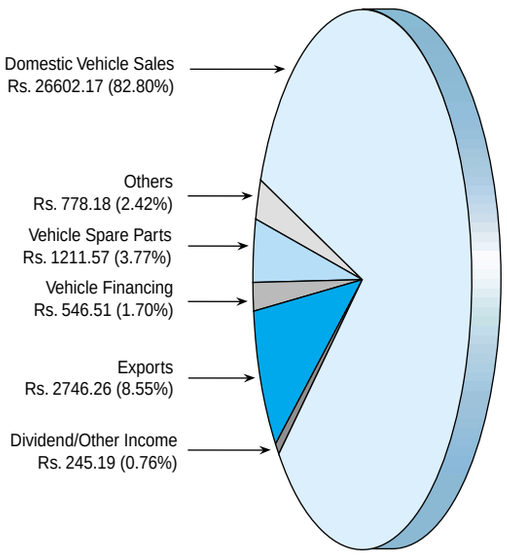
2005-06



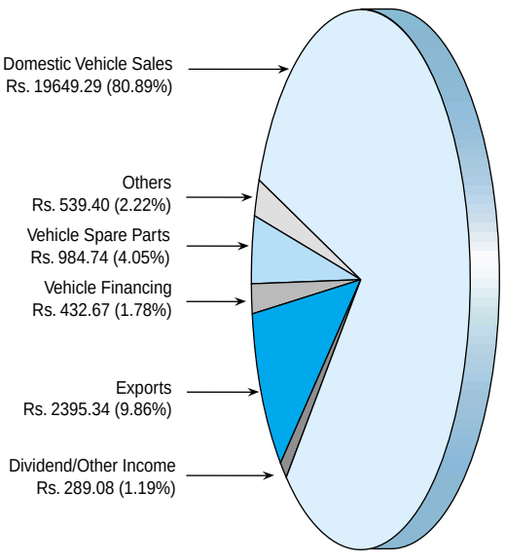
SOURCES OF REVENUE

(Rupees in Crores)

2006-07

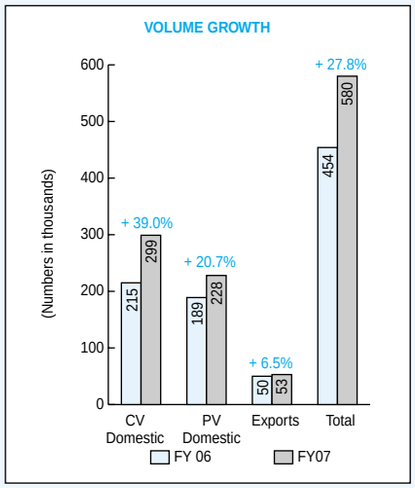


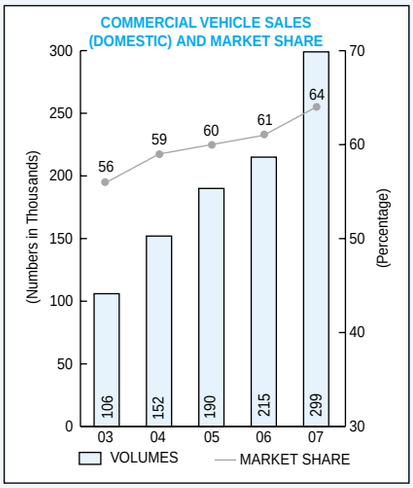
2005-06

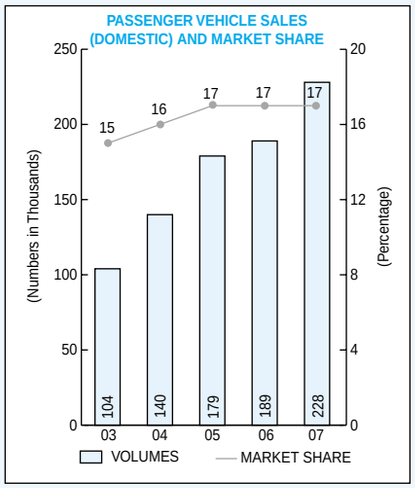


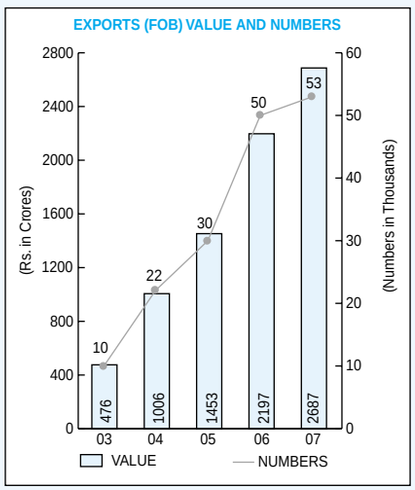
(Figures for the previous year have been regrouped/reclassified)

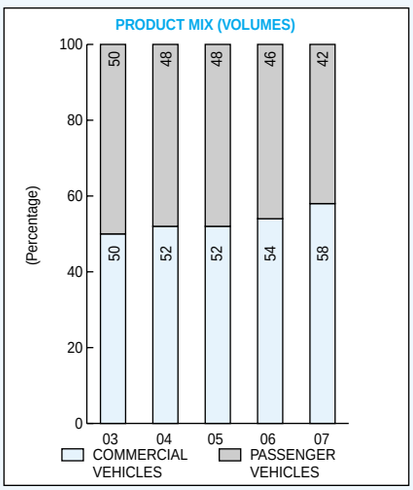
Tata Motors Limited

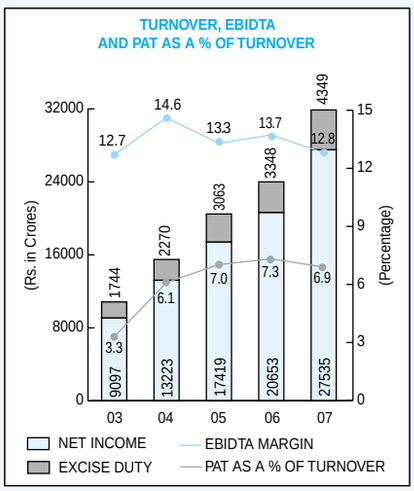


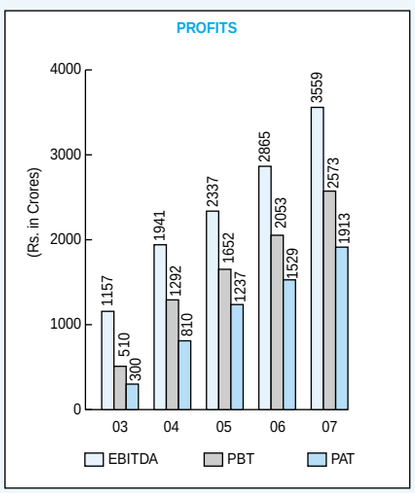


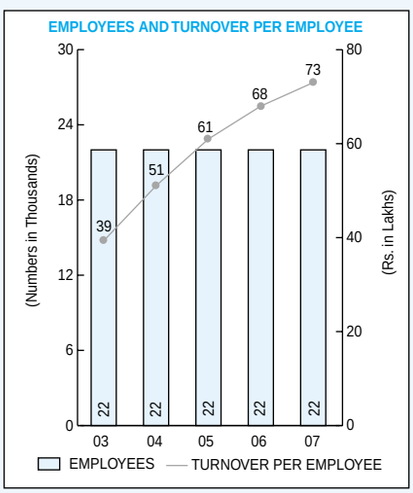


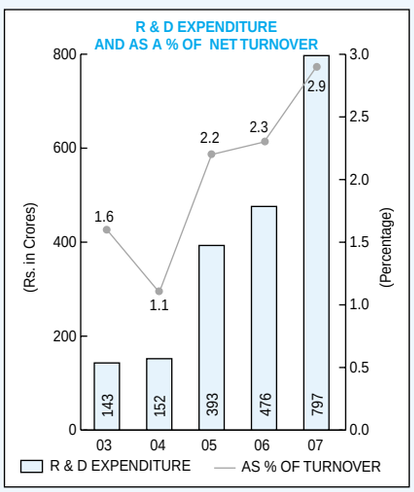


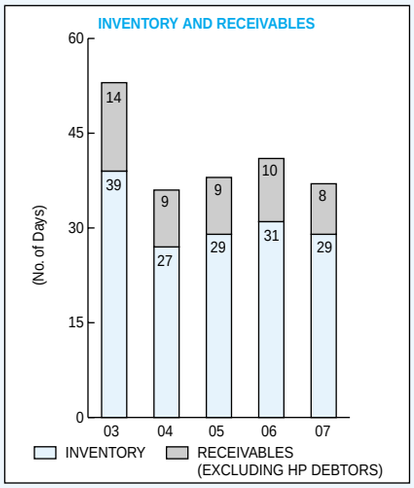


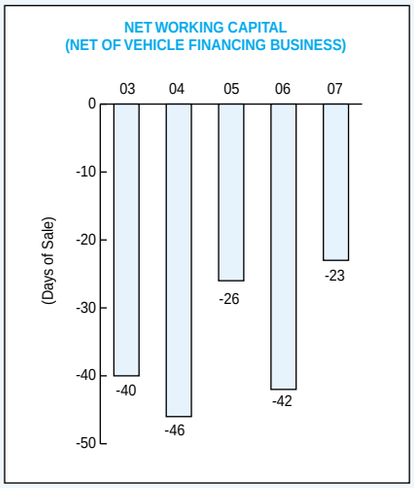


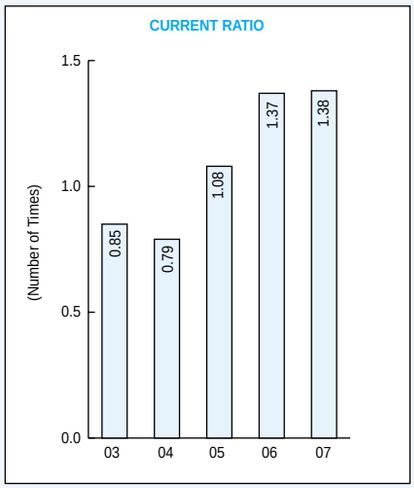


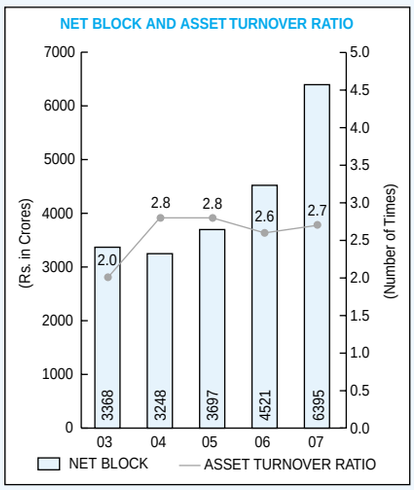


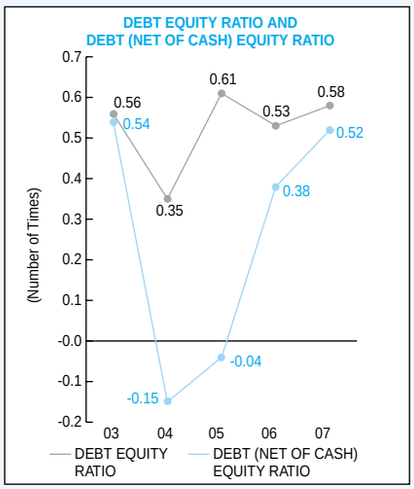


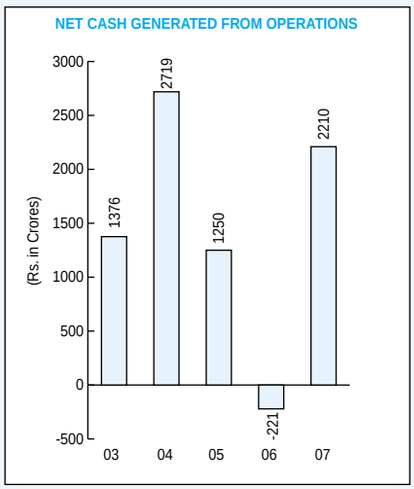

INVENTORY AND RECEIVABLES
(No. of Days)
60
45
30
15
0
14
39
9
27
9
29
10
31
8
29
03
04
05
06
07
INVENTORY
RECEIVABLES (EXCLUDING HP DEBTORS)

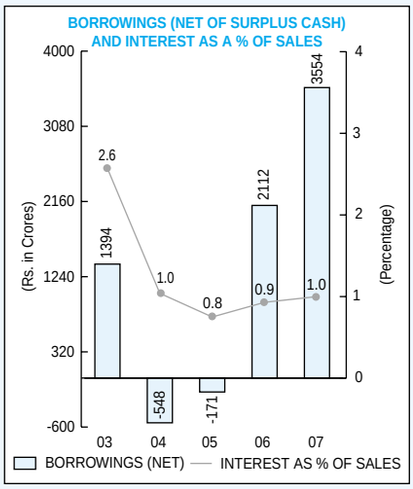

NET WORKING CAPITAL
(NET OF VEHICLE FINANCING BUSINESS)
(Days of Sale)
03
04
05
06
07
0
-10
-20
-30
-40
-50
-40
-46
-26
-42
-23

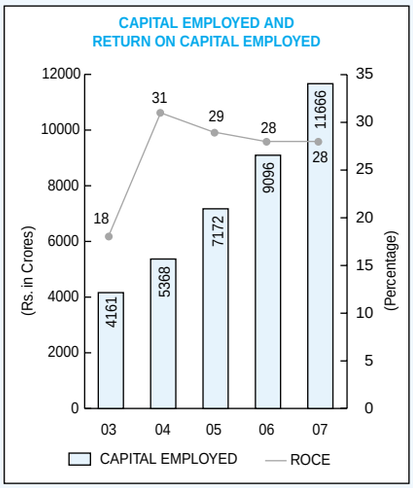

CURRENT RATIO
(Number of Times)
1.5
1.0
0.5
0.0
0.85
0.79
1.08
1.37
1.38
03
04
05
06
07

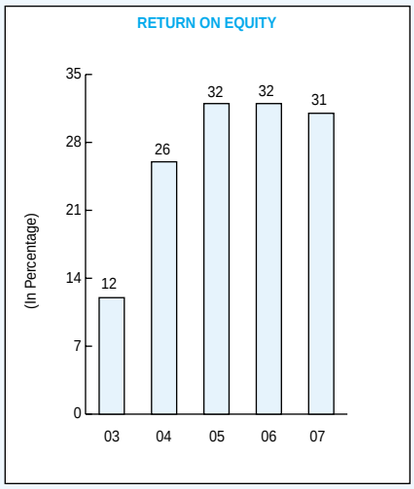

NET BLOCK AND ASSET TURNOVER RATIO
(Rs. in Crores)
(Number of Times)
7000
6000
5000
4000
3000
2000
1000
0
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2.0
2.8
2.8
2.6
2.7
3368
3248
3697
4521
6395
03
04
05
06
07
NET BLOCK
ASSET TURNOVER RATIO


DEBT EQUITY RATIO AND
DEBT (NET OF CASH) EQUITY RATIO
(Number of Times)
0.7
0.6
0.5
0.4
0.3
0.2
0.1
-0.0
-0.1
-0.2
0.56
0.35
0.61
0.53
0.58
0.54
-0.15
-0.04
0.38
0.52
03
04
05
06
07
DEBT EQUITY RATIO
DEBT (NET OF CASH) EQUITY RATIO

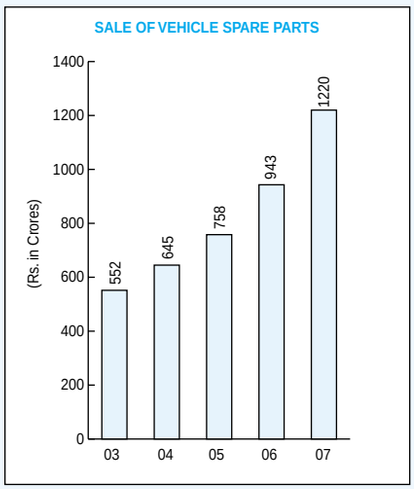

NET CASH GENERATED FROM OPERATIONS
(Rs. in Crores)
3000
2500
2000
1500
1000
500
0
-500
1376
2719
1250
-221
2210
03
04
05
06
07

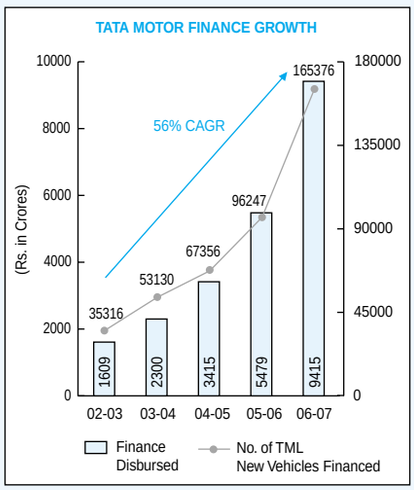

BORROWINGS (NET OF SURPLUS CASH)
AND INTEREST AS A % OF SALES
(Rs. in Crores)
(Percentage)
4000
3080
2160
1240
320
-600
4
3
2
1
0
2.6
1.0
0.8
0.9
1.0
1394
-548
-171
2112
3554
03
04
05
06
07
BORROWINGS (NET)
INTEREST AS % OF SALES

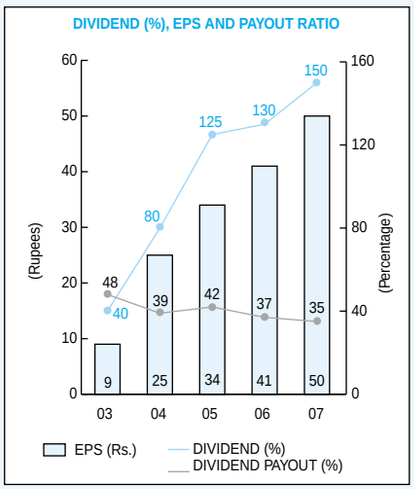

CAPITAL EMPLOYED AND
RETURN ON CAPITAL EMPLOYED
(Rs. in Crores)
(Percentage)
12000
10000
8000
6000
4000
2000
0
35
30
25
20
15
10
5
0
18
31
29
28
28
4161
5368
7172
9096
11666
03
04
05
06
07
CAPITAL EMPLOYED
ROCE

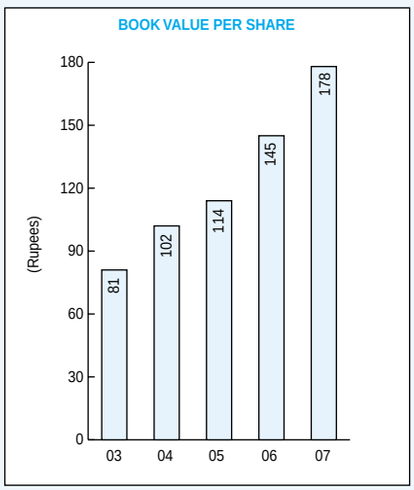

RETURN ON EQUITY
(In Percentage)
35
28
21
14
7
0
12
26
32
32
31
03
04
05
06
07

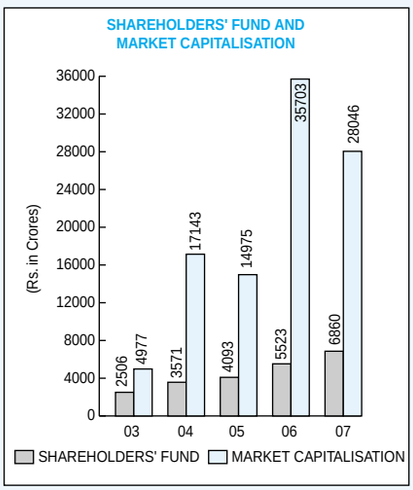
Tata Motors Limited

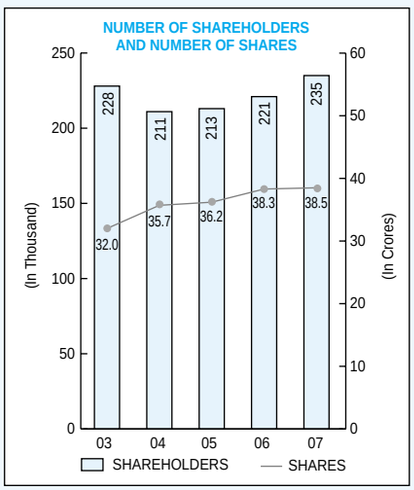


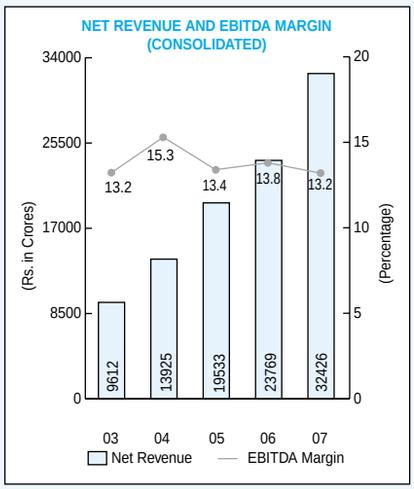


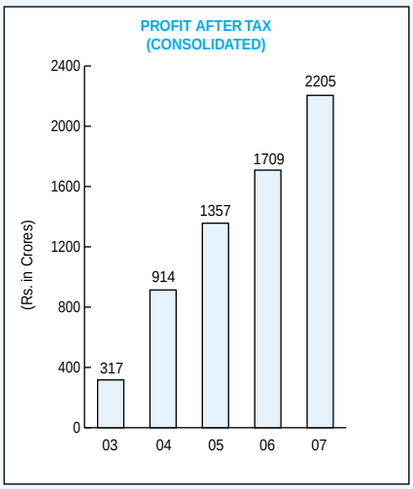


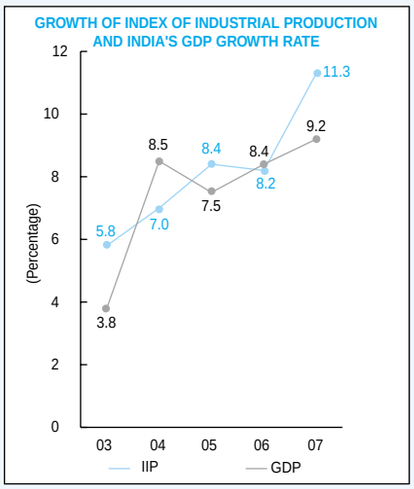












(Figures for the previous years have been regrouped/reclassified)

Directors' Report

TO THE MEMBERS OF
TATA MOTORS LIMITED

The Directors present their Sixty-Second Annual Report and the Audited Statement of Accounts for the year ended March 31, 2007.

1 FINANCIAL RESULTS

		Financial Year (Rs. in crores)	
		2006-07	2005-06
(i)	Gross Revenue	**31884.69**	24001.44
(ii)	Net Revenue (excluding excise duty)	**27535.24**	20653.49
(iii)	Total Expenditure (net)	**24221.52**	18077.81
(iv)	Operating Profit	**3313.72**	2575.68
(v)	Other Income	**245.19**	289.08
(vi)	Profit before Interest, Depreciation, Exceptional Items & Tax	**3558.91**	2864.76
(vii)	Interest		
	(a) Gross Interest	**389.86**	296.49
	(b) Transfer to Capital Account/Interest Received	**(76.79)**	(70.14)
	(c) Net Interest	**313.07**	226.35
(viii)	Profit before Depreciation, Exceptional Items & Tax	**3245.84**	2638.41
(ix)	Product Development Expenses	**85.02**	73.78
(x)	Depreciation	**586.29**	520.94
(xi)	Profit before Exceptional Items and Tax	**2574.53**	2043.69
(xii)	Exceptional Items	**1.35**	(9.69)
(xiii)	Profit Before Tax	**2573.18**	2053.38
(xiv)	Tax Expenses	**659.72**	524.50
(xv)	Profit After Tax for the Year	**1913.46**	1528.88
(xvi)	Balance Brought Forward from Previous Year	**776.76**	585.60
(xvii)	Arrears of Preference Dividend pertaining to erstwhile Tata Finance Limited	**-**	19.94
(xviii)	Amount Available for Appropriations	**2690.22**	2094.54
	APPROPRIATIONS		
(a)	General Reserve	**1000.00**	750.00
(b)	Dividend (including tax)	**676.32**	567.78
(c)	Residual dividend paid for 2005-06(including tax)	**0.07**	-
(d)	Balance carried to Balance Sheet	**1013.83**	776.76

Note: Figures for the previous year have been regrouped / reclassified where necessary

DIVIDEND

2 Considering the Company's improved financial performance, the Directors have recommended payment of a dividend of Rs.15/- per share on 38,53,81,536 Ordinary Shares fully paid-up for the Financial Year 2006-07 (previous year - Rs.13/- per share).

OPERATING RESULTS AND PROFITS

3 FY 2006-07 was another outstanding year for the Company, which recorded peak performance on almost all major financial parameters. The Company retained its position as the largest automobile company in India in terms of revenue. Overall sales volume at 580,280 vehicles was higher by 28% as compared to previous year, crossing the half a million mark for the first time and turnover at Rs.31,885 crores was higher by 33% than in FY 2005-06. The Company strengthened its position in the domestic commercial vehicle market with a 2.6% points gain in its market share to 63.8%, and also retained its position as the second largest player in the domestic passenger vehicle market with a 16.5% market share. Export volumes at 53,474 units grew by 6.5% as compared to the previous year. The EBIDTA at 12.9% were lower than 13.9% achieved in FY05-06, mainly due to input price increase which could not be fully absorbed from the market. The Profit Before Tax at Rs.2,573.18 crores was 25% higher than Rs.2,053.38 crores in FY05-06. After providing for current and deferred taxes, the Profit After Tax was Rs.1,913.46 crores (FY 2005-06: Rs.1,528.88 crores), an increase of 25% over the previous year.

The Company was conferred with the Golden Peacock Global Award for Corporate Social Responsibility - 2007 in the 'Large Business' category by the Institute of Directors, the international body of company directors. The Company also received 'CII-ITC Sustainability Award 2006' based on Corporate Governance practices and Economic, Environmental and Social performance - the Triple Bottom Line concept as per guidelines of the Global Reporting Initiative (GRI).

COMMERCIAL VEHICLES

4 The Company reported a sale of 334,238 commercial vehicles in the domestic and overseas markets, representing a growth of 36.4% over the last fiscal.

The Company outperformed the industry and strengthened its market leadership with a 39% growth in domestic commercial vehicle sales to an all time high of 298,586 nos. In the M&HCV segment, the Company recorded a 34.4% growth in sales and increased its market share by 0.7% points to 62.7%. The overall growth in the M&HCV market was mainly due to growing shift towards higher tonnage vehicles like haulage tractors and multi axle vehicles as also the Company's buses and coaches which found greater acceptance.

In the LCV segment, the Company recorded a 45.8% growth in sales and increased its market share by 5.3% points to 65.4%. The overall growth in the LCV market was mainly due to the impressive performance by the Company's mini truck - TATA Ace. The Company rolled out the 100,000 th TATA Ace in a record time of 22 months since its launch in May 2005. The TATA Ace also won the Business World - Marico's 'Business Innovation 2006' award.

Commercial vehicle exports grew by 18.1% to reach a peak of 35,652 vehicles with M&HCV at 12,155 units, recording a 47.1% growth and LCVs at 23,497 units recording a negative growth of 7.2% over the previous year. Revenue from the non-vehicular business witnessed a 21% growth in the fiscal, mainly due to the growth in spare parts business.

During the year, the Company worked towards setting up a green-field manufacturing facility in Uttarakhand. The Company entered into a 70:30 joint venture with Thonburi Automotive Assembly Plant Co., Thailand to manufacture pick-up trucks in Thailand. The joint venture will facilitate the Company to address the Thailand market, which is the second largest pickup market in the world, as also address other potential markets in that region.

To further strengthen its position in the passenger carrier segment, the Company formed a 51:49 Joint Venture with Marcopolo S.A., Brazil, a global leader in building bodies for buses and coaches, to manufacture and assemble fully built buses and coaches in India.

The Company also signed a Memorandum of Understanding with IVECO, a company of the Fiat Group to evaluate the feasibility of co-operation, across markets, in the area of commercial vehicles, which encompasses a number of potential developments in engineering, manufacturing, sourcing and distribution of products, aggregates and components.

PASSENGER VEHICLES

5 The Company sold 246,042 passenger vehicles (including sale of 1,328 Fiat cars) in the domestic and overseas markets, recording a growth of 17.7%. The Company achieved its highest ever domestic sales of 228,220 vehicles, recording a growth of 21%.

The Company continues to be the second largest player in terms of domestic sales, with a 16.5% market share of the overall Indian passenger vehicle market. Exports at 17,822 passenger vehicles declined by 11% over the previous year mainly due to the appreciating rupee and certain production constraints. South Africa continued to be the biggest market outside India for the Company.

The TATA Indica's sales at 144,690 nos. were the highest for any year in the domestic market with a growth of 30%, mainly due to the wide acceptance of the new petrol (XETA) range and a facelift introduced in the last quarter of the fiscal. The Company also launched a 1.2 Litre petrol version in November 2006 on the Indica range which is eligible for excise duty concessions under the Government's small car definition.

The TATA Indigo range was expanded with the launch of the country's first stretched sedan concept - the Indigo XL in the last quarter. With a total sale of 34,310 vehicles, the TATA Indigo range continues to be the best seller in the entry mid-size segment, although the segment has been declining for the past two years. The Company introduced a new 1.4 Litre 101PS petrol and a 70PS common rail diesel (DICOR family) engine on the Indigo range as well as a facelift during the year.

The Company's sales and market share were slightly impacted due to a fire in September'06 in the paint shop of the Car Plant at Pune disrupting manufacturing operations. The Company ensured minimum loss of production by taking various steps on priority and operations were gradually restored during the year. The Company is fully insured against the loss arising due to fire.

The TATA Sumo and the TATA Safari recorded the highest ever sales of 47,892 vehicles in the utility vehicle segment, recording a 26% increase over last year. Price re-positioning of the TATA Safari range helped the model achieve a growth of 237% over last year.

In December 2006, the Company signed an agreement with Fiat Auto S.p.A., Italy for the formation of a joint venture at Ranjangaon in Maharashtra to produce cars both for Fiat and the Company as well as engines and transmissions. The new plant is expected to have a capacity of 100,000 cars and 200,000 engines and transmissions per annum. The Company has been distributing Fiat branded cars through the Tata-Fiat dealer network as per the arrangement already in place since March 2006. The Company has sold 1,328 Fiat cars during the year through 44 joint dealerships. The Company also entered into an agreement with Fiat to enable Fiat to manufacture a pickup at its Cordoba plant in Argentina from 2008 onwards under licence from the Company.

During the year, the Company initiated steps for establishing a Small Car plant in Singur, West Bengal with a capacity of 250,000 vehicles per annum The Company's Car Plant received the 'National Energy Conservation Certificate of Merit' at the hands of the President of India, for the second consecutive year. The Plant also bagged the IMEA (India Manufacturing Excellence Awards) 2006 Overall "Super Platinum 1st Runner up Award" in the 'Large Enterprise Category' for sustained manufacturing excellence. The manufacturing activities were ISO/TS 16949:2002 certified by Bureau Veritas during the year.

The Company's brands continued to be recognized at various forums. The TATA Indica was ranked as one of India's top 10 Power Brands in a survey conducted by the Indian Council of Marketing Research (ICMR). The Company's advertising was recognized at the 'CNBC TV18- Autocar Auto Awards' while the TATA Indica was recognized as the best small diesel car by the 'TNS Voice of the Customer Awards'. The TATA Cliffrider, a 4-door life style pickup won the 'Top Gear' Design of the Year Award, in the category of Concept Vehicles in India. During the year, the entire dealership network of the Company was covered under a comprehensive CRM program - the largest initiative of its kind in the country.

The Company celebrated its 10th year at the Geneva Motor Show with the unveiling of the Tata Elegante concept, a sedan based on the new platform under development, highlighting styling cues likely to be seen on the Company's new generation of cars.

TATA MOTORFINANCE - CUSTOMER FINANCING INITIATIVES

6 The vehicle financing division of the Company and its wholly owned subsidiary company, TML Financial Services Limited operate under the brand name "TataMotorfinance (TMF)". TMF financed 1,65,376 new vehicles, a growth of 71.8% over 96,247 in the previous year. With disbursals of Rs.9,415 crores, a growth of 71.8% over Rs. 5,479 crores in the previous year, TMF has emerged as the third largest vehicle financier in the domestic market.

During the year, TMF extended support to the Company's vehicle sales by financing 31.4% of the total domestic sales, compared to 23.8% in the previous year. Given this growth, TMF is on course to become a strong captive financing arm to support the vehicle sales business as well as to de-risk the cyclical revenue stream of this business. The extensive network of TMF will also complement the dealer network of vehicle sales, thus augmenting the reach of the Company.

In the Commercial Vehicle financing segment, TMF achieved a market share of 37.7%, with total disbursements for FY 06-07 at Rs.6,122 crores (previous year Rs. 3,693 crores), recording a 66% growth. TMF financed 100,088 units, an increase of 63% over the previous year. The Passenger car financing arm of TMF continued to grow at a CAGR of 70%, thus supporting the Tata Motors Passenger Car sales, by financing 28.8% of its total domestic sales. During the year, TMF financed 65,288 units, disbursing Rs. 2,068 crores and posting a growth of 79% over last year. The Construction Equipment finance grew by 292% (Rs. 663 crores) against Rs. 226 crores in the previous year, recording a CAGR of 164% and emerged as the No.1 financer to Telco Construction Equipment Co. Limited, a subsidiary of the Company, with an aggregate market share of 32% (22% in 2005-06).

HUMAN RESOURCES & INDUSTRIAL RELATIONS

7 The Company entered into a three year wage settlement with its union at Pune CVBU. The permanent employees strength of the Company as on March 31, 2007 was 22349, while that of the Company's subsidiaries was 10261. Recruitments were made in line with the expansion plans of the Company. The industrial relations at all our Plant locations remained harmonious. The Bonus settlements at all our Plant locations were signed in time. The negotiations for Wage Settlements at PCBU-Pune and Jamshedpur are underway and are expected to be signed shortly.

FINANCE

8 In spite of significant increase in the Company's capital expenditure spending on its new projects, the Company could maintain overall borrowings of Rs.4,009.14 crores as on March 31, 2007 at a Debt : Equity ratio of 0.58. In fact, net of its vehicle financing portfolio, the Company is a debt free company as on March 31, 2007.

The Company's rating for foreign currency borrowing has been upgraded by Standard & Poor from BB to BB+ and the same is under review with Moody's. For borrowing in local currency, the same was maintained at AA+ by ICRA and CRISIL.

The Company has been successful in effective management of currency risks amidst sharp increase in volatilities in the past years. On account of this and further due to significant appreciation of Rupee in the current year, the Company recorded a net exchange gain of Rs.130.48 crores as compared to a net exchange loss for the previous year of Rs.18.53 crores.

IT AND RESEARCH AND DEVELOPMENT INITIATIVES

9 The Company focused on aligning IT objectives with business goals and made significant investments to enhance IT capabilities. On product and process design, the Company invested Rs.55 crores in areas of CAD and Digital Manufacturing. A number of new Knowledge Based Engineering (KBE) tools were developed to improve productivity and throughput of design activities. All new vehicle platforms were founded on the "Teamcentre" Product Lifecycle Management (PLM) solution which enables vastly improved CAD Integration, Project Management and collaborative product development with Vendors. The solution also provides low cost visualization of CAD data and digital mock up.

Using our SAP ERP Global templates, the ERP infrastructure required for Uttarakhand operations was provided and preparatory work of the Small Car and for the joint ventures was initiated. The Company's Oracle based Customer Relations Management programme has now been deployed to 1000 locations and over 15,000 users in the domestic and international channel. Real time data on the customer and the vehicle is now available across the Company and the distribution channel. Data warehousing is now being used extensively across the organization both on SAP and CRM.

The Company continued its focus on research and development activities in product development, environmental technologies and vehicle safety through its Engineering Research Centre based in Pune and Jamshedpur and alongwith Tata Motors European Technical Centre, plc, Tata Daewoo Commercial Vehicle Company Limited and Hispano Carrocera S.A. are developing world-class products which would open various

international markets in the future. In addition, the Company's R&D activities also focus on developing vehicles running on alternative fuels, including CNG, LPG and bio-diesel, besides pursuing alternative fuel options such as ethanol blending and development of vehicles fuelled by hydrogen. In electronics, the Company has taken initiatives such as engine management systems, in-vehicle network architecture, telematics for communication and tracking and other emerging technological areas.

SUBSIDIARY AND ASSOCIATE COMPANIES

10 Subsidiary Companies

For the Financial Year ended March 31, 2007, the Company's subsidiaries, on an aggregate basis, have significantly improved their financial performance and profitability. A brief profile of the subsidiary companies and their main financial parameters for FY 2006-07, are in this Annual Report. Brief details of the Company's existing subsidiaries is given below:-

Tata Daewoo Commercial Vehicle Company Limited (TDCV), Korea is a 100% subsidiary of the Company. TDCV is in the business of manufacture and sale of heavy commercial vehicles**.** During the year under review, TDCV witnessed 46% growth in its total CV volumes to 8630 units and improved its market share by 8.5% to 26.1%, TDCV's heavy vehicle exports were 2/3rd of South Korea's total heavy commercial vehicle exports. TDCV recorded a turnover of KRW 493.66 billion (Rs.2,248.81 crores at exchange rate prevailing in the year 2006-07) which was higher by 35% compared to KRW 364.94 billion (Rs.1,646.66 crores at exchange rate prevailing in the year 2005-06) in 2005-06. The Profit before Tax at KRW 29.26 billion (Rs.133.31 crores) registered an increase of 63% compared to KRW 17.94 billion (Rs.80.97 crores) in 2005-06. After providing for tax, the profit was KRW 21.39 billion (Rs.97.46 crores) against KRW 13.46 billion (Rs.60.75 crores) in the previous year, an increase of 59%. TDCV declared a maiden dividend of 20% on Common Shares for the year 2006-07.

Telco Construction Equipment Company Limited (Telcon) is engaged in the business of manufacturing and sale of construction equipment and allied services in which the Company has a 60% holding with the balance 40% being held by Hitachi Construction Machinery Company Limited, Japan. With the increase in economic activity especially in the infrastructure sector, Telcon recorded its best performance to date having sold 5360 machines (3674 machines in 2005-06) with a gross revenue of Rs.1814.16 crores (Previous Year: Rs.1,289.49 crores), a Profit After Tax of Rs.183.86 crores (Previous Year: Rs.86.84 crores), i.e. an increase of 112% and a dividend of Rs.4/- per share (Previous Year: Rs.2.50 per share).

Tata Technologies Limited (TTL) is a subsidiary of the Company and has a holding 84.76% of TTL's equity capital. Through its operating companies, INCAT and Tata Technologies iKS, the Tata Technologies group provides specialized Engineering & Design Services (E&D), Product Lifecycle Management (PLM) and product-centric IT services to leading manufacturers. It responds to customers' needs through its 17 subsidiary companies having operations in 45 cities across 12 countries on three continents and through its offshore development centers in India and Thailand. Its customers are among the world's premier automotive, aerospace and consumer durable manufacturers.

INCAT - founded in 1989 and acquired by Tata Technologies in October 2005, is the world's leading independent provider of E&D, Product & Information Lifecycle Management, Enterprise Solutions and Plant Automation. INCAT focuses on enabling manufacturers to improve revenue and profit by realizing superior products. INCAT's services include product design, analysis and production engineering, Knowledge Based Engineering, PLM, Enterprise Resource Planning and Customer Relationship Management systems. INCAT also distributes, implements and supports PLM products from leading solution providers in the world such as Dassault Systèms, UGS and Autodesk. With a combined global work force of more than 3,000 employees, the Company has operations in the United States (Novi, Mich.), Germany (Stuttgart) and India (Pune).

Tata Technologies iKS is a global leader in engineering knowledge transformation technology. For over 15 years, iKS has enabled engineering knowledge transformation through '*i get it*', which is the only web application in the world offering 100,000 hours of engineering knowledge for AutoCAD, INVENTOR, Solid Works, Solid Edge, UG/NX, Teamcenter, COSMOS Works, and CATIA on a single delivery platform application.

TTL had 17 subsidiary companies as at March 31, 2007. A few companies out of these subsidiaries are being woundup, liquided or merged as also various restructing initatives are being taken with the objective of bringing in operating and tax effeciencies by sharpening focus on its services and product business, fixing territorial responsibility for top and bottom line growth and establishing a global delivery centre supporting the overall business.

The consolidated revenue of the TTL Group was Rs.960.53 crores, an increase of 76% as against Rs. 545 crores in the previous year. The profit before tax was Rs.24.65 crores as against Rs.19.41 crores in the previous year, recording a growth of 27%. The Board of TTL has recommended a dividend of 20% for the Financial year 2006-07, including dividend on a *pro rata* basis in respect of shares allotted during the year.

TAL Manufacturing Solutions Limited (TAL) is a 100% subsidiary of the Company engaged in the business of providing factory automation solutions and design and manufacture of a wide range of machine tools**.** During the year, TAL recorded a turnover and other income of Rs.167.06 crores (Previous Year: Rs.113.21 crores) and a Profit After Tax of Rs.8.31 crores (Previous Year: Rs.4.66 crores), growth of 78.3%.

HV Transmissions Limited (HVTL) and **HV Axles Limited (HVAL)**, 100% subsidiary companies of the Company are engaged in the business of manufacture of gear boxes and axles for heavy & medium commercial vehicles, with production facilities and infrastructure based at Jamshedpur. With the rise in demand for medium and heavy commercial vehicle over the years, major improvement initiatives were undertaken at HVTL and HVAL. Both, HVTL and HVAL manufactured prototypes of gear boxes and axles for application in the Company's new generation products. HVTL recorded an increase in turnover and other income to Rs.175.50 crores (an increase of 37.5%), increase in Profit After Tax to Rs.44.96 crores (an increase of 50%) and a dividend of Rs.5/- per share for FY 2006-07 (previous year Rs.3.50 per share). HVAL recorded a turnover of Rs.196.67 crores (an increase of 36.7%), a PAT of Rs.57.90 crores (an increase of 25.1%) and a dividend of Rs.5/- per share for the Financial Year 2006-07. (Previous Year: Rs.3.50 per share).

Sheba Properties Limited is a 100% owned investment Company. The income of the company was Rs.18.43 crores (Previous Year:Rs.10.79 crores) and Profit After Tax was Rs.13.50 crores (Previous Year: Rs.7.14 crores).

Concorde Motors (India) Limited (CMIL), a 100% subsidiary of the Company, recorded improvement in terms of business and overall performance. Retail sales crossed the 15,000 mark representing a growth of 35% and turnover at Rs.624.47 crores was higher by 34.5% over last year. The Profit After Tax grew by 59% from Rs.7.38 crores to Rs.11.76 crores and CMIL declared an interim dividend of Rs.7.50 per share on the enlarged Equity Share Capital of Rs.2.45 crores and a preference dividend of Rs.7 per share on the Cumulative Redeemable Preference Shares of Rs.100/- each.

Tata Motors Insurance Services Limited (TMISL), a 100% subsidiary of the Company, proposes to undertake the business of direct and re-insurance broking. Pending the issue of license by the Insurance Regulatory and Development Authority (IRDA) and other formalities relating thereto, no business activity was carried out during the period October 2005 to March 2007. For the year under review, TMISL earned revenues of Rs.0.08 crores (2005-06:Rs.1.18 crores) and recorded a Loss / (Profit) After Tax of Rs.(0.16) crores (2005-06:Rs.0.80 crores).

Tata Motors European Technical Centre plc. (TMETC) a 100% subsidiary of the Company is engaged in the business of design engineering and development of products for the automotive industry. Working synergistically with the Company, TMETC provides the former with design engineering support and development services, complementing and strengthening the former's skill sets and providing European standards of delivery to the Company's passenger vehicles. During the year ended March 31, 2007, TMETC earned gross revenues of Rs.60.33 crores (2005-06: Rs.9.62 crores) and an operating profit of Rs.7.07 crores (2005-06:Rs.0.60 crores).

TML Financial Services Limited (TMLFSL), a wholly owned subsidiary company of Tata Motors Limited, was incorporated on June 1, 2006 with the objective of becoming a preferred financier for customers of Tata Motors Limited and its channel partners by capturing customer spending over the vehicle life-cycle, by extending value added products, combining financing offerings with insurance, fleet management, operating leases, re-finance and other products related to vehicles sold by Tata Motors. TMLFSL is registered with RBI as

a Systemically Important Non-Deposit taking NBFC and is classified as an Asset Finance Company. TMLFSL commenced operations in September 2006 and for the period ended March 31, 2007, it made disbursements close to Rs.4,000 crores recording a PAT of Rs.12.79 crores. TMLFSL has a paid-up capital of Rs.450 crores and a net worth of Rs.560.54 crores.

Associate Companies

11 As on March 31, 2007, the Company had the following associate companies:

Tata Cummins Limited (TCL), in which the Company has a 50% shareholding, with Cummins Engine Co. Inc., USA holding the balance. TCL is engaged in the manufacture and sale of high horse power engines used in the Company's range of M/HCVs.

Tata AutoComp Systems Limited (TACO) is a holding company for promoting domestic and foreign Joint Ventures in auto components and systems and is also engaged in engineering services, supply chain management and after market operations for the auto industry. The Company's shareholding in TACO is 50%.

Tata Precision Industries Pte. Ltd., Singapore, in which the Company has a 49.99% shareholding is engaged in the manufacture and sale of high precision tooling and equipment for the computer and electronics industry.

Nita Co. Ltd., Bangladesh, in which the Company holds 40% equity, is engaged in the assembly of TATA vehicles for the Bangladesh market.

Hispano Carrocera S.A. (HC), a well-known Spanish bus manufacturing company, in which the Company acquired a 21% stake in March 2005 was another major step in the Company's plans for globalization. The Company reported a total sale of 568 units during the fiscal.

12 In accordance with the Statement of Accounting Standard on Consolidated Financial Statements (AS 21) and the Accounting Standard on Accounting for Investments in Associates (AS 23) issued by the Institute of Chartered Accountants of India (ICAI), the above mentioned subsidiaries and associates have been considered in the Consolidated Financial Statements of the Company. As may be seen from the Consolidated Financial Statements, the consolidated turnover (net of excise) was Rs.32,426.41 crores, an increase of 36% as against Rs.23,769.45 crores in the previous year. The Profit Before Tax was Rs.3,088.14 crores as against Rs.2,348.98 crores in the previous year, recording a growth of 31%. The consolidated Profit After Tax, after considering adjustment for share of minority interest and profit in associate companies, was Rs.2,169.99 crores as against Rs.1,728.09 crores in the previous year, recording a growth of 26%.

13 On an application made by the Company under Section 212(8) of the Companies Act 1956, the Central Government vide letter dated June 8, 2007 exempted the Company from attaching a copy of the Balance Sheet and the Profit and Loss Account of the subsidiary companies and other documents to be attached under Section 212(1) of the Act to the Annual Report of the Company. Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiary companies is contained in the report. The Annual Accounts of the subsidiary companies are open for inspection by any member/investor and the Company will make available these documents/details upon request by any Member of the Company or to any investor of its subsidiary companies who may be interested in obtaining the same. Further, the annual accounts of the subsidiary companies will also be kept for inspection by any investor at its Registered Office of the Company and at the Head Offices of the subsidiary company concerned.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

DIRECTORS

15 Mr S A Naik, a Director of the Company since May 1988, who retires by rotation at the ensuing Annual General Meeting has conveyed his decision not to offer himself for re-appointment. Mr Naik was also a member of the Audit Committee (Chairman for a brief tenure of 2 years from January 1997 to January 1999), the Remuneration Committee, the Ethics and Compliance Committee and the Chairman of the Investor Grievance Committee and has added value to deliberations at Board/Committee Meetings. The Directors place on record their appreciation of the contribution made by Mr Naik during his tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr N A Soonawala is liable to retire by rotation and is eligible for re-appointment.

Mr P M Telang, President (Light and Small Commercial Vehicles) was appointed as an Additional Director and subsequently as an Executive Director(Commercial Vehicles) for a period of 5 years, effective May 18, 2007. In accordance with the provisions of the Companies Act, 1956, Mr Telang, in his capacity as Additional Director, will cease to hold office at the forthcoming Annual General Meeting and is eligible for appointment.

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

CORPORATE GOVERNANCE

16 A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

PARTICULARS OF EMPLOYEES

17 Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2007, is also given as an Annexure to this Report.

AUDIT

18 Messrs Deloitte Haskins & Sells (DHS), who are the Statutory Auditors of the Company hold office until the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Financial Year 2007-08. DHS have, under Section 224(1) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment.

Cost Audit

19 As per the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to motor vehicles every year. Subject to the approval of the Central Government, the Company has appointed M/s Mani & Co. to audit the cost accounts relating to motor vehicles for the Financial Year 2007-08.

DIRECTORS' RESPONSIBILITY STATEMENT:

20 Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

RATAN N TATA
Chairman

Mumbai, June 8, 2007

Annexure to the Directors' Report

(Additional information given in terms of Notification 1029 of 31-12-1988 issued by the Department of Company Affairs)

A Conservation of Energy

The Company has always been conscious of the need for conservation of energy. Energy Conservation measures have been implemented at all the Plants and Offices of the Company. These measures are aimed at effective management and utilization of energy resources and have resulted in cost savings for the Company, aggregating approximately Rs 30.75 crores. The Company's Commercial Vehicle Business Unit in Pune was awarded CII's National Award for "Excellence in Energy Management-2006" and was declared as an Excellent Energy Efficient Unit in Automobile Sector. The Passenger Car Business Unit of the Company won the 'Certificate of Merit" in the Automobile Sector for the National Conservation Award 2006 instituted by Government of India and was declared an Energy Efficient Unit in Automobile Sector under CII National Award 2006. The Pune Plant of the Company was awarded the 'Bombay Natural History Society (BNHS) - Green Governance Award - 2006' in the "Conservation and Restoration of Habitat" category. BNHS has conferred this award in recognition of the work done for the conservation of biodiversity at the residential area adjoining Pimpri Works.

B Technology Absorption

The Company is steadily progressing in its program to transform its entire product range to meet the future needs of the evolving global market by providing contemporary products which offer a strong value proposition to its customers. All of the Company's vehicles and engines are compliant with prevalent regulatory norms in India as also in the countries to which the vehicles are exported. The Company has also developed Euro IV petrol diesel engines for the European markets.

The Company has also undertaken programmes for development of vehicles which would run on alternate fuels like CNG, LPG, bio-diesel and also use electric traction.

Major technology absorption projects undertaken in the last year, include the following:-

Technology for	Technology Provider	Status
Vehicle NVH	LMS, Belgium	In progress
Safety Integration	DIADA, Spain	In progress
Craftsmanship for Company's vehicles	TMETC, UK	In progress
Sealed Integrated brake systems	Safe Effect Tech, Australia	In progress
In vehicle networking	BOSCH, Germany	In progress

In keeping with the requirement of technological upgradation of Engines' development facility, the Company has added several state-of-the-art Test Cells, Testing facilities and other facilities such as Climatic Chamber, Mileage Accumulation Chassis Dynamometers (MACD), Sealed Housing Evaporative Emission Detection (SHED) Facility etc., at its Engineering Research Centre. During the year, the Company has filed 34 patent applications. 9 patents were granted to the Company for applications filed in the earlier years. The Company spent **Rs.796.86 crores** on Research and Development activities including expenditure on capital assets purchased for Research and Development **which was 2.9% of the net turnover**.

Technology imported during the last five years

Technology for	Imported from	Year of Import	Status
Design & Styling of variants of passenger car platform	Institute of Development in Automotive Engineering S.p.A, Italy	2000-01	Production commenced
Design & Development of modular cabs for commercial vehicles	Stile Bertone, Italy	2002-03	Under Implementation
Design & Development of passenger vehicles	Institute of Development in Automotive Engineering, S.p.A., Italy	2003-04	Under Implementation
Direct Injection Common Rail Euro IV Engines for passenger vehicles	AVL List GmbH, Austria Delphi Diesel System, France	2003-04	Under Implementation
Design & Development of passenger vehicles	Institute of Development in Automotive Engineering S.p.A., Italy	2004-05	Under Implementation
Safety & NVH Integration in passenger vehicles	MIRA Ltd., UK	2004-05	Under Implementation
Design & Development of New Generation Engine	Ricardo UK Ltd., Shoreham Technical Centre, Shoreham by Sea, West Sussex BN43 5 FG, United Kingdom	2006-07	Under Implementation

C. Foreign Exchange Earnings and Outgo

	Rs. in crores
Earnings in foreign exchange	2,714.68
Expenditure in foreign currency (including dividend remittance)	2,174.83

Details of Subsidiary Companies

Rs. in crores

Sr. No.	Name of the Subsidiary Company	Reporting Currency#	Capital (including advances towards capital where applicable)	Reserves and Surplus (adjusted for debit balance in P & L Account, where applicable)	Total Assets (Fixed Assets + Current Assets + Misc. Exp.)	Total Liabilities and Provisions (Debts + Current Liabilities + Def tax Liability+ Provisions)	Investments	Total Income (including excise duty where applicable)	Profit/ (Loss) Before Tax	Provision for Tax/ (Write Back)	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon (including preference dividend where applicable)
1	Tata Daewoo Commercial Vehicle Co. Limited	KRW	68.70	817.72	1581.25	694.83	-	2248.81	133.31	35.85	97.46	-
2	Telco Construction Equipment Company Limited	INR	100.00	311.76	1024.18	665.51	53.09	1827.72	280.40	96.54	183.86	46.80
3	Tata Technologies Limited	INR	35.75	261.99	143.76	57.07	211.05	242.52	17.54	6.25	11.29	8.28
4	TAL Manufacturing Solutions Limited	INR	65.00	(10.97)	123.15	69.12	-	167.07	8.95	0.64	8.31	-
5	HV Axles Limited	INR	45.00	133.79	288.69	142.29	32.39	196.67	96.32	38.43	57.89	7.90
6	HV Transmissions Limited	INR	40.00	77.95	193.76	78.31	2.50	175.60	73.58	28.62	44.96	7.02
7	Sheba Properties Limited	INR	75.00	35.99	54.63	25.55	81.91	18.43	14.35	0.85	13.50	-
8	Concorde Motors (India) Limited	INR	26.80	19.86	117.85	71.19	-	624.47	18.07	6.31	11.76	-
9	Tata Motors Insurance Services Limited (formerly known as Concorde Motors Limited)	INR	0.50	0.66	1.31	0.15	-	0.08	(0.16)	-	(0.16)	-
10	Tata Motors European Technichal Centre	GBP	4.26	(0.08)	21.14	16.96	-	60.34	6.72	6.31	0.41	-
11	TML Financial Services Limited (w.e.f. June 1, 2006)	INR	450.00	112.79	4130.84	3568.05	-	160.24	20.11	7.32	12.79	-
12	Tata Marcopolo Motors Limited (w.e.f. September 20, 2006)	INR	0.05	(0.44)	5.21	5.60	-	-	(0.44)	-	(0.44)	-
13	Tata Motors (Thailand) Limited (w.e.f. February 28, 2007)	THB	16.96	-	16.96	-	-	-	-	-	-	-
14	Tata Technologies Pte. Limited	SGD	243.30	203.65	450.08	3.13	-	-	-	-	-	-
15	Tata Technologies Investments Pte. Limited @	SGD	-	16.48	16.48	-	-	-	0.50	-	0.50	-
16	Tata Technologies Sdn Bhd	RM	-	(0.08)	-	0.08	-	-	(0.01)	-	(0.01)	-
17	INCAT (Thailand) Limited (formerly known as Tata Technologies (Thailand) Limited)	BAHT	2.44	(2.23)	3.19	2.98	-	4.03	(0.72)	-	(0.72)	-
18	INCAT International Plc	GBP	2.07	44.24	55.54	9.23	-	1.14	(2.28)	-	(2.28)	-
19	INCAT Limited	GBP	0.09	13.75	60.47	46.63	-	156.15	3.67	0.62	3.05	-
20	INCAT Systems Inc.	USD	175.11	(383.44)	110.44	318.77	-	446.40	8.94	2.84	6.10	-
21	INCAT Solutions of Canada Inc.	USD	-	0.33	0.29	(0.04)	-	2.99	(1.45)	(0.59)	(0.86)	-
22	Integrated Systems Technologies de Mexico, S.A. de C.V.	USD	-	2.67	3.89	1.22	-	7.54	0.17	0.12	0.05	-
23	Tata Technologies iKS Inc. (formerly known as iKnowledge Solutions Inc.)	USD	-	(1.54)	6.00	7.54	-	15.44	(3.70)	(2.48)	(1.22)	-
24	CADPO Asia Limited @	SGD	0.26	(0.23)	0.10	0.07	-	3.22	0.58	-	0.58	-
25	INCAT GmbH	EURO	0.95	11.86	34.58	21.77	-	41.43	1.58	0.81	0.77	-
26	Cedis Mechanical Engineering GmbH	EURO	0.44	4.38	9.17	4.35	-	25.94	2.29	0.58	1.71	-
27	INCAT SAS	EURO	0.41	0.29	13.62	12.92	-	25.80	25.87	-	25.87	-
28	INCAT KK	YEN	1.11	(1.67)	0.74	1.30	-	1.64	(0.63)	0.01	(0.64)	-
29	INCAT Holdings BV	EURO	0.11	(1.44)	0.79	2.12	-	-	(1.18)	-	(1.18)	-
30	Lemmerpoort BV (formerly known as INCAT Engineering Solution BV) @	EURO	0.10	(1.96)	2.27	4.13	-	-	-	-	-	-

The financial statements of subsidiaries whose reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate.
@ These companies are under liquidation.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Overview

The Indian economy witnessed an accelerated GDP growth of 9.2% in FY06-07 as compared to 7.5% in FY04-05 and 9% in FY05-06. Economic growth, road and infrastructure development, sustained freight availability and buoyant freight rates had a positive impact on commercial vehicle sales. The passenger vehicle sales were favorably impacted by reduction in excise duty on small cars, growth in disposable income and launch of new models. The domestic commercial and passenger vehicle sales witnessed a 23.7% growth during the year, in spite of increase in consumer interest rates, tightening of liquidity position in the last quarter and peaking of fuel prices in the first few months of the fiscal with a gradual decline during the year. Vehicle exports continued to grow and witnessed a 14.8% growth over last year.

With a growth of 28%, the Company outperformed the industry and recorded its highest ever sales of 580,280 (334,238 commercial; 246,042 passenger) vehicles. The Company's exports witnessed a growth of 6.5% to 53,474 nos.

The Company increased its overall market share in four wheelers to 27.7% by launching new products and variants, strengthening its marketing activities and expanding the distribution network.

Category	Industry sales (including Exports) (Nos.)			Company sales (including Exports) (Nos.)			Company share (including Exports) (%)	
	2006-07	2005-06	growth	2006-07	2005-06	growth	2006-07	2005-06
Commercial Vehicles	517,648	391,641	32.2%	334,238	245,022	36.4%	64.6%	62.6%
Passenger Vehicles	1,578,176	1,318,648	19.7%	246,042	209,107	17.7%	15.6%	15.9%
Total	**2,095,824**	**1,710,289**	**22.5%**	**580,280**	**454,129**	**27.8%**	**27.7%**	**26.6%**

Source: Society of Indian Automobile Manufacturers report and Company Analysis

II. Industry Structure and Developments

Commercial Vehicles

After witnessing a continuous decline in the growth rates in the last two fiscals, the commercial vehicle industry bounced back this year with a 33.3% growth in sales due to robust economic growth, increased industrial activity and continued development of better road infrastructure. Restrictions on overloading and increased demand from construction and mining activity had a favorable impact on M&HCV segment which grew by 32.8%. The LCV segment recorded even a higher growth rate of 33.9% due to growth in goods redistribution segment, which was primarily led by the Company's last mile goods' distribution vehicle - TATA ACE. The industry performance during FY 2006-07 and the Company's share is tabulated below:

Domestic / Category	Industry sales (Nos.)			Company sales (Nos.)			Company Market Share (%)	
	2006-07	2005-06	growth	2006-07	2005-06	growth	2006-07	2005-06
M/HCVs	275,600	207,472	32.8%	172,842	128,610	34.4%	62.7%	62.0%
LCVs	192,282	143,569	33.9%	125,744	86,226	45.8%	65.4%	60.1%
Total CVs	**467,882**	**351,041**	**33.3%**	**298,586**	**214,836**	**39.0%**	**63.8%**	**61.2%**

Source: Society of Indian Automobile Manufacturers report and Company Analysis

With a 39% growth this year, the Company achieved a sale of 298,586 commercial vehicles in the domestic market and increased its market share by 2.6% to 63.8%, the highest in the last 6 years. In the M&HCV segment, the Company achieved a sale of 172,842 units and increased its market share to 62.7%. In the LCV segment, continued impressive performance by the mini truck - TATA ACE helped the Company to outperform the industry, achieve the highest ever sale of 125,744 units and increased the market share by 5.3% to 65.4%.

Passenger Vehicles

The Indian passenger vehicle industry grew by 20.7% to an all time high of nearly 1.38 million vehicles. The high growth could be attributed to the lowering of excise duty on 'Small Cars' in the previous year's Union Budget, economic growth leading to sustained increase in disposable income and launch of new models/ variants. The hardening of the interest rates from the third quarter onwards had a slowing down impact on the industry towards the end of the year.

The Industry performance and the Company's performance in the segments that it is present, is tabulated below:-

Domestic / Category	Industry sales (Nos.)			Company sales (Nos.)			Company Market Share (%)	
	2006-07	2005-06	growth	2006-07	2005-06	growth	2006-07	2005-06
Small cars (Mini + Compact)	832,161	662,094	25.7%	146,018*	111,772*	30.6%	17.5	16.9
Midsize cars	206,431	213,862	(3.5%)	34,310	39,388	(12.9%)	16.6	18.4
UVs	220,199	194,502	13.2%	47,892	37,910	26.3%	21.7	19.5
Total Passenger Vehicles	**1,379,698#**	**1,143,076#**	**20.7%**	**228,220**	**189,070**	**20.7%**	**16.5**	**16.5**

Source: Society of Indian Automobile Manufacturers report and Company Analysis

* *Including Fiat Branded Vehicles.* # *Inclusive of all segments.*

Despite increased competition, the Company has maintained its position as the second largest player in the Indian market with a share of 16.5%.

Small cars, accounting for around 60% of the total industry, grew by nearly 26% to 832,000 vehicles and comprised of 10 competing models. The Company's TATA Indica sales grew by nearly 31% and its market share grew from 16.9% in the previous year to 17.4%. Along with Fiat's sales, the Company was able to achieve a joint market share of 17.5%. The Company grew its presence appreciably in the petrol segment and was able to defend its diesel segment leadership despite new offerings from competition.

The entry mid size segment continued to decline for the second year running with a negative growth of 27%. Due to a lesser decline in the Company's sales of the Indigo range, the Company increased its market share in the entry midsize segment to 38% this year from 33% in the previous year. Along with Fiat, the Company was able to achieve a joint market share of 38.2%. The Company opened a new niche with the launch of its long wheel base Indigo XL - that of a premium stretch sedan - with high end features previously available only in very premium executive saloons, while price positioning it in the upper midsize segment.

The Utility Vehicle segment witnessed a 13.2% growth to over 220,000 units this year. The Company's Utility Vehicle sales grew by 26.3% to 47,892 nos. and the Company increased its share in this segment to 21.7% from 19.5% in the previous year. TATA Safari sales grew by 237% to a record high of 15,816 nos. based on price re-positioning of the range effected mainly through a focused cost reduction effort on the platform.

III. Opportunities and Threats

a) Opportunities

- *Road development:* The ongoing road development program for improving connectivity between cities, villages and ports through a network of highways and interconnecting roads moved at a slower pace this year and was 28% complete as of February 2007. This includes 95% completion of work on the 5,846 km Golden Quadrilateral road network connecting four metro cities. A substantial impact of this road network on the economy is already visible. Further, road development would bring benefits of faster movement of goods and people to a larger population. With its wide range of vehicles such as haulage tractors and multi axle vehicles for heavy goods, intermediate and smaller vehicles for light goods, buses and coaches for public transportation and passenger cars and utility vehicles for personal transportation, the Company would benefit from the planned growth in road network.

- *Car penetration in India:* As compared to the developed countries, the car penetration in India is low at 7 cars per 1,000 persons. The outlook for passenger car sales remains positive due to growth in urbanization, expansion of cities and launch of new models.
- *International business:* The Company's strategy to grow sales in the focused markets with appropriate products in select segments enabled it to achieve a 6.5% growth in vehicle exports and a record sale of 53,474 nos. The Company has planned further growth in vehicle exports in the coming year.
- *Increase in disposable income:* According to a recent study by a global consulting firm, the average annual real house hold disposable income in India is set to grow at a compounded annual growth rate of 5.3% from over Rs. 113,000 in 2005 to nearly Rs. 319,000 in 2025. This growth in disposable income is likely to further fuel the demand of passenger vehicles in coming years.
- *Large two wheeler parc:* Robust growth in domestic two wheeler sales from 4.2 million nos. in FY02 to 7.8 million nos. in FY07 has resulted in a large parc of ~50 million two wheelers. There exists an opportunity to upgrade the two wheeler owning population to an affordable passenger car and the Company's effort of developing a small car for the masses is a step in this direction.
- *Growing consumer culture:* The rapid growth in cellular phone and cable and satellite television penetration in India in recent years is fuelling the desire of a better lifestyle. The Company with its wide portfolio of passenger cars has an opportunity to benefit from improving life styles and higher aspiration levels.

b) Threats

- *Global Competition:* India is increasingly becoming a preferred destination for the global automotive players. The global automotive manufacturers present in India are enhancing their production capacities and many new global players are entering the country in anticipation of burgeoning automotive demand. To counter the threat of growing global competition, the Company has planned to bridge the quality gap between its products and foreign offerings while maintaining its low cost product development / sourcing advantage.
- *Fuel Prices:* The international crude prices moved in the range of US$ 70 to 74 per barrel in the first few months of the fiscal but stabilized in the range of US$ 58 to 62 per barrel towards the end of the year. Hardening of fuel prices could adversely impact domestic automotive sales.
- *Input Costs:* Prices of commodity items particularly steel, non-ferrous metals, rubber and engineering plastics etc. witnessed an upward movement, which was partially offset by the cost reduction initiatives pursued by the Company. The prices of most of these materials continue to witness further increase for the third consecutive year, which could impact the Company's profitability.
- *Interest rates hardening and other inflationary trends:* The hardening of consumer interest rates and liquidity crunch in the system especially in the second half of the fiscal had an adverse impact on the automotive industry. The growth in sales may be adversely impacted by increase in consumer interest rates and/or further deterioration in the liquidity position.
- *Government Regulations:* Stringent emission and safety regulations could bring new complexities and cost increases for automotive and component manufacturers impacting the Company's business. WTO, Free Trade Agreements and other similar policies can make the market more competitive for local manufacturers.
- *Growing consumer awareness:* Growing awareness amongst consumers is driving up expectations from automobile companies in terms of providing world class features and technology for which adequate price realization is not always possible.

- *Growth in Mass Transit Systems:* The domestic passenger vehicle demand could be impacted by the growth in road and rail based mass transit systems. However, the Company would benefit from the growth in road based mass transit system due to its leadership position in the commercial passenger carrier segment.

IV. Outlook

Fiscal 2007-08 marks the beginning of the Eleventh Five Year Plan which targets average annual growth rate of 9% as compared to 7.6% achieved in the Tenth Five Year Plan. The automobile industry has deep forward and backward linkages with the economy and stands to benefit from the economic growth. Continued focus on road and infrastructure development, increase in industrial activity and launch of new models, would enable the Indian automotive industry to move on the higher growth trajectory. However, slow down in the construction activity, adverse liquidity position, upward movement in consumer interest rates and increase in fuel and input material prices, remain a cause of concern and would adversely impact industry sales.

The Industry outlook for commercial and passenger vehicles remains positive albeit with lower growth from the previous year. Further, interest rates growth and tightening of liquidity, would deteriorate this position. The Company has planned to further fortify its position in the coming fiscal by launching new products in various segments of the automotive market. The Company's presence in various segments and across geographies would help it to offset some of the shrinkage/ slow growth in the domestic market. The Company is also expanding its manufacturing footprint to meet its higher growth aspirations.

V. Financial Performance as a measure of Operational Performance

The Company's financial performance continued to improve in this Financial Year owing to an impressive volume growth of 27.8% and continued efforts by the Company to maintain its margins, driven mainly by cost reduction efforts. The following table sets forth the breakup of the Company's expenses as part of the net revenue.

	Percentage of turnover Year ended March 31,	
	2007	2006
Turnover net of excise duty	**100**	100
Expenditure :		
Material (including change in stock and processing charges)	**72.1**	70.8
Employee Cost	**5.0**	5.6
Manufacturing and other expenses (net)	**10.9**	11.1
Total Expenditure	**88.0**	87.5
Other Income	**0.9**	1.4
Profit before Depreciation, Interest, Exceptional items and Tax	**12.9**	13.9
Depreciation (including product development expenditure)	**2.4**	2.9
Interest (Net)	**1.1**	1.1
Profit before Exceptional items and Tax	**9.4**	9.9

Turnover, net of excise duties, increased by 33.3% to another record high of Rs.27,535.24 crores from Rs.20,653.49 crores in FY 2005-06. The total number of vehicles sold during the year increased by 28% to 580,280 units from 454,129 units in FY 2005-06. The domestic volumes increased by 30.4% from 403,906 to 526,806 units in FY 2005-06, while export volumes increased by 6.5% to 53,474 units in FY2006-07 from 50,223 units in FY2005-06.

Manufacturing and Other Expenses increased by 34% to Rs.24,221.52 crores in FY 2006-07 from Rs.18,077.81 crores in FY 2005-06. These were 10.9% of net turnover for the year as compared to 11.1% for the previous year.

Net Raw Material consumption inclusive of processing charges increased by 35.6% to Rs.19,849.04 crores in FY2006-07, from Rs.14,632.65 crores in FY2005-06. Material Cost as a % of net turnover has increased to 72.1% from 70.8% for the last year. This was largely a result of increase in prices of steel, aluminum, nickel, copper and natural rubber. However, the Company managed to lower its material cost due to its on going cost reduction programme. As part of the cost reduction programme, the Company continues its drive through global sourcing, vendor rationalization and value engineering.

Employee Cost increased by 19.2% during the year to Rs.1,367.83 crores from Rs. 1,147.17 crores registered in the previous year. The Company restructured the salaries of its employees during the year to align the same to the industry standards. The Company also increased its flexible workforce to achieve substantially higher production units. However, increase in productivity helped the Company reduce its employee cost as a percentage of net turnover to 5% as compared to 5.6% in FY 2005-06.

Profit before depreciation, interest, exceptional items and tax increased by 24.2% to Rs.3,558.91 crores from Rs.2,864.76 crores in FY 2005-06. The margin decreased to 12% from 12.5% in FY 2005-06.

Depreciation for 2006-07 increased by 12.5% to Rs.586.29 crores from Rs.520.94 crores in FY 2005-06 on account of increase in fixed assets. It represents 2.4% of net turnover as compared to 2.9% for FY 2005-06.

Net interest cost increased to Rs.313.07 crores in FY 2006-07 from Rs.226.35 crores in FY 2005-06. The increase in interest cost was on account of significant increase in Company's vehicle financing business, capital expansion programme and significant increases in interest rates during the year. However, net interest cost as a % of net turnover has remained at 1.1%, same as last year.

Profit Before Tax (PBT) of the Company increased by 25.3% to Rs.2,573.18 crores from Rs.2,053.38 crores in FY 2005-06. The total tax provision for current and deferred tax was at Rs.659.72 crores as compared to Rs.524.50 crores in FY 2005-06.

Profit After Tax (PAT) increased by 25.2% to Rs.1,913.46 crores from Rs.1,528.88 crores in FY 2005-06. Basic Earning Per Share (EPS) increased by 22.7% to Rs.49.76 as compared to Rs.40.57 last year.

Balance Sheet size of the Company increased to Rs.11,665.72 crores in FY 2006-07 from Rs.9,096.45 crores in FY 2005-06. This increase is attributed to significant capital expenditure incurred by the Company for its New Product Introduction Programmes and substantial increase in our vehicle financing business. As on March 31, 2007, the Ordinary Share Capital of the Company stood at Rs.385.41 crores as compared to Rs. 382.87 crores as on March 31, 2006.

Gross debt stood at Rs.4,009.14 crores as on March 31, 2007 as compared to Rs.2,936.84 crores as on March 31, 2006.

Net debt stood at Rs.3,545.99 crores as on March 31, 2007 as compared to Rs.2,110.22 crores as on March 31, 2006.

Fixed Assets including Capital Work in Progress increased to Rs.6,394.58 crores in FY 2006-07 from Rs. 4,521.23 crores in FY 2005-06. The increase is largely on account of additional capacity being set up for vehicle manufacturing facility, product development expenditure for the on going new product development programs and sustenance initiatives for the year.

Investments of the Company increased to Rs.2,477 crores in FY 2006-07 from Rs.2,015.15 crores in FY 2005-06. The Company made an investment of Rs.550 crores in the wholly owned subsidiary viz. TML Financial Services Limited engaged in the vehicle financing operations.

Net Current Assets of the Company increased to Rs.2,784.05 crores in FY 2006-07 from Rs.2,545.95 crores in FY 2005-06. The increase in inventories of Rs.488.71 crores is partly off set by the decrease in vehicle financing loans and advances of Rs.192.12 crores.

The cash generated from operations before working capital changes and before considering the deployment in the vehicle financing business was Rs.3,152.53 crores as compared to the previous year figures of Rs.2,536.60 crores.

After considering the impact of the working capital changes and the deployment in vehicle financing business, the net cash generated from operations was Rs.2,210.13 crores as compared to net cash used in operations Rs.221.03 crores in the previous year.

During the year under review, the Company expanded its vehicle financing business through its wholly owned subsidiary viz. TML Financial Services Limited, specially formed for the purpose.

VI. Risks and concerns:

- *Interest rates:* The tightening of the liquidity position and firming up of interest rates witnessed in the later part of the previous fiscal year continued during FY06-07. However, the credit demand continued to remain strong due to robust economic and industrial development. The increase in interest rates would affect vehicle demand which could impact the Company's revenues and profits.
- *Exchange rates:* The Company exports vehicles to many countries and exchange rate fluctuations could impact the Company's business and profitability.
- *Freight rates:* The freight rates remained firm during the year due to restrictions on overloading, sustained economic and industrial growth and healthy freight availability. The demand for commercial goods carriers could be impacted by a slow down in freight availability and /or increase in fuel prices.
- *Railways:* The railways improved its performance in the last two years by increasing wagon load, improving turnaround time and adopting a more rational pricing policy. It is expected to renew its focus on cement and steel movement and container transportation. The nationwide rail freight corridor connecting major cities being planned could impact the demand of commercial vehicles for goods movement.
- *Domestic market:* The cyclicality of the commercial vehicle industry could have an adverse effect on the Company's business. To reduce the impact of this cyclicality, the Company has strengthened less cyclical businesses like buses, light trucks, small commercial vehicles, passenger cars and vehicle exports. There is also an increasing trend of price discounts of the vehicles in the market place, which could affect the Company's margins.
- *Overseas market:* The Company competes with global players in the overseas markets, which have multiple vehicle platforms, larger financial capability and global branding. These factors may impact the demand of the Company's products in these markets. The Company's ability to comply with the vehicle regulations related to emission, safety, noise etc., may also affect its competitiveness in the overseas markets.
- *Manufacturing:* The Company manufactures vehicles at multiple locations and given the geographical dispersion of its suppliers, the Company's supply chain could be affected due to any natural calamities and work stoppages at its suppliers' end due to load shedding, labour problems etc.
- *New Competition:* Competitive activity has increased in almost all the segments of the Indian automotive market due to entry of new foreign players as well as expansion plans of the existing domestic and foreign manufacturers. The Company is aware of the increasing competition and is taking measures to remain competitive in the market place.
- *New projects:* A wide variety of projects ranging from the launch of a new car platform to the development of a new truck model are in various stages of execution. Though the Company employs sophisticated techniques and processes to forecast demand, the same is subject to margin of error, which could affect its business. Timely introduction of new products, their acceptability in the marketplace and managing complexity of operations across various manufacturing locations are key to sustain competitiveness.

VII. Internal Control Systems and their adequacy

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

Some significant features of the internal control systems are:

- Delegation of power with authority limits for incurring capital and revenue expenditure;
- Corporate policies on accounting and major processes;
- Well-defined processes for formulating and reviewing annual and long term business plans;
- Preparation and monitoring of annual budgets for all operating and service functions;
- State-of-the-art ERP, Suppliers Relations Management and Customer Relations Management, systems to connect its different locations, dealers and vendors for efficient and seamless information exchange;
- An on-going program for reinforcement of the Tata Code of Conduct. The Code covers integrity of financial reporting, ethical conduct, regulatory compliance, conflict of interests review and reporting of concerns. All employees of the Company are regularly exposed to communications under this program.
- Bi-monthly meeting of the management committee at apex level to review operations and plans in key business areas.
- A well established multidisciplinary Internal Audit team, which reviews and reports to management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and the key process risks.
- An Audit Committee of the Board of Directors, comprising of independent directors, which is functional since August 1988, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any.
- A comprehensive information security policy is in place.
- Documenting major business processes including financial closing, computer controls, entity level controls and testing of key controls as part of compliance with Sarbanes-Oxley Act.
- Anti-fraud programme.
- Identifying and mitigating key business risks through an Enterprise Risk Management programme.

VIII. Material Developments in Human Resources/Industrial Relations

A cordial industrial relations environment prevailed in all the manufacturing units of the Company during the year. The Company entered into a 3 year wage settlement with its Union at CVBU, Pune. The permanent employees strength of the Company as on March 31, 2007 was 22349.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

As part of the Tata group, the Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Board, being elected by the shareholders, is their representative and a bridge between them and the executive management. Since shareholders are residual claimants, the value creation and sustainability of all the other stakeholders viz. customers, creditors, employees, vendors, community and the State are of paramount significance to the Company and its shareholders. The Board would therefore have a fiduciary relationship and a corresponding duty to all its stakeholders to ensure that their rights are protected. Through the Governance mechanism in the Company, the Board alongwith its Committees endeavours to strike the right balance with its various stakeholders.

The Corporate Governance philosophy has been further strengthened with the implementation, a few years ago, by the Company of the Tata Business Excellence Model, the Tata Code of Conduct applicable to the Company, its directors and employees. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Indian Stock Exchanges. With the listing of the Company's Depositary Programme on the New York Stock Exchange, the Company is also compliant with US regulations as applicable to Foreign Private Issuers (non-US listed companies) which cast upon the Board of Directors and the Audit Committee, onerous responsibilities to improve the Company's operating efficiencies. Risk management and internal control functions have been geared up to meet the progressive governance standards.

BOARD OF DIRECTORS

The Board of Directors alongwith its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board of Directors presently comprises of 11 Directors, out of which 8 are Non-Executive Directors. The Company has a Non-Executive Chairman and the 4 Independent Directors comprise more than one third of the total strength of the Board.

None of the Directors on the Company's Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than 15 companies.

The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board reviews the declaration made by the Managing Director and the Executive Director regarding compliance with all applicable laws on a quarterly basis, as also the Board Minutes of all its subsidiary companies.

During the year under review, 8 Board Meetings were held on May 19, 2006, May 31, 2006, July 25, 2006, September 28, 2006, October 30, 2006, December 14, 2006, January 23, 2007 and March 28, 2007. The maximum time-gap between any 2 consecutive meetings did not exceed 4 months. The composition of the Board, attendance at Board Meetings held during the Financial Year under review and at the last Annual General Meeting, number of directorships, memberships/chairmanships in public companies (including the Company) and their shareholding in the Company are as follows:

Name of the Director	Category	Attendance at meetings		As on March 31, 2007			Share-holding
				No. of @ Directorships	Committee positions#		
		Board	General		Member	Chairman	
Ratan N Tata	Non-Executive Chairman, Promoter	8	Yes	14	-	-	53288
N A Soonawala	Non-Executive, Promoter	8	Yes	6	-	3	0
J J Irani ◎	Non-Executive, Promoter	7	Yes	11	2	-	1850
J K Setna §	Non-Executive, Independent	2	Yes	-	-	-	0
V R Mehta	Non-Executive, Independent	8	Yes	6	2	3	9332
R Gopalakrishnan	Non-Executive, Promoter	5	Yes	11	4	-	3750
N N Wadia	Non-Executive, Independent	4	No	10	1	-	0
S A Naik	Non-Executive, Independent	8	Yes	2	1	1	1310
S M Palia ¥	Non-Executive, Independent	6	Yes	9	2	4	200
Ravi Kant	Managing Director	8	Yes	6	1	-	0
Praveen P Kadle	Executive Director	8	Yes	9	7	-	1227

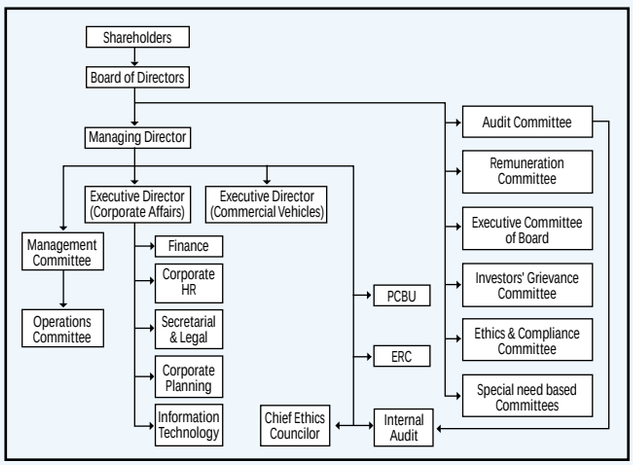
@ excludes Directorships in foreign companies
◎ Tata Steel Representative
¥ appointed w.e.f. May 19, 2006
§ upto July 11, 2006
# includes Audit and Investors' Grievance Committees of public limited companies

Mr P M Telang was appointed as an Additional Director and Executive Director (Commercial Vehicles) of the Company on May 18, 2007.

Code of Conduct: Whilst the Tata Code of Conduct is applicable to all Whole-time Directors and employees of the Company, the Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the Company's web-site. All the Board members and senior management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended March 31, 2007. A Declaration to this effect, duly signed by the Managing Director (CEO) is annexed hereto.

COMMITTEES:

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/ terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions / noting. The relationship between the Board, the Committees and the senior management functions is illustrated alongside.



AUDIT COMMITTEE

The Audit Committee of Directors comprises of 3 independent Directors, all of whom are financially literate and have relevant finance and/or audit exposure. Mr S M Palia is the financial expert. The quorum of the Committee is two members or one-third of its members, whichever is higher. The composition of the Audit Committee and attendance at its meetings is as follows:

Composition	**V R Mehta** (Chairman)	**J K Setna***	**S A Naik**	**S M Palia***
Number of meetings attended	12	3	12	8

** part of the year*

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company. During the period under review, 12 Audit Committee meetings were held on May 18, 2006, June 27, 2006, July 11, 2006, July 24, 2006, August 23, 2006, September 4, 2006, September 15, 2006, October 27, 2006, November 28, 2006, January 8, 2007, January 22, 2007 and February 26, 2007.

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

The Committee relies on the expertise and knowledge of management, the internal auditors and the independent Statutory Auditor in carrying out its oversight responsibilities. It also uses external expertise, if required. Management is responsible for the preparation, presentation and integrity of the Company's financial statements including consolidated statements, accounting and financial reporting principles. Management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal control.

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

The Committee functions according to its Charter that defines its powers, scope and role in accordance with the Companies Act 1956, listing requirements and US regulations applicable to the Company and is reviewed from time to time. Whilst, the full Charter is available on the Company's website, given below is a gist of the scope of the Audit Committee:

a. Reviewing the quarterly financial statements before submission to the Board, focusing primarily on:
   - Any changes in accounting policies and practices and reasons for the change;
   - Major accounting entries involving estimates based on exercise of judgment by Management;
   - Qualifications in draft audit report;
   - Significant adjustments arising out of audit;
   - Compliance with accounting standards;
   - Analysis of the effects of alternative GAAP methods on the financial statements;
   - Compliance with listing and other legal requirements concerning financial statements;
   - Disclosure of related party transactions;
   - Review Reports on the Management Discussion and Analysis of financial condition, results of Operations and the Directors' Responsibility Statement;
   - Overseeing the Company's financial reporting process and the disclosure of its financial information, including earnings press release, to ensure that the financial statements are correct, sufficient and credible;
   - Disclosures made under the CEO and CFO certification to the Board and investors.

b. Reviewing with the management, external auditor and internal auditor, adequacy of internal control systems and recommending improvements to the management.

c. Recommending the appointment/removal of the statutory auditor, fixing audit fees and approving non-audit/consulting services provided by the statutory auditors' firms to the Company and its subsidiaries; evaluating auditors' performance, qualifications and independence.

d. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, coverage and frequency of internal audit, appointment, removal, performance and terms of remuneration of the chief internal auditor.

e. Discussing with the internal auditor and senior management significant internal audit findings and follow-up thereon.

f. Reviewing the findings of any internal investigation by the internal auditor into matters involving suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.

g. Discussing with the external auditor before the audit commences, the nature and scope of audit, as well as conduct post-audit discussions to ascertain any area of concern.

h. Reviewing the Company's financial and risk management policies.

i. Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.

j. Initiating investigations into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

k. Reviewing the functioning of the Whistle-Blower mechanism which is an extension of the Tata Code of Conduct.

l. Reviewing the financial statements and investments made by subsidiary companies.

The Committee has also adopted a policy for Approval of Services to be rendered by the independent statutory Auditor and its affiliates to the Company and its subsidiaries for ensuring auditor's independence and objectivity. The said policy as also the Whistle Blower policy have also been extended to the Company's subsidiaries.

During the year, the Committee reviewed audit reports that highlighted over 580 control improvements covering operational, financial and compliance areas. Key Management personnel presented their risk mitigation plan to the Committee. It also reviewed the internal control system in subsidiary companies, status on compliance of its obligations under the Charter and confirmed that it fulfilled its duties and responsibilities.

The Committee through self-assessment evaluated its performance as well as the performance of the Statutory Auditors.

The Chairman of the Audit Committee briefs the Board members about the significant discussions at Audit Committee meetings.

REMUNERATION COMMITTEE

a. Composition & Role:

The Remuneration Committee comprises of 3 Independent directors (including the Chairman of the Committee) and 2 Non-Executive Directors. During the year under review, 1 Remuneration Committee meeting was held on May 19, 2006. The composition of the Remuneration Committee and attendance at its meeting is as follows :-

Composition	N N Wadia (Chairman)	Ratan N Tata	N A Soonawala	V R Mehta	S A Naik
Number of meetings attended	1	1	1	1	1

The Chairman of the Remuneration Committee was not present at the last Annual General Meeting due to some prior urgent commitments. The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Director, retirement benefits to be paid to them under the Retirement Benefit Guidelines approved by the Board and deal with matters pertaining to Employees' Stock Option Scheme.

b. Remuneration Policy

The remuneration of the Managing and Executive directors is recommended by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macro economic review on remuneration packages of heads of other organisations and is decided by the Board of Directors. In the last few years, efforts have been made to link the annual variable pay of senior managers with the performance of the Company in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives. The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/or commission (variable components) to its Managing and Executive Directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective from April 1, annually.

The remuneration by way of commission to the Non Whole-time directors is decided by the Board of Directors and distributed to them based on their contribution and attendance at the Board and certain Committee meetings as well as time spent on operational matters other than at the meetings. The Members had, at the Annual General Meeting held on July 21, 2003, approved the payment of remuneration by way of commission to the Non Whole-

time Directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of 5 years commencing April 1, 2003. The said commission is distributed amongst the said Directors in accordance with the directives given by the Board.

A sitting fee of Rs.10,000/- for attendance at each meeting of the Board, Audit Committee, Executive Committee and the Committee of Board and Rs.5,000/- for Remuneration Committee, Investors' Grievance Committee and Ethics & Compliance Committee is paid to its Members (excluding Managing and Executive Director). The sitting fees paid/ payable to the Non Whole-time directors is excluded whilst calculating the above limits of remuneration in accordance with Section 198 of the Act. The Company also reimburses out-of-pocket expenses to out station Directors attending meetings in Mumbai, as also to other Directors for attending meetings outside Mumbai.

c. Directors' Remuneration

The Directors' remuneration and sitting fees paid/payable in respect of the Financial Year 2006-07, is given below:-

Non-Executive Directors: *(Rs. in Lacs)*

Name	Commission*	Sitting Fees	Name	Commission*	Sitting Fees
Ratan N Tata	51.00	1.45	R Gopalakrishnan	24.00	1.30
N A Soonawala	35.00	1.45	N N Wadia	7.00	0.45
J J Irani	14.00	1.20	S A Naik	23.00	2.30
J K Setna	6.00	0.50	S M Palia	17.00	1.40
V R Mehta	43.00	2.05			

**payable in FY 07-08*

Managing and Executive Directors: *(Rs. in Lacs)*

Name	Salary#	Perquisites & Allowances	Commission*	Incentive Remuneration	Retirement Benefits@
Mr Ravi Kant	42.93	26.13	160	NIL	11.45
Mr P P Kadle	36.80	30.20	140	NIL	9.82

*# includes leave encashment * payable in FY 07-08 @ excludes provision for encashable leave and gratuity as separate acturial valuation is not available*

The Company has not issued any stock options to its Directors/employees.

d. Terms of appointment and payment of remuneration to Managing and Executive Directors

The salient terms of appointment/re-appointment and payment of remuneration of the Managing and Executive Directors for the Financial Year ended March 31, 2007 are as under:-

Remuneration	Salary (upto a maximum of Rs.5,00,000/- per month for Mr Kant and Rs.4,00,000/- per month for Mr Kadle) with annual increments effective April 1 every year as may be decided by the Board, based on merit and taking into account the Company's performance; incentive remuneration, if any, and/or commission based on certain performance criteria to be laid down by the Board; benefits, perquisites and allowances as may be determined by the Board from time to time.
Minimum remuneration in case of inadequacy of profits during any financial year.	Salary, incentive remuneration, perquisites and allowances as mentioned above, but excluding commission.
Notice period on either side.	Six months.
Severance fees payable by the Company for terminating employment and leave encashment.	Six months' salary.
Other terms	The said terms and conditions also include clauses pertaining to adherence with the Tata Code of Conduct, including no conflict of interest with the Company, non-compete and maintenance of confidentiality.

e. Retirement Policy for Directors

On the recommendation of Tata Sons Ltd., the Board of the Company has in October 2005, adopted the Revised Guidelines for retirement age wherein Managing and Executive Directors retire at the age of 65 years whilst all the Non-Executive Directors retire at the age of 75 years. The Company has also adopted a Retirement Policy for

Managing and Executive Directors which offers special retirement benefits including pension, ex-gratia, medical and other benefits. In addition to the above, the retiring Managing Director is entitled to residential accommodation or compensation in lieu of accommodation on retirement. The quantum and payment of the said benefits are subject to an eligibility criteria of the retiring director and is payable at the discretion of the Board in each individual case on the recommendation of the Remuneration Committee. The said Retirement Policy has also been approved by the Members at their Annual General Meeting held on September 11, 1995.

INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee comprises of an Independent Director as Chairman, a Non-Executive Director, the Managing Director and the Executive Director. During the year under review, 3 Investors' Grievance Committee meetings were held on July 10, 2006, November 22, 2006 and February 26, 2007. The composition of the Investors' Grievance Committee and attendance at its meetings is given hereunder:-

Composition	**S A Naik** (Chairman)	**R Gopalakrishnan**	**Ravi Kant**	**Praveen P Kadle**
Number of meetings attended	3	2	3	3

The Investors' Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share/debenture transfers, non-receipt of annual reports, interest/dividend payments, issue of duplicate certificates, transmission (with and without legal representation) of shares and debentures and other miscellaneous complaints.

On recommendations of the Investors' Grievance Committee, the Company has taken various investor friendly initiatives like sending reminders to investors who have not claimed their dues, launching an odd lot scheme, sending nominations forms, launching a shareholders discount scheme, arranging factory visits, etc. Critical feedback, complaints and suggestions received from investors are considered and addressed appropriately.

In addition to the above Committees, the Board has constituted the following Committees:-

1. **The Executive Committee of Board** (which was previously called the Committee of Board and on July 25, 2006 its powers were enhanced on dissolution of the Finance Committee of Directors) reviews capital and revenue budgets, long-term business strategies and plans, the organizational structure of the Company, real estate and investment transactions, allotment of shares and/or debentures, borrowing and other routine matters. The Committee also discusses the matters pertaining to legal cases, acquisitions and divestment, new business forays and donations. During the year under review, 6 Committee meetings were held on April 17, 2006, September 12, 2006, October 11, 2006, November 28, 2006, February 14, 2007 and March 12, 2007.

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

Composition	**Ratan N Tata** (Chairman)	**N A Soonawala**	**J J Irani**	**R Gopalakrishnan**	**N N Wadia**	**Ravi Kant**	**P P Kadle**
Number of meetings attended	6	6	5	6	-	6	6

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

2. **The Nominations Committee of the Board**, was constituted on July 25, 2006 with the objective of identifying independent directors to be inducted on the Board from time to time and to take steps to refresh the constitution of the Board from time to time. The members of this Committee are - Mr N N Wadia (Chairman), Mr Ratan N Tata, Mr N A Soonawala and Mr S M Palia. During the year under review, there were no meetings of the Nominations Committee.

3. **Ethics and Compliance Committee** to formulate policies relating to the implementation of the Tata Code of Conduct for Prevention of Insider Trading (the Code), take on record the monthly reports on dealings in securities by the "Specified Persons" and decide penal action in respect of violations of the applicable regulations/the Code. During the year under review, 2 meetings of the Committee were held on November 22, 2006 and February 26, 2007. The composition of the Ethics and Compliance Committee and attendance at its meetings is given hereunder:-

Composition	S A Naik, (Chairman)	R Gopalakrishnan
Number of meetings attended	2	2

Mr Praveen P Kadle, Executive Director, acts as the Compliance Officer under the said Code.

4. Apart from the above, the Board of Directors also constitutes Committee(s) of directors with specific terms of reference, as it may deem fit.

RISK MANAGEMENT

The Board takes responsibility for the total process of risk management in the organization. Results of the risk assessments and residual risks are presented to the Senior Management and the Audit Committee members. The Management is accountable for the integration of risk management practices into the day to day activities. The scope of the Audit Committee includes review of the Company's financial and risk management policies. The Audit Committee reviews the Audit reports covering operational, financial and other business risk areas.

SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company. The Audit Committee also reviews the financial statements. There were no strategic investments made by the Company's non-listed subsidiaries during the year under review.

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

GENERAL BODY MEETINGS

Location and time of General Meetings

Date	Year	Type	Venue	Time
July 11, 2006	2005-2006	Annual General Meeting	Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg Mumbai - 400 020	3.00 p.m.
July 11, 2005	2004-2005	Annual General Meeting		3:30 p.m.
April 26, 2005	2005-2006	Court Convened Meeting		4:00 p.m.
July 8, 2004	2003-2004	Annual General Meeting		3:30 p.m.
April 8, 2004	2004-2005	Extra Ordinary General Meeting		3:30 p.m.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting.

The following are the Special Resolutions passed at the General Meetings held in the past 3 years:

AGM/EGM held on	Whether Special Resolution Passed	Summary
July 11, 2006	Yes	Raising of additional long term resources not exceeding Rs.3000 crores or its equivalent of incremental funds of the Company.
July 11, 2005	No	N.A.
April 26, 2005 (EGM)	Yes*	Court convened meeting for approving the Scheme of Re-organisation and Amalgamation of Tata Finance Limited with the Company.
July 8, 2004	Yes	Alteration of Article on Authorised Capital in the Articles of Association of the Company.
April 8, 2004 (EGM)	Yes	Raising of finance by way of equity/debt upto Rs.2250 crores and creation of a charge on the Company's assets in connection with the above.

** This was passed by a dual majority comprising of more than three-fourth in value and majority in number of shareholders.*

None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

DISCLOSURES

- During the year under review, besides the transactions mentioned elsewhere in the Annual Report, there were no other related party transactions by the Company.

- The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that may have a potential conflict with the interest of the Company at large.
- The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- The Managing Director (CEO) and the Executive Director (Finance & Corporate Affairs) (CFO) have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the Financial Year ended March 31, 2007.

MEANS OF COMMUNICATION

The Quarterly/Half Yearly/Annual results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in the newspapers and posted on the Company's web-site. The information regarding the performance of the Company is shared with the shareholders every six months through the half yearly communiqué and the Annual Report. The Company also regularly posts the information as specified under Clause 41 of the Listing Agreement on the Electronic Data Information Filing and Retrieval System (EDIFAR) launched by Securities and Exchange Board of India.

Newspapers wherein quarterly results are published	Indian Express, Financial Express and Loksatta (Marathi)
Website, where displayed	www.tatamotors.com
Whether it displays official news releases and presentations made to institutional investors or to the analysts	Yes
Whether MD & A is a part of Annual Report	Yes

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

A qualified practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

GENERAL INFORMATION FOR MEMBERS

Annual General Meeting

Date and Time	Monday, July 9, 2007 at 3:00 p.m.	
Venue	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020	
Dividend Payment Date	July 10, 2007. The Dividend warrants will be posted on or after July 10, 2007	
Date of Book Closure	June 5, 2007 to June 12, 2007 (both days inclusive)	
Financial Calendar	Financial reporting for the quarter ending June 30, 2007	Last week of July 2007
	Financial reporting for the quarter ending September 30, 2007	Last week of October 2007
	Financial reporting for the quarter ending December 31, 2007	Last week of January 2008
	Financial reporting for the quarter ending March 31, 2008	Last week of May 2008
	Annual General Meeting for the year ended March 31, 2008	Mid July 2008

Listing

The Company's securities are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Madhya Pradesh Stock Exchange Limited (MPSE). The Company delisted its securities from the Calcutta Stock Exchange Association Limited (CSE) with effect from March 14, 2007. Pursuant to the shareholders' approval at their meeting held on July 21, 2003, the Company had applied for delisting of its Ordinary Shares from various Stock Exchanges, including MPSE.

International Listing

The Company's Depositary Receipts Programme was listed on the New York Stock Exchange (NYSE) w.e.f September 27, 2004 through the conversion of its existing International Global Depositary Shares (GDSs) into American

Depositary Shares (ADSs). Please also refer to the section on 'Outstanding Securities' for details pertaining to international listing of Foreign Currency Convertible Notes.

Other details

The ISIN Nos. for the Company's Ordinary Shares is INE155A01014. The Stock codes of the Company's Ordinary Shares at BSE is '500570' (rolling settlement) and at NSE is 'TATAMOTORS'. The following are the relevant details of the ADR listed on NYSE:-

Type	Ticker Symbol	Description	Currency	CUSIP	SEDOL
ADR	TTM	Common Shares	INR	876568502	B02ZP96US

Two-way Fungibility of Depositary Receipts

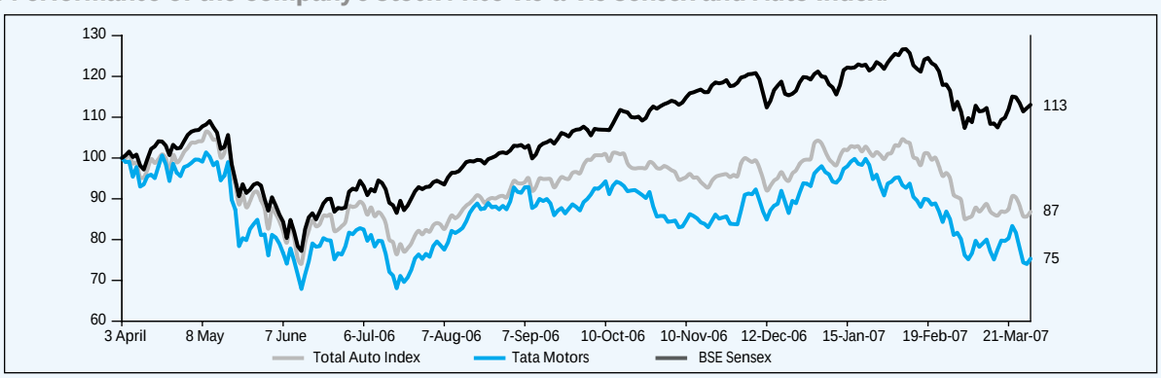
The Company offers foreign investors the facility for conversion of Ordinary Shares into Depositary Receipts within the limits permissible for Two-way Fungibility, as announced by the Reserve Bank of India vide its circular dated February 13, 2002.

Market Information

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

Stock Exchange	Bombay Stock Exchange Limited			National Stock Exchange of India Ltd.		
Month	High (Rs.)	Low (Rs.)	No. of Shares	High (Rs.)	Low (Rs.)	No. of Shares
April '06	977.65	903.95	9518564	978.90	903.25	28774400
May '06	985.35	761.95	14235232	986.25	761.80	47303892
June '06	794.45	659.90	14331349	794.85	660.45	48732035
July '06	800.65	658.05	13230269	801.40	659.20	41237927
August '06	860.30	732.55	8959861	860.10	731.60	33271129
September '06	898.00	831.10	8084632	899.50	831.40	27947107
October '06	911.75	827.95	6021523	912.20	827.75	22800697
November '06	833.75	802.20	9459918	833.70	802.10	32575622
December '06	906.85	820.50	6948111	906.75	820.25	28308562
January '07	964.55	877.75	6024785	964.75	878.30	27390206
February '07	920.70	783.95	4512186	920.05	782.60	22169509
March '07	805.50	715.10	7679059	805.10	716.45	35428311

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



All figures re-based to April 1, 2006=100

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

(in US $)

Month	High	Low	Month	High	Low
April '06	21.89	19.89	October '06	20.16	18.18
May '06	21.96	16.50	November '06	18.82	17.92
June '06	17.63	14.91	December '06	20.83	18.59
July '06	17.39	14.27	January '07	22.10	20.30
August '06	18.62	15.60	February '07	20.80	18.05
September '06	19.50	17.39	March '07	18.40	16.21

Compliance Officer

Mr H K Sethna, Company Secretary, who is the Compliance Officer, can be contacted at:

Bombay House, 24, Homi Mody Street, Mumbai - 400 001
Tel: 6665 8282, 6665 7824; *Fax :* 6665 7260; *e-mail :* inv_rel@tatamotors.com

Complaints or queries can be forwarded to our Registrars at csg-unit@tsrdarashaw.com.

The status on the total number of complaints received during the FY 2006-07, is as follows:-

	Description	Received	Replied	Pending
A	**Letters received from Statutory Bodies**			
	Securities and Exchange Board of India	18	16	2
	Ministry of Company Affairs	0	0	0
	Stock Exchanges	4	4	0
	Depositories	3	3	0
B	**Legal Matters**			
	Court / Consumer Forum Matters	0	0	0
C	**Dividends**			
	Non- receipt of dividend/interest warrants (pending reconciliation at the time of receipt of letters)	122	122	0
	Fraudulent encashment of dividend/Interest warrants	6	6	0
D	**Letters in the nature of reminders/ complaints**	0	0	0
	Total Correspondence	**153**	**151**	2

There were no pending share transfers pertaining to the Financial Year ended March 31, 2007. The correspondence identified as investor complaints are letters received through Statutory/ Regulatory bodies and those related to Court/ Consumer forum matters (where the Company/Registrar is involved and is accused of deficiency in service), fraudulent encashment and non-receipt of dividend amounts.

Registrar and Transfer Agents:-

Members are requested to correspond with the Company's Registrar and Transfer Agents TSR Darashaw Limited quoting their folio no. at the following addresses :-

(i) For transfer lodgement, delivery and correspondence:

TSR Darashaw Limited, Unit: Tata Motors Limited, 6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E Moses Road, Mahalaxmi, Mumbai - 400 011.
Tel: 022-6656 8484; *Fax:* 022- 6656 8494; *e-mail :* csg-unit@tsrdarashaw.com; *website :* www.tsrdarashaw.com

(ii) For the convenience of investors based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSR Darashaw Limited:-

1 503, Barton Centre, 5th Floor, 84, Mahatma Gandhi Road, Bangalore - 560 001
Tel : 080- 25320321, *Fax :* 080-25580019; *e-mail :* tsrlbang@tsrdarashaw.com

2 Bungalow No.1, "E" Road, Northern Town, Bistupur, Jamshedpur - 831 001
Tel: 0657 - 2426616; *Fax:* 0657 - 2426937; *e-mail :* tsrljsr@tsrdarashaw.com

3 Tata Centre, 1st Floor, 43, Jawaharlal Nehru Road, Kolkata - 700 071
Tel : 033 - 22883087; *Fax :* 033 - 22883062; *e-mail :* tsrlcal@tsrdarashaw.com

4 Plot No.2/42, Sant Vihar, Ansari Road, Daryaganj, New Delhi - 110 002
Tel : 011 - 23271805; *Fax :* 011 - 23271802; *e-mail :* tsrldel@tsrdarashaw.com

Agent: Shah Consultancy Services Limited
Sumatinath Complex, 2nd Dhal, Pritam Nagar, Ellisbridge, Ashram Road, Ahmedabad - 380 006
Telefax: 079- 2657 6038, *Email:* shahconsultancy@hotmail.com

Share Transfer System

- Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 15 days. Senior Executives of the Company are empowered to approve transfer of shares and debentures and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 30 days.
- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialisation of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

Shareholding pattern

Category	As on March 31, 2007		As on March 31, 2006		% Variance 06 V/s 05
	No. of shares	%	No. of shares	%	
Promoters	128827405	33.43	128836405	33.65	(0.22)
Mutual Funds and Unit Trust of India	20531036	5.33	18470387	4.82	0.51
Government Companies, Financial Institutions, Banks and Insurance companies	42716106	11.08	36054830	9.42	1.66
Foreign Institutional Investors	76461953	19.84	94925367	24.80	(4.96)
NRIs, Foreign companies and ADRs	72515080	18.82	60767890	15.87	2.95
Others	44322305	11.50	43779252	11.44	0.06

Distribution of shareholding as on March 31, 2007

Range of Shares	Shares held in				No. of Holders			
	Physical	% to Capital	Electronic	% to Capital	Physical	% to Holders	Electronic	% to Holders
1 - 100	1847291	4.84	3546330	1.02	54703	68.56	104627	67.57
101 - 500	4576649	11.99	8956832	2.58	20373	25.53	36596	23.63
501 - 1000	2167756	5.68	5652863	1.63	3126	3.92	7911	5.11
1001 - 5000	2696866	7.07	9225465	2.66	1496	1.88	4831	3.12
5001 - 10000	437910	1.15	2443580	0.70	65	0.08	349	0.23
Above 10000	26437857	69.27	317384486	91.41	27	0.03	525	0.34
Total	**38164329**	**100.00**	**347209556**	**100.00**	**79790**	**100.00**	**154839**	**100.00**

Top shareholders (holding in excess of 1% of capital) as on March 31, 2007

Name of Shareholder	No. of shares held	% to paid-up capital
Tata Sons Ltd	84487717	21.92
Citibank NA as Depository for ADR holders	42294157	10.97
Tata Steel Ltd	32378410	8.40
Daimler Chrysler AG	25596476	6.64
Life Insurance Corporation of India	23519685	6.10
Tata Industries Ltd	7734255	2.01
HSBC Global Inv Funds A/c HSBC Global Investment Funds Mauritius Ltd	7032699	1.82
The New India Assurance Co. Ltd	5306110	1.38
Merrill Lynch Capital Markets Espana S.A. S.V.	4248426	1.10

Dematerialisation of shares

Electronic holding as on March 31, 2007 by Members comprises 90.09% (Previous Year: 89.64%) of the paid-up Ordinary Share Capital of the Company held through the National Securities Depository Limited- 88.69% (Previous Year: 88.80%) and Central Depository Services (India) Limited - 1.40% (Previous Year: 0.84%).

Outstanding securities

- **Foreign Currency Convertible Notes**
  - 60- 1% Convertible Notes (due 2008) of US $ 1000 each, aggregating US$ 100 million issued in July 2003 may, at the option of the Note holders, be converted into 11045 ADSs/Ordinary Shares at Rs.250.745 per share at anytime upto July 1, 2008.
  - 6010 -Zero Coupon Convertible Notes (due 2009) of US $ 1000 each, aggregating US$ 100 million issued in April 2004 may, at the option of the Note holders, be converted into 4,59,843 Ordinary Shares/ADSs at Rs.573.106 per share at any time upto March 28, 2009.
  - 3,00,000-1% Convertible Notes (due 2011) of US $ 1000 each, aggregating US$ 300 million issued in April 2004 may, at the option of the Note holders, be converted into 168,56,740 Ordinary Shares/ADSs at Rs.780.400 per share at any time upto March 28, 2011.
  - 1176- Zero Coupon Convertible Notes (due 2011) of JP¥ 10,000,000 each aggregating JP¥ 11,760,000,000 (equivalent US$ 100 million) issued in March 2006 may, at the option of the Note holders, be converted into 44,14,916 Ordinary Shares/ADSs at Rs.1001.39 per share at any time upto February 19, 2011.

  The following are the relevant details of the notes:

Type	Description	Currency	Cusip	ISIN Nos.	Listing at
1% Notes (due 2008)	Rule 144A	US$	876568AD8	US876568AD85	Luxembourg Stock
1% Notes (due 2008)	Reg S	US$	Y8548TAD3	USY8548TAD38	Exchange
Zero Coupon Notes (due 2009)	Reg S	US$	Y8548TAE1	USY8548TAE11	Singapore Stock
1% Notes (due 2011)	Reg S	US$	Y8548TAF8	USY8548TAF85	Exchange
Zero Coupon Notes (due 2011)	Reg S	JP ¥	024521788	XS0245217889	

- **Securities held in abeyance** - Out of the Rights Issue of Convertible and Non-Convertible Debentures (CDs and NCDs, respectively) as on March 31, 2007, 35,698 Ordinary Shares (arising out of conversion of CDs) and 14,291 Detachable Warrants on the CDs/NCDs, being the entitlement on Ordinary Shares which are the subject matter of various suits filed in the courts/forums by third parties for which final order is awaited, are held in abeyance pursuant to Section 206A of the Act.

Action required regarding non-receipt of dividends, proceeds of matured deposits and redeemed debentures and interest thereon:-

(i) In case of non receipt/non encashment of the dividend warrants, Members are requested to correspond with the Company's Registrars/the Registrar of Companies, as mentioned hereunder:

Dividend for	Contact Office	Action to be taken
2002-03 to 2005-06	TSR Darashaw Limited	Letter on plain paper.
2000-01 and 2001-02	Not Applicable due to non declaration of dividend	-
1998-99 to 1999-2000	TSR Darashaw Limited	Letter on plain paper. In respect of dividend for FY 1999-2000, the Members are requested to apply before end July 2007.
1978-79 to 1994-95	Office of the Registrar of Companies CGO Complex, 'A' Wing, 2nd floor, Next to RBI, CBD - Belapur, Navi Mumbai -400 614 Maharashtra ✆ 2757 6802	Claim in Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978

(ii) Pursuant to Sections 205A and 205C of the Act, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits pertaining to erstwhile Tata Finance Limited (TFL) as at March 31, 2006 remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment, have been transferred by TFL to the IEPF established by the Central Government.

(iii) Given below are indicative due dates for transfer of unclaimed and unpaid dividend to the IEPF by the Company:-

Financial Year	Dividend/Payment Date	Proposed Date for transfer to IEPF*
1999-2000	July 26, 2000	September 12, 2007
2002-03	July 22, 2003	August 18, 2010
2003-04 (Interim)	February 20, 2004	March 20, 2011
2003-04 (Final)	July 8, 2004	August 16, 2012
2004-05	July 12, 2005	August 20, 2013
2005-06	July 12, 2006	August 20, 2014

** Indicative dates and actual dates may vary.*

(iv) No claim of the shareholders/debenture-holders/depositor shall lie against the Company or the IEPF in respect of the said amounts transferred to the IEPF. Investors of the Company and of the erstwhile TFL who have not yet encashed their unclaimed/unpaid amounts are requested to do so at the earliest.

- **Other facilities of interest to shareholders holding shares in physical form**
  - **Nomination facility**: Shareholders who hold shares in single name and wish to make/change the nomination in respect of their shares as permitted under Section 109A of the Act, may submit to the Registrars and Transfer Agents, the prescribed Form 2B.
  - **Bank details**: Shareholders are requested to notify/send the following to the Company's Registrars and Share Transfer Agents to facilitate better services:-

    (i) Any change in their address/mandate/bank details, and

    (ii) Particulars of the bank account in which they wish their dividend to be credited, in case they have not been furnished earlier.

    Shareholders are advised that respective bank details and address as furnished by them to the Company will be printed on their dividend warrants as a measure of protection against fraudulent encashment.
  - **Odd lot facility**: Having regard to the difficulties experienced by shareholders in disposing off the shares held by them in odd lots, the Company's Registrars and Transfer Agents have framed a scheme for the purchase of such shares. Interested shareholders may contact the Registrars for further details.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:

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

i. **Chairman of the Board:** No separate office is maintained for the Non-Executive Chairman. Being the Group Chairman, the Company does not reimburse expenses incurred by the Non-Executive Chairman for maintenance of a separate Chairman's office.

No specific tenure has been specified for the Independent Directors. Mr S A Naik, Independent director, has been on the Company's Board for a tenure exceeding a period of nine years. Mr Naik would be retiring by rotation at the forthcoming Annual General Meeting and is not seeking re-election.

ii. **Remuneration Committee:** Details are given under the heading 'Remuneration Committee'.

iii. **Shareholder Rights:** A half yearly declaration of financial performance, including summary of significant events in the last six months, is sent to all the shareholders. The Financial Results are also put up on the Company's website, besides being available on the SEBI's website www.sebiedifar.nic

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

v. **Training of Board Members:** The Directors interact with the management in a very free and open manner on information that may be required by them on orientation and factory visits. The independent Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's stakeholders under the emerging business environment.

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

vii. **Whistle Blower Mechanism:** The Audit Committee had, at its Meeting held on August 9, 2004, framed a Whistle-Blower Policy and the same was reviewed and amended by the Audit Committee on January 19, 2006. The Policy provides a formal mechanism for all employees of the Company to approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The 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. No employee of the Company has been denied access to the Audit Committee.

Plant Locations:-

Plant Location	Range of Products Produced
Pimpri and Chikhali, Pune - 410 018 Chinchwad, Pune - 411 033	Medium and Heavy Commercial Vehicles (M&HCVs), Light Commercial Vehicles (LCVs), Utility Vehicles (UVs) and Cars
Jamshedpur Town Post Office, Jamshedpur - 831 010	M&HCVs
Chinhat Deva Road, Lucknow - 227105	M&HCVs and LCVs
KIADB Block 2, Belur Industrial Area, Dharwad - 580007	Project under formulation
Plot No.1, Section 11, Integrated Industrial Estate, Pantnagar, Rudrapur, District Udhamsingh, Nagar, Uttarakhand-263145	Trial production commenced
P.S. Singur, District Hooghly, West Bengal - 712409	Project under construction / implementation

Address for correspondence:-

Tata Motors Limited, Bombay House, 24 Homi Mody Street, Mumbai - 400 001, India.

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

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2007.

For Tata Motors Limited

RAVI KANT
Managing Director
May 18, 2007

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
TATA MOTORS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Tata Motors Limited for the year ended on March 31, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

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

For Deloitte Haskins & Sells
Chartered Accountants

M S DHARMADHIKARI
Partner
Membership No.30802
Mumbai, June 4, 2007

FUNDS FLOW - LAST FIVE YEARS

(Rs. in crores)

	2006-07	2005-06	2004-05	2003-04	2002-03
Sources of Funds					
1. Funds generated from operations					
A. Profit after tax	**1913.46**	1528.88	1236.95	810.34	300.11
B. Depreciation (including Lease Equalisation)	**582.51**	522.48	450.16	382.60	362.13
C. Provision for diminution in value of investments (net)	**1.09**	(9.69)	9.67	48.30	26.00
D. Net change in deferred tax liability [Note (a) below]	**164.29**	142.15	51.13	386.00	190.55
E. Adjustment in General reserve for difference in opening liability for Employee Benefits (net of tax)	**(14.19)**	-	-	-	-
Total	**2647.16**	2183.82	1747.91	1627.24	878.79
2. Proceeds from FCCN, Warrants and Convertible Debentures converted into Ordinary Shares and premium thereon	**96.38**	371.39	132.06	578.29	0.01
3. a) Decrease in Working Capital	**-**	-	970.19	979.34	793.54
b) Decrease in Finance receivables	**192.12**	-	-	-	-
4. Increase in Borrowings (net of repayments)	**1072.30**	441.42	1235.65	-	-
5. Decrease in short term deposits with banks	**508.72**	1075.29	-	-	-
6. Investments sold (net of purchases and adjustment for diminution in value of investments)	**-**	906.60	135.04	-	-
7. Effect of amalgamation of TFL, TDDL and SCFL (2004-05 : spare parts division of TMISL)	**-**	123.58	0.48	-	-
	4516.68	5102.10	4221.33	3184.87	1672.34
Application of Funds					
1. Capital Expenditure (net)	**2456.30**	1347.63	898.87	262.33	248.65
2. Repayment of Borrowings (net of additional borrowings)	**-**	-	-	198.54	846.65
3. Investments made (net of sales)	**462.94**	-	-	1833.27	107.88
4. Increase in short term deposits with banks	**-**	-	1343.69	240.50	-
5. a) Increase in Working Capital	**938.94**	298.72	-	-	-
b) Increase in Finance receivables	**-**	2777.16	1131.10	288.76	277.62
6. Dividends (including tax thereon)	**676.39**	567.78	517.15	318.25	144.30
7. Arrears of preference dividend (including tax) pertaining to erstwhile Tata Finance Ltd.	**-**	19.94	**-**	**-**	**-**
8. Deferred Tax Assets (net) taken over on amalgamation	**-**	84.89	**-**	**-**	**-**
9. Deferred Revenue Expenditure net of / and utilisation of Securities Premium Account [Note (b) below]	**(17.89)**	5.98	330.52	43.22	47.24
	4516.68	5102.10	4221.33	3184.87	1672.34

Notes :

a) After adjustment of deferred tax on opening liability for Employee benefits debited to General reserve	**12.93**	-	-	-	-
b) Utilisation of Securities Premium Account include :					
i) Provision of liability (including exchange difference) on account of premium on redemption of the outstanding Foreign Currency Convertible Notes (FCCN)	**(13.95)**	4.60	292.07	1.53	-
ii) FCCN / Right issue expenses and premium on redemption of Debentures	**0.09**	5.41	42.48	49.56	17.18

c) Consequent to amalgamation of Tata Finance Ltd (TFL), Telco Dadajee Dhackjee Ltd (TDDL) and Suryodaya Capital and Finance (Bombay) Ltd (SCFL), the following assets, liabilities, investments and loans have been recorded against respective items above :

Fixed Assets (net of depreciation)	214.30
Investments	94.76
Receivables	1359.26
Cash & Bank balance	194.65
Deferred Tax Assets (net)	84.89
Liabilities & Provisions	(251.88)
Loans	(806.38)
	889.60
Less : Investments cancelled on amalgamation	256.02
Less : Loans cancelled on amalgamation	510.00
	123.58

d) Figures for the previous years have been regrouped wherever necessary.

AUDITORS' REPORT

TO THE MEMBERS OF

TATA MOTORS LIMITED

1. We have audited the attached Balance Sheet of **TATA MOTORS LIMITED** as at March 31, 2007, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) On the basis of written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

   (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;

      (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M.S. Dharmadhikari
Partner
Membership No.: 30802

Mumbai: May 18, 2007

ANNEXURE TO THE AUDITORS' REPORT

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

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, physical verification of a major portion of fixed assets as at March 31, 2007 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable. Having regard to the size of the operations of the Company and on the basis of explanations received, in our opinion, the net differences found on physical verification were not significant.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) (a) As explained to us, the stocks of finished goods (other than a significant part of the spare parts held for sale) and work in progress in the Company's custody have been physically verified by the Management as at the end of the financial year or after the year end, and in respect of stocks of stores and spares, the aforesaid spare parts held for sale, and raw materials in the Company's custody, there is a perpetual inventory system and a substantial portion of the stocks have been verified during the year. In our opinion, the frequency of verification is reasonable. In the case of materials and spare parts held for sale lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held during the year or at the year-end.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company.

(iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, clauses (iii)(b), (iii)(c) and (iii)(d) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, clauses (iii)(f) and (iii)(g) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining

comparable quotations, there exist an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system of the Company.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered. Since the value of the said transaction does not exceed Rupees five lakhs, the information required under clause (v)(b) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. In respect of unclaimed deposits matured in earlier years that are outstanding during the year, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account relating to the manufacture of motor vehicles pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie,* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for any other products of the Company.

(ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. We are informed by the Company that the Employees' State Insurance Act, 1948 is applicable only to certain locations of the Company. With regard to the contribution under the Employees' Deposit Linked Insurance Scheme, 1976 (the Scheme), we are informed that the Company has its own Life Cover Scheme, and consequently, an application has been made seeking an extension of exemption from contribution to the Scheme, which is awaited.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears, as at March 31, 2007 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, details of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute are given below:

Particulars	Financial years to which the matter pertains	Forum where dispute is pending	Amount (Rs. in crores)
Income tax	1994-95, 1995-96, 1996-97, 1997-98	Appellate Tribunal	13.36
	1997-98 and 2002-03	Commissioner	249.69
Sales tax	1971-72, 1972-73,1973-74, 1986-90, 1992-93, 1995-97	High Court	14.41
	1979-80, 1988-91, 1992-93, 1994-96, 1999 -2001, 2001-03	Appellate Tribunal	24.34
	1988-90, 1991-93, 1995-96, 1997-98, 1999-2001, 2003-04, 2004-05	Additional Commissioner	21.84
	1984-85, 1985-86, 1989-90, 1990-91, 1991-92, 1992-93,1993-94, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-06	Joint Commissioner	116.27
	1964-65, 1965-67, 1974-75, 1975-76, 1982-83, 1986-87, 1987-88, 1988-89, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, 1998-02, 2004-05	Deputy Commissioner	72.41
	1996-97, 1998-99, 2001-02	Commissioner	0.20
	1984-87, 1988-89, 1990-91, 1995-96, 1997-98, 2003-04, 2005-06	Assistant Commissioner	0.33
	1986-87, 1990-91, 1991-92, 1993-94, 1996-98, 1999-2000, 2002-03, 2003-04	Trade Tax Officer	1.94
Excise duty	2000-01	Supreme Court	2.14
	1993-94, 1996-97, 2002-05, 2005-06, 2006-07	Appellate Tribunal	19.66
	1984-85, 1995-96, 2001-02, 2003-04, 2004-05, 2005-06, 2006-07	Commissioner (Appeals)	5.07
	2005 - 07	Additional Commissioner	0.95
	2006 - 07	Deputy Commissioner	0.33

Subsequent to the Balance Sheet date the Company has received an order raising demand of Rs. 25.70 crores in respect of sales tax for the year 2002-03. The time up to which the Company could appeal against the order has not yet elapsed. We are informed that the Company is in the process of filing appeal against the said order before the appropriate authority.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holder.

(xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a *nidhi*/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the intended use.

(xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xx) As informed to us, during the period covered by our audit report, the Company has not raised any money by public issues.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M.S. Dharmadhikari
Partner
Membership No.: 30802

Mumbai

Tata Motors Limited

Balance Sheet as at March 31, 2007

(Rs. in crores)

	Schedule	Page			As at March 31, 2006
SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	1	63	**385.41**		382.87
(b) Reserves and Surplus	2	63	**6484.34**		5154.20
				6869.75	5537.07
2. LOAN FUNDS					
(a) Secured	3	64	**2022.04**		822.76
(b) Unsecured	4	64	**1987.10**		2114.08
				4009.14	2936.84
3. DEFERRED TAX LIABILITY (NET) [Note A(3)(a), page 77]				**786.83**	622.54
4. TOTAL FUNDS EMPLOYED				**11665.72**	9096.45
APPLICATION OF FUNDS					
5. FIXED ASSETS	5	65			
(a) Gross Block			**8775.80**		7971.55
(b) Less - Depreciation			**4894.54**		4401.51
(c) Net Block			**3881.26**		3570.04
(d) Capital Work-in-Progress			**2513.32**		951.19
				6394.58	4521.23
6. INVESTMENTS	6	66		**2477.00**	2015.15
7. CURRENT ASSETS, LOANS AND ADVANCES					
(a) Interest accrued on investments			**5.94**		6.16
(b) Inventories	7	70	**2500.95**		2012.24
(c) Sundry Debtors	8	70	**782.18**		716.60
(d) Cash and Bank Balances	9	70	**826.76**		1119.43
(e) Loans and Advances	10	71	**6025.99**		5633.38
			10141.82		9487.81
8. CURRENT LIABILITIES AND PROVISIONS					
(a) Current Liabilities	11	72	**5993.45**		5726.82
(b) Provisions	12	72	**1364.32**		1215.04
			7357.77		6941.86
9. NET CURRENT ASSETS [(7) LESS (8)]				**2784.05**	2545.95
10. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	13	72		**10.09**	14.12
11. TOTAL ASSETS (NET)				**11665.72**	9096.45
12. SIGNIFICANT ACCOUNTING POLICIES		73			
13. NOTES TO BALANCE SHEET	14	76			

As per our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M S DHARMADHIKARI
Partner

Mumbai, May 18, 2007

For and on behalf of the Board

RATAN N TATA
Chairman
N A SOONAWALA
J J IRANI
V R MEHTA
R GOPALAKRISHNAN
N N WADIA
S A NAIK
S M PALIA
Directors

RAVI KANT
Managing Director

PRAVEEN P KADLE
Executive Director

H K SETHNA
Company Secretary

Mumbai, May 18, 2007

Profit and Loss Account for the year ended March 31, 2007

(Rs. in crores)

	Schedule	Page			2005-2006
INCOME					
1. SALE OF PRODUCTS AND OTHER INCOME FROM OPERATIONS	A (1)	59		**31884.69**	24001.44
LESS : EXCISE DUTY				**4349.45**	3347.95
				27535.24	20653.49
2. DIVIDEND AND OTHER INCOME	A (2)	59		**245.19**	289.08
				27780.43	20942.57
EXPENDITURE					
3. MANUFACTURING AND OTHER EXPENSES	B	60	**24798.57**		18386.66
4. EXPENDITURE TRANSFERRED TO CAPITAL AND OTHER ACCOUNTS			**(577.05)**		(308.85)
				24221.52	18077.81
PROFIT BEFORE DEPRECIATION, INTEREST, EXCEPTIONAL ITEMS AND TAX				**3558.91**	2864.76
5. PRODUCT DEVELOPMENT EXPENDITURE				**85.02**	73.78
6. DEPRECIATION	5	65		**586.29**	520.94
7. INTEREST [Note B(4), page 83]				**313.07**	226.35
PROFIT FOR THE YEAR BEFORE EXCEPTIONAL ITEMS AND TAX				**2574.53**	2043.69
8. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS (Net)				**(1.09)**	9.69
9. EMPLOYEE SEPARATION COST				**(0.26)**	-
PROFIT BEFORE TAX				**2573.18**	2053.38
10. TAX EXPENSE [Note A(3)(c), page 77]				**(659.72)**	(524.50)
PROFIT AFTER TAX				**1913.46**	1528.88
11. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR.			**776.76**		585.60
Less: Arrears of preference dividend pertaining to erstwhile Tata Finance Ltd. (including tax) [Note C(ii)(h), page 87]			**-**		19.94
				776.76	565.66
AMOUNT AVAILABLE FOR APPROPRIATION				**2690.22**	2094.54
12. APPROPRIATIONS					
(a) Proposed Dividend				**578.07**	497.94
(b) Tax on Proposed Dividend				**98.25**	69.84
(c) Residual dividend paid for year 2005-06 (including tax)				**0.07**	-
(d) General Reserve				**1000.00**	750.00
(e) Balance carried to Balance Sheet				**1013.83**	776.76
				2690.22	2094.54
13. EARNINGS PER SHARE [Note B (7), page 85] a) Basic Rupees				**49.76**	40.57
b) Diluted Rupees				**47.24**	38.20
14. SIGNIFICANT ACCOUNTING POLICIES		73			
15. NOTES TO PROFIT AND LOSS ACCOUNT	14 to 18	83			

As per our report attached to the balance sheet

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M S DHARMADHIKARI
Partner

Mumbai, May 18, 2007

For and on behalf of the Board

RATAN N TATA
Chairman
N A SOONAWALA
J J IRANI
V R MEHTA
R GOPALAKRISHNAN
N N WADIA
S A NAIK
S M PALIA
Directors

RAVI KANT
Managing Director

PRAVEEN P KADLE
Executive Director

H K SETHNA
Company Secretary

Mumbai, May 18, 2007

Tata Motors Limited

Cash Flow Statement for the year ended March 31, 2007

(Rs. in crores)

			2006-2007	2005-2006
A	**Cash flow from Operating Activities**			
	Profit after tax		**1913.46**	1528.88
	Adjustments for:			
	Depreciation (including Lease Equilisation netted off against income)	**582.51**		522.48
	Profit on sale of assets (net)	**(14.64)**		(5.60)
	Profit on sale of investments (net)	**(35.48)**		(177.64)
	Provision for diminution in value of investments (net)	**1.09**		(9.69)
	Wealth tax	**0.65**		0.43
	Income tax.	**482.50**		382.35
	Deferred tax	**177.22**		142.15
	Interest / Dividend (net)	**103.36**		114.88
	Exchange differences	**(62.17)**		34.32
	Employee Separation Cost	**4.03**		4.04
			1239.07	1007.72
	Operating Profit before Working Capital changes		**3152.53**	2536.60
	Adjustments for:			
	Trade and other receivables	**(377.38)**		(317.02)
	Inventories	**(488.71)**		(410.88)
	Trade and other payables	**221.96**		194.17
		(644.13)		(533.73)
	Vehicle loans and hire purchase receivables	**192.12**		(1785.39)
			(452.01)	(2319.12)
	Cash generated from operations		**2700.52**	217.48
	Direct taxes refund / (paid) (net)		**(490.39)**	(438.51)
	Net Cash from / (used in) Operating Activities		**2210.13**	(221.03)
B	**Cash Flow from Investing Activities**			
	Purchase of fixed assets		**(2461.19)**	(1123.49)
	Sale of fixed assets		**95.15**	14.04
	Loan to associates, subsidiaries and others		**-**	(7.74)
	Purchase of investments in subsidiary companies		**(561.64)**	(206.65)
	Sale of investments in Mutual Fund (net)		**137.17**	848.60
	Decrease in Investments in retained interests in securitisation transactions		**(28.66)**	91.47
	Purchase of investments - others		**(6.75)**	(30.00)
	Refund from escrow account		**-**	3.34
	Sale of investments in subsidiary companies		**-**	206.59
	Sale / redemption of investments - others		**34.50**	13.02
	Interest received		**41.20**	79.17
	Dividend / Income on investments received		**207.63**	108.10
	(Increase) / Decrease in short term Inter-corporate deposits		**(262.51)**	2.49
	Net Cash used in Investing Activities		**(2805.10)**	(1.06)
C	**Cash Flow from Financing Activities**			
	Proceeds from issue of Foreign Currency Convertible Notes (FCCN) (net of expenses)		**-**	444.99
	Stamp duty on FCCN conversion		**(0.09)**	(0.37)
	Proceeds from long term borrowings		**1783.92**	1.00
	Repayment of long term borrowings		**(814.26)**	(561.81)
	Payment of premium on long term forward contracts		**(3.07)**	-
	Increase in short term loans		**273.80**	84.77
	Dividend paid (including Dividend tax)		**(566.70)**	(514.16)
	Interest paid [including discounting charges paid, **Rs. 175.64 crores** (2005-2006 Rs. 164.99 crores)]		**(370.02)**	(309.69)
	Net Cash received / (used) in Financing Activities		**303.58**	(855.27)
	Net Decrease in Cash and cash equivalents		**(291.39)**	(1077.36)
	Cash and cash equivalents as at 31st March (Opening Balance)		**1119.43***	2005.04 *
	Cash and bank balance taken over on amalgamation of Tata Finance Ltd and Telco Dadajee Dhackjee Ltd		**-**	194.65
	Less : Exchange fluctuation on FCCN proceeds kept outside India and on foreign currency bank balances		**(1.28)**	(2.90)
	Cash and cash equivalents as at 31st March (Closing Balance)		**826.76***	1119.43 *

* Includes Cash Collateral of **Rs. 290.80 crores** (2005-2006 Rs. 282.87 crores, 2004-05 Rs. 75.59 crores)

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

As per our report attached to the balance sheet

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M S DHARMADHIKARI
Partner

Mumbai, May 18, 2007

For and on behalf of the Board

RATAN N TATA
Chairman
N A SOONAWALA
J J IRANI
V R MEHTA
R GOPALAKRISHNAN
N N WADIA
S A NAIK
S M PALIA
Directors

RAVI KANT
Managing Director

PRAVEEN P KADLE
Executive Director

H K SETHNA
Company Secretary

Mumbai, May 18, 2007

Schedules forming part of the Profit and Loss Account

'A' [Item No. 1 and 2]

(Rs. in crores)

	2006-2007	2005-2006
SALE OF PRODUCTS AND OTHER INCOME		
1. **Sale of products and other income from operations**		
(a) Sale of Products / Services (Schedule 15, page 88)	**30999.43**	23439.41
(b) Income from Hire purchase / Loan contracts (Notes 1, 2, 3 and 4 below)	**546.51**	432.67
(c) Miscellaneous income (Note 5 below)	**208.27**	129.36
(d) Exchange differences (net)	**130.48**	-
	31884.69	24001.44
2. **Dividend and other income**		
(a) Trade investments (long term) [Note 6 below]	**196.82**	95.84
(b) Other investments (long term) [Note 7 below]	**10.58**	11.02
(c) Other investments (current) [Note 8 below]	**13.84**	17.94
(d) Profit on sale of investments (net) (trade, long term) [Note 9 below]	**23.95**	164.28
	245.19	289.08

	2006-2007	2005-2006
Notes : (1) Value of Hire purchase contracts entered into during the year :		
(i) Purchased vehicles (Note 2 below)	**48.72**	7.46
(ii) Vehicles from Company's stocks	**-**	0.07
(2) Value of vehicles purchased and issued on Hire purchase contracts during the year	**41.12**	7.20
(3) (i) Income from Hire purchase contracts includes net income from lease rentals and income on securitisation / sale of receivables under Hire purchase contracts	**0.42**	21.67
(ii) Income from Loan contracts includes income on securitisation of Loan contracts (net)	**77.50**	76.28
(4) Income from Loan contracts includes Interest income (net)	**431.50**	305.25
(5) Miscellaneous income include :		
(i) Profit on sale of assets (net) [includes Capital Profits of **Rs. 8.24 crores** (2005-06 Rs. 0.12 crore)]	**15.89**	6.14
(ii) Insurance claims for loss of profit due to fire	**47.90**	-
(6) Dividend and other income from trade investments include dividend from subsidiary companies	**86.94**	41.40
(7) Includes tax deducted at source	**1.93**	0.96
(8) Includes profit on sale of current investments (net)	**11.53**	13.34
(9) Includes profit on sale of investments in subsidiary company [Schedule 14 Note C(iv), page 87]	**-**	164.30

Schedules forming part of the Profit and Loss Account

'B' [Item No. 3]

(Rs. in crores)

		2006-2007		2005-2006
MANUFACTURING AND OTHER EXPENSES				
1.	**Purchase of products for sale etc.** [Note B(1), page 83]		**1459.20**	998.74
2.	**Consumption of raw materials and components** (Schedule 18, page 91)		**17915.73**	13265.12
3.	**Processing charges**		**823.79**	625.70
4.	**Payments to and provisions for employees :** (Refer Note B(5), page 84)			
	(a) Salaries, wages and bonus	**1038.68**		883.72
	(b) Contribution to provident and other funds	**176.51**		139.29
	(c) Workmen and staff welfare expenses [Note B(i), page 61]	**152.64**		124.16
			1367.83	1147.17
5.	**Expenses for manufacture, administration and selling :**			
	(a) Stores, spare parts and tools consumed	**504.63**		369.16
	(b) Freight, transportation, port charges, etc.	**479.04**		335.13
	(c) Repairs to buildings [Note B(ii), page 61]	**23.49**		27.67
	(d) Repairs to plant, machinery, etc. [Note B(iii), page 61]	**49.16**		45.61
	(e) Power and fuel	**327.41**		258.51
	(f) Rent	**19.96**		15.26
	(g) Rates and taxes	**32.51**		33.58
	(h) Provision for Wealth tax	**0.65**		0.43
	(j) Insurance	**30.56**		28.15
	(k) Publicity	**251.54**		187.25
	(l) Incentive / Commission to dealers	**332.65**		233.52
	(m) Works operation and other expenses [Note B(iv), page 61]	**1454.11**		1040.39
			3505.71	2574.66
6.	**Excise Duty on Stock-in-trade**		**75.99**	32.18
7.	**Changes in Stock-in-trade and Work-in-progress :**			
	A Opening Stock			
	(i) Work-in-progress	**286.31**		264.46
	(ii) Stock-in-trade	**768.35**		533.29
		1054.66		797.75
	B Closing Stock			
	(i) Work-in-progress	**301.32**		286.31
	(ii) Stock-in-trade	**1103.02**		768.35
		1404.34		1054.66
			(349.68)	(256.91)
			24798.57	18386.66

Schedules forming part of the Profit and Loss Account

"B" [Item No. 3] (contd.)

(Rs. in crores)

NOTES :		2006-2007	2005-2006
(i) Item 4 (c) :	Workmen and staff welfare expenses include provisions for other employee benefit schemes	**26.63**	14.33
(ii) Item 5 (c) :	Repairs to buildings exclude amounts charged to other revenue accounts	**8.96**	6.41
(iii) Item 5 (d) :	Repairs to plant, machinery, etc. exclude amounts charged to other revenue accounts	**123.63**	102.69
(iv) Item 5 (m) :	Works operation and other expenses include :		
	(1) Loss on assets scrapped / written off	**1.25**	0.54
	(2) Lease rentals in respect of plant and machinery	**2.94**	8.16
	(3) Commission and Brokerage on sales	**5.33**	3.64
	(4) Provisions and write off for sundry debtors / advances (net)	**165.74**	61.51
	(5) Securitisation expenses for Hire purchase / Loan contracts	**62.95**	48.59
	(6) Exchange Differences (net)	**-**	19.84

Tata Motors Limited

Schedules forming part of the Profit and Loss Account

'B' [Item no. 3] (contd.) **(Rs. in crores)**

			2006-2007	2005-2006
MANAGERIAL REMUNERATION :				
1. Managerial remuneration for directors (excluding provision for encashable leave and gratuity as separate actuarial valuation for whole-time directors is not available) [Note (a) and (b)(i) below]			**6.77**	5.55
2. The above is inclusive of :				
(a) Estimated expenditure on perquisites			**0.24**	0.37
(b) Contribution to provident / superannuation funds			**0.21**	0.20
(c) Commission to directors			**5.20**	3.90
3. Directors' sitting fees [Note (b)(ii) below]			**0.12**	0.14
4. Commission to directors :				
(a) Profit after tax as per profit and loss account			**1913.46**	1528.88
(b) Add: (i) Managerial remuneration	**6.77**			5.55
(ii) Directors' sitting fees	**0.12**			0.14
(iii) Tax expense	**659.72**			524.50
(iv) Provision for diminution in value of investments (net)	**1.09**			(9.69)
(v) Depreciation as per books	**586.29**			520.94
			1,253.99	1041.44
			3167.45	2570.32
(c) Less: (i) Capital profit :				
a) Sale of assets	**(8.24)**			(0.12)
b) Sale of investments	**(35.48)**			(177.62)
(ii) Depreciation as per Section 350 of the Companies Act, 1956	**(586.29)**			(520.94)
			(630.01)	(698.68)
Net Profit as per Section 349 / 350 of the Companies Act, 1956			**2537.44**	1871.64
(d) Commission to whole-time directors - 10% of net profit	**253.74**			187.16
Commission payable			**3.00**	2.10
(e) Commission to non-whole-time directors - 1% of net profit	**25.37**			18.72
Commission payable			**2.20**	1.80

Notes :

(a) Excludes retirement benefits relating to former whole-time Directors		**0.37**	0.29
(b) Remuneration paid to the Directors of erstwhile Tata Finance Ltd for the period between the effective date of amalgamation till the date of approval (appointed date), has been excluded [Note C(ii), Page 86]. The particulars are as follows :			
(i) Remuneration to the Executive Director		**-**	0.88
(ii) Sitting fees (includes Rs. 10,000/- paid to an executive director of the Company in his capacity as non-wholetime director of erstwhile Tata Finance Ltd)		**-**	0.02

Schedules forming part of the Balance Sheet

(Rs. in crores)

"1" [Item No.1(a)]

		As at March 31, 2007	As at March 31, 2006
SHARE CAPITAL [Note (A) 1, page 76]			
Authorised:			
45,00,00,000	Ordinary shares of Rs. 10 each (as at March 31, 2006: 41,00,00,000 shares)	**450.00**	410.00
Issued and subscribed:			
38,53,73,885	Ordinary shares of Rs. 10 each (as at March 31, 2006: 38,28,34,131 shares)	**385.37**	382.83
Less: Calls in arrears		**0.01**	0.01
		385.36	382.82
Share Forfeiture		**0.05**	0.05
		385.41	382.87

"2" [Item No.1(b)]

			As at March 31, 2006	Additions	Deductions	As at March 31, 2007
RESERVES AND SURPLUS						
(a)	Securities Premium Account	[Note (i) and (ii)]	**1828.70**	**107.79**	**0.09**	**1936.40**
			1473.89	376.38	21.57	1828.70
(b)	Capital Redemption Reserve	[Note (iii) (a)]	**2.28**	**-**	**-**	**2.28**
			2.28	39.35	39.35	2.28
(c)	Debenture Redemption Reserve	[Note (iii) (b)]	**334.35**	**-**	**-**	**334.35**
			334.15	20.30	20.10	334.35
(d)	Amalgamation Reserve	[Note (iii) (c)]	**0.05**	**-**	**-**	**0.05**
			0.05	0.48	0.48	0.05
(e)	Special Reserve	[Note (iii) (d)]	**55.05**	**-**	**-**	**55.05**
			-	55.05	-	55.05
(f)	Revaluation Reserve	[Note (iii) (e)]	**26.39**	**-**	**0.44**	**25.95**
			-	26.82	0.43	26.39
(g)	General Reserve	[Note (iv)]	**2130.62**	**1000.00**	**14.19**	**3116.43**
			1353.63	936.03	159.04	2130.62
			4377.44	**1107.79**	**14.72**	**5470.51**
			3164.00	1454.41	240.97	4377.44
(h)	Profit and Loss Account					**1013.83**
						776.76
						6484.34
						5154.20

Notes:-

		2006-07		2005-06	
		Additions	Deductions	Additions	Deductions
(i)	The opening and closing balances of Securities Premium Account are net of calls in arrears of Rs 0.03 crore				
(ii)	**Changes in Securities Premium Account**				
(a)	Premium on shares issued on conversion of Foreign Currency Convertible Notes (FCCN) and on shares issued which were held in abeyance out of Right issue of shares	**93.84**	-	364.82	-
(b)	Consequent to amalgamation of Telco Dadajee Dhackjee Ltd	-	-	11.56	11.56
(c)	FCCN issue expenses [net of tax]	-	-	-	5.04
(d)	Exchange difference on provision for premium on redemption of FCCN [including credit for reversal upon conversion of FCCN **Rs. 6.95 crores** (2005-06 net of credit for reversal of Rs.1.27 crores)]	**13.95**	-	-	4.60
(e)	Stamp Duty charges on conversion of FCCN	-	**0.09**	-	0.37
		107.79	**0.09**	376.38	21.57
(iii)	**Changes consequent to amalgamations in 2005-06**				
(a)	Capital redemption reserve on account of amalgamation of Tata Finance Ltd	-	-	39.35	39.35
(b)	Debenture Redemption Reserve on account of amalgamation of Tata Finance Ltd	-	-	20.30	20.10
(c)	Amalgamation Reserve on account of amalgamation of Tata Finance Ltd	-	-	0.48	0.48
(d)	Special Reserve on account of amalgamations of :				
	(i) Tata Finance Ltd	-	-	53.78	-
	(ii) Telco Dadajee Dhackjee Ltd	-	-	1.27	-
		-	-	55.05	-

contd.

Tata Motors Limited

Schedules forming part of the Balance Sheet

"2" [Item No. 1(b)] (contd.) **(Rs. in crores)**

	2006-07 Additions	2006-07 Deductions	2005-06 Additions	2005-06 Deductions
(iii) **Changes consequent to amalgamations in 2005-06** (contd)				
(e) Revaluation reserve on account of amalgamations of :				
(i) Telco Dadajee Dhackjee Ltd	-	-	26.82	-
(ii) Depreciation on revalued portion of assets taken over on amalgamation of Telco Dadajee Dhackjee Ltd	-	**0.44**	-	0.43
	-	**0.44**	26.82	0.43
(iv) **Changes in General Reserve :**				
1. Upon amalgamation of :				
(a) Tata Finance Ltd	-	-	185.30	125.22
(b) Telco Dadajee Dhackjee Ltd	-	-	0.73	33.05
(c) Suryodaya Capital and Finance (Bombay) Ltd	-	-	-	0.77
2. Difference in opening liability upon implementation of Accounting Standard Revised AS 15 Employee Benefits (net of tax of Rs. 7.21 crores) [Note 5(d), Page 84]	-	**14.19**	-	-
3. Amount transferred from Profit and Loss account	**1000.00**	-	750.00	-
	1000.00	**14.19**	936.03	159.04

"3" [Item No.2(a)]

	As at March 31, 2007	As at March 31, 2006
LOANS - Secured [Note (A) 2, page 76]		
(a) Privately placed Non-Convertible Debentures :		
(i) 14.75% Non-Convertible Debentures (2008) [Notes 2(i) (a) and 2(ii), Page 76 and 77]	**70.50**	70.50
(ii) Floating Rate Non-Convertible Debentures (2007) * [Notes 2(i)(a) and 2(ii), Page 76 and 77]	**5.00**	5.00
(b) Loan from Technology Development Board [Note 2(i) (b), Page 76]	**6.00**	18.00
(c) Sales Tax Deferment Loan [Note 2(i)(c), Page 77]	**73.28**	86.98
(d) From Banks :		
(i) Buyers line of credit [Note 2(i)(d) and 2(i)(e), Page 77]	**431.26**	-
(ii) Loans and Cash Credit Accounts [Note 2(i)(e), Page 77]	**1400.75**	577.98
(iii) Loans and Overdraft Accounts [Note 2(i)(f), Page 77]	**35.25**	64.30
	2022.04	822.76

*At 1 year Government Security benchmark semi-annual rate +140 basis points

"4" [Item No.2(b)]

	As at March 31, 2007	As at March 31, 2006
LOANS - Unsecured		
(a) Foreign Currency Convertible Notes [Note (C) (i), page 86]	**1764.69**	1904.62
(b) Long term loans in foreign currency - others	**202.83**	209.10
(c) Short term loans - others	**19.58**	0.36
	1987.10	2114.08

Schedules forming part of the Balance Sheet

'5'[Item No.5]

(Rs. in crores)

	FIXED ASSETS	Cost as at April 1, 2006	Additions/ Adjustments [Note (iv)]	Deductions / Adjustments	Cost as at March 31, 2007	Depreciation for the year 2006-07 [Note (vi) and (ix)]	Accumulated depreciation up to March 31, 2007 [Note (v) and (ix)]	Net Book Value as at March 31, 2007
(a)	Land	**5.31**	**-**	**-**	**5.31**	**-**	**-**	**5.31**
		0.40	4.91	-	5.31	-	-	5.31
(b)	Buildings, etc. [Note (i), (ii)(a) and (iii)]	**802.06**	**37.23**	**0.18**	**839.11**	**21.98**	**256.42**	**582.69**
		723.81	84.66	6.41	802.06	14.44	234.48	567.58
(c)	Leasehold Land [Note (ii)(b)]	**38.74**	**33.53**	**-**	**72.27**	**0.41**	**4.44**	**67.83**
		38.74	-	-	38.74	0.38	4.03	34.71
(d)	Railway Sidings	**-**	**-**	**-**	-	**-**	**-**	-
		0.13	-	0.13	-	-	-	-
(e)	Plant & Machinery and Equipment [Note (ii)(a) and (iii)]	**6000.01**	**821.28**	**113.85**	**6707.44**	**449.86**	**3818.14**	**2889.30**
		5325.58	717.86	43.43	6000.01	410.34	3425.55	2574.46
(f)	Water System and Sanitation [Note (ii)(a)]	**45.22**	**10.25**	**-**	**55.47**	**1.99**	**23.35**	**32.12**
		42.56	2.69	0.03	45.22	1.81	21.36	23.86
(g)	Furniture, Fixtures and Office Appliances [Note (iii)]	**70.27**	**5.28**	**2.13**	**73.42**	**3.62**	**36.92**	**36.50**
		44.34	27.42	1.49	70.27	4.29	34.76	35.51
(h)	Technical Know-how	**34.51**	**-**	**-**	**34.51**	**-**	**34.51**	**-**
		34.51	-	-	34.51	-	34.51	-
(j)	Vehicles and Transport [Note (iii)]	**93.28**	**16.67**	**7.69**	**102.26**	**9.29**	**59.57**	**42.69**
		78.89	21.00	6.61	93.28	8.79	56.85	36.43
(k)	Plant taken on Lease [Note (viii)]	**188.57**	**-**	**37.82**	**150.75**	**15.82**	**88.39**	**62.36**
		188.73	-	0.16	188.57	15.61	88.50	100.07
(l)	Leased Premises	**31.28**	**-**	**-**	**31.28**	**0.08**	**1.17**	**30.11**
		-	31.28	-	31.28	0.07	0.66	30.62
(m)	Assets given on lease	**451.70**	**-**	**8.76**	**442.94**	**6.04**	**419.31**	**23.63**
		-	455.90	4.20	451.70	12.23	425.70	26.00
(n)	Software	**91.13**	**34.43**	**-**	**125.56**	**29.54**	**50.01**	**75.55**
		58.08	33.05	-	91.13	18.81	20.47	70.66
(o)	Product Development Cost	**119.47**	**16.01**	**-**	**135.48**	**47.66**	**102.31**	**33.17**
		76.18	43.29	-	119.47	34.17	54.64	64.83
GRAND TOTAL		**7971.55**	**974.68**	**170.43**	**8775.80**	**586.29**	**4894.54**	**3881.26**
		6611.95	1422.06	62.46	7971.55	520.94	4401.51	3570.04
(p)	Capital Work in Progress [Note (vii)]							**2513.32**
								951.19
								6394.58
								4521.23

Notes :
(i) Buildings include **Rs. 8,631** (as at March 31, 2006 Rs. 8,881) being value of investments in shares of Co-operative Housing Societies.
(ii) (a) Buildings, Water System and Sanitation and Plant and Machinery include Gross block **Rs. 4.76 crores, Rs.1.50 crores** and **Rs. 3.76 crores** and Net Block **Rs. 0.08 crore**, **Rs. 0.08 crore** and **Rs. 0.35 crore** respectively in respect of expenditure incurred on capital assets, ownership of which does not vest in the Company.
(b) The registration of Leasehold Land acquired during the year is in process.
(iii) Includes Building, Plant & Machinery and Equipment, Furniture, Fixtures and Office Appliances and Vehicles and Transport having Gross block of **Rs. Nil, Rs. 144.15 crores, Rs. 0.45 crore, Rs. 1.36 crores** (as at March 31, 2006 Rs. 0.02 crore, Rs. 39.75 crores, Rs. 0.39 crore, Rs. 0.44 crore), and net block of **Rs. Nil, Rs. 7.89 crores, Rs. 0.01crore and Rs. 0.10 crore** (as at March 31, 2006, Rs. Nil, Rs. 1.05 crores, Rs. Nil and Rs. 0.02 crore) respectively, held for disposal.
(iv) Additions / Adjustments include :
(a) exchange differences and net premiums on derivative contracts, net gain of **Rs. 17.08 crores** (as at March 31, 2006 net loss of Rs. 2.49 crores).
(b) Gross Block of **Rs. Nil** (2005-06 Rs. 654.65 crores), including assets given on lease prior to April 1, 2001, taken over on amalgamation of Tata Finance Ltd. (TFL).
(c) Gross Block of revalued assets of **Rs. Nil** (2005-06 Rs. 38 crores) taken over on amalgamation of Telco Dadajee Dhakjee Ltd. (TDDL).
(v) Accumulated Depreciation includes :
(a) an adjustment of **Rs. 89.92 crores** (as at March 31, 2006 Rs.54.02 crores) on assets transferred/sold/discarded during the year.
(b) lease equalisation of **Rs. 3.78 crores** (2005-06 Rs. 1.54 crores) adjusted in lease rental income.
(c) depreciation of **Rs. 0.44 crore** (2005-06 Rs. 0.43 crore) on revalued portion of gross block of TDDL transferred to Revaluation Reserve.
(vi) Depreciation for the year includes loss of **Rs. 11.37 crores** (2005-06 Rs. 5.32 crores) on assets held for disposal and is net of a credit on reversal of write down **Rs Nil** (2005-06 Rs. 7.06 crores).
(vii) Capital Work-in-Progress includes :
(a) Product Development Cost **Rs. 419.56 crores** (as at March 31, 2006 Rs. 167.07 crores) and Technical Know-how fees for Product development projects **Rs. 474.42 crores** (as at March 31, 2006 Rs. 207.60 crores).
(b) advances for capital expenditure of **Rs. 415.60 crores** (as at March 31, 2006 Rs. 75.22 crores).
(c) exchange differences and net premiums on derivative contracts, net gain of Rs. 5.40 crores (as at March 31, 2006 net loss of Rs. 1.31 crores).
(viii) The assets are under renewable secondary lease.
(ix) Depreciation for the year and Accumulated Depreciation includes amortisation, diminution in value of assets and write down of assets net of reversals.

Schedules forming part of the Balance Sheet

"6"[Item No.6]

(Rs. in crores)

INVESTMENTS

Number	Face Value Per Unit	Description	As at March 31, 2007		As at March 31, 2006	
		I. Long Term Investments (at Cost)				
		(A) **Trade Investments**				
		(1) **Fully paid Ordinary / Equity shares (Quoted)**				
4,93,970	10	Automobile Corporation of Goa Ltd.	**0.88**		0.88	
2,58,06,729	10	Tata Steel Ltd.	**216.23**		216.23	
70,249	10	Tata Chemicals Ltd.	**0.24**		0.24	
				217.35		217.35
		(2) **Investments in Subsidiary Companies**				
		(a) **Fully Paid Ordinary / Equity Shares (Unquoted)**				
75,00,000	100	Sheba Properties Ltd.	**75.00**		75.00	
3,03,00,600	10	Tata Technologies Ltd.	**224.10**		224.10	
5,97,50,000	10	Telco Construction Equipment Company Ltd [Note 9, Page 68]	**119.50**		119.50	
24,48,120	10	Concorde Motors (India) Limited.	**29.63**		29.63	
6,50,00,000	10	TAL Manufacturing Solutions Ltd [Note 8, Page 68]	**150.00**		150.00	
4,00,00,000	10	HV Transmissions Ltd.	**80.00**		80.00	
4,50,00,000	10	HV Axles Ltd.	**90.00**		90.00	
5,00,000	10	Tata Motors Insurance Services Ltd.	**17.31**		17.31	
30,16,060	(KRW)5000	Tata Daewoo Commercial Vehicle Co. Ltd (Korea)	**245.41**		245.41	
5,00,000	(GBP) 1	Tata Motors European Technical Centre Plc, UK	**4.02**		4.02	
7,900	-	INCAT Systems Inc. (formerly Tata Technologies Ltd, USA) [Note 7, Page 68]	**0.63**		0.63	
45,00,00,000	10	TML Financial Services Ltd. (45,00,00,000 shares acquired during the year)	**550.00**		-	
25,500	10	Tata Marcopolo Motors Ltd. (25,500 shares acquired during the year)	**0.03**		-	
			1,585.63		1,035.60	
		(b) **Partly Paid Up Equity Shares (Unquoted)**				
35,07,000	(THB) 100	Tata Motors (Thailand) Ltd (25 % paid up) (35,07,000 Shares acquired during the year)	**11.61**		-	
		(c) **Fully paid Cumulative Redeemable Preference Shares (Unquoted)**				
13,54,195	100	7.00% Concorde Motors (India) Limited	**13.54**		13.54	
				1610.78		1,049.14
		(3) **Fully Paid Ordinary / Equity Shares (Unquoted) in Others**				
50,59,203	1(S$)	Tata Precision Industries Pte. Ltd (Singapore) [Note 5, Page 68]	**3.11**		3.11	
25,000	1000	Tata International Ltd.	**3.85**		3.85	
1,383	1000	Tata Services Ltd.	**0.14**		0.14	
350	900	The Associated Building Company Ltd.	**0.01**		0.01	
66,65,780	100	Tata Industries Ltd.	**82.97**		82.97	
22,500	100	Tata Projects Ltd. (7,500 shares allotted @ Rs. 6,000/- per share on conversion of 7,500 partly convertible debentures during the year)	**4.68**		0.18	
16,000	(TK) 1000	NITA Co. Ltd (Bangladesh)	**1.27**		1.27	
33,600	100	Kulkarni Engineering Associates Ltd.	**0.67**		0.67	
9,00,00,000	10	Tata Cummins Ltd.	**90.00**		90.00	
12,375	1000	Tata Sons Ltd.	**68.75**		68.75	
-	10	Tata Holset Ltd. (22,50,000 shares sold during the year)	**-**		2.25	
2,20,00,200	10	Tata Teleservices Ltd.	**32.00**		32.00	
8,38,67,086	10	Tata AutoComp Systems Ltd.	**98.67**		98.67	
2,25,00,001	10	Haldia Petrochemicals Ltd.	**22.50**		22.50	
28,263	(EUR) 31.28	Hispano Carrocera, S A [Note 6, Page 68]	**2.34**		2.34	
3,00,430	10	Tata Securities Private Ltd. [1,84,880 Bonus shares received during the year]	**0.14**		0.14	
240,000	10	Oriental Floratech (India) Pvt. Ltd.	**0.24**		0.24	
49,436	100	TSR Darashaw Ltd. (42,886 shares sold during the year)	**1.94**		3.63	
				413.28		412.72
		(4) **Fully paid Cumulative Redeemable Preference Shares (Unquoted) in others**				
1,00,000	1000	6% Tata Sons Ltd.	**10.00**		10.00	
2,10,00,000	10	7% Tata AutoComp Systems Ltd.	**21.00**		21.00	
50,00,000	10	7.50% Rallis India Ltd.	**5.00**		5.00	
				36.00		36.00
		(5) **Non Convertible Debentures (Unquoted)**				
6,80,000	100	Rushi Automobiles Ltd.		**1.89**		2.38
7,500	3000	8% Tata Projects Ltd. (15,000 partly convertible debentures allotted during the year, of which 7,500 were converted into 7,500 fully paid shares)		**2.25**		-
		Carried forward		**2281.55**		1717.59

Schedules forming part of the Balance Sheet

"6"[Item No.6] (contd.)

(Rs. in crores)

INVESTMENTS (contd.)

Number	Face Value Per Unit	Description	As at March 31, 2007		As at March 31, 2006	
		I. Long Term Investments (at Cost)				
		Brought forward		**2281.55**		1717.59
		(B) **Other Investments**				
		(1) **Fully paid Equity Shares (Unquoted)**				
50,000	10	NICCO Jubilee Park Ltd.		**0.05**		0.05
		(2) **Fully paid Corporate Bonds (Quoted)**				
10	1,00,00,000	6.25% EXIM 2007	**9.79**		9.79	
10	1,00,00,000	6.50% EXIM 2007	**9.87**		9.87	
5	1,00,00,000	8.30% EXIM 2007	**5.17**		5.17	
100	10,00,000	8.60% HDFC Limited 2007	**10.42**		10.42	
700	5,00,000	8.70% Indogulf Fertilisers Limited 2007	**36.57**		36.57	
-	-	10.25% Indian Oil Corporation 2006	**-**		5.32	
25	1,00,00,000	6.60% Panatone Fininvest Ltd 2008	**24.62**		24.62	
36,07,493	100	6.75% Tax free Unit Trust of India 2008	**37.85**		37.85	
10	1,00,00,000	7.10% Tata Sons 2007	**10.00**		10.00	
				144.29		149.61
				2425.89		1867.25
		Less : Provision for Diminution in value of Long Term Investments		**78.58**		77.72
		Total - Long Term Investments		**2347.31**		1789.53
		II. Current Investments - others (at Cost or Fair value whichever is lower)				
		(A) Investments in Mutual Fund (Unquoted)				
		(a) **Monthly Income Plan**				
-	-	HDFC Multiple Yield Fund - Growth	**-**		20.00	
		(b) **Fixed Maturity Plan**				
-	-	Birla Fixed Term Plan Series A - Growth	**-**		25.00	
-	-	Grindlays Fixed Maturity 7th Plan B - Growth	**-**		10.00	
-	-	ING Vysya Fixed Maturity Fund Series (2) - Growth Option	**-**		10.00	
-	-	SBI Magnum Debt Fund Series 15 mths (Jan'05) - Growth option	**-**		20.00	
-	-	Tata Fixed Horizon Series 1-Plan A (371 Days) - Growth	**-**		15.00	
-	-	UTI FMP-YFMP - Growth plan	**-**		25.00	
		(c) **Income Plan**				
3,00,00,000	10	JM Equity and Derivative Fund Growth	**30.00**		30.00	
2,17,57,084	10	JM Equity and Derivatives fund - Dividend Option	**21.99**		20.55	
				51.99		175.55
		(B) Investments in Equity shares (Quoted)				
35,000	10	Elcot Power Control Ltd.	**0.37**		0.37	
91,800	10	Munis Forge Ltd.	**0.37**		0.37	
30,997	10	Roofit Industries Ltd.	**0.19**		0.19	
				0.93		0.93
		(C) Investments in Government Securities (Quoted)				
300	1,000	11.50% Government of India 2007 Stock	**-**		0.03	
170	1,000	12.00% Uttar Pradesh 2011 Stock	**0.02**		0.02	
200	1,000	13.00% Maharashtra State Development Loan 2007	**0.02**		0.02	
7,500	1,000	13.00% Industrial Finance Corporation of India 2007 Bonds	**0.75**		0.75	
1	1,00,00,000	12.50% Madhya Pradesh Electricity Board 2007 Bonds	**-**		1.00	
				0.79		1.82
		Total - Current Investments carried forward		**53.71**		178.30
		Total - Long Term Investments carried forward		**2347.31**		1789.53

Schedules forming part of the Balance Sheet

"6"[Item No.6] (contd.)

INVESTMENTS (contd.)

(Rs. in crores)

Number	Face Value Per Unit	Description	As at March 31, 2007		As at March 31, 2006	
		Long Term Investments brought forward		**2347.31**		1789.53
		II. Current Investments (at Cost or Fair value whichever is lower) (Contd.)				
		brought forward		**53.71**		178.30
		(D) Investments in Preference Shares (Unquoted)				
1,00,000	100	15.50% Pennar Paterson Securities Ltd.	**1.00**		1.00	
2,00,000	100	15.00% Atcom Technologies Ltd. - Cumulative Preference Shares	**2.00**		2.00	
				3.00		3.00
				56.71		181.30
		Less : Provision for Diminution in value of Current Investments		**3.93**		3.93
		Total - Current Investments		**52.78**		177.37
		Retained interest in securitisation transactions (Unquoted) (Long term)		**76.91**		48.25
		Total - Investments		**2477.00**		2015.15

Notes :

(1) Face Value per unit in Rupees unless stated otherwise

(2)	Book Value of quoted investments		**359.14**	366.58
(3)	Book Value of unquoted investments		**2117.86**	1648.57
(4)	Market Value of quoted investments		**1323.08**	1550.00

(5) The Company has, given an undertaking to Citibank NA, for non-disposal of its shareholding in Tata Precision Industries Pte. Ltd (TPI), Singapore against loans and other facilities extended by the Bank to TPI and Tata Engineering Services Pte. Ltd (TES), Singapore, a wholly owned subsidiary of TPI, aggregating Singapore $ 3 Million and Singapore $ 10.85 Million respectively.

(6) The Company acquired 21% shares in Hispano Carrocera, S.A. on March 16, 2005. As per the terms of agreement, the Company has given an unsecured loan of Euro 7 million (Rs. 40.52 crores) and the Company has an Option to acquire the remaining 79% of the shares through one or more transfers, as per terms and conditions duly agreed upon at a price not exceeding Euro 2 million.The Company has also given a letter of comfort to Standard Chartered Bank and Citibank NA against working capital loans extended by both the banks to Hispano aggregating Euro 7 million each. The Company has also given an undertaking to Standard Chartered Bank and Citibank NA for non-disposal of its shareholding in Hispano during the tenure of the loan.

(7) The Company has given a letter of comfort to Standard Chartered Bank against the term loan upto US $ 60 million extended by the bank to INCAT Systems Inc. (formerly Tata Technologies Ltd, USA), an indirect subsidiary of the Company.

(8) The Company has an investment of Rs. 150 crores (as at March 31, 2006, Rs. 150 crores) in TAL Manufacturing Solutions Ltd. (TAL). The provision of Rs. 60 crores (as at March 31, 2006, Rs. 60 crores) towards diminution in value of investments in TAL, is considered by the management to be adequate.

(9) As per the shareholders agreement dated December 9, 2005, between Hitachi Construction Machinery Co. Ltd and the Company, these shares are under restriction for sale, assign or transfer for a period of 5 years from the date of the agreement.

(10) Trade Investments also include :

Number	Face Value Per Unit Rupees	Description	Rupees	Rupees
5,000	10	Metal Scrap Trade Corporation Ltd.	**25,000**	25,000
50	5	Jamshedpur Co-operative Stores Ltd.	**250**	250
16,56,517	1(M$)	Tatab Industries Sdn. Bhd. Malaysia	**1**	1
100	10	American Express Services Ltd .	**1**	1
4	25,000	ICICI Money Multiplier Bond	**1**	1
100	10	Optel Telecommunications	**1,995**	1,995
200	10	Punjab Chemicals	**1**	1

Schedules forming part of the Balance Sheet

"6"[Item No.6] (contd.)

(Rs. in crores)

INVESTMENTS (at cost) (contd.)

(11) Current Investments acquired and sold during the year :

Name	No. of Units	Face value	Purchase Cost
Birla Cash Plus IP Premium - Weekly Dividend Reinvestment	13,36,36,183	133.64	134.04
Birla Sun Life Cash Manager-IP - Daily Dividend Reinvestment	13,50,30,032	135.03	135.06
Grindlays CF Super IP C Daily Dividend	5,00,07,439	50.01	50.01
HDFC Liquid Fund Premium Plan - Daily Dividend Reinvest	4,07,90,685	40.79	50.01
ING Vysya Liquid Fund Super Institutional - Daily Dividend Option	8,49,90,973	84.99	85.01
ING Vysya Liquid Fund Institutional Weekly Dividend Option	4,46,16,300	44.62	45.00
JM Equity and Derivative Fund - Dividend Option	13,94,656	1.39	1.43
LIC Liquid Fund-Dividend Plan	31,42,75,192	314.28	345.06
Principal Cash Management fund Institutional Premium Plan - Weekly Dividend	47,39,68,864	473.97	474.14
Principal Cash Management Fund-Liquid Option-Inst Premium-Dividend Reinvestment Daily	6,00,04,315	60.00	60.01
Prudential ICICI Institutional Liquid Plan - Super Institutional Daily Dividend	20,40,36,053	204.04	204.04
SBI Magnum Institutional Income-Savings Dividend	35,89,21,705	358.92	360.09
Tata Liquid Super High Investment Fund-Daily Dividend	18,84,634	188.46	210.05
Templeton India Treasury Management Account Super Institutional Plan-Daily Dividend Reinvestment	2,49,974	0.25	25.00
Templeton India Treasury Management Account Super Institutional Plan - Weekly Dividend Reinvestment	6,40,304	0.64	65.08
UTI Liquid Cash Plan Institutional - Daily Income Option-Reinvestment	28,91,209	289.12	294.70

Tata Motors Limited

Schedules forming part of the Balance Sheet

(Rs. in crores)

"7" [Item No.7(b)]

		As at March 31, 2007	As at March 31, 2006
INVENTORIES (as valued and certified by the Management)			
(a)	Stores and spare parts (at or below cost)	**139.00**	135.50
(b)	Consumable tools (at cost)	**17.44**	16.52
(c)	Raw materials and components	**872.59**	732.69
(d)	Work-in-progress	**301.32**	286.31
(e)	Stock-in-trade	**1103.02**	768.35
(f)	Goods-in-transit (at cost)	**67.58**	72.87
		2500.95	2012.24

Note : Items (c), (d) and (e) above are valued at lower of cost and net realisable value.

"8" [Item No.7(c)]

			As at March 31, 2007	As at March 31, 2006
SUNDRY DEBTORS				
(a)	Over six months : (unsecured)			
	Considered good	**56.56**		35.57
	Considered doubtful	**31.80**		34.29
(b)	Others (unsecured)			
	Considered good	**679.20**		618.38
		767.56		688.24
	Less : Provision for doubtful debts	**31.80**		34.29
			735.76	653.95
(c)	Future instalments receivable from hirers / lessees [secured under hire purchase / lease agreements and by promissory notes from hirers] [Note A (4), page78] :			
	Considered good	**51.09**		65.69
	Considered doubtful	**11.24**		21.80
		62.33		87.49
	Less : Provision for doubtful instalments	**11.24**		21.80
		51.09		65.69
	Unearned finance and service charges on lease receivable / hire purchase contracts	**(4.67)**		(3.04)
			46.42	62.65
			782.18	716.60

"9" [Item No.7(d)]

			As at March 31, 2007	As at March 31, 2006
CASH AND BANK BALANCES				
(a)	Cash on hand		**2.76**	6.80
(b)	Current Accounts with Scheduled Banks [including in foreign currencies **Rs. 7.84 crores** (as at March 31, 2006 Rs. 11.43 crores), cheques on hand **Rs. 138.76 crores** (as at March 31, 2006 Rs. 126.88 crores) and remittances in transit **Rs. 234.98 crores** (as at March 31, 2006 Rs. 105.59 crores)]		**533.02**	320.86
(c)	Short term deposits with Scheduled Banks [including in foreign currencies **Rs. Nil** (as at March 31, 2006 Rs. 440.72 crores)]	*	**0.18**	508.90
(d)	Margin Money / Cash Collateral with Scheduled Banks		**290.80**	282.87
			826.76	1119.43
	* Includes unutilised proceeds from FCCN issue		**-**	440.72

Schedules forming part of the Balance Sheet

(Rs. in crores)

"10" [Item No.7(e)]

		As at March 31, 2007	As at March 31, 2006
LOANS AND ADVANCES			
A) Secured			
Vehicle loans [Note 1 below and [Note A (4), page78]]*			
Considered good	**4247.41**		4,423.30
Considered doubtful	**168.95**		110.55
	4416.36		4,533.85
Less : Provision for doubtful loans #	**168.95**		110.55
		4247.41	4,423.30
* Includes Rs. 268.59 crores (as at March 31, 2006 Rs. 91.67 crores) on account of overdue Securitised Receivables			
# Includes Rs. 105.08 crores (as at March 31, 2006 Rs. 38.27 crores) towards overdue Securitised Receivables			
B) Unsecured - considered good			
(a) Advances to suppliers, contractors and others (Notes 2 and 3 below)		**665.76**	494.20
(b) Dues from subsidiary companies (Note 4 below)		**89.25**	6.69
(c) Loans to associates and subsidiaries (Note 5 below)		**49.04**	45.51
(d) Inter-corporate deposits [net of provision of **Rs. 8.12 crores** (as at March 31, 2006 Rs. 8.37 crores)] (Note 6 below)		**402.86**	140.35
(e) Deposits with government, public bodies and others :			
(i) Balances with Customs, Port Trust, Excise, etc.	**123.71**		114.33
(ii) Others [net of provision of **Rs. 0.10 crore** (as at March 31, 2006 Rs. 0.10 crore)]	**116.74**		81.04
		240.45	195.37
(f) Prepaid expenses		**50.09**	48.44
(g) Advance payments against taxes (net)		**281.13**	279.52
		1778.58	1,210.08
		6025.99	5633.38
Notes : (1) Loans are secured against hypothecation of vehicles.			
(2) Advances to suppliers, contractors and others include :			
Loans and advances due from			
Directors and Officers		**0.32**	0.34
Maximum during the year		**0.34**	0.36
(3) Advances to suppliers, contractors and others are net of advances considered doubtful which have been provided for		**90.29**	102.47
(4) Dues from subsidiary companies :			
(i) HV Axles Ltd.		**2.71**	-
(ii) HV Transmissions Ltd.		**10.34**	3.44
(iii) Telco Construction Equipment Company Ltd.		**3.03**	1.99
(iv) Tata Daewoo Commercial Vehicle Co. Ltd.		**0.51**	0.59
(v) Tata Motors European Technical Centre Plc, UK		**0.69**	0.67
(vi) TML Financial Services Ltd.		**70.35**	-
(vii) Tata Marcopolo Motors Ltd.		**1.21**	-
(viii) Tata Motors (Thailand) Ltd.		**0.41**	-
(5) Loans to associates and subsidiaries :			
(i) Hispano Carrocera, S.A.-(associate)		**40.52**	37.77
(ii) Tata Motors European Technical Centre Plc, UK-(subsidiary)		**8.52**	7.74
(6) Inter-corporate deposits with subsidiaries :			
(i) Sheba Properties Ltd.		**19.50**	28.00
(ii) H V Transmissions Ltd.		**4.00**	-
(iii) Concorde Motors (India) Ltd.		**25.00**	6.00
(iv) TML Financial Services Limited.		**200.00**	-
(v) TAL Manufacturing Solutions Ltd.		**5.00**	7.00
(vi) Telco Construction Equipment Company Ltd		**-**	10.00

Tata Motors Limited

Schedules forming part of the Balance Sheet

(Rs. in crores)

"11" [Item No.8(a)]

			As at March 31, 2007	As at March 31, 2006
CURRENT LIABILITIES				
(a)	Acceptances		**2003.80**	2697.38
(b)	Sundry creditors		**3709.71**	2664.99
(c)	Advance and progress payments		**243.68**	334.07
(d)	Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due			
	i) Unclaimed dividends	**6.63**		5.48
	ii) Application money pending refund Rs.1,140 (as at March 31, 2006 Rs. 1,140)	**-**		-
	iii) Unclaimed matured deposits	**3.61**		4.30
	iv) Unclaimed matured debentures	**0.18**		0.89
	v) Interest accrued on (iii) and (iv) above	**0.42**		0.63
			10.84	11.30
(e)	Interest / commitment charges accrued on loans but not due		**25.42**	19.08
			5993.45	5726.82
Note : Sundry creditors include amounts payable to small scale industrial undertakings			**90.88**	60.08

"12" [Item No.8(b)]

		As at March 31, 2007	As at March 31, 2006
PROVISIONS			
(a)	Proposed dividend	**578.07**	497.94
(b)	Provision for tax on dividend	**98.25**	69.84
(c)	Provision for retirement and other employee benefit schemes [Note B(5), Page 84]	**255.00**	181.17
(d)	Other Provisions [Note B(6), Page 85]	**433.00**	466.09
		1364.32	1215.04

"13" [Item No. 10]

	As at March 31, 2007	As at March 31, 2006
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Employee Separation Cost	**10.09**	14.12
	10.09	14.12

Schedule forming part of the Balance Sheet and Profit and Loss Account
Significant Accounting Policies

(a) **Sales**

The Company recognizes revenues on the sale of products when the products are delivered to the dealer/ customer or when delivered to the carrier for exports sales, which is when risks and rewards of ownership pass to the dealer/customer.

Sales are inclusive of income from services, excise duty, export incentive and exchange fluctuations on export receivables and are net of trade discount.

(b) **Depreciation**

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

- Leasehold Land - amortised over the period of the lease
- Technical Know-how - at 16.67% (SLM)
- Laptops - at 23.75% (SLM)
- Cars - at 19% (SLM)
- Assets acquired prior to April 1, 1975 - on Written Down Value basis at rates specified in Schedule XIV to the Companies Act, 1956.
- Capital assets, the ownership of which does not vest in the Company, other than leased assets, are depreciated over the estimated period of their utility or five years, whichever is less.
- Software in excess of Rs. 25,000 is amortised over a period of sixty months or on the basis of estimated useful life whichever is lower.

(ii) Assets given on lease as on March 31, 2000, acquired upon amalgamation of Tata Finance Ltd., are depreciated at rates specified in Schedule XIV to the Companies Act, 1956. The difference between the depreciation charge as computed using the Internal Rate of Return (IRR) implicit in the lease, to ensure capital recovery over the primary lease period, and the charge as disclosed for the year, is reflected in the lease equalisation account.

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

(c) **Fixed Assets**

(i) Fixed Assets (except for a building acquired on amalgamation with Telco Dadajee Dhackjee Ltd which is at revalued figure) are stated at cost of acquisition or construction less accumulated depreciation / amortisation. All costs relating to the acquisition and installation of Fixed Assets are capitalised and include financing costs relating to borrowed funds attributable to construction or acquisition of Fixed Assets, upto the date the asset is ready for intended use, adjusted for charges on foreign exchange contracts and exchange rate differences relating to specific borrowings, where applicable, attributable to those fixed assets.

(ii) Product development costs incurred on new vehicle platforms, variants on existing platforms and new vehicle aggregates are recognised as Intangible Assets (included under Fixed Assets) and amortised over a period of thirty six months or on the basis of actual production to planned production volumes for thirty six months from commencement of commercial production.

(iii) Software not exceeding Rs. 25,000 and product development costs relating to minor product enhancements, facelifts and upgrades are charged off to the profit and loss account as and when incurred.

(d) **Leases**

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

(e) **Transactions in Foreign Currencies**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise, except in respect of liabilities for the acquisition of Fixed Assets from a country outside India and liabilities incurred prior to April 1, 2004, where such exchange difference is adjusted in the carrying cost of Fixed Assets.

Premium or discount on forward contracts is amortised over the life of such contract and is recognised as income or expense, except in respect of liabilities for the acquisition of Fixed Assets incurred prior to April 1, 2004, where such amortisation is adjusted in the carrying cost of the Fixed Assets. Foreign currency options are stated at fair value as at year end.

(f) **Product Warranty Expenses**

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

(g) **Income on Vehicle Loan / Hire-Purchase Income / Finance Income from Lease**

Interest income from hire purchase and loan contracts and finance income in respect of vehicles and income from plant given on lease, are accounted for by using the Internal Rate of Return method. Consequently, a constant rate of return on the net outstanding amount is accrued over the period of contract. The Company provides an allowance for hire purchase and loan receivables that are in arrears for more than 11 months, to the extent of an amount equivalent to the outstanding principal and amounts due but unpaid. In respect of loan contracts that are in arrears for more than 6 months but not more than 11 months, allowance is provided to the extent of 10% of the outstanding and amount due but unpaid.

(h) **Inventories**

Inventories of raw materials and components, work-in-progress and stock-in-trade are valued at the lower of cost and net realisable value. Cost is ascertained on a moving weighted average / monthly moving weighted average basis. The cost of work-in-progress and finished goods is determined on full absorption cost basis.

(j) **Employee Benefits**

i) **Gratuity**

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

ii) **Superannuation**

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

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

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

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

iii) **Bhavishya Kalyan Yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan 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 higher. The Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation.

iv) **Post-retirement Medicare Scheme**

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

(j) **Employee Benefits** (contd.)

v) **Provident fund**

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

vi) **Compensated absences**

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

(k) **Investments**

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

(l) **Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income - Tax Act, 1961. Current tax includes Fringe benefit tax.

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

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

(m) **Redemption premium / discount on Foreign Currency Convertible Notes (FCCN)**

Premium payable on redemption of FCCN as per the terms of issue is provided fully in the year of issue by adjusting against the Securities Premium Account (SPA). Any changes to this premium payable on account of conversion or exchange fluctuation is also adjusted in the SPA. Discount on redemption of FCCN, if any, will be recognised on redemption.

(n) **Business Segments**

The Company is engaged mainly in the business of automobile products consisting of all types of commercial and passenger vehicles including financing of the vehicles sold by the Company. These, in the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, are considered to constitute one single primary segment.

(o) **Miscellaneous Expenditure (to the extent not written off or adjusted)**

Cost under individual Employee Separation Schemes are amortised over periods between 24 and 84 months depending upon the estimated future benefit.

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No. 13]

(A) Notes to Balance Sheet

1. I. The Issued and subscribed capital includes :-

(a) Ordinary Shares allotted as fully paid up shares for consideration other than cash:

- 7,53,470 Ordinary Shares allotted to Daimler - Benz AG in consideration of materials supplied to the Company in the financial year 1956-57,
- 3,00,000 Ordinary Shares allotted to the Shareholders of Investa Machine Tools and Engineering Company Limited in terms of the Scheme of Amalgamation sanctioned by the Bombay High Court in the financial year 1966-67,
- 7,59,510 Ordinary Shares allotted to the Shareholders of the Central Bank of India in terms of the Scheme of Amalgamation in the financial year 1970-71,
- 1,83,823 Ordinary Shares issued to the Shareholders of the erstwhile Noduron Founders Maharashtra Limited in terms of the merger in the financial year 1992-93,
- 15,24,29,751 (as at March 31, 2006 15,24,29,751) Ordinary Shares issued to Financial Institutions and holders of convertible debentures / bonds on conversion of term loans / debentures / bonds,
- 1,45,04,949 Ordinary Shares issued to the Shareholders of the erstwhile Tata Finance Limited in terms of the merger in the financial year 2005-06 [Note C(ii), Page 86].

(b) 11,12,92,760 (as at March 31, 2006 11,12,92,760) Ordinary Shares issued as fully paid up Bonus Shares by utilising Securities Premium Account, Capital Reserve, Capital Redemption Reserve, Amalgamation Reserve, contribution for Capital Expenditure Account and General Reserve.

(c) 2,55,02,255 (as at March 31, 2006 2,55,02,255) Ordinary Shares allotted against the exercise of equivalent number of warrants pertaining to the rights issue of 2001 at Rs.120/- per share.

(d) 16,20,003 (for 2005-06 : 3,12,955) Ordinary Shares allotted during the year, consequent to conversion of 8800 (for 2005-06 : 1,700) 1% Foreign Currency Convertible Notes ('FCCN') due 2008 aggregating US $ 8.8 Million [Rs.41.27 crores] (for 2005-06 : US $ 1.7 Million [Rs.7.59 crores]) and 9,19,297 (for 2005-06 : 62,64,476) Ordinary Shares were allotted during the year, consequent to conversion of 12,015 (for 2005-06 : 81,875) 0% Foreign Currency Convertible Notes ('FCCN') due 2009 aggregating US $ 12.01 Million [Rs.55.10 crores] (for 2005-06 : US $ 81.87 Million [Rs.363.81 crores]), resulting in an aggregate conversion of 1,83,98,095 (as at March 31, 2006 : 1,67,78,092) Ordinary Shares against 99,940 (as at March 31, 2006 : 91,140) 1% FCCN due 2008 and 71,83,773 (as at March 31, 2006 : 62,64,476) Ordinary Shares against 93,890 (as at March 31, 2006 : 81,875) 0% FCCN due 2009.

(e) 454 Ordinary Shares allotted during the year on settlement of legal cases against the rights entitlement which were held in abeyance.

(f) Subsequent to the year ended March 31, 2007, 100 Zero coupon FCCN (due 2009) aggregating U.S.$ 0.10 Million (Rs. 0.41 crore), have been converted into 7,651 Ordinary Shares.

II. The entitlements to 49,989 Ordinary Shares are subject matter of various suits filed in the courts / forums by third parties for which final order is awaited and hence kept in abeyance.

2. Secured Loans:

(i) Nature of Security (on loans including interest accrued thereon):

(a) 14.75% Non-Convertible Debentures (2008), and Floating Rate Non-Convertible Debentures (2007) are secured by a *pari passu* charge by way of equitable mortgage of immovable properties and fixed assets in or attached thereto, both present and future, and a first charge on all other assets save and except stocks and book debts, present and future, the Export Showroom at Shivsagar Estate, Worli, Mumbai; Lloyds Showroom and basement at Prabhadevi, Mumbai; plot of land with structures at Mahim, Mumbai; the Company's residential flats at Mumbai, Pune and Jamshedpur and the Company's freehold land admeasuring 4245 sq. mtrs. approximately, situated at village Mouje - Naupada in Thane District.

(b) Loan from Technology Development Board has a specific charge on the Company's movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, save and except book debts and stocks pertaining to the Indica Car Plant at Chikali.

Schedule forming part of the Balance Sheet and Profit and Loss Account

"**14**" **[Item No. 13]** (contd.)

(A) Notes to Balance Sheet (contd.)

(c) Sales Tax Deferment Loan is secured by a residual charge on the immovable and movable properties at Lucknow.

(d) The Buyers line of credit from Banks is repayable at the end of three years from the drawdown dates. All the repayments are due in 2009-10.

(e) Loans, Cash Credit Accounts and Buyers line of credit from Banks are secured by hypothecation of existing and future stocks of raw materials, stock in trade, stores, work in progress and book debts, except Hire Purchase book debts and outstanding amounts on vehicle loan contracts.

(f) Loans and Overdraft Accounts from Banks are secured under Hire Purchase Agreements and by Promissory Notes in respect of future instalments receivable from hirers [Schedule 8 (c), Page 70] and outstanding amounts on vehicle loan contracts and hypothecation of vehicles.

(ii) Terms of Redemption :

Non Convertible Debentures (NCD's)	**Redeemable on**	
14.75% Non-Convertible Debentures (2008)	October 11, 2008	(At par)
Floating Rate Non-Convertible Debentures (2007)	October 01, 2007	(At par)

3. (a) **Major components of deferred tax arising on account of timing differences are [Item 3, Page 56]:**

(Rs. in crores)

	As at March 31, 2007	As at March 31, 2006
Liabilities:		
Depreciation	**(649.58)**	(618.04)
Product Development Cost	**(305.98)**	(147.94)
Others	**(7.87)**	(7.31)
	(963.43)	(773.29)
Assets:		
Employee Benefits / Expenses allowable on payment basis	**67.26**	50.05
Employees Separation Schemes	**10.88**	14.54
Provision for Doubtful Debts	**95.80**	78.32
Others	**2.66**	7.84
	176.60	150.75
Net Deferred Tax Liability	**(786.83)**	(622.54)
(b) **Deferred Tax charge for the year**		
Opening Deferred Tax Liability	**622.54**	565.28
Add : Net deferred tax balances taken over upon merger of Tata Finance Ltd and Telco Dadajee Dhackjee Ltd (net of amount transferred to General Reserve)	**-**	(84.89)
Add : Net deferred tax asset created on difference in opening liability as per revised AS15	**(12.93)**	-
	609.61	480.39
Less : Closing Deferred Tax Liability	**786.83**	622.54
Deferred Tax charge for the year	**177.22**	142.15

(c) Tax expense [Item 10, Page 57] :

	2006-2007	2005-2006
a) Current Tax	**476.00**	363.35
b) Fringe Benefit Tax	**6.50**	19.00
c) Deferred Tax	**177.22**	142.15
	659.72	524.50

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No. 13] (contd.) **(Rs. in crores)**

(A) Notes to Balance Sheet (contd.)

4. Future instalments receivable from hirer / vehicle loans [Schedule 8 (c), Page 70 and Schedule 10 (A), page 71] includes **Rs. 598.37 crores** (as at March 31, 2006 Rs. 293.96 crores) in respect of instalments that have become due but have not been recovered. Out of these **Rs. 159.65 crores** (as at March 31, 2006 Rs. 96.27 crores) are due for over six months. There is an aggregate provision of **Rs. 150.03 crores** (as at March 31, 2006 Rs. 87.09 crores) made in respect of overdue instalments.

				As at March 31, 2007	As at March 31, 2006
5.	**I**	**Disclosure in respect of finance leases :**			
		Assets given on Lease :			
	(a)	(i)	Total gross investment in the leases (Schedule 8(c), page 70)	**62.33**	87.49
			Total gross investment in the leases for a period :		
			Not later than one year	**37.62**	45.39
			Later than one year and not later than five years	**24.71**	42.10
		(ii)	Present Value of the minimum lease payments receivables	**57.66**	84.45
			Present Value of the minimum lease payments receivable :		
			Not later than one year	**34.96**	43.25
			Later than one year and not later than five years	**22.70**	41.20
	(b)		Unearned finance income	**4.67**	3.04
	(c)		The accumulated provision for the uncollectible minimum lease payments receivable	**11.24**	21.80
	(d)		A general description of significant leasing arrangements - Finance lease and Hire-purchase agreements: The Company has given own manufactured vehicles and machines and equipment on Hire Purchase / Lease. The contingent lease rentals is based on bank interest rate and depreciation in respect of the assets given on lease.		
	II	**Disclosure in respect of operating leases :**			
		Assets taken on Lease :			
	(a)		Total of minimum lease payments		
			The total of minimum lease payments for a period:		
			Not later than one year	**3.20**	0.61
			Later than one year and not later than five years	**9.09**	0.06
	(b)		Lease payments recognised in the statement of profit and loss for the year	**2.94**	8.16
	(c)		A general description of significant leasing arrangements - The Company has entered into operating lease arrangements for computers and data processing equipments from a vendor.		

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No. 13] (contd.)

(A) Notes to Balance Sheet (contd.)

6. **i) Related party disclosures for the year ended March 31, 2007**

a) Related Party and their relationship

1. **Subsidiaries :**

Tata Technologies Ltd
TAL Manufacturing Solutions Ltd
H V Axles Ltd
H V Transmissions Ltd
Sheba Properties Ltd
Concorde Motors (India) Ltd
Telco Construction Equipment Co. Ltd
Tata Daewoo Commercial Vehicle Co. Ltd
Tata Motors Insurance Services Ltd
Tata Motors European Technical Centre Plc
TML Financial Services Ltd
(From June 1, 2006)
Tata Marcopolo Motors Ltd
(From September 20, 2006)
Tata Motors (Thailand) Ltd
(From February 28, 2007)
INCAT (Thailand) Ltd
(formerly known as Tata Technologies Ltd, Thailand)
Tata Technologies Pte Ltd, Singapore

Tata Technologies Investments Pte.Ltd, Singapore
Tata Technologies Sdn Bhd, Malaysia
INCAT International Plc.
INCAT Limited
INCAT SAS
INCAT GmbH
INCAT Holdings B.V.
Lemmerpoort B.V *(formerly known as INCAT Engineering Solutions B.V.)*
INCAT K.K
Tata Technologies iKS Inc *(Formerly known as iKnowledge Solutions Inc.)*
CADPO Asia Pte. Ltd
INCAT Systems Inc
Integrated Systems Technologies de Mexico, S.A. de C.V.
INCAT Solutions of Canada Inc
Cedis Mechanical Engineering GmbH
Tata Technologies Ltd. U.S.A
INCAT Holdings Inc.
INCAT Financial Services Inc.
} *Merged with INCAT Systems Inc. w.e.f April 1, 2006*

2. **Associates :**

Tata AutoComp Systems Ltd
Tata Cummins Ltd
Tata Precision Industries Pte. Ltd
Tata Engineering Services Pte. Ltd (*Due to Common Key Management Personnnel)*

Tata Sons Ltd (*Investing Party*)
Hispano Carrocera, S. A
TSR Darashaw Ltd
Tata Securities Private Ltd
Nita Company Ltd

3. **Key Management Personnnel**

Mr. Ravi Kant
Mr. Praveen P Kadle

b) Transactions with the related parties

(Rs. in crores)

	2006-2007			
	Subsidiaries	**Associates**	**Key Management Personnel**	**Total**
Purchase of goods	**60.16**	**1760.88**	-	**1821.04**
	91.42	1255.03	-	1346.45
Sale of goods (inclusive of sales tax)	**604.42**	**114.58**	-	**719.00**
	433.92	96.70	-	530.62
Purchase of fixed assets	**68.55**	**-**	-	**68.55**
	50.34	18.00	-	68.34
Sale of fixed assets	**57.70**	**-**	-	**57.70**
	0.04	-	-	0.04
Services received	**943.26**	**42.91**	**4.57**	**990.44**
	645.46	52.96	3.75	702.17
Services rendered	**41.57**	**3.00**	-	**44.57**
	36.78	4.24	-	41.02
Finance given (including loans and equity)	**981.79**	**-**	**-**	**981.79**
	892.06	-	-	892.06
Finance taken (including loans and equity)	**145.98**	**-**	-	**145.98**
	67.45	-	-	67.45
Interest / Dividend paid/(received) (net)	**(92.75)**	**67.60**	-	**(25.15)**
	(54.66)	75.66	**-**	21.00
Amount receivable	**105.04**	**8.76**	-	**113.80**
	13.37	10.15	-	23.52
Bills discounted (in respect of amount receivable)	-	**-**	-	**-**
	-	1.19	-	1.19
Amount payable	**130.81**	**114.57**	-	**245.38**
	54.58	61.26	-	115.84
Amount receivable (in respect of loans)	**262.14**	**41.29**	**0.28**	**303.71**
	58.79	39.47	0.30	98.56
Amount payable (in respect of loans)	**19.58**	**-**	**-**	**19.58**
	-	-	-	-

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No. 13] (contd.) **(Rs. in crores)**

(A) Notes to Balance Sheet (contd.)

c) Disclosure in respect of material transactions with related parties

			2006-07	2005-06
i)	**Purchase of Goods**	Tata Cummins Ltd	**1493.56**	1053.70
		Tata AutoComp Systems Ltd	**265.90**	200.28
ii)	**Sale of Goods**	Concorde Motors (India) Ltd	**566.36**	403.94
		Tata Cummins Ltd	**104.44**	92.58
iii)	**Purchase of Fixed Assets**	TAL Manufacturing Solutions Ltd	**68.55**	50.12
		Hispano Carrocera, S. A	-	18.00
iv)	**Sale of Fixed Assets**	H V Axles Ltd	**39.80**	0.02
		H V Transmissions Ltd	**17.90**	-
		Telco Construction Equipment Co. Ltd	-	0.01
v)	**Receiving of Services**	H V Axles Ltd	**441.30**	310.05
		H V Transmissions Ltd	**246.84**	178.82
		Tata Technologies Ltd	**128.01**	123.34
vi)	**Rendering of Services**	H V Transmissions Ltd	**12.40**	12.31
		H V Axles Ltd	**11.93**	11.72
		Telco Construction Equipment Co. Ltd	**8.67**	8.12
vii)	**Finance Given (including loans and equity)**			
	Loan	INCAT Systems Inc	**-**	411.42
	Investment in Equity	Tata Technologies Ltd	**-**	202.00
	Investment in Equity	TML Financial Services Ltd	**550.00**	-
	Inter Corporate Deposit	TML Financial Services Ltd	**200.00**	-
	Inter Corporate Deposit	Sheba Properties Ltd	**141.66**	92.88
viii)	**Finance Taken (including loans and equity)**			
	Inter Corporate Deposit	Tata Technologies Ltd	**132.75**	32.50
	Inter Corporate Deposit	Concorde Motors (India) Ltd	**-**	23.00
	Inter Corporate Deposit	Sheba Properties Limited	**-**	10.50
ix)	**Interest/Dividend paid/(received)**			
	Dividend paid	Tata Sons Limited	**109.61**	99.14
	Dividend received	Tata Cummins Ltd	**(28.80)**	(7.20)
	Dividend received	H V Axles Ltd	**(31.50)**	(13.50)
	Dividend received	H V Transmissions Ltd	**(28.00)**	(12.00)
	Dividend received	Telco Construction Equipment Co. Ltd	**(18.47)**	(11.96)
	Dividend received	Tata Sons Limited	**(8.64)**	(9.16)
	Dividend received	Concorde Motors (India) Ltd	**(4.96)**	-
	Dividend received	Tata Technologies Ltd	**(4.01)**	(3.03)
	Interest received	INCAT Systems Inc	**-**	(9.70)
	Interest received	Niskalp Investments and Trading Co. Ltd	**-**	(4.29)
	Interest received	Sheba Properties Limited	**(3.30)**	-

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No. 13] (contd.)

(A) Notes to Balance Sheet (contd.) **(Rs. in crores)**

ii) Disclosures required by clause 32 of the Listing Agreement

Amount of loans / advances in nature of loans outstanding from Subsidiaries and Associates during 2006-07

	Name of the Company	Outstanding as at March 31, 2007 Rs. Crores	Maximum Amount outstanding during the year Rs. Crores	Investment in shares of the Company No. of Shares	Direct investment in shares of the subsidiaries Company No. of Shares
a)	**Subsidiaries**				
	H V Transmissions Ltd	**4.00**	**14.00**	-	-
		-	9.00	-	-
	Sheba Properties Ltd [Note (i) below]	**19.50**	**93.12**	-	**2,50,000**
		28.00	48.23	-	2,50,000
	Tata Technologies Ltd [Note (ii) below]	**-**	**-**	-	**8,51,10,000**
		-	35.00	-	8,53,18,400
	INCAT System Inc.	**-**	**-**	-	**-**
		-	415.24	-	2,000
	TAL Manufacturing Solutions Ltd	**5.00**	**7.00**	-	-
		7.00	10.00	-	-
	Telco Construction Equipment Co. Ltd	**-**	**10.00**	-	-
		10.00	50.00	-	-
	Concorde Motors (India) Ltd	**25.00**	**25.00**	-	-
		6.00	10.00	-	-
	H V Axles Ltd	**-**	**16.00**	-	-
		-	3.00	-	-
	Tata Motors European Technical Centre Plc., UK	**8.52**	**8.52**	-	-
		7.74	7.74	-	-
	TML Financial Services Limited	**200.00**	**200.00**	**-**	**-**
	(From June 1, 2006)	-	-	-	-
b)	**Associates**				
	Hispano Carrocera, S. A	**40.52**	**40.52**	-	-
		37.77	39.66	-	-

Note :

(i) Shares in Telco Construction Equipment Co. Ltd

(ii) 1,50,000 shares in INCAT System Inc., and 8,49,60,000 shares in Tata Technologies Pte. Ltd. Singapore

7. (a) There are no Small Scale Industrial undertakings to whom amount is outstanding for more than 30 days as at the Balance Sheet date.

(b) There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding as at the Balance Sheet date. The above information and that given in "Current Liabilities" (Schedule-11, Page 72) regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No.13] (contd.) **(Rs. in crores)**

(A) Notes to Balance Sheet (contd.)

					As at March 31, 2007	As at March 31, 2006
8.	Claims against the Company not acknowledged as debts -					
	(i)	Sales Tax	-	Gross	**236.48**	140.49
			-	Net of Tax	**156.10**	93.20
	(ii)	Excise Duty	-	Gross	**30.97**	23.95
			-	Net of Tax	**20.44**	15.89
	(iii)	Others	-	Gross	**102.38**	71.76
			-	Net of Tax	**67.58**	47.60
	(iv)	Income tax (exclusive of the effect of similar matters in respect of assessments remaining to be completed) in respect of matters :				
		(a) Decided in the Company's favour by Appellate authorities and for which the Department is in further appeal			**54.79**	59.33
		(b) Pending before Appellate authorities in respect of which the Company is in appeal and expects to succeed, based on decision in earlier assessment years			**286.88**	41.12
		(c) Pending in appeal / other matters			**282.24**	176.75
	(v)	The counter claim made by a party upon termination of distributorship arrangement by the Company (GBP 4.432 million)			**-**	34.31
9.	The claims / liabilities in respect of excise duty, sales tax and other matters where the issues were decided in favour of the Company for which the Department is in further appeal				**27.08**	18.08
10.	Estimated amount of contracts remaining to be executed on capital account and not provided for				**3262.48**	1095.25
11.	Other money for which the Company is contingently liable -					
	(i)	In respect of bills discounted and export sales on deferred credit			**405.78**	486.76
	(ii)	The Company has given guarantees for liability in respect of receivables assigned by way of securitisation			**632.70**	131.47
	(iii)	Cash Margins / Collateral [Schedule 9 (d), Page 70]			**281.91**	274.14
	(iv)	In respect of retained interest on securitisation transactions			**76.91**	48.25
	(v)	In respect of subordinate receivables			**69.45**	45.83
	(vi)	Others			**5.00**	6.41
12.	Uncalled liability on partly paid shares of Tata Motors (Thailand) Ltd				**35.21**	-

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No.15] (contd.)

(Rs. in crores)

	2006-2007	2005-2006
(B) Notes to Profit and Loss Account :		
(1) Purchase of products for sale etc. include :		
(i) (a) Spare parts and accessories for sale	**558.91**	461.55
(b) Bodies and trailers for mounting on chassis	**860.06**	529.72
(c) Passenger cars 1328 nos. (2005-06 : 209 nos.)	**40.23**	7.47
	1459.20	998.74

(ii) Sales and Opening and Closing Stocks of vehicles and cars include chassis mounted with bodies / trailers and passenger cars. [Also refer Schedule 14(E) and 15, Page 88]

(2) The total expenditure incurred on Research and development :

	2006-2007	2005-2006
(a) Expenditure charged to profit and loss account	**160.13**	132.21
(b) Expenditure capitalised during the year	**636.73**	343.91
	796.86	476.12

	2006-2007 Rupees	2005-2006 Rupees
(3) (a) Auditors' Remuneration (excluding service tax) :		
(i) Audit Fees	**2,25,00,000**	2,00,00,000
(ii) Audit Fees for financial statements as per US GAAP	**1,45,00,000#**	50,00,000
(iii) In other Capacities:		
Company Law Matters	**35,000**	35,000 *
Tax Audit	**32,00,000**	25,00,000 *
Corporate Governance certification	**2,50,000**	2,50,000
Taxation Matters	**-**	1,35,000 *
(iv) Other Services (Refer Note 1 below) [includes Rs. 3,51,192* (2005-06 Rs. 10,74,620*)]	**11,26,446**	22,43,065
(v) Reimbursement of travelling and out-of-pocket expenses	**3,16,152***	5,61,267 *
(b) Cost Auditors' Remuneration (excluding service tax) :		
(i) Audit Fees	**8,00,000**	8,00,000
(ii) Reimbursement of travelling and out-of-pocket expenses	**29,500**	28,100

Notes :

1 Excludes **Rs. Nil** (2005-06 Rs. 30,00,000) towards FCCN issue related audit expenses debited to Securities premium account.

* Includes remuneration for professional services rendered by firms of auditors in which some of the partners of the statutory auditors firm are partners.

\# Including amount paid for earlier years Rs. 40,00,000

(4) Interest [Item 7, Page 57] :

(Rs. in crores)

	2006-2007	2005-2006
(a) On Debentures and fixed loans	**112.47**	72.76
(b) Discounting charges (net)	**175.64**	164.99
(c) Others	**101.75**	58.74
	389.86	296.49
Less : (i) Transferred to Capital account	**21.35**	3.00
(ii) Interest received on bank and other accounts [tax deducted at source **Rs. 6.11 crores** (2005-06 Rs. 8.43 crores)]	**55.44**	67.14
	313.07	226.35

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No.15] (contd.)

(B) Notes to Profit and Loss Account : **(Rs. in crores)**

(5) **Defined benefit plans / Long term compensated absences - As per actuarial valuations as on March 31, 2007**

		Gratuity	Superannu-ation	Compen-sated absences	Post-retire-ment Medicare scheme	BKY
i	**Components of employer expense**					
	Current Service cost	11.46	3.75	10.42	2.15	1.19
	Interest cost	17.76	7.35	5.96	2.73	2.33
	Expected return on plan assets	(20.59)	(4.82)	-	-	-
	Actuarial Losses/(Gains)	65.13	(3.01)	31.48	14.00	4.23
	Total expense / (income) recognised in the Statement of Profit & Loss Account in Schedule B, page 60 under item :	**73.76 (4)(b)**	**3.27 (4)(b)**	**47.86 (4)(a)**	**18.88 (4)(c)**	**7.75 (4)(c)**
ii	**Actual Contribution and Benefit Payments for year ended 31 March 2007**					
	Actual benefit payments	32.54	22.44	17.72	3.66	3.28
	Actual Contributions	78.86	18.29	N/A	N/A	N/A
iii	**Net asset/(liability) recognised in balance sheet as at March 31, 2007**					
	Present Value of Defined Benefit Obligation	309.98	94.88	123.59	51.14	35.28
	Fair value of plan assets	311.11	56.10	-	-	-
	Net asset/(liability) recognised in balance sheet	**1.13**	**(38.78)**	**(123.59)**	**(51.14)**	**(35.28)**
iv	**Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2007**					
	Present Value of DBO at beginning of year	238.21	116.18	93.45	35.92	30.81
	Current Service cost	11.46	3.75	10.42	2.15	1.19
	Interest cost	17.76	7.35	5.96	2.73	2.33
	Actuarial (gains)/ losses	75.09	(9.96)	31.48	14.00	4.23
	Benefits paid	(32.54)	(22.44)	(17.72)	(3.66)	(3.28)
	Present Value of DBO at the end of year	**309.98**	**94.88**	**123.59**	**51.14**	**35.28**
v	**Change in Fair Value of Assets during the year ended March 31, 2007**					
	Plan assets at beginning of year	234.24	62.38	N/A	N/A	N/A
	Actual return on plan assets	30.55	(2.13)	N/A	N/A	N/A
	Actual Company contributions	78.86	18.29	N/A	N/A	N/A
	Benefits paid	(32.54)	(22.44)	N/A	N/A	N/A
	Plan assets at the end of year	**311.11**	**56.10**	N/A	N/A	N/A
vi	**Actuarial Assumptions**					
	Discount Rate	8.5%	8.0%	8.5%	8.5%	8.5%
	Expected Return on plan assets	8.0%	8.0%	N/A	N/A	N/A
	Salary escalation	5%-7.5%	N/A	5%-7.5%	N/A	5%-7.5%
	Medical cost inflation	N/A	N/A	N/A	4.0%	N/A
vii	**The major categories of plan assets as percentage of total plan assets**					
	Debt securities	51%	72%	N/A	N/A	N/A
	Balances with banks	49%	28%	N/A	N/A	N/A
viii	**Effect of one percentage point change in assumed Medical inflation rate**	**One percentage point increase in Medical inflation rate**		**One percentage point decrease in Medical inflation rate**		
	Revised DBO as at 31 March 2007	56.39		46.55		
	Revised service cost for 2006-2007	2.38		1.96		
	Revised interest cost for 2006-2007	3.01		2.48		

a) Defined Contribution Plans -

The Company's contribution to defined contribution plan aggregated Rs.100.58 crores for the year ended March 31, 2007 has been recognised in the statement of Profit and Loss Account under item 4 (b) in Schedule B on page 60.

b) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.

c) The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

d) Effective April 1, 2006, the Company adopted the revised accounting standard on employee benefits. Pursuant to the adoption, the following amounts have been adjusted to General Reserve for difference as per revised AS15 :

	Gross	Tax	Net
Gratuity	3.97	(1.34)	2.63
Superannuation	(6.58)	2.22	(4.36)
BKY	(20.98)	7.06	(13.92)
Ex Gratia on retirement	44.99	(15.15)	29.84
	21.40	**(7.21)**	**14.19**

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item no.15] (contd.)

(B) Notes to Profit and Loss Account (contd.)

(6) Other Provisions include [Schedule 12(d), page 72] : **(Rs. in crores)**

	2006-2007	2005-2006
a) Product warranty [Note (f), page 74] :		
Opening Balance	**137.49**	158.26
Add: Provision for the year (net) (including additional provision for earlier years)	**177.50**	123.86
Less: Payments/ debits (net of recoveries from suppliers)	**(166.24)**	(144.63)
Closing Balance	**148.75**	137.49

The provision is expected to be utilised for settlement of warranty claims within a period of 2 to 3 years.

b) Premium on redemption of Foreign Currency Convertible Notes (FCCN) :

[Note (m), page 75 and Note (C)(i), page 86]:

Opening Balance	**298.20**	293.60
Add /(Less) : Foreign currency exchange difference	**(7.00)**	5.87
Less : Reversal due to conversion of FCCN	**(6.95)**	(1.27)
Closing Balance	**284.25**	298.20

(7) Earnings Per Share:

		2006-2007	2005-2006
(a) Profit after tax	Rs. crores	**1913.46**	1528.88
(b) The weighted average number of Ordinary Shares for Basic EPS	Nos.	**38,45,44,205**	37,68,04,863
(c) The nominal value per Ordinary Share	Rupees	**10.00**	10.00
(d) Earnings Per Share (Basic)	Rupees	**49.76**	40.57
(e) Profit after tax for Basic EPS	Rs. crores	**1913.46**	1528.88
Add: Interest payable on outstanding Foreign Currency Convertible Notes	Rs. crores	**9.94**	10.18
(f) Profit after tax for Diluted EPS	Rs. crores	**1923.40**	1539.06
(g) The weighted average number of Ordinary Shares for Basic EPS	Nos.	**38,45,44,205**	37,68,04,863
(h) Add: Adjustment for Options relating to warrants, fractional coupons and Foreign Currency Convertible Notes	Nos.	**2,26,22,790**	2,60,42,196
(j) The weighted average number of Ordinary Shares for Diluted EPS	Nos.	**40,71,66,995**	40,28,47,059
(k) Earnings Per Share (Diluted)	Rupees	**47.24**	38.20

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No.15] (contd.)

(C) (i) Issue of Foreign Currency Convertible Notes (FCCN)

The Company issued the FCCN which are convertible into Ordinary Shares or ADRs. The particulars, terms of issue and the status of conversion as at March 31, 2007 is given below :

Issue	1% FCCN (due 2008)	0% FCCN (due 2009)	1% FCCN (due 2011)	0% FCCN (due 2011)
Issued on	July 31, 2003	April 27, 2004	April 27, 2004	March 20, 2006
Issue Amount (in INR at the time of the issue)	US $ 100 million (Rs.461.56 crores)	US $ 100 million (Rs.438.50 crores)	US $ 300 million (Rs.1315.50 crores)	JP ¥ 11, 760 million (Rs.450.03 crores)
Face Value	US $ 1000	US $ 1000	US $ 1000	JP ¥ 10,000,000
Conversion Price per share at fixed exchange rate	Rs.250.745 US $ 1 = Rs.46.16	Rs.573.106 US $ 1 = Rs.43.85	Rs.780.400 US $ 1 = Rs.43.85	Rs.1001.39 Rs.1 = JPY 2.66
Exercise Period	after September 11, 2003 and upto July 1, 2008	June 7, 2004 to March 28, 2009	June 7, 2004 to March 28, 2011	May 2, 2006 to February 19, 2011
Early redemption at the option of the Company subject to certain conditions	on or after July 31, 2006	on or after April 27, 2005 (in whole but not in part)	Not Applicable	i) after March 20, 2009 but prior to February 8, 2011 (in whole or in part) subject to certain conditions or ii) any time (in whole but not in part) in the event of certain changes affecting taxation in India
Redeemable on	July 31, 2008	April 27, 2009	April 27, 2011	March 21, 2011
Redemption percentage of the Principal Amount	116.824%	95.111%	121.781%	99.253%
Amount converted	US $ 99.94 million (Rs.452.09 crores)	US $ 93.89 million (Rs.418.90 crores)	Nil	Nil
Aggregate conversion into Shares / ADRs	1,83,98,095	71,83,773		
Notes Outstanding as at March 31, 2007	60	6,110	3,00,000	1,176
Aggregate amount of shares that could be issued on conversion of outstanding notes	11,045	4,67,494	1,68,56,740	44,14,916

(ii) In terms of the Scheme of Amalgamation (Scheme) sanctioned by order dated June 28, 2005, of Hon'ble High Court of Judicature at Mumbai, Tata Finance Ltd. (TFL) whose core business was providing finance for commercial vehicles, passenger cars and construction equipments was amalgamated with the Company with effect from April 1, 2005.

In accordance with the said Scheme:

(a) the Authorised Share Capital of the Company was increased to Rs.4,10,00,00,000 divided into 41,00,00,000 Ordinary Shares of Rs. 10 each.

(b) the assets, liabilities, rights and obligations of TFL were vested in the Company with effect from April 1, 2005 and were recorded at their respective carrying values under the pooling of interest method of accounting for amalgamation after making adjustments to ensure uniform set of accounting policies as stated in (d) below.

(c) 1,45,04,949 Equity shares of Rs.10 each of the Company were issued as fully paid-up to the holders of 18,13,11,857 Equity Shares of TFL, in the ratio of 8 shares of the Company of Rs.10 each for every 100 shares of TFL of Rs.10 each, without payment being received in cash.

(d) the debit balance of Rs. 104.75 crores remaining in the Profit and Loss Account of TFL was transferred to General Reserves and an amount of Rs. 20.47 crores (net of deferred tax) was adjusted to the General Reserves to ensure uniform set of accounting policies, in respect of some of the items of TFL.

(e) the reserves of TFL were incorporated in the Company's books of account as reduced by Rs. 59.93 crores towards cost of investments of the Company in the Equity Shares of TFL.

(f) the Preference Share Capital of TFL of Rs.150 crores was fully adjusted against the investments of the Company in the said Capital.

(g) the difference of Rs.185.30 crores between the amounts recorded as Equity Share Capital to be issued to TFL shareholders and the amount of the Equity Share Capital of TFL was credited to the General Reserve of the Company.

Schedule forming part of the Balance Sheet and Profit and Loss Account

"14" [Item No.15] (contd.)

(C) (ii) (h) Arrears of dividend on cumulative preference shares of TFL was provided from the brought forward profits of the Company.

(iii) In terms of the Scheme of Amalgamation (Scheme) sanctioned by order dated June 29, 2005, of Hon'ble High Court of Judicature at Mumbai, Telco Dadajee Dhackjee Ltd (TDDL) and Suryodaya Capital Finance (Bombay) Ltd (SCFL), both 100% subsidiaries of the Company as on March 31, 2005, were amalgamated with the Company with effect from April 1, 2005.

In accordance with the said Scheme:

(a) the assets, liabilities, rights and obligations of TDDL and SCFL were vested in the Company with effect from April 1, 2005 and were recorded at their respective carrying values under the pooling of interest method of accounting for amalgamation after making adjustments to ensure uniform set of accounting policies as stated in (b) below.

(b) the credit balance of Rs. 0.66 crore remaining in the Profit and Loss Accounts of TDDL and the debit balance of Rs. 0.01 crore of SCFL were transferred to General Reserve of the Company and an amount of Rs. 0.08 crore was adjusted to the General Reserves to ensure uniform set of accounting policies, in respect of some of the items of TDDL.

(c) the paid up share capital of TDDL and SCFL of Rs. 0.65 crore and Rs. 0.05 crore respectively were adjusted against the cost of investment of the Company in the equity share capital of TDDL and SCFL respectively, and the balance cost of investment of Rs. 44.61 crores and Rs. 0.77 crore of the Company in the equity share capital of TDDL and SCFL respectively, were adjusted against the reserves of the Company as under :

- Securities Premium Rs. 11.56 crores (TDDL)
- General Reserves Rs. 33.82 crores

(d) the Special Reserve (created pursuant to section 45 IC of the RBI Act, 1934) of Rs. 1.27 crores and the Revaluation Reserve of Rs. 26.82 crores were recorded in the Company's books in the same form.

(iv) In the year 2005-06, the Company diluted its shareholding in its subsidiary Telco Construction Equipment Company Ltd (TELCON) from 79.75% to 59.75%. As a result of this transaction, the Company earned a profit of Rs. 164.30 crores.

(v) Previous year's figures have been re-grouped where necessary.

(vi) Current year figures are shown in bold print.

(D) Derivative transactions

The Company uses forward exchange contracts, principal only swaps, interest rates swaps, currency swaps and currency options to hedge its exposure in foreign currency and interest rates. The information on derivative instruments is as follows :

a) Derivative Instruments outstanding as at March 31, 2007

	Currency	Amount (Foreign Currency in millions)	Buy/ Sell	Amount (Rs. in crores)
i)	Forward exchange contracts (net)			
	US$ / INR	US$ 239.90	Sold	1,043.31
		US$ 160.08	Sold	714.23
	EUR/ US$	6.77	Sold	39.18
		1.60	Bought	8.64
	US$/ JPY	US$ 2.00	Bought	8.70
		-		-
ii)	Principal only swaps (net)			
	US$ / INR	US$ 10.27	Bought	44.68
		US$ 10.27	Bought	45.87
iii)	Currency swaps			
	US$/ JPY	-		-
		US$ 5.00	Bought	22.31
	JPY / INR	-		-
		¥ 638.11	Sold	24.18
iv)	Interest swaps (notional principal)			
	US$ Swaps	US$ 25.00	-	108.73
		US$ 25.00	-	111.54
	INR Swaps	INR 1,250.00	-	125.00
		-	-	-
v)	Options (net)			
	US$ / JPY	US$ 96.49	To Sell	419.65
		-		-
	US$ / INR	US$ 27.50	To Sell	119.60
		US$ 84.50	To Sell	377.01
	EUR / US$	35.00	Hybrid	202.62
		13.00	Bought	70.15
	US$ / CHF	US$ 9.50	Hybrid	41.32
		-		-

b) Foreign exchange currency exposures not covered by derivative instruments as at March 31,2007

		Amount (Foreign Currency in millions)	Amount (Rs. in crores)
i)	Amount receivable on account of Sales of Goods , loan and interest charges	US$ 1.10	4.79
		US$ 2.54	11.34
		7.62	44.10
		10.93	58.96
		£ 1.46	12.45
		£ 2.17	16.80
ii)	Creditors payable on account of Loan and Interest charges and other foreign currency expenditure	US$ 702.41	3,054.78
		US$ 355.14	1584.55
		21.35	123.59
		-	-
		£ 1.94	16.51
		£ 0.73	5.65
		¥ 129.97	4.78
		¥ 141.32	5.32
		Others	2.83
		Others	1.75

Schedules forming part of the Profit and Loss Account

"14" [Item No.15] (contd.)

(E) Information in regard to opening stock and closing stock : **(Rs. in crores)**

	2006-2007		2005-2006	
	Quantity Nos.	**Value**	Quantity Nos.	Value
(a) Opening Stock -				
Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon	**11,874**	**618.14**	10,028	406.62
Manufactured and purchased components for sale :				
Spare Parts for Vehicles		**139.56**		117.79
Scrap		**10.65**		8.88
		768.35		533.29
(b) Closing Stock -				
Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon	**17,093***	**888.88**	11,874*	618.14
Manufactured and purchased components for sale :				
Spare Parts for Vehicles		**204.89**		139.56
Scrap		**9.25**		10.65
		1103.02		768.35

* Excluding :

(i) Capitalised / transferred for internal use **569 vehicles** (2005-06 : 506 vehicles) including **3 vehicles** (2005-06 : 13 vehicles) for homologation / testing.

(ii) Transferred on settlement of insurance claims for damaged vehicles **37 vehicles** (2005-06 : 50 vehicles).

(iii) Donated **9 vehicles** (2005-06 : Nil).

"15" [Item No.15]

Information in regard to Sales effected by the Company (excluding inter-divisional transfers, settlements for damaged goods and goods capitalised) :

	2006-2007		2005-2006	
	Quantity Nos.	**Value**	Quantity Nos.	Value
1. Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon	**580,280**	**29211.04**	454,129	21821.53
2. Spare Parts for Vehicles		**1220.10**		942.70
3. Export incentives		**58.97**		198.65
4. Diesel Engines	**8,587**	**69.89**	7,077	66.49
5. Scrap		**111.29**		100.36
6. Castings and Forgings		**284.14**		262.18
7. Income from Services		**44.00**		47.50
		30999.43		23439.41

Schedules forming part of the Profit and Loss Account

"16" [Item No. 15]

Quantitative information in regard to installed capacity and the goods manufactured by the Company :

		Unit of measurement	Installed capacity*	Actual production**
1.	On road automobiles having four or more wheels such as light, medium and heavy commercial vehicles, jeep type vehicles and passenger cars covered under Sub-heading (5) of Heading (7) of First Schedule (Jamshedpur Works)	**Nos.**	**96000**	**98227**
			(66000)	(69891)
2.	Motor Vehicles for transport of ten or more persons including the driver, motor cars and other motor vehicles for transport of persons, motor vehicles for transport of goods, chassis fitted with engine for motor vehicles (Pune Works) Licensed Capacity : 4,00,000 Nos	**Nos.**	**556000**	**458324**
			(439500)	(366468)
3.	Motor Vehicles for transport of ten or more persons including the driver, motor cars and other motor vehicles for transport of persons, motor vehicles for transport of goods, chassis fitted with engine for motor vehicles (Lucknow Works)	**Nos.**	**30000**	**28235**
			(30000)	(19963)
4.	Diesel Engines for Industrial and Marine applications	**Nos.**	***	**8498**
			***	(7141)
5.	S. G. Iron Castings	**Tonnes**	**12000**	**14505**
			(12000)	(13102)
6.	S. G. / Grey Iron Semis by continuous casting process	**Tonnes**	**3600**	**-**
			(3600)	(-)
7.	Power Generation	**KW**	**192282000**	**34407625**
			(192282000)	(32719092)
8.	Manufactured Components for Sale ****	**Rupees Crores**		**444.91**
				(406.04)

* On double shift basis including capacity for manufacture of replacement parts as certified by the management and relied upon by the Auditors.

** Includes production for internal use.

*** These are manufactured against spare capacity under (1) and (2) above.

**** The production disclosed against manufactured components is the value (as this is more meaningful than quantity) of such components transferred during the year to the warehouses for sale.

NOTE : In addition to the above, Company holds following industrial licenses / Industrial Enterpreneurs Memoranda (IEM) for which there is no production during the year.

a) Rotary position encoder and readout, electronic comparator, electronic weighing instruments, crane-weighing instruments and test rig equipment.

b) Special Purpose Motor Vehicle, other than those principally designed for the transport of persons or goods.

c) Truck and Bus Bodies.

d) Automotive equipment for various defence applications such as different types of armoured vehicles, heavy tank carriers, shelters, containers, tactical floating bridges and ferries, bullet proof vehicles, high mobility vehicles, mechanised material handling and bridging equipment, mine protected vehicles, etc.

e) Certain types of electric equipment such as printed circuit motors, spot welding guns, in-process gauging, linear position encoder and readout, proximity switch, numerical control machine tools, solid state controllers for machine tools, Hoists and LDTV,vertical bar display, analogue timer, digital counter / timer.

Tata Motors Limited

Schedules forming part of the Profit and Loss Account

"17" [Item No. 15] **(Rs. in crores)**

Information regarding exports and imports and other matters :

				2006-2007	2005-2006
1.	Earnings in foreign exchange :				
	(i)	F.O.B. value of goods exported [including sales through Exports House, exports to Nepal, Bhutan and local sales eligible for export incentives and exchange differences (net) - loss of **Rs. 1.29 crores** (2005-06 Rs. 2.83 crores)]		**2687.30**	2196.69
	(ii)	Interest and Dividend		**3.11**	23.82
	(iii)	Others (Profit on sale of investments)		**24.27**	164.30
2.	C.I.F. value of imports				
	(i)	Raw Materials and Components		**930.05**	817.98
	(ii)	Machinery spares and tools		**31.92**	27.59
	(iii)	Capital goods		**472.76**	264.88
	(iv)	Spare Parts for sale		**11.38**	5.34
	(v)	Other items		**8.66**	7.34
3.	(a)	Value of imported and indigenous raw materials and components consumed :			
		(i) Imported at Rupee cost		**696.71**	616.01
		(ii) Indigenously obtained		**17219.02**	12649.11
	(b)	Percentage to total consumption :			
		(i) Imported	%	**3.89**	4.64
		(ii) Indigenously obtained	%	**96.11**	95.36

Note : In giving the above information, the Company has taken the view that spares and components as referred to in Clause 4D(c) of Part II of Schedule VI covers only such items as consumed directly in production.

Schedules forming part of the Profit and Loss Account

"17" [Item No. 15] (contd.)

(Rs. in crores)

			2006-2007	2005-2006
4.	Expenditure in foreign currency (subject to deduction of tax where applicable) :			
	(i) Technical Know-how fees		**188.88**	91.56
	(ii) Interest (including interest on convertible debentures held by non- residents and payments in Rupees to financial institutions on foreign currency loans)		**88.60**	59.19
	(iii) Commission on Exports (paid through Export House)		**-**	6.57
	(iv) Consultancy / Professional charges		**64.07**	28.18
	(v) Payments on Other Accounts [including Exchange differences (net)]		**181.18**	89.15
5.	Remittances in foreign currencies for dividends :			
	The Company does not have complete information as to the extent to which remittances in foreign currencies on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividends declared during the year and payable to non - resident shareholders for the year 2005-06 are as under:-			
	(i) Number of non-resident shareholders			
	a) For 2005-06	Nos	**5,288**	-
	b) For 2004-05	Nos	**-**	5,093
	(ii) Number of shares held by them			
	a) For 2005-06	Nos	**15,17,92,702**	-
	b) For 2004-05	Nos	**-**	14,05,62,391
	(iii) Gross amount of dividend			
	a) For 2005-06		**197.33**	-
	b) For 2004-05		**-**	175.70

(Rs. in crores)

"18" [Item No. 15]

Information in regard to raw materials and components consumed :

	Unit of Measurement	2006-2007 Quantity	2006-2007 Value	2005-2006 Quantity	2005-2006 Value
Steel	Tonnes	**2,16,083**	**661.05**	1,64,284	581.50
Steel Tubes	Tonnes	**112**	**0.86**	730	4.75
Non-ferrous alloys/metals	Tonnes	**2,658**	**42.95**	2,306	27.25
Ferro Alloys	Tonnes	**1,862**	**11.96**	1,626	10.05
Steel Melting Scrap	Tonnes	**97,608**	**147.11**	79,463	120.59
Paints, Oils and Lubricants	Tonnes	**8,827**	**218.33**	4,390	174.90
	Kilo liters	**14,769**		14,366	
Tyres, Tubes and Flaps	Nos	**46,10,652**	**1,359.70**	37,00,687	841.20
Engines	Nos	**84,472**	**1,179.01**	61,643	865.84
Other components			**14,294.76**		10,639.04
			17,915.73		13,265.12

Note : The Consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc. The figures of other components is a balancing figure based on the total consumption shown in the profit and loss account.

Tata Motors Limited

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile:

I.	**Registration Details:**	
	Registration No	4520
	State Code	11
	Balance Sheet Date	31.03.2007
II.	**Capital Raised during the Year (See Note below)**	(Amount in Rs. Thousand)
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	**Position of Mobilisation and Deployment of Funds**	(Amount in Rs. Thousand)
	Total Liabilities	190234958
	Total Assets	190234958
	Sources of Funds:	
	Paid-up Capital	3854148
	Reserves & Surplus	64843413
	Secured Loans	20220379
	Unsecured Loans	19870970
	Deferred Tax Liability	7868300
	Application of Funds:	
	Net Fixed Assets	63945776
	Investments	24770012
	Net Current Assets	27840559
	Misc. Expenditure	100864
IV.	**Performance of Company**	(Amount in Rs. Thousand)
	Turnover	321298773
	Total Expenditure	(295566971)
	Profit Before Tax	25731802
	Profit after Tax	19134625
	Earning Per Share - Basic (Rs.)	49.76
	Dividend Rate	150%

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	8702 to 8708 except 8705 & 8707
Product Description	Chassis and Vehicles for transport of goods and passengers, including motor car and parts thereof.

Share Capital of the Company has increased by Rs 2,53,97,540/- during the year due to 25,39,754 Ordinary Shares allotted consequent to conversion of 12,015 0% Foreign Currency Convertible Notes (FCCN) (due 2009) into 9,19,297 Ordinary Shares and 8,800 1% FCCN (due 2008) into 16,20,003 Ordinary Shares and 454 Ordinary Shares allotted on settlement of legal cases against rights entitlement which were held in abeyance.

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF TATA MOTORS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TATA MOTORS LIMITED** ('the Company'), and its subsidiaries (the Company and its subsidiaries constitute 'the Group') as at March 31, 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. (a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 2,672.53 crores as at March 31, 2007, total revenues of Rs. 6,284.25 crores and net cash outflows from operating activities amounting to Rs. 3,147.71 crores and of certain associates whose financial statements reflect the Group's share of profit (net) of Rs. 46.33 crores for the year then ended and Group's share of profit (net) of Rs. 54.78 crores up to March 31, 2007. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management of the Group, and our opinion is based solely on the reports of the other auditors.

   (b) As stated in note B (6) of Schedule 14, as the audited financial statements of certain associates, whose financial statements reflect the Group's share of loss (net) for the year of Rs. 6.91 crores, and Group's share of loss (net) of Rs. 1.71 crores up to March 31, 2007 are not available, we have relied upon the unaudited financial statements as provided by the management of those components for the purpose of our examination of consolidated financial statements.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' and Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and other financial information of the components, and to the best of our information and explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2007;

   ii. in the case of the Consolidated Profit and Loss Account, of the profits of the Group for the year ended on that date; and

   iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M.S. Dharmadhikari
Partner
Membership No.: 30802

Mumbai: May 18, 2007

Tata Motors Limited

Consolidated Balance Sheet as at March 31, 2007

(Rs. in crores)

	Schedule	Page			As at March 31, 2006
SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	1	99	**385.41**		382.87
(b) Reserves and Surplus	2	99	**7336.26**		5748.60
				7721.67	6131.47
2. MINORITY INTEREST				**249.96**	173.93
3. LOAN FUNDS					
(a) Secured	3	100	**4462.65**		881.62
(b) Unsecured	4	100	**2839.25**		2497.52
				7301.90	3379.14
4. DEFERRED TAX LIABILITY (NET) [Note A (6) Page 110]				**817.27**	676.79
5. TOTAL FUNDS EMPLOYED				**16090.80**	10361.33
APPLICATION OF FUNDS					
6. FIXED ASSETS	5	101			
(a) Gross Block			**10359.18**		9305.00
(b) Less - Depreciation			**5426.65**		4843.56
(c) Net Block			**4932.53**		4461.44
(d) Capital Work-in-Progress			**2581.65**		974.49
				7514.18	5435.93
7. GOODWILL (On Consolidation)				**443.01**	412.21
8. INVESTMENTS	6	102		**1174.59**	1261.50
9. CURRENT ASSETS, LOANS AND ADVANCES					
(a) Interest accrued on investments			**6.27**		6.49
(b) Inventories	7	103	**3166.90**		2481.04
(c) Sundry Debtors	8	103	**1702.22**		1354.48
(d) Cash and Bank Balances	9	103	**1154.27**		1386.44
(e) Loans and Advances	10	104	**9782.83**		5828.40
			15812.49		11056.85
10. CURRENT LIABILITIES AND PROVISIONS					
(a) Current Liabilities	11	104	**7234.96**		6443.66
(b) Provisions	12	104	**1630.44**		1375.41
			8865.40		7819.07
11. NET CURRENT ASSETS [(9) LESS (10)]				**6947.09**	3237.78
12. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	13	104		**11.93**	13.91
13. TOTAL ASSETS (NET)				**16090.80**	10361.33
14. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES		105			
15. NOTES TO BALANCE SHEET	14	110			

As per our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M S DHARMADHIKARI
Partner

Mumbai, May 18, 2007

For and on behalf of the Board

RATAN N TATA
Chairman
N A SOONAWALA
J J IRANI
V R MEHTA
R GOPALAKRISHNAN
N N WADIA
S A NAIK
S M PALIA
Directors

RAVI KANT
Managing Director

PRAVEEN P KADLE
Executive Director

H K SETHNA
Company Secretary

Mumbai, May 18, 2007

Consolidated Profit and Loss Account for the year ended March 31, 2007

(Rs. in crores)

	Schedule	Page			2005-06
INCOME					
1. SALE OF PRODUCTS AND OTHER INCOME FROM OPERATIONS	A (1)	97		**36987.82**	27263.73
LESS: EXCISE DUTY				**4561.41**	3494.28
				32426.41	23769.45
2. DIVIDEND AND OTHER INCOME	A (2)	97		**153.18**	243.52
				32579.59	24012.97
EXPENDITURE					
3. MANUFACTURING AND OTHER EXPENSES	B	98	**29050.48**		21100.76
4. EXPENDITURE TRANSFERRED TO CAPITAL AND OTHER ACCOUNTS			**(739.91)**		(379.58)
				28310.57	20721.18
PROFIT BEFORE DEPRECIATION, INTEREST, AMORTISATION, EXCEPTIONAL ITEMS AND TAX				**4269.02**	3291.79
5. PRODUCT DEVELOPMENT EXPENDITURE				**85.02**	71.77
6. DEPRECIATION				**688.09**	623.31
7. INTEREST [Note B (1), Page 114]				**405.81**	246.01
8. AMORTISATION OF MISCELLANEOUS EXPENDITURE IN SUBSIDIARIES				**0.52**	0.02
PROFIT FOR THE PERIOD BEFORE EXCEPTIONAL ITEMS AND TAX				**3089.58**	2350.68
9. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS (Net)				**(1.18)**	(1.70)
10. EMPLOYEE SEPARATION COST				**(0.26)**	-
PROFIT BEFORE TAX				**3088.14**	2348.98
11. TAX EXPENSE [Note A (6c), Page 110]				**(883.21)**	(640.00)
PROFIT AFTER TAX				**2204.93**	1708.98
12. ADJUSTMENT OF MISCELLANEOUS EXPENDITURE IN SUBSIDIARIES				**(0.14)**	(2.53)
13. SHARE OF MINORITY INTEREST				**(74.22)**	(22.29)
14. SHARE OF PROFIT IN RESPECT OF INVESTMENTS IN ASSOCIATE COMPANIES				**39.42**	43.93
PROFIT FOR THE YEAR				**2169.99**	1728.09
15. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR				**984.10**	634.53
Less: Arrears of preference dividend pertaining to erstwhile Tata Finance Ltd.				**-**	19.94
				984.10	614.59
16. ADJUSTMENT FOR REVISED AS-15 IN A SUBSIDIARY				**(0.69)**	-
17. TRANSLATION ON OPENING BALANCE IN RESPECT OF FOREIGN SUBSIDIARIES				**(1.00)**	1.23
AMOUNT AVAILABLE FOR APPROPRIATION				**3152.40**	2343.91
18. APPROPRIATIONS					
a) Tax on Interim Dividend by subsidiaries				**4.56**	-
b) Proposed Dividend				**578.07**	497.94
c) Tax on Proposed Dividend (including our share of subsidiaries' dividend tax)				**105.52**	86.45
d) Residual dividend paid for FY 2005-06 (including tax)				**0.07**	-
e) General Reserve				**1031.63**	768.37
f) Special Reserve				**5.26**	1.43
g) Reserve for Research and Human Resource Development				**60.83**	5.62
h) Balance carried to Balance Sheet				**1366.46**	984.10
				3152.40	2343.91
19. EARNINGS PER SHARE [Note B (3), Page 117]					
Basic		Rupees		**56.43**	45.86
Diluted		Rupees		**53.54**	43.15
20. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES		105			
21. NOTES TO PROFIT AND LOSS ACCOUNT	14	114			

As per our report attached to the balance sheet

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M S DHARMADHIKARI
Partner

Mumbai, May 18, 2007

For and on behalf of the Board

RATAN N TATA
Chairman
N A SOONAWALA
J J IRANI
V R MEHTA
R GOPALAKRISHNAN
N N WADIA
S A NAIK
S M PALIA
Directors

RAVI KANT
Managing Director

PRAVEEN P KADLE
Executive Director

H K SETHNA
Company Secretary

Mumbai, May 18, 2007

Tata Motors Limited

Consolidated Cash Flow Statement for the year ended March 31, 2007

(Rs. in crores)

		2006-07		2005-06
A	**Cash flow from Operating Activities**			
	Net Profit after tax		**2169.99**	1728.09
	Adjustments for:			
	Depreciation (including Lease Equilisation netted off against income)	**684.31**		624.85
	Profit on sale of assets (net)	**(17.39)**		(5.74)
	Profit on sale of investments	**(42.94)**		(167.88)
	Provision for diminution in value of investments (net)	**1.18**		1.70
	Share of Profit in respect of investments in associate companies	**(39.42)**		(43.93)
	Share of minority interest	**74.22**		22.29
	Wealth tax	**0.68**		0.49
	Income tax	**722.04**		497.89
	Deferred tax	**161.17**		142.11
	Interest / Dividend (net)	**297.53**		178.96
	Gain on issue of shares by a subsidiary	**(1.96)**		(8.62)
	Loss on liquidation of subsidiaries (net)	**3.06**		-
	Exchange difference	**(69.39)**		32.26
	Amortisation of miscellaneous expenditure	**0.66**		2.55
	Employee separation cost	**4.03**		5.61
			1777.78	1282.54
	Operating Profit before working capital Changes		**3947.77**	3010.63
	Adjustments for:			
	Trade and other receivables	**(787.27)**		(496.62)
	Inventories.	**(684.01)**		(405.16)
	Trade and other payables	**801.91**		340.39
		(669.37)		(561.39)
	Vehicle / other loans and hire purchase receivables	**(3467.62)**		(1782.60)
			(4136.99)	(2343.99)
	Cash (used in) / from Operations		**(189.22)**	666.64
	Direct Taxes Paid (net)		**(686.26)**	(556.18)
	Net Cash (used in) / from Operating Activities		**(875.48)**	110.46
B	**Cash Flow from Investing Activities**			
	Purchase of fixed assets		**(2758.75)**	(1259.19)
	Sale of fixed assets		**99.34**	15.45
	Acquisition of a subsidiary		**-**	(458.95)
	Purchase of investments in associates		**-**	(0.02)
	Sale of investments in Mutual Fund (net)		**138.35**	807.65
	Purchase of investments - others		**(18.35)**	(69.06)
	Refund from escrow account		**-**	3.34
	(Increase) / Decrease in Investments in retained interests in securitisation transactions		**(28.66)**	91.47
	Sale / redemption of investments in subsidiary companies		**-**	206.28
	Sale of investments in associate		**1.46**	-
	Sale / redemption of investments in others		**42.04**	39.62
	Payment for purchase of business from administrator		**(0.44)**	-
	Interest received.		**45.01**	75.34
	Dividend received from associates		**30.78**	-
	Dividend / Income on investments received		**102.73**	74.96
	(Increase) / Decrease in short term Inter-corporate deposit		**(60.00)**	25.74
	Net Cash used in Investing Activities		**(2406.49)**	(447.37)
C	**Cash Flow from Financing Activities**			
	Proceeds from issue of Foreign Currency Convertible Notes (net of expenses)		**-**	444.99
	Stamp duty on FCCN conversion		**(0.09)**	(0.37)
	Proceeds from long term borrowings		**4213.51**	271.38
	Repayment of long term borrowings		**(977.98)**	(626.36)
	Increase in short term borrowings		**861.00**	98.95
	Proceeds from issue of shares to minority shareholders		**15.58**	37.31
	Payment of premium on long term forward contracts		**(3.07)**	-
	Preliminary expenses incurred		**(2.71)**	-
	Dividend paid (including Dividend Tax)		**(575.39)**	(524.02)
	Tax paid on Interim Dividend by Subsidiaries		**(4.56)**	-
	Dividend paid to minority shareholders		**(7.34)**	-
	Interest paid [including discounting charges paid, **Rs. 185.98 crores**, (2005-06 Rs. 164.99 crores)]		**(465.38)**	(325.61)
	Net Cash from / (used in) Financing Activities		**3053.57**	(623.73)
	Net Decrease in Cash and cash equivalents		**(228.40)**	(960.64)
	Cash and cash equivalents as at March 31 (Opening Balance)		**1386.44***	2097.32*
	Add : Cash and bank balance taken over on merger of TFL		**-**	194.58
	Add : Cash and bank balances taken over on acquisition of subsidiaries		**-**	57.97
	Less : Cash and bank balances of subsidiaries under liquidation, taken over by Administrator		**(0.55)**	-
	Add : Translation adjustment on opening cash and bank balances of foreign subsidiaries		**4.32**	3.22
	Add : Translation adjustment on reserves of foreign subsidiaries		**(6.26)**	0.19
	Less : Exchange fluctuation on EEFC accounts		**(1.28)**	(6.20)
	Cash and cash equivalents as at March 31 (Closing Balance)		**1154.27***	1386.44*

* Includes Cash Collateral **Rs. 401.49 crores** (as at March 31, 2006 Rs.294.82 crores, as at March 31, 2005 Rs. 76.44 crores)
Previous years' figures have been restated, wherever necessary, to conform to this years' classification

As per our report attached to the balance sheet

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M S DHARMADHIKARI
Partner

Mumbai, May 18, 2007

For and on behalf of the Board

RATAN N TATA
Chairman
N A SOONAWALA
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N N WADIA
S A NAIK
S M PALIA
Directors

RAVI KANT
Managing Director

PRAVEEN P KADLE
Executive Director

H K SETHNA
Company Secretary

Mumbai, May 18, 2007

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in crores)
'A' [Item No. 1 & 2]

	2006-07		2005-06
SALE OF PRODUCTS AND OTHER INCOME			
1. **Sale of products and other income from operations**			
(a) Sale of products / Services	**35965.83**		26700.56
(b) Income from Hire purchase / Loan contracts (Notes 1 to 4 below)	**672.55**		435.57
(c) Miscellaneous income (Note 5 below)	**217.17**		127.60
(d) Exchange difference (net)	**132.27**		-
		36987.82	27263.73
2. Dividend and other income (Notes 6 to 8 below)		**153.18**	243.52
		37141.00	27507.25

	2006-07	2005-06
Notes: (1) Value of Hire purchase contracts entered into during the year:		
(i) Purchased vehicles (Note 2 below)	**48.72**	7.46
(ii) Vehicles from the Company's stocks	**-**	0.07
(2) Value of vehicles purchased and issued on Hire purchase contracts during the year	**41.12**	7.20
(3) (i) Income from Hire purchase contracts includes net income from lease rentals and income on securitisation / sale of receivable under Hire purchase contracts	**0.42**	21.67
(ii) Income from Loan contracts includes income on securitisation / sale of receivables of Loan contracts (net)	**77.50**	76.12
(4) Income from Loan contracts includes Interest income (net)	**548.35**	308.31
(5) Miscellaneous income include :		
(i) Profit on sale of assets (net) [includes Capital Profits of **Rs. 8.24 crores** (2005-06 Rs. 0.15 crores)]	**22.61**	8.15
(ii) Insurance claims for loss of profit due to fire	**47.90**	-
(6) Dividend and other income includes :		
(i) Income from current investments	**9.96**	6.82
(ii) Income from long term investments (net)	**98.32**	60.23
(iii) Tax deducted at source	**1.93**	0.96
(7) Dividend and other income includes :		
(i) Profit on sale of part interest in a subsidiary	**-**	154.12
(ii) Profit on sale of current investments	**12.20**	13.76
(iii) Profit / (loss) on sale of long-term investments	**30.74**	(0.03)
(8) Dividend and other income include amount received on issue of shares by a subsidiary	**1.96**	8.62

Tata Motors Limited

Schedules forming part of the Consolidated Profit and Loss Account

'B' [Item No. 3] **(Rs. in crores)**

	2006-07		2005-06
MANUFACTURING AND OTHER EXPENSES			
1. Purchase of products for sale, etc.		**1911.49**	1360.70
2. Consumption of raw materials and components		**20461.10**	14897.92
3. Processing charges		**480.32**	374.72
4. Payments to and provision for employees (Note 1 below)			
(a) Salaries, wages and bonus	**1948.06**		1431.12
(b) Contribution to provident and other funds	**260.69**		195.89
(c) Workmen and staff welfare expenses	**206.78**		156.11
		2415.53	1783.12
5. Expenses for manufacture, administration and selling:			
(a) Stores, spare parts and tools consumed	**565.73**		411.13
(b) Freight, transportation, port charges, etc.	**547.65**		386.24
(c) Repairs to buildings	**26.52**		30.21
(d) Repairs to plant, machinery, etc.	**54.58**		47.88
(e) Power and fuel	**368.53**		291.45
(f) Rent	**46.76**		29.46
(g) Rates and taxes	**44.04**		41.07
(h) Provision for Wealth tax	**0.68**		0.49
(j) Insurance	**35.76**		31.83
(k) Publicity	**257.70**		193.53
(l) Incentive / Commission to dealers	**325.09**		239.26
(m) Other expenses (Note 2 below)	**1842.76**		1189.37
		4115.80	2891.92
6. Excise Duty on Stock-in-trade		**77.50**	33.00
7. Change in Stock-in-trade and Work-in-progress:			
A. Opening Stock			
(i) Work-in-progress	**342.51**		332.98
(ii) Stock-in-trade	**944.07**		707.18
	1286.58		1040.16
Stock acquired on acquisition of INCAT and Tata Technologies Pte. Singapore Limited	**-**		5.80
B. Closing Stock			
(i) Work-in-progress	**365.10**		342.51
(ii) Stock-in-trade	**1332.74**		944.07
	1697.84		1286.58
		(411.26)	(240.62)
		29050.48	21100.76

	2006-07	2005-06
Notes : (1) Payments to and provision for employees include:		
(i) Provisions for other employee benefit schemes	**32.11**	19.32
(ii) Managerial Remuneration for Directors (excluding provision for encashable leave and gratuity as separate actuarial valuation for Whole-time Directors is not available)	**6.77**	5.55
(2) Other expenses include:		
(i) Loss on assets scrapped / written off	**5.22**	1.55
(ii) Repairs to buildings exclude amounts charged to other revenue accounts	**8.96**	6.41
(iii) Repairs to plant, machinery, etc. exclude amounts charged to other revenue accounts	**123.63**	102.69
(iv) Lease rentals in respect of plant and machinery	**2.96**	8.34
(v) Provision and write off of sundry debtors / advances (net)	**179.60**	69.38
(vi) Securitisation expenses for Hire purchase / Loan contracts	**63.50**	48.59
(vii) Exchange differences (net)	**-**	17.00
(viii) Commission and brokerage on sales	**31.66**	6.71
(ix) Loss on liquidation of subsidiaries (net)	**3.06**	-

Schedules forming part of the Consolidated Balance Sheet

(Rs. in crores)

"1" [Item No. 1(a)]

SHARE CAPITAL	As at March 31, 2007	As at March 31, 2006
Authorised:		
45,00,00,000 Ordinary shares of Rs. 10 each (As at March 31, 2006: 41,00,00,000 shares)	**450.00**	410.00
Issued and subscribed:		
38,53,73,885 Ordinary shares of Rs.10 each fully paid (As at March 31, 2006 38,28,34,131 shares)	**385.37**	382.83
Less: Calls in arrears	**0.01**	0.01
	385.36	382.82
Share Forfeiture	**0.05**	0.05
	385.41	382.87

"2" [Item No.1(b)]

RESERVES AND SURPLUS	As at March 31, 2006	Additions	Deductions/ Adjustments	As at March 31, 2007
(a) Securities Premium Account [Note (i) and (ii) below]	**1828.70**	**107.79**	**0.09**	**1936.40**
	1473.89	376.38	21.57	1828.70
(b) Capital Redemption Reserve [Note (iii) below]	**2.28**	**-**	**-**	**2.28**
	2.28	39.35	39.35	2.28
(c) Capital Reserve (on consolidation)	**408.20**	**3.93**	**0.92**	**411.21**
	382.03	26.81	0.64	408.20
(d) Debenture Redemption Reserve [Note (iii) below]	**334.35**	**-**	**-**	**334.35**
	334.15	20.30	20.10	334.35
(e) Amalgamation Reserve [Note (iii) below]	**0.05**	**-**	**-**	**0.05**
	0.05	0.48	0.48	0.05
(f) Special Reserve [Note (iii) below]	**61.11**	**5.26**	**-**	**66.37**
	5.86	55.25	-	61.11
(g) Reserve on Research and Human Resource Development [Note (iv) below]	**5.62**	**61.82**	**-**	**67.44**
	-	5.62	-	5.62
(h) Revaluation Reserve [Note (iii) below]	**26.39**	**-**	**0.44**	**25.95**
	-	26.82	0.43	26.39
(j) General Reserve [Note (iii) below, (v) and (vi) Page 100]	**2049.07**	**1050.23**	**56.98**	**3042.32**
	1171.67	1038.68	161.28	2049.07
(k) Translation Reserve [Note (vii), Page 100]	**48.73**	**34.70**	**-**	**83.43**
	30.91	17.95	0.13	48.73
	4764.50	**1263.73**	**58.43**	**5969.80**
	3400.84	1607.64	243.98	4764.50
(l) Profit and Loss Account				**1366.46**
				984.10
				7336.26
				5748.60

Notes:

		2006-07 Additions	2006-07 Deductions	2005-06 Additions	2005-06 Deductions
(i)	Securities Premium Account opening and closing balances are net of calls in arrears **Rs. 0.03 crore**				
(ii)	**Changes in Securities Premium Account**				
(a)	Premium on shares issued on conversion of Foreign Currency Convertible Notes (FCCN) and on shares issued which were held in abeyance out of Rights Issue of shares	**93.84**	**-**	364.82	-
(b)	Consequent to amalgamation of Telco Dadajee Dhackjee Ltd	**-**	**-**	11.56	11.56
(c)	FCCN issue expenses (net of tax)	**-**	**-**	**-**	5.04
(d)	Exchange difference on Provision for premium on redemption of FCCN [including credit for reversal upon conversion of FCCN **Rs. 6.95 crores** (2005-06 net of credit for reversal of Rs.1.27 crores)	**13.95**	**-**	**-**	4.60
(e)	Stamp Duty charges on conversion of FCCN	**-**	**0.09**	**-**	0.37
		107.79	**0.09**	376.38	21.57
(iii)	**Changes consequent to amalgamations in 2005-06**				
(a)	Capital Redemption Reserve on account of amalgamation of Tata Finance Ltd	**-**	**-**	39.35	39.35
(b)	Debenture Redemption Reserve on account of amalgamation of Tata Finance Ltd	**-**	**-**	20.30	20.10
(c)	Amalgamation Reserve on account of amalgamation of Tata Finance Ltd	**-**	**-**	0.48	0.48
(d)	Special Reserve on account of amalgamation of Tata Finance Ltd	**-**	**-**	53.78	**-**
(e)	Revaluation Reserve on account of amalgamations of :				
(i)	Telco Dadajee Dhackjee Ltd	**-**	**-**	26.82	**-**
(ii)	Depreciation on revalued portion of assets taken over on amalgamation of Telco Dadajee Dhackjee Ltd	**-**	**0.44**	**-**	0.43
		-	**0.44**	26.82	0.43
(f)	General Reserve on account of amalgamation of :				
(i)	Tata Finance Ltd	**-**	**-**	185.30	125.22
(ii)	Telco Dadajee Dhackjee Ltd	**-**	**-**	0.73	33.05
(iii)	Suryodaya Capital and Finance (Bombay) Ltd	**-**	**-**	**-**	0.77
		-	**-**	186.03	159.04
(iv)	Includes translation on opening balance **Rs. 0.99 crore** (2005-06 Rs. Nil)				

Tata Motors Limited

Schedules forming part of the Consolidated Balance Sheet

Notes to Reserves and Surplus (contd.) **(Rs. in crores)**

		2006-07 Additions	2006-07 Deductions	2005-06 Additions	2005-06 Deductions
(v)	Adjustment in General Reserves towards difference in opening liability as per revised AS-15 (net of tax)				
(a)	In respect of the Company and its subsidiaries	**18.54**	**56.52**	-	-
(b)	Share of minority interest	**-**	**0.46**	-	-
(c)	Our share of adjustment in an associate company	**0.06**	**-**	-	-

(vi) During the year, **Rs. Nil** (2005-06 Rs. 84.28 crores) has been added to General Reserve for associate adjustment on account of merger of Tata Finance Ltd and **Rs. Nil** (2005-06 Rs. 2.24 crores) has been deducted to reduce the Goodwill of Concorde Motors Ltd. (now known as Tata Motors Insurance Services Ltd.)

(vii) During the year, **Rs. 34.70 crores** (2005-06 Rs.17.95 crores) has been added to Translation Reserve on translation of foreign subsidiaries and minorities share thereof and foreign associates. Further **Rs. Nil** (2005-06 Rs. 0.13 crore) has been deducted in respect of translation in case of foreign associates.

'3' [Item No. 3 (a)]

(Rs. in crores)

		As at March 31, 2007	As at March 31, 2006
LOANS - Secured			
(a)	Non - Convertible Debentures	**75.50**	75.50
(b)	Loans from Financial Institutions / Banks	**1525.00**	26.10
(c)	Sales Tax Deferment Loan	**73.28**	86.98
(d)	From Banks:		
	(i) Buyers line of credit	**431.26**	-
	(ii) Loans and Cash Credit / Overdraft Accounts #	**2351.60**	648.06
(e)	Foreign currency loans from Banks	**-**	26.92
(f)	Loans from others	**6.01**	18.06
		4462.65	881.62
# Including payable in respect of finance lease		**0.38**	0.34

'4' [Item No. 3(b)]

		As at March 31, 2007	As at March 31, 2006
LOANS - Unsecured			
(a)	Short Term Loans - From Banks	**509.68**	20.48
(b)	Commercial Paper	**140.00**	-
(c)	Inter Corporate Deposit / Call Deposit	**4.25**	4.25
(d)	Foreign Currency Convertible Notes	**1764.69**	1904.62
(e)	Long Term Loans in foreign currency - Others	**202.83**	209.81
(f)	Loan from Others	**-**	0.36
(g)	Long Term Loans in foreign currency - Banks	**217.80**	358.00
		2839.25	2497.52

Schedules forming part of the Consolidated Balance Sheet

'5'[Item No. 6]

(Rs. in crores)

FIXED ASSETS	Cost as at March 31, 2006	Translation/ Adjustments	Additions/ Adjustments [Note (iv)]	Deductions/ Adjustments	Cost as at March 31, 2007	Depreciation for the year 2006-07 [Note (v), (viii) and (ix)]	Accumulated Depreciation upto March 31, 2007 [Note (v), (viii) and (ix)]	Net Book Value as at March 31, 2007
(a) Land	**112.07**	**1.03**	**45.61**	**-**	**158.71**	**-**	**-**	**158.71**
	101.35	5.82	4.90	-	112.07	-	-	112.07
(b) Buildings	**1170.26**	**2.58**	**66.71**	**0.38**	**1239.17**	**33.10**	**301.97**	**937.20**
[Note (i), (ii)(a) and (iii)]	1066.93	14.48	95.28	6.43	1170.26	24.04	268.95	901.31
(c) Leasehold Land	**44.42**	**-**	**33.53**	**-**	**77.95**	**0.55**	**4.72**	**73.23**
[Note (ii)(b)]	44.52	-	-	0.10	44.42	0.54	4.27	40.15
(d) Railway Sidings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	0.13	-	-	0.13	-	-	-	-
(e) Plant, Machinery, Equipment	**6772.28**	**3.26**	**983.04**	**141.37**	**7617.21**	**526.26**	**4244.67**	**3372.54**
[Note (ii)(a) and (iii)]	5989.23	14.13	818.33	49.41	6772.28	493.44	3782.46	2989.82
(f) Water System and	**45.29**	**-**	**10.25**	**-**	**55.54**	**1.99**	**23.37**	**32.17**
Sanitation [Note (ii)(a)]	42.63	-	2.69	0.03	45.29	1.81	21.38	23.91
(g) Furniture, Fixtures and	**92.29**	**0.29**	**13.69**	**4.22**	**102.05**	**6.60**	**50.15**	**51.90**
Office Appliances	52.93	1.08	40.04	1.76	92.29	6.05	46.80	45.49
[Note (iii)]								
(h) Technical Know-how Fees	**38.37**	**-**	**0.16**	**-**	**38.53**	**0.01**	**38.38**	**0.15**
	38.37	-	-	-	38.37	1.30	38.37	-
(j) Vehicles and Transport	**115.05**	**0.04**	**23.15**	**13.38**	**124.86**	**12.71**	**71.13**	**53.73**
[Note (ii)(a) and (iii)]	97.39	0.11	26.11	8.56	115.05	12.67	68.54	46.51
(k) Leased Assets								
(i) Plant Taken on Lease	**188.57**	**-**	**-**	**37.81**	**150.76**	**15.83**	**89.30**	**61.46**
[Note (vii)]	188.73	-	-	0.16	188.57	15.61	88.50	100.07
(ii) Leased Premises/Assets	**31.41**	**-**	**2.36**	**(1.23)**	**35.00**	**0.28**	**1.42**	**33.58**
	31.31	-	-	(0.10)	31.41	0.07	5.66	25.75
(iii) Assets Given on Lease	**456.09**	**-**	**0.37**	**10.00**	**446.46**	**6.04**	**422.46**	**24.00**
	7.55	-	455.94	7.40	456.09	12.24	424.70	31.39
(l) Product Development Cost	**125.91**	**0.06**	**30.50**	**-**	**156.47**	**51.62**	**108.89**	**47.58**
	79.66	0.20	46.05	-	125.91	35.03	57.35	68.56
(m) Software	**112.99**	**0.45**	**42.89**	**(0.14)**	**156.47**	**33.10**	**70.19**	**86.28**
	59.90	0.13	53.36	0.40	112.99	20.51	36.58	76.41
Total	**9305.00**	**7.71**	**1252.26**	**205.79**	**10359.18**	**688.09**	**5426.65**	**4932.53**
	7800.63	35.95	1542.70	74.28	9305.00	623.31	4843.56	4461.44
(n) Capital Work-in-progress								**2581.65**
[Note (iv) and (vi)]								974.49
								7514.18
								5435.93

Notes:

(i) Buildings include **Rs. 8,631** (as at March 31, 2006 Rs. 8,881) being value of investments in shares of Co-operative Housing Societies.

(ii) (a) Buildings, Water System and Sanitation, Plant and Machinery and Vehicles and Transport include Gross block **Rs. 4.76 crores, Rs.1.50 crores, Rs. 3.76 crores, Rs. 0.23 crore** and Net block **Rs. 0.08 crore, Rs. 0.08 crore, Rs. 0.35 crore and Rs. 0.03 crore** respectively in respect of expenditure incurred on capital assets, ownership of which does not vest in the Company.

(b) The registration of Leasehold Land acquired during the year is in process.

(iii) Includes Building, Plant & Machinery and Equipment, Furniture, Fixtures and Office Appliances and Vehicles and Transport having Gross block of **Rs. Nil, Rs. 157.79 crores, Rs. 0.46 crore, Rs. 1.48 crores** (as at March 31, 2006 Rs. 0.02 crore, Rs. 52.27 crores, Rs. 0.39 crore, Rs. 0.44 crore), and net block of **Rs. Nil, Rs. 9.12 crores, Rs. 0.01 crore and Rs. 0.10 crore** (as at March 31, 2006 Rs. Nil, Rs. 2.25 crores, Rs. Nil, Rs. 0.02 crore) respectively, held for disposal.

(iv) Additions / Adjustments / Capital Work-in-progress include :

(a) exchange differences and net premium on derivative contracts, net gain of **Rs. 17.08 crores** (as at March 31, 2006 Rs. 2.46 crores).

(b) gross block of **Rs. Nil** (2005-06 Rs. 654.65 crores), including assets given on lease prior to April 1, 2001, taken over on merger of Tata Finance Ltd (TFL).

(c) gross block of **Rs. Nil** (2005-06 Rs. 47.54 crores) taken over by Tata Technologies Limited (TTL) on acquisition of Incat International Plc (INCAT) and Tata Technologies Pte. Ltd, Singapore (TTPL)

(v) Accumulated Depreciation includes :

(a) an adjustment of **Rs. 101.91 crores** (as at March 31, 2006 Rs. 76.70 crores) on Assets transferred/sold/discarded during the year.

(b) lease equalisation of **Rs. 3.78 crores** (as at March 31, 2006 Rs. 1.54 crores) adjusted in lease rental income.

(c) depreciation of **Rs. 0.44 crore** (as at March 31, 2006 Rs. 0.43 crore) on revalued portion of gross block of TDDL transferred to Revaluation Reserve.

(d) Translation Adjustment for foreign subsidiaries of **Rs. 0.68 crore** (as at March 31, 2006 Rs. 6.69 crores)

(vi) Capital Work-in-progress includes :

(a) Product Development Cost **Rs. 421.99 crores** (as at March 31, 2006 Rs. 173.51 crores) and Technical Know-how fees for Product development projects **Rs. 486.40 crores** (as at March 31, 2006 Rs. 207.60 crores)

(b) Advances for capital expenditure of **Rs. 435.46 crores** (as at March 31, 2006 Rs. 103 crores)

(c) exchange differences and net premium on derivative contracts, net gain of **Rs. 5.40 crores** (as at March 31, 2006 net loss of Rs. 1.31 crores)

(vii) The assets are under renewable secondary lease.

(viii) Depreciation for the year and Accumulated Depreciation includes amortization, diminution in value of assets and write down of assets net of reversals.

(ix) Depreciation for the year includes loss of **Rs. 12.13 crores** (2005-06 Rs. 5.40 crores) on assets held for disposal and is net of credit on reversal of write down **Rs. Nil** (2005-06 Rs. 7.06 crores)

Tata Motors Limited

Schedules forming part of the Consolidated Balance Sheet

"6" [Item No. 8]

(Rs. in crores)

	Cost as at March 31, 2007	Cost as at March 31, 2006
INVESTMENTS (at cost)		
(A) In Associates		
a) Carrying cost of investments in Associates (Note 6 below) [Including **Rs. 2.94 crores** (2005-06 Rs. 2.94 crores) of Goodwill and net of **Rs. 2.55 crores** (2005-06 Rs. 3.51 crores) of Capital Reserve arising on acquisition of associates]	**253.87**	247.83
b) Fully paid Cumulative Convertible Preference Shares (Unquoted)	**21.00**	21.00
(B) Others		
(I) Long Term Investments		
Quoted		
a) Fully paid Ordinary/Equity shares	**263.03**	245.36
b) Debentures	**-**	0.61
c) Bonds	**144.29**	149.61
Unquoted		
a) Fully paid Ordinary/Equity shares	**260.42**	257.94
b) Fully paid Cumulative Redeemable Preference shares	**15.00**	17.38
c) Non Cumulative Redeemable Preference shares	**2.00**	0.50
d) Non Convertible Debentures	**7.64**	3.50
e) Bonds	**6.16**	6.16
f) Retained interest in securitisation transactions	**76.91**	48.25
(II) Current Investments		
Quoted		
a) Fully paid Ordinary/Equity shares	**0.93**	13.56
b) Government Securities	**0.79**	1.82
Unquoted		
a) Fully paid Cumulative Redeemable Preference shares	**3.00**	3.00
b) Mutual Fund	**132.78**	256.84
	1187.82	1273.36
Less: Provision for diminution in value of Investments (Net)	**13.23**	11.86
	1174.59	1261.50

Notes:

(1)	Book value of quoted investments (other than in associates)	**404.84**	407.83
(2)	Book value of unquoted investments (other than in associates)	**494.88**	584.84
(3)	Market value of quoted investments (other than in associates)	**1726.11**	1863.62

(4) The Company has given an undertaking to Citibank NA, for non-disposal of its shareholding in Tata Precision Industries Pte. Ltd (TPI), Singapore against loans and other facilities extended by the Bank to TPI and Tata Engineering Services Pte. Ltd (TES), Singapore, a wholly owned subsidiary of TPI, aggregating Singapore $ 3 million and Singapore $ 10.85 million respectively.

(5) The Company acquired 21% shares in Hispano Carrocera, S.A on March 16, 2005. As per the terms of agreement, the Company has given an unsecured loan of Euro 7 million (Rs. 40.52 crores) and the Company has an option to acquire the remaining 79% of the shares through one or more transfers, as per terms and conditions duly agreed upon at a price not exceeding Euro 2 million. The Company has also given a letter of comfort to Standard Chartered Bank and Citi Bank against working capital loans extended by both banks to Hispano aggregating Euro 7 million each. The Company has also given an undertaking to Standard Chartered Bank and Citi Bank for non-disposal of its shareholding in Hispano during the tenure of the loan.

(6) The particulars of investments in associate companies as of March 31, 2007 are as follows:

Sr. No.	Name of the Associate	Country of Incorporation	Ownership Interest (%)	Original Cost of Investment (+)	Amount of Goodwill/(Capital Reserve) in Original Cost	Share of post acquisition Reserves and Surplus	Carrying Cost of Investments
1)	Tata Cummins Ltd.	India	**50.00**	**90.00**	**-**	**57.98**	**147.98**
			50.00	90.00	-	38.35	128.35
2)	Tata AutoComp Systems Ltd.	India	**50.00**	**98.67**	**-**	**(0.27)**	**98.40**
			50.00	98.67	-	10.28	108.95
3)	NITA Company Ltd.	Bangladesh	**40.00**	**1.27**	**(0.43)**	**(0.24)**	**1.03**
			40.00	1.27	(0.43)	0.52	1.79
4)	Tata Precision Industries Pte. Ltd.	Singapore	**49.99**	**3.11**	**-**	**(3.11)**	***** -
			49.99	3.11	-	(3.11)	* -
5)	Hispano Carrocera S. A.	Spain	**21.00**	**2.34**	**2.34**	**(2.34)**	*** -**
			21.00	2.34	2.34	(2.34)	* -
6)	TSR Darashaw Ltd. #	India	**26.00**	**1.68**	**(1.11)**	**1.18**	**2.86**
			48.55	3.14	(2.07)	0.61	3.75
7)	Tata Securities Pvt. Ltd.	India	**29.34**	**0.13**	**(1.01)**	**2.83**	**2.96**
			29.34	0.13	(1.01)	2.04	2.17
8)	Telcon Ecoroad Resurfaces Pvt. Ltd. @	India	**21.60**	**3.60**	**0.60**	**(2.96)**	**0.64**
			21.60	3.60	0.60	(0.78)	2.82
	Total			**200.80**	**0.39**	**53.07**	**253.87**
				202.26	(0.57)	45.57	247.83

* Share of loss restricted to the original cost of Investment as per the equity method of accounting for associates under AS-23 'Accounting for Investments in Associates in Consolidated Financial Statements'.

@ Associate of Telco Construction Equipment Company Limited (Telcon) one of the subsidiaries.

\+ Original cost of investment is net of permanent diminution in the value of investment.

\# During the year the Company has diluted its stake in the associate.

Schedules forming part of the Consolidated Balance Sheet

(Rs. in crores)

"7" [Item No. 9 (b)]

	As at March 31, 2007	As at March 31, 2006
INVENTORIES		
(a) Stores and spare parts (at or below cost)	**158.25**	151.81
(b) Consumable tools (at cost)	**26.59**	22.78
(c) Raw materials and components	**1117.76**	909.80
(d) Work-in-progress	**365.10**	342.51
(e) Stock-in-trade	**1332.74**	944.07
(f) Goods-in-transit (at cost)	**166.46**	110.07
	3166.90	2481.04

Note: Items (c), (d) and (e) above are valued at lower of cost and net realisable value.

"8" [Item No. 9 (c)]

	As at March 31, 2007	As at March 31, 2006
SUNDRY DEBTORS		
(a) Over six months : (unsecured)	**166.78**	113.81
(b) Others : (unsecured)	**1545.42**	1228.36
	1712.20	1342.17
Less: Provision for doubtful debts	**56.40**	50.34
	1655.80	1291.83
(c) Future instalments receivable from hirers / lessees [secured under hire purchase / lease agreements and by promissory notes from hirers] [Note A (7), page 111]	**62.33**	87.49
Less: Provision for doubtful instalments	**11.24**	21.80
Less: Unearned finance and service charges on lease receivables / hire purchase contracts	**4.67**	3.04
	46.42	62.65
	1702.22	1354.48

"9" [Item No. 9 (d)]

	As at March 31, 2007	As at March 31, 2006
CASH AND BANK BALANCES		
(a) Cash on hand	**6.09**	7.58
(b) Current accounts with Scheduled Banks #	**651.33**	371.32
(c) Current accounts with other than Scheduled Banks #	**42.34**	104.95
(d) Short term deposits with Banks *	**53.02**	607.77
(e) Margin Money / Cash Collateral with Scheduled Banks	**401.49**	294.82
	1154.27	1386.44

Includes cheques on hand **Rs. 159.75 crores** (as at March 31, 2006 Rs. 131.02 crores) and remittances in transit **Rs. 250.57 crores** (as at March 31, 2006 Rs. 113.27 crores)

* Short term deposits with Banks includes Restricted deposits of **Rs. 4.64 crores** (as at March 31, 2006 Rs. 6.77 crores) and with other than scheduled banks for foreign subsidiaries **Rs. 4.12 crores** (as at March 31, 2006 Rs. 76.89 crores)

Schedules forming part of the Consolidated Balance Sheet

"10" [Item No. 9 (e)]

(Rs. in crores)

LOANS AND ADVANCES	As at March 31, 2007	As at March 31, 2006
A) SECURED		
Vehicle loans (Note 1 below)	**8096.85**	4576.31
Less: Provision for doubtful loans	**169.70**	110.76
Total vehicle loans	**7927.15**	4465.55
Other secured loans (Note 2 below)	**14.68**	-
Total (A)	**7941.83**	4465.55
B) UNSECURED - considered good		
(a) Advances to suppliers, contractors and others (Notes 3 and 4 below)	**962.87**	585.41
(b) Loans to associates and others (Note 5 below)	**40.52**	44.45
(c) Deposits with government, public bodies and others (Note 6 below)	**448.11**	383.40
(d) Prepaid expenses	**124.73**	61.75
(e) Advance payment against taxes (net)	**257.19**	287.84
(f) Other unsecured loans	**7.58**	-
Total (B)	**1841.00**	1362.85
Total (A) and (B)	**9782.83**	5828.40

Notes:
(1) Loans are secured against hypothecation of vehicles
(2) Other loans are secured by mortgage of property and lien on shares; security yet to be created

(3) Advances to suppliers, contractors and others are net of advances considered doubtful which have been provided for	**90.59**	99.48
(4) Includes amount due from customers in respect of contract work	**16.54**	16.09
(5) Loans to associates and others:		
(i) Hispano Carrocera, S. A	**40.52**	37.77
(ii) Tata Engineering Services Singapore Pte. Ltd	**-**	6.68
(6) Deposits with government, public bodies and others are net of deposits considered doubtful which have been provided for	**8.30**	8.53

"11" [Item No. 10 (a)]

CURRENT LIABILITIES	As at March 31, 2007	As at March 31, 2006
(a) Acceptances	**2446.11**	2950.23
(b) Sundry creditors	**4406.90**	3060.21
(c) Advance and progress payments	**343.50**	402.32
(d) Amount due to customers in respect of contract work	**0.67**	0.21
(e) Interest / commitment charges accrued on loans but not due	**26.89**	19.36
(f) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due	**10.89**	11.33
	7234.96	6443.66

"12" [Item No. 10 (b)]

PROVISIONS	As at March 31, 2007	As at March 31, 2006
(a) Proposed dividends	**578.07**	497.94
(b) Provision for tax on dividends	**108.42**	78.55
(c) Provision for retirement and other employee benefit schemes [Note B (2), page 115 and 116]	**443.60**	291.32
(d) Other provisions [Note B (4), page 117]	**500.35**	507.60
	1630.44	1375.41

"13" [Item No. 12]

MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	As at March 31, 2007	As at March 31, 2006
(a) Employee Separation Cost	**9.68**	13.84
(b) Others	**2.25**	0.07
	11.93	13.91

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account
Basis of Consolidation and Significant Accounting Policies

1 Basis of Consolidation:

The consolidated financial statements relate to Tata Motors Limited (the Company), its subsidiary companies and associates. The Company and its subsidiaries constitute the Group.

a) Basis of Accounting:

I. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2007.

II. The financial statements of the Group have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and other generally accepted accounting principles.

b) Principles of consolidation:

The consolidated financial statements have been prepared on the following basis:

I. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.

II. The consolidated financial statements include the share of profit / loss of the associate companies which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

An Associate is an enterprise in which the investor has significant influence and which is neither a Subsidiary nor a Joint Venture of the investor.

III. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

IV. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

c) The following subsidiary companies are considered in the consolidated financial statements:

Sr. No.	Name of the Subsidiary Company	Country of incorporation	% of holding either directly or through subsidiaries as at March 31, 2007	2006
	Direct Subsidiaries			
1	Tata Daewoo Commercial Vehicle Co. Ltd.	South Korea	100	100
2	Telco Construction Equipment Company Ltd.	India	60	60
3	HV Axles Ltd.	India	100	100
4	HV Transmissions Ltd.	India	100	100
5	TAL Manufacturing Solutions Ltd.	India	100	100
6	Sheba Properties Ltd.	India	100	100
7	Concorde Motors (India) Ltd.	India	100	100
8	Tata Motors Insurance Services Ltd.	India	100	100
9	Tata Motors European Technical Centre Plc.	UK	100	100
10	Tata Technologies Ltd.	India	84.76	86.91
11	TML Financial Services Ltd. (w.e.f. June 1, 2006)	India	100	-
12	Tata Marcopolo Motors Ltd. (w.e.f. September 20, 2006)	India	51	-
13	Tata Motors (Thailand) Ltd. (w.e.f. February 28, 2007)	Thailand	70	-
	Indirect Subsidiaries			
14	INCAT (Thailand), Ltd. [formerly known as Tata Technologies (Thailand), Ltd]	Thailand	84.76	86.91
15	Tata Technologies Pte. Ltd. Singapore [Note (i), page 106]	Singapore	84.76	86.91
16	INCAT International PLC. [Note (ii), page 106]	UK	84.76	86.91
17	INCAT Ltd. [Note (ii), page 106]	UK	84.76	86.91
18	INCAT SAS. [Note (ii), page 106]	France	84.76	86.91

Basis of Consolidation and Significant Accounting Policies (contd.)

Sr. No.	Name of the Subsidiary Company	Country of incorporation	% of holding either directly or through subsidiary as at March 31, 2007	2006
	Indirect Subsidiaries (contd.)			
19	INCAT GmbH. [Note (ii)]	Germany	84.76	86.91
20	Cedis Mechanical Engineering GmbH. *(w.e.f January 1, 2006)*	Germany	84.76	86.91
21	INCAT Holdings B.V. [Note (ii)]	Netherlands	84.76	86.91
22	Lemmerpoort B.V. (formerly known as INCAT Engineering Solutions B.V.) [Note (iii)]	Netherlands	84.76	86.91
23	INCAT K.K. [Note (ii)]	Japan	84.76	86.91
24	Tata Technologies iKS Inc.(formerly known as iKnowledge Solutions Inc.) [Note (ii)]	USA	84.76	86.91
25	CADPO Asia Pte. Ltd. [Note (ii) and (iii)]	Singapore	84.76	86.91
26	Tata Technologies Sdn Bhd, Malaysia [Note (i)]	Malaysia	84.76	86.91
27	Tata Technologies, U.S.A. [Note (iv)]	USA	-	87.01
28	INCAT Holdings Inc.[Note (ii) and (iv)]	USA	-	87.01
29	INCAT Systems Inc.[Note (ii)]	USA	84.88	87.01
30	INCAT Financial Services Inc. [Note (ii) and (iv)]	USA	-	87.01
31	Integrated Systems Technologies de Mexico, S.A. de C.V. [Note (ii)]	Mexico	84.88	87.01
32	INCAT Solutions of Canada Inc.[Note (ii)]	Canada	84.88	87.01
33	Tata Technologies Investments Pte.Ltd, Singapore (Subsidiary holding 55 %) [Note (i) and (iii)]	Singapore	46.62	47.80

Notes :

(i) w.e.f. December 7, 2005

(ii) w.e.f. October 3, 2005

(iii) These companies are under liquidation and hence the control doesn't exist with the holding company now. Consequently, these companies have not been consolidated.

(iv) w.e.f April 1, 2006 merged with INCAT Systems Inc.

2. Significant Accounting Policies:

a) Revenue Recognition

The Company recognizes revenues on the sale of products when the products are delivered to the dealer/ customer or when delivered to the carrier for exports sales, which is when risks and rewards of ownership pass to the dealer / customer.

Sales are inclusive of income from services, excise duty, export incentive and exchange fluctuations on export receivables and are net of trade discount.

Revenue from software consultancy on time and materials contracts is recognised based on certification of time sheet and billed to clients as per the terms of specific contracts. On fixed price contracts, revenue is recognised based on milestone achieved as specified in the contracts on the proportionate completion method on the basis of the work completed. Revenue from rendering annual maintenance services is recognised proportionately over the period in which services are rendered. Revenue from the SAP end user licenses is recognised on transfer of user licenses.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the quantum of work carried out. Revenue in respect of contracts in progress at the year-end is recognised at cost plus attributable profits, where applicable, and included under "Sale of Products and Services," in the Profit and Loss Account. Provision for foreseeable loss on contracts in progress is made fully.

b) Depreciation

i) Depreciation is provided on straight line method basis (SLM) over the estimated useful lives of the assets except for assets acquired before April 1, 1975, which are depreciated on written down value basis. Estimated useful lives of the assets are as follows:

Type of Asset	Estimated useful life (years)
Factory Building	20 to 40
Plant and Equipment	9 to 20
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20
Technical know-how	2 to 10

Capital assets, the ownership of which does not vest with the Company, other than leased assets, are depreciated over the estimated period of their utility or five years, whichever is less.

Software in excess of Rs. 25,000 is amortised over a period of sixty months or on the basis of estimated useful life whichever is lower.

ii) Assets given on lease as on March 31, 2000 acquired upon merger with Tata Finance Limited are depreciated at rates specified in Schedule XIV to the Companies Act, 1956. The differences between the depreciation charge as computed using the Internal Rate of Return (IRR) implicit in the lease, to ensure capital recovery over the primary lease period, and the charge as disclosed for the year, is reflected in the lease equalization account.

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

Basis of Consolidation and Significant Accounting Policies (contd.)

c) Fixed Assets

i) Fixed Assets (except for building acquired on amalgamation with Telco Dadajee Dhackjee Limited which is at revalued figure) are stated at cost of acquisition or construction less accumulated depreciation / amortisation. All costs relating to the acquisition and installation of Fixed Assets are capitalised and include financing costs relating to borrowed funds attributable to construction or acquisition of Fixed Assets, upto the date the asset is ready for intended use, adjusted for charges on foreign exchange contracts and exchange rate differences relating to specific borrowings, where applicable, attributable to those fixed assets.

ii) Product development cost incurred on new vehicle platforms, variants on existing platforms and new vehicle aggregates are recognised as Intangible Assets (included under Fixed Assets) and amortised over a period of thirty six months to sixty months or on the basis of actual production to planned production volumes for thirty six months from the commencement of commercial production.

iii) Software not exceeding Rs. 25,000 and product development costs relating to minor product enhancement, facelifts and upgrades cost are charged off to Profit and Loss Account as and when incurred.

d) Leases

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

e) Transactions in Foreign Currencies

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise, except in respect of the liabilities for the acquisition of Fixed Assets from a country outside India and liabilities incurred prior to April 1, 2004, where such exchange difference is adjusted in the carrying cost of the Fixed Assets.

Premium or discount on forward contracts is amortised over the life of such contract and is recognised as income or expense, except in respect of the liabilities for the acquisitions of Fixed Assets incurred prior to April 1, 2004, where such amortisation is adjusted in the carrying cost of the Fixed Assets. Foreign currency options are stated at fair value as at year end.

On consolidation, the assets, liabilities and goodwill or capital reserve arising on the acquisition, of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expenditure items are translated at the average exchange rates for the year. Exchange differences arising are recognised in the Group's Translation Reserve classified under Reserves and Surplus.

f) Product Warranty Expenses

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

g) Income on Vehicle Loan / Hire-Purchase Income / Finance Income from Lease

Interest income from hire purchase and loan contracts and finance income in respect of vehicles and income from plant given on lease, are accounted for by using the Internal Rate of Return method. Consequently, a constant rate of return on the net outstanding amount is accrued over the period of contract. The Company provides an allowance for hire purchase and loan receivables that are in arrears for more than 11 months, to the extent of an amount equivalent to the outstanding principal and amounts due but unpaid. In respect of loan contracts that are in arrears for more than 6 months but not more than 11 months, allowance is provided to the extent of 10% of the outstanding and amount due but unpaid.

h) Sale of Vehicle Loans

The Company sells Vehicle Loans 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, cash collateral and bank guarantees. The loans 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.

Basis of Consolidation and Significant Accounting Policies (contd.)

h) Sale of Vehicle Loans (contd.)

Gains or losses from the sale of loans 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, except for subsidiaries which are governed by prudential norms for income recognition issued by the Reserve Bank of India for Non Banking Financial Companies (NBFC), where gains or losses on sale are accounted for as per these norms.

j) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is ascertained on a moving weighted average / monthly moving weighted average basis. Cost of Work-in-progress and finished goods are determined on full absorption cost basis.

k) Employee Benefits

i) **Gratuity / Pension**

The Company and some of its subsidiaries have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company and the said subsidiaries make annual contributions to gratuity funds established as trusts. Some subsidiaries have obtained insurance policies with the Life Insurance Corporation of India. The Company and some of its subsidiaries account for the liability for gratuity benefits payable in future based on an independent actuarial valuation. Tata Daewoo Commercial Vehicle Company Limited, TDCV a subsidiary company incorporated in Korea has an obligation towards severance indemnity, a defined benefit retirement plan, covering eligible employees. The plan provides for a lump sum payment to all employees with more than one year of employment equivalent to 30 days' salary payable for each completed year of service.

ii) **Superannuation**

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

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

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

The Company and some of its subsidiares maintain separate irrevocable trusts for employees covered and entitled to benefits. The Company and its subsidiaries contributes up to 15% of the eligible employees' salary to the trust every year. Such contributions are recognized as an expense when incurred. The Company and the said subsidiaries have no further obligation beyond this contribution.

iii) **Bhavishya Kalyan Yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for the employees of the Company and some of its subsidiaries. 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 appropriate authority. The monthly payment to dependents of the deceased/disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is higher. The Company and the said subsidiaries account for the liability for BKY benefits payable in future based on an independent actuarial valuation.

iv) **Post-retirement Medicare Scheme**

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

Basis of Consolidation and Significant Accounting Policies (contd.)

v) **Provident fund**

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

vi) **Compensated absences**

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

l) Investments

i. Long term investments are stated at cost less other than temporary diminution in value, if any.

ii. Investment in associate companies are accounted as per the 'Equity method', and accordingly, the share of post acquisition reserves of each of the associate companies has been added to / deducted from the cost of investments.

iii. Current investments mainly comprising investments in mutual funds are stated at lower of cost and fair value, determined on a portfolio basis.

m) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income - Tax Act, 1961 or applicable foreign tax law in case of foreign subsidiaries. Current tax includes Fringe benefit tax.

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

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

n) Redemption premium / discount on Foreign Currency Convertible Notes (FCCN)

Premium payable on redemption of FCCN as per the terms of issue is provided fully in the year of issue by adjusting against the Securities Premium Account (SPA). Any changes to this premium payable on account of conversion or exchange fluctuation is also adjusted in SPA. Discount on redemption of FCCN, if any, will be recognised on redemption.

o) Business Segments

The Group's reportable operating segment consists of Automotive and Others.

Automotive segment consists of business of automobile products consisting of all types of commercial and passenger vehicles including financing of the vehicles sold by the Company. Others primarily include construction equipment, engineering solutions, and software operations.

Segment revenues, expenses and results include transfer between business segments. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

p) Miscellaneous Expenditure (to the extent not written off or adjusted)

Costs under individual Employee Separation Schemes are amortised over periods between 24 to 84 months depending upon the estimated future benefit.

Tata Motors Limited

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

"14"[Item No. 15] **(Rs. in crores)**

			As at March 31, 2007	As at March 31, 2006
(A)	**Notes to Balance Sheet**			
1.	(a)	Claims not acknowledged as debts	**409.02**	254.50
	(b)	Provision not made for income tax matters in dispute	**633.38**	283.41
	(c)	The counter claim made by a party upon termination of distributorship arrangement by the Company (GBP 4.432 Million)	**-**	34.31
	(d)	Liquidated damages retained by customers under negotiations for waiver	**-**	0.72
2.		The claims / liabilities in respect of excise duty, sales tax and other matters where the issues were decided in favour of the Company for which department is in further appeal	**27.51**	18.08
3.		Estimated amount of contracts remaining to be executed on capital account and not provided for	**3426.20**	1182.04
4.		Other money for which the Company is contingently liable:		
	(a)	In respect of bills discounted and export sales on deferred credit	**529.23**	687.43
	(b)	The Company has given guarantees for liability in respect of receivables assigned by way of securitisation	**638.15**	131.47
	(c)	Cash Margin / Collateral	**387.15**	279.32
	(d)	In respect of retained interest in securitisation transactions	**76.91**	48.25
	(e)	In respect of subordinated receivables	**69.45**	45.83
	(f)	Others	**5.00**	6.41

5. Pursuant to the scheme of Arrangement, stamp duty is payable on conveyance of properties in favour of Concorde Motors (India) Limited (CMIL), a subsidiary company, CMIL is in the process of completing the formalities for the same. It is not possible to quantify the amount of duty payable, and adjustments, as and when effected, will be done in the cost of land and building.

6. (a) Major components of deferred tax arising on account of timing differences are:

	As at March 31, 2007	As at March 31, 2006
Liabilities:		
Depreciation	**(735.29)**	(690.30)
Product development cost and Reserves for Research and Development Expenses	**(333.00)**	(178.53)
Others	**(11.16)**	(11.63)
	(1079.45)	(880.46)
Assets:		
Unabsorbed depreciation/ business loss	**9.25**	5.98
Employees separation schemes	**14.94**	17.95
Employee benefits / Expenses allowable on payment basis	**103.17**	66.45
Provision for doubtful debts	**101.21**	80.44
Others	**33.61**	32.85
	262.18	203.67
Net Deferred Tax Liability	**(817.27)**	(676.79)

(b) **Deferred Tax charge for the year**

	2006-07	2005-06
Opening Deferred Tax Liability	**676.79**	620.54
Add:- Net deferred tax balance taken over upon merger of Tata Finance Ltd (net of amount transferred to General Reserve)	**-**	(85.01)
Add:- Net deferred tax balance taken over upon acquisition of INCAT Ltd.	**-**	(1.23)
Add:- Translation impact on opening balances in respect of foreign subsidiaries	**0.89**	0.38
Add:- Impact of AS-15 opening adjustment in General Reserve	**(21.58)**	-
	656.10	534.68
Less:- Closing Deferred Tax Liability	**(817.27)**	(676.79)
Deferred Tax charge for the year	**(161.17)**	(142.11)

(c) **Tax expense**

	2006-07	2005-06
i) Current Tax	**712.13**	473.82
ii) Fringe Benefit Tax	**9.91**	24.07
iii) Deferred Tax	**161.17**	142.11
	883.21	640.00

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

'14'[Item No. 15] (contd.)

(A) Notes to Balance Sheet (contd.)

(Rs. in crores)

	As at March 31, 2007	As at March 31, 2006
7. (A) **Disclosure in respect of finance leases:**		
(i) **Assets given on lease:**		
(a) (i) Total gross investment in the leases	**62.33**	87.49
Total gross investment in the leases for a period:		
Not later than one year	**37.62**	45.39
Later than one year and not later than five years	**24.71**	42.10
(ii) Present value of the minimum lease payments receivables	**57.66**	84.45
Present value of the minimum lease payments receivable for a period:		
Not later than one year	**34.96**	43.25
Later than one year and not later than five years	**22.70**	41.20
(b) Unearned Finance Income	**4.67**	3.04
(c) The accumulated provision for the uncollectible minimum lease payments receivable	**11.24**	21.80
(d) A general description of significant leasing arrangements -		
Finance lease and Hire Purchase agreements: The Group has given own manufactured vehicles, and machines and equipments on Hire Purchase / Lease. The contingent lease rentals is based on bank interest rate and depreciation in respect of the assets given on lease.		
(ii) **Assets taken on lease:**		
(a) (i) Total of minimum lease payments	**0.41**	0.73
The total of minimum lease payments for a period :		
Not later than one year	**0.16**	0.42
Later than one year and not later than five years	**0.25**	0.31
(ii) Present value of minimum lease payments	**0.38**	0.68
Present value of minimum lease payments for a period :		
Not later than one year	**0.14**	0.39
Later than one year and not later than five years	**0.24**	0.29
(b) A general description of the significant leasing arrangements -		
The Group has taken machines and equipments on lease. The contingent lease rental is based on State Bank Medium Term Lending Rate and the depreciation rate under Income-tax Act, 1961 in respect of assets taken on lease. The assets are under renewable secondary lease.		
(B) **Disclosure in respect of operating leases:**		
Assets taken on lease:		
(a) Total of minimum lease payments	**46.41**	24.57
The total of minimum lease payments for a period :		
Not later than one year	**14.48**	9.25
Later than one year and not later than five years	**31.93**	15.32
(b) Lease payments recognised in the statement of profit and loss for the year	**13.93**	13.29
(c) A general description of significant leasing arrangements -		
The company has entered into operating lease arrangements for computers, property and office equipments from various vendors.		

Tata Motors Limited

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

"14" [Item No.15] (contd.)

(A) Notes to Balance Sheet (contd.)

8. **Related party disclosures for the year ended March 31, 2007**

A) Related Party and their relationship

Associates

Tata AutoComp Systems Ltd
Tata Cummins Ltd
Tata Precision Industries Pte. Ltd
Tata Engineering Services Pte. Ltd (*Due to Common Key Management Personnel*)
Tata Sons Ltd (*Investing Party*)
Nita Company Ltd
Hispano Carrocera, S. A
TSR Darashaw Ltd
Tata Securities Pvt. Ltd
Telcon Ecoroad Resurfaces Pvt. Ltd

Key Management Personnel

Mr. Ravi Kant
Mr. Praveen P Kadle

In Subsidiary Companies

Mr. L K Pahwa
Mr. Shyam Maller
(Upto June 5, 2006)
Mr. M V S Prasad
(From June 6, 2006)
Mr. Ranveer Sinha
Mr. M L Bapna
Mr. P K Mahtha
(Upto September 15, 2006)
Mr. S C Singha
Mr. V N Sharma
Mr. A K Jha
(From September 16, 2006)
Dr. Clive Hickman
Mr. P R McGoldrick
Mr. U Herter
Mr. W K Harris
Mr. H Hutchinson
Mr. Fernando Oviedo
Mr. D Myers
Mr. L James
Mr. W Zofgen
Mr. Marcus Schleer
Mr. Kevin Noe
Mr. Ramesh Indhewat
Mr. A I Rebello
(Upto January 7, 2007)
Mr. P C Bandivadekar
Mr. Jose Peter

(Rs. in crores)

B) Transactions with the related parties

	Associates	Key Management Personnel	2006-07 Total
Purchase of goods	**1760.88**	-	**1760.88**
	1255.03	-	1255.03
Sale of goods (inclusive of sales tax)	**116.53**	**-**	**116.53**
	96.70	-	96.70
Purchase of fixed assets	**-**	-	**-**
	18.00	-	18.00
Services received	**48.39**	**21.07**	**69.46**
	53.96	15.05	69.01
Services rendered	**3.03**	-	**3.03**
	4.57	-	4.57
Finance given (including loans and equity)	**5.55**	-	**5.55**
	-	-	-
Finance taken (including loans and equity)	**-**	-	**-**
	8.12	3.65	11.77
Purchase of investments	**-**	-	**-**
	8.17	-	8.17
Interest / Dividend paid/(received) (net)	**67.37**	-	**67.37**
	75.66	0.05	75.71
Amount Receivable	**9.42**	-	**9.42**
	10.20	-	10.20
Bills discounted (in respect of amount receivable)	**-**	-	**-**
	1.19	-	1.19
Amount Payable	**119.52**	-	**119.52**
	61.77	-	61.77
Amount Receivable (in respect of loans)	**46.05**	**0.34**	**46.39**
	39.47	0.36	39.83

C) Disclosure in respect of material transactions with related parties

			2006-07	2005-06
i)	Purchase of goods	Tata Cummins Ltd	**1493.56**	1053.70
		Tata AutoComp System Ltd	**265.90**	200.28
ii)	Sale of goods	Tata Cummins Ltd	**104.44**	92.58
iii)	Purchase of fixed assets	Hispano Carrocera, S. A	**-**	18.00
iv)	Services received	Tata Sons Ltd	**40.00**	44.37
v)	Services rendered	Tata Cummins Ltd	**1.94**	3.65
		TSR Darashaw Ltd	**1.03**	-
vi)	Finance given including loans and equity	Telcon Ecoroad Resurfaces Pvt. Ltd	**5.55**	-
vii)	Finance taken including loans and equity	Tata Engineering Services Pte. Ltd	**-**	8.12
		Mr. P R McGoldrick	**-**	3.65
viii)	Purchase of investments	Tata Engineering Services Pte. Ltd	**-**	8.17
ix)	Interest/Dividend paid/(received)			
	Dividend paid	Tata Sons Ltd	**109.61**	99.14
	Dividend received	Tata Cummins Ltd	**(28.80)**	(7.20)
	Dividend received	Tata Sons Ltd	**(8.64)**	(9.16)
	Interest received	Hispano Carrocera, S. A	**(1.87)**	(1.40)

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

"14" [Item No. 15] (contd.)

(A) Notes to Balance Sheet (contd.)

9. **Consolidated Segment Information for the year ended March 31, 2007**

(Rs. in crores)

(A) Primary segment

	Automotive	Others	Inter Segment Eliminations	Total
a) **Revenue**				
External sales and income from other operations	**29947.22** 22158.36	**2479.19** 1611.09	**-** -	**32426.41** 23769.45
Inter segment sales and other income	**42.13** 34.11	**228.70** 195.71	**(270.83)** (229.82)	**-** -
Total Revenue	**29989.35** 22192.47	**2707.89** 1806.80	**(270.83)** (229.82)	**32426.41** 23769.45
b) **Segment results before interest, exceptional items and tax**	**3020.74** 2180.73	**332.98** 173.15	**(11.51)** (0.71)	**3342.21** 2353.17
c) i) Dividend and other income				**153.18** 243.52
ii) Interest expenses (net)				**(405.81)** (246.01)
iii) Exceptional item				**(1.44)** (1.70)
d) **Profit before tax**				**3088.14** 2348.98
Tax expense				**(883.21)** (640.00)
e) **Profit after tax**				**2204.93** 1708.98
f) **Segment assets**	**21959.79** 15240.90	**1398.60** 1161.16	**(295.18)** (203.61)	**23063.21** 16198.45
g) **Segment liabilities**	**7212.36** 6495.54	**698.70** 463.65	**(54.18)** (45.50)	**7856.88** 6913.69
h) **Other information**				
i) Depreciation	**653.73** 578.05	**34.36** 45.26	**-** -	**688.09** 623.31
ii) Capital expenditure	**2791.92** 1418.64	**62.63** 45.63	**(12.57)** (0.93)	**2841.98** 1463.34
j) **Segment assets exclude:**				
i) Goodwill (on consolidation)				**443.01** 412.21
ii) Investments				**1174.59** 1261.50
iii) Advance Tax (net)				**257.19** 287.84
iv) Miscellaneous expenditure (to the extent not written off or adjusted)				**11.93** 13.91
v) Interest accrued on Investments				**6.27** 6.49
				1892.99 1981.95

Tata Motors Limited

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

"14" [Item No. 15] (contd.)

(A) Notes to Balance Sheet (contd.)

9. **Consolidated Segment Information for the year ended March 31, 2007** (contd.) **(Rs. in crores)**

Primary segment (contd.)

k) **Segment liabilities exclude:**

i)	Minority interest	**249.96** 173.93
ii)	Loans secured	**4462.65** 881.62
iii)	Loans unsecured	**2839.25** 2497.52
iv)	Deferred tax liability	**817.27** 676.79
v)	Provision for premium on Redemption of Foreign Currency Convertible Notes (FCCN)	**284.25** 298.20
vi)	Proposed dividend and tax thereon	**686.49** 576.49
vii)	Interest / commitment charges accrued on loans but not due	**26.89** 19.36
viii)	Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due	**10.89** 11.33
		9377.65 5135.24

(B) Secondary segment	Within India	Outside India	Total
Revenue from external customers	**26698.37** 19674.25	**5728.04** 4095.20	**32426.41** 23769.45
Carrying amount of segment assets	**21078.26** 13994.00	**1984.95** 2204.45	**23063.21** 16198.45
Capital expenditure	**2739.82** 1393.09	**102.16** 70.25	**2841.98** 1463.34

"14" [Item No. 21]

(B) Notes to the Profit and Loss Account :

			2006-07		2005-06
(1) Interest :					
	(i)	Discounting charges (net)	**185.98**		164.98
	(ii)	Others	**300.43**		147.66
				486.41	312.64
Less :	(i)	Transferred to Capital Account	**21.35**		3.00
	(ii)	Interest received on bank and other accounts	**59.25**		63.63
				80.60	66.63
				405.81	246.01

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

(B) Notes to the Profit and Loss Account : (contd.) **"14" [Item No. 21]**

(Rs. in crores)

(2) (a) Defined benefit plans / Long term compensated absences - As per actuarial valuations as on March 31, 2007

	Particulars	Gratuity	Super-annuation	Compen-sated absences	Post-retirement Medicare scheme	BKY / PSY
i	**Components of employer expense**					
	Current service cost	14.14	4.45	12.83	2.69	1.47
	Interest cost	21.02	8.46	7.17	3.22	2.66
	Expected return on plan assets	(23.90)	(5.76)	-	-	-
	Past service cost	-	-	(0.25)	-	-
	Actuarial losses/(gains)	68.78	(5.56)	36.77	16.89	5.18
	Total expense recognised in the Statement of Profit and Loss Account in Schedule B, Page 98 under item :	**80.04 4 (b)**	**1.59 4 (b)**	**56.52 4 (a)**	**22.80 4 (c)**	**9.31 4 (c)**
ii	**Actual Contribution and Benefit Payments for year ended March 31, 2007**					
	Actual Benefit Payments	39.55	26.57	20.46	3.34	2.90
	Actual Contributions	88.14	20.55	N/A	N/A	N/A
iii	**Net asset/(liability) recognised in balance sheet as at March 31, 2007**					
	Present value of Defined Benefit Obligation	362.24	110.40	146.40	61.48	41.10
	Fair value of plan assets	362.85	70.36	-	-	-
	Net asset/(liability) recognised in balance sheet	**0.61**	**(40.04)**	**(146.40)**	**(61.48)**	**(41.10)**
iv	**Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2007**					
	Present value of DBO at the beginning of the year	282.32	134.07	110.35	42.02	34.69
	Current service cost	14.14	4.45	12.83	2.69	1.47
	Interest cost	21.02	8.46	7.17	3.22	2.66
	Plan amendments	-	-	(0.72)	-	-
	Actuarial (gains)/ losses	84.31	(10.01)	37.24	16.89	5.18
	Benefits paid	(39.55)	(26.57)	(20.47)	(3.34)	(2.90)
	Present value of DBO at the end of the year	**362.24**	**110.40**	**146.40**	**61.48**	**41.10**
v	**Change in Fair Value of Assets during the year ended March 31, 2007**					
	Plan assets at the beginning of the year	276.91	75.07	N/A	N/A	N/A
	Actual return on plan assets	39.43	1.31	N/A	N/A	N/A
	Actual Company Contributions	86.06	20.55	N/A	N/A	N/A
	Benefits paid	(39.55)	(26.57)	N/A	N/A	N/A
	Plan assets at the end of the year	**362.85**	**70.36**	**N/A**	**N/A**	**N/A**
vi	**Actuarial Assumptions**					
	Discount rate	8.50%	8.00%	8.50%	8.50%	8.50%
	Expected return on plan assets	8.00%	8.00%	N/A	N/A	N/A
	Salary escalation	4%-7.5%	N/A	4%-7.5%	N/A	4%-7.5%
	Medical cost inflation	N/A	N/A	N/A	4.00%	N/A
vii	**The major categories of plan assets as a percentage to total plan assets**					
	Debt securities	53%	73%	N/A	N/A	N/A
	Balances with banks	47%	27%	N/A	N/A	N/A
viii	**Effect of one percentage point change in assumed medical inflation rate**	**One percentage point increase in medical inflation rate**		**One percentage point decrease in medical inflation rate**		
	Revised DBO as at March 31, 2007	67.78		56.00		
	Revised service cost for 2006-07	2.97		2.47		
	Revised interest cost for 2006-07	3.55		2.93		

a) Defined Contribution Plans -
The Company's contribution to defined contribution plans aggregated Rs.134.62 crores for the year ended March 31, 2007 has been recognised in the Statement of Profit and Loss Account under item 4 (b) in Schedule B on page 98.

b) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.

c) The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

d) Effective April 1, 2006, the Company adopted the revised Accounting Standard on Employee Benefits. Pursuant to the adoption following amounts has been adjusted to general reserve for difference as per revised AS-15 :

	Gross	Tax	Net
Gratuity	4.01	(1.35)	2.66
Superannuation	(7.07)	2.38	(4.69)
BKY	(24.90)	8.39	(16.51)
Ex Gratia on retirement	44.99	(15.15)	29.84
	17.03	**(5.73)**	**11.30**

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

(B) Notes to the Profit and Loss Account : (contd.)

"14" [Item No. 21]

(2) (b) Details of Severance Indemnity plan applicable to Tata Daewoo Commercial Vehicle Co. Ltd., Korea as on March 31, 2007

		(Rs. in crores)
i	**Components of employer expense**	
	Current service cost	15.88
	Interest cost	6.25
	Actuarial losses/(gains)	23.51
	Total expense recognised in the Statement of Profit and Loss Account in Schedule B, Page 98 under item 4 (b)	**45.64**
ii	**Actual Contribution and Benefit Payments for the year ended March 31, 2007**	
	Actual benefit payments	9.43
iii	**Net asset/(liability) recognised in Balance Sheet as at March 31, 2007**	
	Present value of Defined Benefit Obligation	149.63
	Fair value of plan assets	-
	Net asset/(liability) recognised in Balance Sheet	**(149.63)**
iv	**Change in Defined Benefit Obligations during the year ended March 31, 2007**	
	Present value of DBO at the beginning of the year	113.73
	Current service cost	15.88
	Interest cost	6.25
	Actuarial losses/(gains)	23.51
	Benefits paid	(9.43)
	Exchange fluctuation	(0.31)
	Present value of DBO at the end of the year	**149.63**
v	**Change in Fair Value of Assets during the year ended March 31, 2007**	
	Plan assets at the beginning of the year	N/A
	Acquisition adjustment	N/A
	Actual return on plan assets	N/A
	Actual Company Contributions	N/A
	Benefits paid	N/A
	Plan assets at the end of the year	N/A
vi	**Actuarial Assumptions**	
	Discount rate	5.00%
	Expected return on plan assets	N/A
	Salary escalation	7.00%
	Medical cost inflation	N/A

Effective April 1, 2006, the Company adopted the revised Accounting Standard on Employee Benefits. Pursuant to the adoption **Rs. 26.68 crores** (net of tax **Rs. 10.12 crores**) has been adjusted to general reserve.

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

(B) Notes to the Profit and Loss Account : (contd.) **"14" [Item No. 21]**

(Rs. in crores)

			2006-07	2005-06
(3)	Earnings Per Share:			
(a)	Profit for the year	Rs. crores	**2169.99**	1728.09
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos.	**384,544,205**	376,804,863
(c)	The nominal value per Ordinary Share	Rupees	**10**	10
(d)	Earnings Per Share (Basic)	Rupees	**56.43**	45.86
(e)	Profit for the year for Basic EPS	Rs. crores	**2169.99**	1728.09
	Add: Interest payable on outstanding Foreign Currency Convertible Notes	Rs. crores	**9.94**	10.18
(f)	Profit for the year for Diluted EPS	Rs. crores	**2179.93**	1738.27
(g)	The weighted average number of Ordinary Shares for Basic EPS	Nos.	**384,544,205**	376,804,863
	Add: Adjustment for Options relating to warrants, fractional coupons and Foreign Currency Convertible Notes	Nos.	**22,622,790**	26,042,196
(h)	The weighted average number of Ordinary Shares for Diluted EPS	Nos.	**407,166,995**	402,847,059
(j)	Earnings Per Share (Diluted)	Rupees	**53.54**	43.15

		2006-07	2005-06
(4)	Other provisions include:		
(a)	Product warranty :		
	Opening Balance	**178.25**	177.87
	Add: Provision for the year (net) (including additional provision for earlier years)	**241.33**	175.63
	Less: Payments / debits (net of recoveries from suppliers)	**(203.72)**	(175.25)
	Closing Balance	**215.86**	178.25
	The provision is expected to be utilised for settlement of warranty claims within a period of 2 to 3 years.		
(b)	Premium on redemption of Foreign Currency Convertible Notes (FCCN) :		
	Opening Balance	**298.20**	293.60
	Add / (Less) : Foreign currency exchange difference	**(7.00)**	5.87
	Less : Reversal due to conversion of FCCN	**(6.95)**	(1.27)
	Closing Balance	**284.25**	298.20

(5) The additional disclosures as required by AS-7 (Revised) on Construction Contracts are as follows:

a) Advance received is **Rs. 2.49 crores** (as at March 31, 2006 Rs. 5.76 crores)

b) Retention money is **Rs. 5.53 crores** (as at March 31, 2006 Rs. 3.63 crores)

c) Contract revenue recognised during the year is **Rs. 59.90 crores** (2005-06 Rs. 48.52 crores)

d) Aggregate amount of costs incurred and recognised profits (less recognised losses) **Rs. 64.60 crores** (as at March 31, 2006 Rs. 45.47 crores)

(6) The share of profit / (loss) in respect of investments in associate companies include the figures which are considered as per the unaudited financial statements / profit and loss account for the year ended March 31, 2007, as per the details given below :

Name of the Associate	Share in Post-acquisition Reserves and Profit and Loss Account upto March 31, 2007	Profit / (Loss) for the year ended March 31, 2007
	(Rs. in crores)	
Tata AutoComp Systems Ltd	**(0.27)**	**(9.08)**
Tata Securities Pvt. Ltd	**2.83**	**1.25**
TSR Darashaw Ltd	**1.18**	**0.92**
Hispano Carrocera, S. A	**(2.34)** *	**-** *
Tata Precision Industries Pte. Ltd	**(3.11)** *	**-** *
	(1.71)	**(6.91)**

* The share of loss restricted to carrying cost of investment.

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account

"14"[Item No. 21] (contd.)

(C) Other notes:

(1) In terms of the Scheme of Amalgamation (Scheme) sanctioned by order dated June 28, 2005, of Hon'ble High Court of Judicature at Mumbai, Tata Finance Ltd. (TFL) whose core business was providing finance for commercial vehicles, passenger cars and construction equipments was amalgamated with the Company with effect from April 1, 2005.

In accordance with the said Scheme:

(a) the Authorised Share Capital of the Company was increased to Rs. 4,10,00,00,000 divided into 41,00,00,000 Ordinary Shares of Rs. 10 each.

(b) the assets, liabilities, rights and obligations of TFL were vested in the Company with effect from April 1, 2005 and were recorded at their respective carrying values under the pooling of interest method of accounting for amalgamation after making adjustments to ensure uniform set of accounting policies as stated in (d) below.

(c) 1,45,04,949 Equity Shares of Rs. 10 each of the Company were issued as fully paid-up to the holders of 18,13,11,857 Equity Shares of TFL, in the ratio of 8 Shares of the Company of Rs. 10 each for every 100 Shares of TFL of Rs. 10 each, without payment being received in cash.

(d) the debit balance of Rs. 104.75 crores remaining in the Profit and Loss Account of TFL was transferred to General Reserve and an amount of Rs. 20.47 crores (net of deferred tax) was adjusted to the General Reserve to ensure uniform set of accounting policies, in respect of some of the items of TFL.

(e) the reserves of TFL were incorporated in the Company's books of accounts as reduced by Rs. 59.93 crores towards cost of investments of the Company in the Equity Shares of TFL.

(f) the Preference Share Capital of TFL of Rs. 150 crores was fully adjusted against the investments of the Company in the said Capital.

(g) the difference of Rs. 185.30 crores between the amounts recorded as Equity Share Capital to be issued to TFL shareholders and the amount of the Equity Share Capital of TFL was credited to the General Reserve of the Company.

(h) Arrears of dividend on cumulative preference shares of TFL was provided from the brought forward profits of the Company.

(2) In terms of the Scheme of Amalgamation (Scheme) sanctioned by order dated June 29, 2005, of Hon'ble High Court of Judicature at Mumbai, Telco Dadajee Dhackjee Ltd (TDDL) and Suryodaya Capital Finance (Bombay) Ltd (SCFL), both 100% subsidiaries of the Company as on March 31, 2005, were amalgamated with the Company with effect from April 1, 2005.

In accordance with the said Scheme:

(a) the assets, liabilities, rights and obligations of TDDL and SCFL were vested in the Company with effect from April 1, 2005 and were recorded at their respective carrying values under the pooling of interest method of accounting for amalgamation after making adjustments to ensure uniform set of accounting policies as stated in (b) below.

(b) the credit balance of Rs. 0.66 crore remaining in the Profit and Loss Accounts of TDDL and the debit balance of Rs. 0.01 crore of SCFL were transferred to the General Reserve of the Company and an amount of Rs. 0.08 crore was adjusted to the General Reserve to ensure uniform set of accounting policies, in respect of some of the items of TDDL.

(c) the paid up share capital of TDDL and SCFL of Rs. 0.65 crore and Rs. 0.05 crore respectively were adjusted against the cost of investment of the Company in the equity share capital of TDDL and SCFL respectively, and the balance cost of investment of Rs. 44.61 crores and Rs. 0.77 crore of the Company in the equity share capital of TDDL and SCFL respectively, were adjusted against the reserves of the Company as under :

- Securities Premium Rs. 11.56 crores (TDDL)
- General Reserves Rs. 33.82 crores

(d) the Special Reserve (created pursuant to section 45 IC of the RBI Act, 1934) of Rs. 1.27 crores and the Revaluation Reserve of Rs. 26.82 crores were recorded in the Company's books in the same form.

(3) The financial results for the year ended March 31, 2006 include the results of the operations of INCAT International Plc. (INCAT) for the period October 3, 2005 to March 31, 2006, of Tata Technologies (Thailand) Limited (TTL Thailand) for the period October 10, 2005 to March 31, 2006, and Tata Technologies Pte. Limited, Singapore (TTPL Singapore) for the period December 7, 2005 to March 31, 2006. The comparative figures for the year ended March 31, 2007, includes the results of the operations of INCAT, TTL Thailand and TTPL Singapore for the entire year and as such, the financial results for the year ended March 31, 2006, are not comparable to this extent.

(4) Previous year figures have been re-grouped where necessary.

(5) Current year figures are shown in bold prints.

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

Sr. No.	Name of the subsidiary company	Financial year of the subsidiary ended on	Shares of the subsidiary held by the Company directly or through its subsidiary companies on March 31, 2007		Net aggregate amount of profit / (loss) of the subsidiary for the financial year of the subsidiary so far as they concern members of the Company:		Net aggregate amount of profits / (losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company:	
			Number and face value	Extent of holding (%)	dealt with in the accounts of the Company for the year ended March 31, 2007	not dealt with in the accounts of the Company for the year ended March 31, 2007	dealt with in the accounts of the Company for the year ended March 31, 2007	not dealt with in the accounts of the Company for the year ended March 31, 2007
1	Tata Daewoo Commercial Vehicle Co. Limited	March 31, 2007	3,016,060 ordinary shares of KRW 5,000 each fully paid up	100.00	Nil	974,581,661	Nil	663,689,947
2	Telco Construction Equipment Company Limited	March 31, 2007	60,000,000 ordinary shares of Rs.10/- each fully paid up	60.00	Nil	1,103,159,765	345,342,466 #	523,858,185
3	Tata Technologies Limited	March 31, 2007	30,300,600 ordinary shares of Rs. 10/- each fully paid up	84.76	Nil	121,121,040	188,007,298	142,749,655
4	TAL Manufacturing Solutions Limited	March 31, 2007	65,000,000 ordinary shares of Rs. 10/- each fully paid up	100.00	Nil	83,129,027	Nil	(185,922,055)
5	HV Axles Limited	March 31, 2007	45,000,000 ordinary shares of Rs.10/- each fully paid up	100.00	157,500,000	421,462,441	360,000,000	777,371,881
6	HV Transmissions Limited	March 31, 2007	40,000,000 ordinary shares of Rs.10/- each fully paid up	100.00	140,000,000	309,587,141	320,000,000	491,928,230
7	Sheba Properties Limited	March 31, 2007	7,500,000 ordinary shares of Rs.100/- each fully paid up	100.00	Nil	135,045,429	117,070,233	224,825,842
8	Concorde Motors (India) Limited	March 31, 2007	2,448,120 ordinary shares of Rs. 10/- each fully paid up	100.00	27,840,265	89,749,589	31,249,246	117,527,042
9	Tata Motors Insurance Services Limited	March 31, 2007	500,000 ordinary shares of Rs. 10/- each fully paid up	100.00	Nil	(1,563,210)	Nil	8,202,535
10	Tata Motors European Technichal Centre Plc.	March 31, 2007	500,000 ordinary shares of GBP 1 each fully paid up	100.00	Nil	4,089,351	Nil	(4,424,070)
11	TML Financial Services Limited (w.e.f. June 1, 2006)	March 31, 2007	450,000,000 ordinary shares of Rs. 10/- each fully paid up	100.00	Nil	127,928,344	NA	NA
12	Tata Marcopolo Motors Limited (w.e.f. September 20, 2006)	March 31, 2007	25,500 ordinary shares of Rs. 10/- each fully paid up	51.00	Nil	(2,240,944)	NA	NA
13	Tata Motors (Thailand) Limited (w.e.f. February 28, 2007)	-	3,507,000 ordinary shares of THB 100/- each (25% paid up, i.e. THB 25 per share)	70.00	Nil	Nil	NA	NA
14	Tata Technologies Pte Limited *	March 31, 2007	84,960,000 ordinary shares of SGD 1 each fully paid up	84.76	Nil	9,045,900	Nil	5,413,896
15	Tata Technologies Investments Pte Limited * @	March 31, 2007	1,000 ordinary shares of SGD 1 each fully paid up	46.62	Nil	2,374,304	Nil	(1,425,650)
16	Tata Technologies Sdn Bhd *	March 31, 2007	4 ordinary shares of RM 1 each fully paid up	84.76	Nil	(86,137)	Nil	(19,367)
17	INCAT (Thailand) Limited (formerly known as Tata Technologies (Thailand) Limited) *	March 31, 2007	360,000 ordinary shares at 50 Baht each	84.76	Nil	(5,587,868)	Nil	(10,567,984)

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

Sr. No.	Name of the subsidiary company	Financial year of the subsidiary ended on	Shares of the subsidiary held by the Company directly or through its subsidiary companies on March 31, 2007		Net aggregate amount of profit / (loss) of the subsidiary for the financial year of the subsidiary so far as they concern members of the Company:		Net aggregate amount of profits / (losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company:	
			Number and face value	Extent of holding (%)	dealt with in the accounts of the Company for the year ended March 31, 2007	not dealt with in the accounts of the Company for the year ended March 31, 2007	dealt with in the accounts of the Company for the year ended March 31, 2007	not dealt with in the accounts of the Company for the year ended March 31, 2007
18	INCAT International Plc *	March 31, 2007	24,275,000 ordinary shares of Penny 1 each fully paid up	84.76	Nil	(19,384,137)	Nil	53,838,222
19	INCAT Limited *	March 31, 2007	10,000 ordinary shares of GBP 1 each fully paid up	84.76	Nil	25,924,360	Nil	29,838,169
20	INCAT Systems Inc. *	March 31, 2007	840,000 shares of class B common stock with no par value	84.88	Nil	53,945,354	Nil	67,399,170
21	INCAT Solutions of Canada Inc. *	March 31, 2007	1 share of no par value	84.88	Nil	(7,566,073)	Nil	(2,114,472)
22	Integrated Systems Technologies de Mexico, S.A. de C.V. *	March 31, 2007	N/A	84.88	Nil	480,306	Nil	4,229,892
23	Tata Technologies iKS Inc. (formerly known as iKnowledge Solutions Inc.) *	March 31, 2007	31,400 shares of no par value	84.76	Nil	(10,741,927)	Nil	(11,410,008)
24	CADPO Asia Limited * @	March 31, 2007	293,281 ordinary shares of SGD 1 each fully paid up	84.76	Nil	3,910,454	Nil	670,574
25	INCAT GmbH *	March 31, 2007	1,637 ordinary shares of Euro 100 each	84.76	Nil	6,529,840	Nil	1,707,461
26	Cedis Mechanical Engineering GmbH *	March 31, 2007	1,500 ordinary shares of Euro 51.13 each	84.76	Nil	14,606,165	Nil	(2,866,820)
27	INCAT SAS *	March 31, 2007	70,000 shares of Euro 1 each	84.76	Nil	(659,101)	Nil	2,896,559
28	INCAT KK *	March 31, 2007	300 shares of Yen 100,000 each	84.76	Nil	(5,670,218)	Nil	(2,509,184)
29	INCAT Holdings BV *	March 31, 2007	40 ordinary shares of Euro 453.775 each fully paid up	84.76	Nil	(10,064,704)	Nil	346,277
30	Lemmerpoort BV (formerly known as INCAT Engineering Solution BV) * @	March 31, 2007	18,000 ordinary shares of Euro 1 each fully paid up	84.76	Nil	9,981,839	Nil	3,182,763

* By virtue of Section 4 (1) (c) of the Companies Act, 1956, these are subsidiaries of the Company.
@ These companies are under liquidation.
\# Includes dividend received by Sheba Properties Limited, 100% subsidiary of the Company.

For and on behalf of the Board

RATAN N TATA
Chairman
N A SOONAWALA
J J IRANI
V R MEHTA
R GOPALAKRISHNAN
N N WADIA
S A NAIK
S M PALIA
Directors

RAVI KANT
Managing Director

PRAVEEN P KADLE
Executive Director
H K SETHNA
Company Secretary

Mumbai, May 18, 2007