TATA MOTORS LTD/FI
Form 20FR12B
September 15, 2004
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As filed with the Securities and Exchange Commission on September 15, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

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

OR

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

For the fiscal year ended

OR

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

For the transition period from to

Commission file number:

TATA MOTORS LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant s name into English)

	Bombay House
	24, Homi Mody Street,
Republic of India	**Mumbai 400 001, India**
(Jurisdiction of incorporation or organization)	**(Address of principal executive offices)**

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

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value Rs.10 per share*	**The New York Stock Exchange, Inc.**

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

None

(Title of Class)

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

None

(Title of Class)

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

Not applicable

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

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

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

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In this registration statement:

References to we , our and us are to Tata Motors Limited and its consolidated subsidiaries except as the context otherwise requires;

References to dollar , and US$ are to the lawful currency of the United States of America, and references to rupees and Rs. are to the lawful currency of India;

References to US GAAP are to accounting principles generally accepted in the United States, and references to Indian GAAP are to accounting principles generally accepted in India;

References to an ADS are to an American Depositary Share, and references to an ADR are to an American Depositary Receipt;

References to light commercial vehicles, or LCVs, medium commercial vehicles, or MCVs, and heavy commercial vehicles, or HCVs, refer to vehicles that have gross vehicle weight, or GVW, of up to 7.5 metric tonnes, between 7.5 and 16.2 metric tonnes, and over 16.2 metric tonnes, respectively;

References to passenger cars refer to vehicles that have a seating capacity of up to six persons, excluding the driver, and is further classified into the following segments: mini-cars which have a length of up to 3,400mm; compact cars which have a length between 3,401mm and 4,000mm; mid-size cars which have length of between 4,001mm and 4,500mm; executive cars which have a length between 4,501mm and 4,700mm and; premium cars and luxury cars which have a length between 4,701 and 5,000mm, and above 5,001mm, respectively.

References to utility vehicles, or UVs, and multi-purpose vehicles, or MPVs, refer to vehicles that have a seating capacity of seven to twelve persons, excluding the driver, and van-type vehicles that have a seating capacity of seven to twelve persons, excluding the driver, respectively.

Unless otherwise stated, comparative and empirical industry data in this registration statement have been derived from published reports of the Society of Indian Automobile Manufacturers, or SIAM;

References to a particular fiscal year are to our fiscal year ended on March 31 of that year;

Figures in tables may not add up to totals due to rounding;

Millimeters or mm are equal to 1/1000 of a meter. A meter is equal to approximately 39.37 inches and a millimeter is equal to approximately 0.039 inch; and

Kilograms or kg are each equal to approximately 2.2 pounds, and metric tonnes are equal to 1,000 kilograms or approximately 2,200 pounds.

litres are equivalent to 61.02 cubic inches of volume, or approximately 1.057 U.S. quarts of liquid measure.

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Special Note Regarding Forward-looking Statements

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

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

- general political, social and economic conditions, and the competitive environment in India and other markets in which we operate and sell our products;
- fluctuations in the currency exchange rate of the rupee to the dollar and other currencies;
- accidents and natural disasters;
- terms on which we finance our working capital and capital and product development expenditures and investment requirements;
- implementation of new projects, including mergers and acquisitions, planned by management;
- contractual arrangements with suppliers;
- government policies including those specifically regarding the automotive industry, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;
- significant movements in the prices of key inputs such as steel, aluminum, rubber and plastics; and
- other factors beyond our control.

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

A. Directors and Senior Management.

The information required by this item is set forth in Item 6.A of this registration statement.

B. Advisers.

Not applicable.

C. Auditors.

Deloitte Haskins & Sells have acted as our auditors with respect to our US GAAP consolidated financial statements as of March 31, 2003 and 2004 and for the fiscal years ended March 31, 2002, 2003 and 2004. S.B. Billimoria & Co. and A.F. Ferguson & Co. have acted as our joint auditors with respect to our Indian GAAP consolidated financial statements as of and for the fiscal years ended March 31, 2002, 2003 and 2004. S.B. Billimoria & Co. have acted as our auditors with respect to our Indian GAAP consolidated selected financial data for the fiscal years for 2000 and 2001. The offices of Deloitte Haskins & Sells and S.B. Billimoria & Co. are located at 12, Dr. Annie Besant Road, Worli, Mumbai 400 018, India. The offices of A.F. Ferguson & Co. are located at Allahabad Bank Building, Mumbai Samachar Marg, Mumbai 400 001, India. Deloitte Haskins & Sells, S.B. Billimoria & Co. and A.F. Ferguson & Co. are registered firms with the Institute of Chartered Accountants of India. Deloitte Haskins & Sells also is a registered public accounting firm with the Public Company Accounting Oversight Board in the United States.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data.

The first of the following two tables sets forth selected financial data including selected historical financial information as of and for each of the fiscal years ended March 31, 2002, 2003 and 2004 in accordance with accounting principles generally accepted in the United States, or US GAAP. The second of the following two tables sets forth selected financial data including selected historical financial information as of and for each of the fiscal years ended March 31, 2000 through 2004 in accordance with accounting principles generally accepted in India, or Indian GAAP, retroactively consolidated as described below for the fiscal years ended March 31, 2000 and 2001.

The selected US GAAP consolidated financial data as of March 31, 2003 and 2004 and for each of the fiscal years ended March 31, 2002, 2003 and 2004 are derived from our audited US GAAP consolidated financial statements included in this registration statement together with the report of Deloitte Haskins & Sells, independent auditors, who have reported that they carried out their audit in accordance with standards of the Public Company Accounting Oversight Board (United States). The selected US GAAP consolidated financial data as of March 31, 2002 are derived from our audited US GAAP consolidated financial statements not included in this registration statement.

The selected consolidated Indian GAAP financial data as of and for each of the fiscal years ended March 31, 2002, 2003 and 2004 are derived from our audited consolidated Indian GAAP financial statements

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not included in this registration statement. Those financial statements have been jointly audited in accordance with Indian auditing standards by S.B.Billimoria & Co. and A.F.Ferguson & Co., whose joint audit reports for each of those years place reliance on other auditors as permitted by Indian auditing standards for approximately 1% of our Indian GAAP consolidated total assets and 2% of our Indian GAAP consolidated total revenues. Until April 1, 2001, Indian GAAP did not require the preparation of consolidated financial statements and until April 1, 2002, did not require equity accounting for affiliates, and accordingly, we have not previously prepared or published consolidated financial statements for fiscal years ending prior to April 1, 2002. For the purposes of this registration statement, we have retroactively prepared our selected Indian GAAP financial data on a consolidated basis as of and for each of the years ended March 31, 2000 and 2001, and have adjusted our Indian GAAP financial data as of and for the year ended March 31, 2002 to equity account for our affiliates.

The selected consolidated Indian GAAP financial data as of and for each of the years ended March 31, 2000 and 2001 have been audited by S.B.Billimoria & Co. and are derived from our audited unconsolidated Indian GAAP financial statements and the audited unconsolidated financial statements of our subsidiaries and affiliates, none of which are presented in this registration statement. Our audited unconsolidated financial statements, which account for approximately 98% of our Indian GAAP consolidated total assets and 95% of our Indian GAAP consolidated total revenues, were jointly audited by S.B.Billimoria & Co. and A.F.Ferguson & Co. in accordance with Indian auditing standards and their audit reports for those years were unqualified.

You should read our selected financial data in conjunction with Item 5 Operating and Financial Review and Prospects and Annex A Reconciliation of Net Income and Shareholders Equity between US GAAP and Indian GAAP .

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Selected Financial Data Prepared in Accordance with US GAAP

	For the year ended March 31,			
	2002	2003	2004	2004
	(in Rs. millions, except share and per share data)			(in US$ millions, except share and per share data)
Statement of Operations Data				
Operating (Loss)/Income				
Net sales	75,941.4	94,753.8	138,293.4	3,186.5
Finance income	750.2	976.7	1,402.3	32.3
Total revenues	76,691.6	95,730.5	139,695.7	3,218.8
Cost of sales	62,243.8	74,038.5	108,159.6	2,492.2
Gross margin	14,447.8	21,692.0	31,536.1	726.6
Operating Expenses				
Selling, general and administrative	13,118.1	13,210.0	15,648.3	360.6
Research and development	1,214.4	1,536.2	1,282.0	29.5
Employee separation compensation	886.7	32.6	386.3	8.9
Total operating expenses	15,219.2	14,778.8	17,316.6	399.0
Operating (loss)/income	(771.4)	6,913.2	14,219.5	327.6
Non-operating income (expense), net				
Non operating revenue	1,927.9	1,391.1	2,144.6	49.4
Interest income	383.8	412.4	349.6	8.1
Interest expense,	(5,199.9)	(4,090.4)	(2,684.3)	(61.9)
Total non-operating income (expense), net	(2,888.2)	(2,286.9)	(190.1)	(4.4)
(Loss) income before income taxes	(3,659.6)	4,626.3	14,029.4	323.2
Income tax benefit/(expense)	513.0	(1,888.4)	(5,264.0)	(121.3)
Equity in net (loss)/income of affiliates	(353.7)	46.1	363.4	8.4
Minority interest	86.4	(14.7)	(228.9)	(5.3)
Net (loss) income	(3,413.9)	2,769.3	8,899.9	205.0

Weighted average no. of shares used in computing (loss) earnings per share:								
Basic		256,024,621		319,777,248		328,306,904		328,306,904
Diluted		256,024,621		319,777,248		363,123,828		363,123,828
(Loss) earnings per share:								
Basic	Rs.	(13.3)	Rs.	8.7	Rs.	27.1	US$	0.62
Diluted	Rs.	(13.3)	Rs.	8.7	Rs.	25.3	US$	0.58

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	As of March 31,			
	2002	2003	2004	2004
		(in Rs. millions)		(in US$ millions)
Balance Sheet Data				
Current Assets:				
Cash and cash equivalents	3,312.4	2,758.7	6,511.1	150.0
Short term deposits with banks			2,727.7	62.9
Finance receivables, net of allowances	1,203.7	2,098.3	3,053.7	70.4
Accounts receivable, net of allowances	6,594.3	5,519.8	8,199.1	188.9
Inventories	11,881.9	13,539.8	15,143.7	348.9
Deferred income taxes	848.4	587.7	946.5	21.8
Prepaid expenses and other current assets, net of allowances	5,623.6	4,909.1	5,254.6	121.1
Total Current Assets	29,464.3	29,413.4	41,836.4	964.0
Investments	4,306.2	5,738.0	27,052.3	623.3
Equity in affiliates	1,390.6	1,766.6	1,870.7	43.1
Finance receivables: non-current	1,388.1	3,166.5	5,222.6	120.3
Property, plant and equipment, net	37,602.9	36,601.7	35,478.5	817.5
Deferred income taxes: non current	1,261.0			
Other non-current assets	2,149.1	2,075.8	2,414.9	55.6
Total Assets	77,562.2	78,762.0	113,875.4	2623.8
Liabilities and Shareholders Equity				
Current liabilities:				
Accounts payable	16,374.4	18,926.0	25,514.5	587.9
Acceptances	8,578.6	12,710.7	16,636.6	383.3
Accrued expenses and other current liabilities	5,087.5	5,188.9	10,294.8	237.2
Short term loans	10,569.0	5,713.8	7,758.9	178.8
Total current liabilities	40,609.5	42,539.4	60,204.8	1,387.2
Deferred income taxes		240.6	4,059.8	93.5
Long term debt	18,542.0	13,877.4	10,804.1	248.9
Total liabilities	59,151.5	56,657.4	75,068.7	1,729.6
Minority interests	979.9	1,189.0	1,429.1	33.0
Commitments and contingencies				
Shareholders Equity:				
Ordinary Shares	3,198.2	3,198.3	3,530.0	81.3
Additional paid-in capital	21,459.4	21,459.4	26,872.3	619.2
Accumulated other comprehensive (loss) income	(976.1)	(260.7)	4,578.6	105.5
Capital redemption reserve	22.8	22.8	22.8	0.5
Debenture redemption reserve	3,341.5	3,341.5	3,445.0	79.4
Special reserve	32.1	39.1	55.8	1.3
Accumulated deficit	(9,647.1)	(6,884.8)	(1,126.9)	(26.0)
Total shareholders equity	17,430.8	20,915.6	37,377.6	861.2
Total Liabilities and Shareholders Equity	77,562.2	78,762.0	113,875.4	2,623.8

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Selected Financial Data Prepared in Accordance with Indian GAAP[(1)]

	For the year ended March 31,[(2)]				
	2000	2001	2002	2003	2004
	(in Rs. millions)				
Profit and Loss Account Data:					
Net revenues	79,167.2	72,165.7	79,315.4	96,312.9	139,809.2
Profit/(loss) before extraordinary/exceptional items and tax	(178.6)	(4,621.4)	(1,260.5)	5,235.0	14,518.2
Extraordinary/exceptional items[(3)]		(703.1)	(542.9)	200.0	(69.5)
Profit/(loss) before tax	(178.6)	(5,324.5)	(1,803.4)	5,435.0	14,448.7
Profit/(loss) after tax	(286.6)	(5,373.2)	(1,129.4)	3,171.0	9,141.0
Profit/(loss) after minority interest	(354.3)	(5,482.6)	(1,953.3)	2,971.2	9,152.9
Net Income per Share (from continuing operations):					
Basic	(1.3)	(20.2)	(7.2)	9.3	27.9
Diluted	(1.3)	(20.2)	(7.2)	9.1	25.7

	As of March 31,				
	2000	2001	2002	2003	2004
	(in Rs. millions)				
Balance Sheet Data:					
Fixed assets	42,967.7	41,538.1	38,250.9	37,143.9	40,471.9
Investments	9,656.5	9,390.1	6,231.1	7,276.2	23,537.6
Net current assets	6,856.0	4,147.7	2,556.7	(4,226.3)	(5,716.3)
Other assets	8,452.2	10,057.8	2,205.6	1,323.9	1,047.3
Total Assets	67,932.4	65,133.7	49,244.3	41,517.7	59,340.5
Shareholders funds[(4)]	35,487.7	30,003.4	20,638.8	22,200.1	36,556.7
Loan funds	31,966.8	34,629.3	28,203.1	17,896.5	16,984.2
Others	477.9	501.0	402.4	1,421.1	5,799.6
Total funds employed	67,932.4	65,133.7	49,244.3	41,517.7	59,340.5

(1) The consolidated financial data above account for Tata AutoComp Systems Ltd. for fiscal 2002, 2003 and 2004 and Concorde Motors Ltd. and Tata Precision Industries Pte. Ltd. for fiscal 2003 and 2004 as equity method affiliates, as these entities do not fall within the definition of subsidiaries under Indian GAAP.

(2) During these periods, the following significant changes were made to our accounting policies, thereby affecting the financial data presented:

(a) Consequent to the accounting standard on Intangible Assets (AS 26) becoming applicable, expenditure on product development which was earlier classified as deferred revenue expenditure is now accounted for from April 1, 2003 in accordance with the said standard accordingly,

(i) Product development cost including technical know-how on new vehicle platforms, variants on existing platforms and new vehicle aggregates are recognized as intangible assets and included under fixed assets. There is no effect of this change on the profit for the year, as the period of amortization is consistent with that followed in the previous year.

(ii) Product development expenditure relating to minor product enhancement, facelifts, upgrades etc. (including cost of incomplete development) amounting to Rs.516.4 million (including Rs.300.6 million incurred as at March 31, 2003) has been charged off during the year to profit and loss account.

(b) In fiscal 2003 the rate of depreciation on laptop computers and cars increased from 16.21% and 9.5% to 23.8% and 19.0%, respectively, resulting in additional depreciation of Rs.66.3 million.

(c) Consequent to AS 22 Accounting for Taxes on Income , issued by the Institute of Chartered Accountants of India, or ICAI, becoming mandatory with effect from April 1, 2001, we have recorded the cumulative net deferred tax liability as at March 31, 2001 of Rs.3,113.7 million as a charge to the general reserve on April 1, 2001 and Rs.82.7 million against the accumulated profit and loss account.

(d) In fiscal 2001, we have, with retrospective effect, changed our method of accounting for finance leases in accordance with the AS 19 Leases , issued by the ICAI. Consequent to the change, the charge in fiscal 2001 was lower by Rs.200.1 million (including Rs.24.0 million in respect of previous fiscal years).

(e) In view of the revised Guidance Note issued by the ICAI, effective from the accounting period starting on or after April 1, 1999, which requires that provision should be made for excise duty liability in respect of bonded goods, we have provided liability for excise duty and customs duty aggregating Rs.255.3 million, payable on goods held in bond at the year end, and therefore included the same in the valuation of inventories at the year end. This had no effect on our profit for fiscal 2000.

(f) Revenues in each of the years presented is net of excise duty collected from customers.

(g) We have retroactively accounted for affiliates from April 1, 1999 for the purposes of this presentation.

(3) Extraordinary/ Exceptional Items:

(a) The extraordinary charge of Rs.69.5 million in fiscal 2004 was comprised entirely of employee separation costs.

(b) The extraordinary income of Rs.200.0 million in fiscal 2003 represents write-back of provision for contingencies for a future trade investment made in fiscal 2002.

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(c) The extraordinary charge of Rs.542.9 million in fiscal 2002 was comprised of provision for diminution in value of investments of Rs.13.7 million, provision for contingencies of Rs.200.0 million and employee separation costs of Rs.329.2 million.

(d) The extraordinary charge of Rs.703.1 million in fiscal 2001 was comprised of employee separation costs of Rs.213.2 million and power costs relating to prior years of Rs.489.9 million.

(4) In fiscal 2002, consequent to our shareholders approval and the order of the High Court of Judicature at Mumbai dated May 2, 2002, Tata Motors Ltd. adjusted the debit balance of deferred revenue expenditure of Rs.9,500.5 million, capital work in progress of Rs.1,976.1 million and diminution in the value of investment of Rs.312.5 million in its Securities Premium Account. The deferred tax liability of Rs.3,415.2 million created in respect thereof has been credited to its Securities Premium Account.

Exchange Rate Information

For convenience, some of the financial amounts presented in this registration statement have been translated from rupee amounts into dollar amounts at the rate of Rs.43.40 = US$1.00, based on the noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York as of March 31, 2004, the date of our most recent balance sheet included in this registration statement. However, such translations do not imply that the rupee amounts have been, could have been or could be converted into dollars at that or any other rate.

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

Period	Period End	Period Average	High	Low
Year Ended March 31, 2000	43.65	43.39	43.75	42.50
Year Ended March 31, 2001	46.85	45.74	47.47	43.63
Year Ended March 31, 2002	48.83	47.71	48.91	46.58
Year Ended March 31, 2003	47.53	48.43	49.07	47.53
Year Ended March 31, 2004	43.40	45.98	47.46	43.40
April 2004	44.52	43.89	44.52	43.40
May 2004	45.42	45.18	45.57	44.55
June 2004	45.99	45.50	46.21	44.94
July 2004	46.40	46.06	46.45	45.66
August 2004 (through August 27, 2004)	46.28	46.32	46.40	46.21

Source: Federal Reserve Bank of New York

As of September 3, 2004, the rupee/dollar noon buying rate quoted by Federal Reserve Bank of New York was Rs.46.33 per US$1.00.

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B. Capitalization and Indebtedness

The following table sets forth our audited capitalization and indebtedness as of March 31, 2004 in accordance with US GAAP. Other than as indicated below, there has been no material change in our consolidated capitalization and indebtedness since March 31, 2004. You should read this table in conjunction with Item 3.A of this registration statement and our consolidated US GAAP financial statements and footnotes included in this registration statement.

	As of March 31, 2004	
	Actual	
	Rs.	US$
	(amounts in millions)	
Short-Term Debt[1]		
Total short-term debt (including current portion of long-term debt)	7,758.9	178.8
Long-Term Debt[1] [2]		
Guaranteed debt		
Secured and unguaranteed debt	7,681.5	177.0
Unsecured and unguaranteed debt[2]	3,122.6	71.9
Total long-term debt[1]	10,804.1	248.9
Shareholders Equity		
Total share capital:		
Ordinary shares, par value Rs.10/-, 400,000,000 shares authorized, 352,944,380 shares subscribed and outstanding [2] [3] [4] [5]	3,530.0	81.3
Additional paid in capital (share premium)[6]	26,872.3	619.2
Accumulated other comprehensive income	4,578.6	105.5
Other required reserves	3,523.6	81.2
Accumulated deficit	(1,126.9)	(26.0)
Total shareholders equity	37,377.6	861.2
Total capitalization[7]	48,181.7	1,110.1

(1) Short-term debt and long-term debt consist of loan funds as disclosed in our audited consolidated US GAAP financial statements as of March 31, 2004, included elsewhere in this registration statement.

(2) In July 2003, we issued an aggregate of US$100 million (equivalent to approximately Rs.4,578 million) convertible notes, of which as of June 30, 2004, US$10.8 million (equivalent to approximately Rs.497.5 million) aggregate principal amount has been converted into an aggregate of 1,983,949 ordinary shares subsequent to March 31, 2004, some of which are represented by depositary shares. In addition, in April 2004, we issued an aggregate of US$400 million (equivalent to approximately Rs.17,540 million) convertible notes, of which as of June 30, 2004, none had been converted.

(3) Net of Rs.0.1 million calls in arrears.

(4) Does not include 6,370,879 ordinary shares issuable upon exercise of outstanding warrants as of March 31, 2004. See Item 10.A of this registration statement. As of June 30, 2004, upon exercise of 3,048,041 warrants, we had allotted 3,048,041 ordinary shares, par value Rs.10, at a premium of Rs.110 each.

(5) As of June 30, 2004, 357,990,120 ordinary shares were issued, subscribed, fully paid-up and outstanding.

(6) As of June 30, 2004, additional paid in capital (share premium) included Rs.335.3 million on account of the allotment of 3,048,041 ordinary shares at a premium of Rs.110 and Rs.460.1 million on account of the allotment of 1,938,949 ordinary shares at a premium of Rs.240.745.

(7) Total capitalization consists of total long-term debt and total shareholders funds.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

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D. Risk Factors.

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

Risks Associated with Our Business

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

The Indian automotive industry is substantially affected by general economic conditions in India. In 1999, the automotive industry witnessed a recovery in demand after declining trends for two years. Demand for four-wheel vehicles again declined in the period from 2000 to late 2001, driven by poor economic conditions in India. Though there has been a significant increase in demand since early 2002, primarily due to significant growth of the gross domestic product, or GDP, and the construction of improved roadways in India, there can be no assurance that the Indian economy will not experience a downturn which may, in turn, significantly adversely affect our sales and results of operations. One driver of demand is the level of market interest rates, which impacts the cost of financing for purchasers of our products. While interest rates declined steadily during the last two years, there is no assurance that this trend will continue and an increase in market interest rates could have an adverse effect on demand for our products. Interest rates in the United States and some other countries have recently been increasing and this may lead to interest rate increases in India and other countries. On the other hand, decreases in market interest rates may lead to higher levels of prepayments of our loans receivable from customers, as they may seek to refinance their loans elsewhere. Although we have not experienced significant prepayments during past periods of declining interest rates, and while prepayments have not had any material adverse impact on our results of operations in the past, there can be no assurance that prepayments during periods of declining interest rates will not have a material adverse impact on our results of operations in the future as we seek to expand our customer financing business.

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

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

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

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

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The Indian automotive industry has historically been protected against competition from imported goods through a number of import restrictions, taxes and duties on automotive and related products. Many of those restrictions, however, have recently been lifted or relaxed. In 2001, all quantitative restrictions on the import of automobiles into India were removed. Additionally, in recent years, the Government of India has permitted automatic approvals for foreign equity ownership of up to 100% in entities manufacturing vehicles and components in India. These changes have led to dramatically increased competition from imported vehicles, including second hand or pre-owned vehicles. Though there remain relatively high tariffs on imports of vehicles and components, we expect tariffs on the import of components and cars in completely built units, or CBUs, and/or completely knocked down units, or CKDs, to be reduced in the future in line with India s obligations under its World Trade Organization agreement. There can be no assurance that there will be no further reductions in import duties on automotive products or a relaxation or removal of import restrictions, which may in turn adversely affect our results of operations.

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

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

Delays in construction of improved roadways in India could adversely affect the demand for our existing and future products.

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

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

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

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

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

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

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

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

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

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

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

In fiscal 2003 and 2004, consumption of raw materials and components formed approximately 77.1% and 77.6%, respectively, of our cost of sales. If costs of raw materials and components rise, and if we are not able to recover these costs through cost saving measures elsewhere or are unable to increase the selling prices of our vehicles due to competitive pressure, our margins and results of operations would be adversely affected. For example, prices for much of the steel we use in vehicle manufacturing have increased significantly in recent periods and we have not been able to fully pass along these increases through higher selling prices for our vehicles.

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

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

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

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

Fluctuations in exchange rates could result in foreign exchange losses.

Devaluations or depreciation of the value of the rupee can influence the cost of our borrowings denominated in currencies other than rupees and increase the cost of our imports, while an appreciation of the value of the rupee, which has occurred against the dollar since early 2003, can adversely impact our exports. As of March 31, 2004, approximately 63.6% of our borrowings were denominated in dollars and other non-rupee currencies. Further, in fiscal 2003 and 2004, 4.2% and 4.6%, respectively, of our total raw material costs were incurred in dollars and other non-rupee currencies, and in fiscal 2003 and 2004, 5.4% and 7.9%, respectively, of our total revenues were derived from international markets. Any significant fluctuation to our disadvantage in exchange rates may have an adverse effect on our financial condition. Although we engage in some currency hedging in order to decrease our foreign exchange exposure, a weakening of the rupee against the dollar and other major foreign currencies may have an adverse effect on our cost of borrowing in rupee terms and consequently may increase the cost of financing our expenditure in rupee terms. In addition,

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we have experienced and can be expected to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities. Although the fluctuations in the value of the rupee against the dollar has not had a material adverse effect on our financial condition and results of operations in recent periods, the depreciation in the value of the rupee against the dollar in recent months may lead to adverse effects on our financial condition and results of operations during the current fiscal year and in future periods, in part because of the additional dollar-denominated debt that we have incurred during the first quarter of the current fiscal year.

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

We recently acquired Daewoo Commercial Vehicle Co. Ltd. (now named Tata Daewoo Commercial Vehicle Co. Ltd. or TDCV) in South Korea. We also continue to evaluate other merger and acquisition opportunities and plan to make additional mergers or acquisitions in the future if suitable opportunities arise. These may dilute our earnings per share as a result of the specific scope of the business or condition of the operations being merged with or acquired. Mergers and acquisitions involve risks, including:

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

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

We may be adversely affected by labor unrest

All of our regular employees and those of our consolidated subsidiaries in India, other than management, are members of labor unions and are covered by our wage agreements with those labor unions that have varying terms (typically three years) at different locations. Our wage agreements for Pune (excluding the car plant), the Pune car plant, Jamshedpur, Mumbai and Lucknow are valid until August 31, 2006, March 31, 2007, March 31, 2007, December 31, 2006 and March 31, 2005, respectively. In general, we consider our labor relations with all of our employees to be good. However, in March 2000, we were compelled to declare a lock-out in our Lucknow factory, which was lifted in September 2000 on the formation of a new union. Though we have not experienced any other labor unrest since 2000, we may in the future be subject to labor unrest, which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If such work stoppages or lock-outs occur or continue for a long period of time, our business, financial condition or results of operations may be adversely affected.

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Risks Associated with Investments in an Indian Company

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

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

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant. In a general election that took place in India in April and May 2004, the incumbent coalition government of the National Democratic Alliance, formed in October 1999, was defeated and the United Progressive Alliance, a multi-party coalition headed by the Congress Party, has formed the new government. Though the Congress Party has publicly indicated an intention to continue India s program of economic reform through a program agreed to in consultation with all coalition parties, the United Progressive Alliance consists of parties with differing agendas, which could result in political instability, and as such the rate of economic liberalization could change, and specific laws and policies affecting automotive companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Uncertainty regarding possible policy changes immediately after elections has in the past resulted in significant volatility in price and trading volumes of securities of Indian companies. A significant change in India s economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

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

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

The sale of our shares by foreign investors to Indian residents is subject to restrictions under Indian law, which may adversely impact the market price of our ADSs and shares.

Under current Indian regulations and practice, the approval of the RBI is required for the sale of our shares (including shares withdrawn from our ADS facilities) by a non-resident of India to a resident of India, unless the sale is made through a stock exchange. Under currency exchange controls that are in effect in India, any approval granted by the RBI will specify a limit on the price at which our shares may be transferred based on a specified formula, and a higher price per share may not be permitted. Additionally, shareholders who seek to convert the rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will have to obtain RBI approval for each transaction unless sold through a stock exchange. We cannot assure you that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all. See Item 10.D Exchange Controls .

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

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

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

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

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

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

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

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Risks Relating to our Shares and ADSs

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

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

The exchange rate between the rupee and the dollar has changed substantially in the last two decades and may fluctuate substantially in the future. On an annual average basis, the rupee declined against the dollar from 1980 to 2002. The rupee lost approximately 15% of its value relative to the dollar in the three year period ended March 31, 2002, depreciating from a rate of Rs.42.50 = US$1.00 on March 31, 1999, to a rate of Rs.48.83 = US$1.00 on March 29, 2002, the last business day of our fiscal year ended March 31, 2002. During fiscal 2003 and fiscal 2004 the rupee generally appreciated in value against the dollar, from an exchange rate of Rs.48.83 = US$1.00 on March 29, 2002 to an exchange rate of Rs.43.40 = US$1.00 as of March 31, 2004. Since the beginning of our current fiscal year, the rupee has depreciated in value against the dollar from an exchange rate of Rs.43.40 = US$1.00 as of March 31, 2004 to Rs.46.34 = US$1.00 as of August 10, 2004.

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

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

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

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

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

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

Item 4. Information on the Company.

A. History and Development of the Company.

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

We have continuously been expanding and upgrading our automotive product portfolio and have added a wide range of vehicles. Our most significant achievement in this field has been the design and development of India s first and, currently, only fully indigenous contemporary compact car, the Indica. The launch of the Indica in 1998 and its upgraded V2 version in fiscal 2001 has been followed by a second

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offering, the Indigo, in the mid-size segment. Since its launch in December 2002, the Indigo has been the highest selling model in the mid-size segment in India. We have also recently launched a facelift of the Indica and unveiled the Indigo Marina, which is expected to be commercially introduced in fiscal 2005.

We currently manufacture commercial vehicles ranging from a GVW of 2.5 to 40 metric tonnes, the Indica and Indigo passenger cars and the Sumo and Safari range of utility vehicles. We manufactured our one-millionth vehicle in fiscal 1991 and our two-millionth vehicle in fiscal 1998. In 2003, we achieved the milestone of having manufactured our three millionth vehicle since entering the automotive vehicle business in 1954, including our 500,000th passenger vehicle. In March 2004, we acquired 100% of Daewoo Commercial Vehicle Co. Ltd. of South Korea (now named Tata Daewoo Commercial Vehicle Co. Ltd., or TDCV).

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

Our operations include 11 consolidated subsidiaries and four material equity method affiliates, in respect of which we exercise significant influence. Tata Incorporated serves as our authorized United States representative. The address of Tata Incorporated is 3 Park Avenue, 27th Floor, New York, NY 10016.

Our registered office is located at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India and our telephone number is +91-22-5665-8282.

B. Business Overview.

Overview

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

Our business segments are (i) automotive operations and (ii) all other operations. Our automotive operations business segment includes the design, manufacture, assembly and sale of trucks (including pick-ups) and buses having a GVW ranging from 2.5 to 40 metric tonnes, passenger cars, utility vehicles and related parts and accessories, and the financing of our vehicles sales. Our other operations business segment includes information technology related business, construction equipment manufacturing, automotive vehicle components and supply chain activities, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for automotive and computer applications, automotive retailing and service operations, and real estate and investment businesses.

We are the largest commercial vehicle manufacturer and the second largest manufacturer of cars and utility vehicles in India in terms of fiscal 2004 units sold. We are also the fifth largest medium and heavy truck maker in the world in terms of units sold during the year ended March 31, 2004. In fiscal 2003 and 2004, we had total unit sales volume of vehicles manufactured in India of 219,859 and 314,259 vehicles, respectively, of which 210,050 and 292,213 vehicles were sold in India. In addition, TDCV sold 29 vehicles in fiscal 2004 subsequent to our acquisition of TDCV in late March 2004. Our overall four-wheel automotive vehicle market share, as classified by the Society of Indian Automobile Manufacturers, or SIAM, to include

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cars, utility vehicles and commercial vehicles (trucks, pick-ups and buses), in India in fiscal 2003 and 2004 was 23.4% and 25.2%, respectively. We have a market share in medium and heavy commercial vehicles, or MHCVs, in India of approximately 63.5% and 64.0% for fiscal 2003 and 2004, respectively, and have a significant presence in the compact and mid-size car market. For further details about our market shares, please see Competition below.

In India, we distribute our automotive products through 29 regional sales centers and a domestic network of over 400 independent dealer outlets. We have also established a nation-wide network of authorized after sales service centers. We distribute vehicles in South Korea through Daewoo Motor Sales Corporation, or DMSC, and the international sales of TDCV are through Daewoo International, Daewoo Construction and through our international vehicle distribution channel.

We operate four principal automotive manufacturing facilities that are located at Jamshedpur in eastern India, at Pune in western India, at Lucknow in northern India, and at Gunsan in South Korea. Our Indian vehicles are manufactured almost entirely from components made in India, many of which, including engines, transmissions and axles, are produced by us or our subsidiaries and affiliates with others being sourced from third party suppliers. We import only a limited number of specialized parts and components for our vehicles and specialized grades of steel. The vehicles made in South Korea are assembled primarily from Korea-manufactured aggregates and components, although some of the major aggregates are sourced from U.S. and European component suppliers. We had approximately 28,900 permanent employees, including approximately 7,000 permanent employees at our consolidated subsidiaries, as of March 31, 2004.

The Indian Automotive Market

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

- GDP;
- Pace of infrastructure development;
- Interest rates;
- Credit availability;
- Cost of fuel;
- Taxes and duties;
- Introduction of new vehicles and technologies;
- Competition in the market;

- Disposable income of consumers; and

- Regulations on safety and emission standards.

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

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A revival in economic conditions in fiscal 2003 and 2004 after nearly three years of low growth led to a sharp increase in sales of automotive vehicles in India to the highest ever level, with total sales of 1,161,000 units in fiscal 2004. We achieved a market share of 25.2% of all four-wheel vehicles sold in India in fiscal 2004. Due to the continued growth of the Indian economy and available trends in fiscal 2005 combined with increased credit availability at lower interest rates, we expect that sales of automotive vehicles in categories in which our products are positioned in India will continue to grow in fiscal 2005.

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

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

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

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

Our ability to compete in the consolidating global automotive industry will depend in part on the successful implementation of our business strategy. This is subject to a number of factors, some of which are not in our control. For details on these factors, please see Item 3. Key Information Risk Factors .

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Our Strategy

In this dynamic and competitive environment, our objective is to enhance our position and emerge as India s leading automotive manufacturer in all product categories in which we operate, as well as increasing our global reach. We intend to achieve this objective by leveraging our existing strengths, developing expertise and continuing as a low-cost, high-quality manufacturer. We also plan to increase our overseas sales by developing products that will be successful in international markets as well as through acquisitions in key regions.

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

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

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

Leveraging our Broad Product Range. We consider ourselves well positioned to compete across a broad range of products in the Indian automotive market due to strong brand recognition in India, our strong in-house engineering and manufacturing capabilities, extensive distribution network and good understanding of local consumer preferences. Our acquisition of TDCV has provided us with a complementary range of heavy vehicles which will help us accelerate our strategy of building global products.

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

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

Inorganic Growth. We recently acquired the truck division of Daewoo Motor Company in South Korea. This acquisition represents a major step in our corporate history. We will continue to look for other acquisitions with a view towards achieving our goal of becoming a global automotive company.

Reducing Costs and Breakeven Points. Since fiscal 2001, we have made significant reductions in our expense base, having achieved a cumulative reduction in fixed, variable and financial expenses. This has had a direct impact on our results of operations and contributed significantly to our return to profitability in fiscal 2003 and 2004. We continue to place an emphasis on reduction of production costs, overhead and other general costs, including by means of value engineering and cycle time reduction and more stringent

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working capital controls. We will continue to work with international and local operational and management consultants to achieve continued cost reductions and management efficiencies. We believe that productivity improvements and operational efficiencies will help lower our break-even levels and thus improve our results of operations.

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

Expanding our Distribution and Service Reach. Our automotive distribution network is one of the largest distribution networks in India. Our total distribution network in India spreads across 500 cities with over 400 outlets and is expected to further increase in line with market expansion. In South Korea we have 38 service outlets. We plan to continue to expand the reach of our network to cater to the increasing demand for our products.

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

Forming Alliances. In December 2002, we entered into an agreement with the MG Rover Group for the sale and distribution of the Indica passenger car under the Rover brand name, and the Safari and the Telcoline pick-up under the Tata brand name, in the UK, Ireland and other European markets. We will consider entering into similar alliances that could offer us opportunities for growth. While we design most of the parts for our products, these alliances could also extend to alternative sources for technology for upgraded aggregates and components for our products, if required.

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

Customer Financing. As financing is increasingly becoming a critical factor in vehicle purchases with the declining cost of financing and rising aspirations of the consumers in India, we intend to significantly expand our vehicle financing activities to give impetus to our vehicle sales. As part of our efforts to strengthen our activities in India, we recently entered into a joint marketing arrangement with Tata Finance Ltd., a non-banking finance company, pursuant to which we formed a joint marketing initiative comprised of employees from our Bureau of Hire Purchase and Credit and the asset financing division of Tata Finance Ltd., to approach the market with a common marketing front under the common brand of Tata Motors Finance. This joint team oversees the sales and marketing operations of the two companies, in order to align and integrate product and service offerings and business operations, and reduce costs and promote operational efficiency by rationalizing distribution networks, sharing information technology systems and mounting joint treasury operations.

Leveraging Our Low-Cost Product Development Capability. We intend to continue to leverage our strength in low cost product development. The development of our Indica passenger car from greenfield to launch for an annual capacity of 150,000 cars at an estimated cost of approximately Rs.16,848 million has set a benchmark in low cost automobile product development. Our engineering research centre, or ERC, comprises approximately 1,100 engineers who have access to CAD/CAM/CAE workstations and other support such as a crash test facility, a state-of-the-art hemi-anechoic noise and vibration test chamber, emission testing facilities and modern test tracks. We believe these facilities will help us to upgrade the quality of our products and substantially reduce new product development costs.

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

Remaining Environmentally and Safety Conscious. We are committed to sustaining what we believe to be a leading position in developing products that meet environmental and safety regulations in India earlier than statutorily mandated. Our vehicles are compliant with all mandated domestic regulations and also meet the more stringent emission and safety regulations in the overseas markets in which they are sold. We will continue to place a strong emphasis on the utilization of clean technologies in our manufacturing processes, so as to minimize waste products and environmental pollution. We have introduced versions of our vehicles that run using compressed natural gas, or CNG, as fuel to provide environment friendly solutions.

Continuing to Invest in Technology and Technical Skills. We believe we are one of the most technologically advanced indigenous vehicle manufacturers in India. Over the years, we have enhanced our technological strengths through co-operation with foreign research consultants as well as extensive internal research and development activities. These technical skills have given us competitive advantage in product design, manufacturing and quality control. We consider technological leadership to be a significant factor in continued success, and therefore intend to continue to devote significant resources to constantly upgrade our technological base. See Research and Development .

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

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

Automotive Operations

Our revenues from automotive operations were Rs.89,673.9 million and Rs.128,167.1 million in fiscal 2003 and 2004, respectively.

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

Our principal product line comprises:

- Passenger cars;
- Utility Vehicles (UVs);
- Light Commercial Vehicles (LCVs); and
- Medium and Heavy Commercial Vehicles (MHCVs)

Our main market is the Indian market, which accounted for approximately 95% and 92% of our total revenues and 96% and 93% of our unit sales in fiscal 2003 and 2004, respectively.

The following table sets forth our sales of vehicles manufactured in India (including exports) by unit for the periods indicated together with their respective percentage shares of unit sales for those periods:

	Year Ended March 31,

Category	2002 (units)	%	2003 (units)	%	2004 (units)	%
Passenger Cars	66,207	36.1	81,465	37.1	117,063	37.3
Utility Vehicles	27,271	14.9	25,397	11.5	34,048	10.8
Light Commercial Vehicles	30,265	16.5	36,473	16.6	55,454	17.6
Medium and Heavy Commercial Vehicles	59,481	32.5	76,524	34.8	107,694	34.3
Total	183,224	100.0	219,859	100.0	314,259	100.0

In addition, TDCV sold 29 vehicles in fiscal 2004 subsequent to our acquisition of TDCV in late March 2004.

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Our share of the total Indian four-wheeled automotive vehicle market in which our products compete was 23.4% and 25.2% in fiscal 2003 and 2004, respectively. Please see Competition for a breakdown of our market share by our line of products.

Passenger cars

Our current product line in passenger cars consists of compact and mid-size cars.

Our compact hatchback car, Indica, was first launched in 1998 and an upgraded version V2 was introduced in 2001. At the AutoExpo in January 2004, Asia s largest auto show, in Delhi, we launched a facelift of the Indica V2. Available in both diesel and gasoline engine options, it is the country s largest selling diesel car and is among the three leading compact car brands overall. In just 25 months from its launch in the market, we sold our 100,000th Indica and by March 2004, we had sold approximately 325,000 units.

In December 2002, we entered into an agreement with the MG Rover Group in the United Kingdom for the sale and distribution of the CityRover, an Indica incorporating Rover-specific modifications and meeting European safety and Euro III emission standards. Shipment of the CityRover commenced in October 2003 and over 6,600 CityRover cars were exported by the end of March 2004.

Based on the Indica platform, we introduced a mid-size sedan, the Indigo, in fiscal 2003. Since its launch, the Indigo has re-defined the customer price-points in the entry-level sedan market in India and is the highest selling mid-size car in the Indian market. We sold approximately 35,000 units of the Indigo from its launch in December 2002 through March 31, 2004. At the recently concluded AutoExpo 2004, we unveiled a station wagon version of the Indigo the Indigo Marina which we plan to commercially introduce in fiscal 2005.

In fiscal 2004 our domestic market share in passenger cars was 15.5%. All our vehicles in this category conform to Euro I and II emission norms. Euro III compliant vehicles are also available for international markets.

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

Model	Engine	Technical Specifications	Features	Seating Capacity
Tata Indica V2	1405 cc indirect injection diesel engine, 53.5 hp, or 1405 cc MPFI gasoline engine, 75 hp. Both Euro II compliant.	5 speed gear box; power steering; independent front and rear suspension.	Collapsible steering column, side impact bars on doors, child safety locks on rear doors. Air conditioning system, body color bumpers.	Five
Tata Indigo	Turbo-charged, 1405cc indirect injection diesel engine 62 hp, or 1405cc MPFI Petrol engine, 85 hp. Both Euro II compliant	5 speed gear box; power steering; independent McPherson strut with anti-roll bar, rack and pinion type steering.	Collapsible steering column, side impact bars on doors, air conditioning system, central locking, child safety lock, drivers	Five

seat belt/door open audio warning signal, high mounted stop lamp, anti-submarine front seats, remote release for fuel and trunk lid.

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Utility Vehicles

Our Sumo utility vehicle, first introduced in 1994, is available in different seating options from eight to 13 in different variants, including the Spacio, and for a variety of urban, semi-urban and rural applications. Since its launch through March 31, 2004, we had sold approximately 260,000 units. We have recently launched the Sumo Victa, a facelift version of Sumo. Our Safari sports utility vehicle was introduced in 1998 and was designed in-house with the assistance of International Automotive Design, UK. Targeted at the urban Indian youth, it has also been a highly successful product in European markets. From the time we launched the Safari in fiscal 1998 through March 2004, we sold approximately 31,000 units. Our domestic market share in utility vehicles was 22.0% for fiscal 2004. All our vehicles in this category conform to Euro I and II emission norms. Euro III compliant vehicles are also available for our international markets. The main specifications of our principal utility vehicle models are shown below:

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

Tata Safari EXi	486 PL, 2092 cc, MPFI Petrol, DOHC 16V, Euro II compliant, 135 hp.	5 speed G-76 gear box, independent front suspension, electric shift-on-the-fly 4WD mechanism (4x4 version), power steering, collapsible and tiltable steering column. Tachometer, front and rear fog lamps.	ABS, airbags (driver and co-driver), dual control split air conditioning system, central locking, child safety lock, rear windscreen wiper and washer. Alloy wheel rims (4x4), power windows, energy absorbing front and rear bumpers, door open warnings, immobilizer, lumbar support and contoured seats, aluminum side step, reading lamp, decals, bull guard.	Eight

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Light Commercial Vehicles (including pick-ups)

Under SIAM classifications, commercial vehicles with a GVW of up to 7.5 metric tonnes are classified as light commercial vehicles, or LCVs. We are the leading LCV manufacturer in India. For fiscal 2004, our LCV sales accounted for approximately 49.6% of the domestic unit sales of LCVs by all Indian manufacturers.

Our principal LCV in terms of sales is the TATA 407. Through March 2004, we sold approximately 350,000 units since its introduction in 1986. We also re-launched a new pick-up truck in fiscal 2003 Tata 207DI that has gained considerable customer acceptance and has enabled us to make significant gains in our LCV market share. In our efforts to focus on fully built vehicles, we recently launched the City Ride, a complete bus built on an LCV platform. All our LCV models comply with Euro I and II emission norms as applicable in India or international markets in which they are sold.

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

Model	Engine	Transmission	GVW	Typical Uses
TATA 407	Tata 497SP turbo, direct injection, 4 cylinder 71 hp diesel engine	5 speed GBS-18 synchromesh	5,300 kg	Trucks, goods carriers, vans, passenger carriers
TATA SFC 407EX	Tata 497SP turbo, direct injection, 4 cylinder 71 hp diesel engine	5 speed GBS-18 synchromesh	5,700 kg	Trucks, goods carriers, vans, passenger carriers
TATA 709 EX Turbo	Tata 497 turbo intercooled, 4 cylinder 90 hp diesel engine	5 speed GBS-27 synchromesh	7,250 kg	General goods, couriers, white goods, packaged goods, containers, passenger carriers
TATA SFC709 EX Turbo	Tata 497 turbo intercooled, 4 ylinder 90 hp diesel engine	5 speed GBS-27 synchromesh	7,450 kg	General goods, couriers, white goods, packaged goods, containers, passenger carriers
TATA 207 DI	Tata 497SP, direct injection, 4 cylinder 65 hp diesel engine	5 speed G-76 synchromesh	2,820 kg	Passenger carriers, pick-up trucks
TATA 207DI Euro II single Cab and Crew Cab	Tata 497SP, direct injection, 4 cylinder 65 hp diesel engine	5 speed GBS-76 synchromesh	2,820 kg	General goods, couriers, white goods, packaged goods, final leg distribution vehicle, crew cab.

Medium and Heavy Commercial Vehicles

Under SIAM classifications, commercial vehicles with a GVW above 7.5 metric tonnes are classified as medium and heavy commercial vehicles, or MHCVs. We are the leading MHCV manufacturer in India. For fiscal 2004, our MHCVs achieved a market share of approximately

64.0% of the domestic unit sales of MHCVs by all Indian manufacturers.

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

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We continuously design and introduce new models in the market. All new models introduced since 1996, in addition to our own engines, are available with optional Cummins engines manufactured by our associate, Tata Cummins Ltd. The Cummins engines have enabled us to introduce a wide range of commercial vehicles with higher payloads and improved operating economy. In addition, these engines comply with fuel-emission regulations in Europe and other countries to which we export, are Euro II compliant and have a reputation for being technologically advanced and durable.

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

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

Model	Engine	Transmission	GVW	Typical Uses
TATA LPS 3516 TC EX	Cummins 6 BT TCIC B 5.9, 6 cylinder, turbo charged, inter-cooled 156 hp diesel engine	6 speed TATA GBS-600 synchromesh	35,200 kg when coupled with a 2-axled trailer	Containers, tankers, and general goods carrier
TATA LPT 2515 TC EX 6x2	Cummins 6 BT TC B 5.9, 6 cylinder, turbo charged, 137 hp diesel engine	6 speed TATA GBS-600 synchromesh	25,000 kg	General goods, tankers, containers, cement
TATA LPT 1613 TC EX	Cummins 6 BT TC B 5.9, 6 cylinder, turbo charged, 122 hp diesel engine	5 speed TATA GBS-40 synchromesh	16,200 kg	General goods, cement, tankers, food grains, fertilizer, fruits, vegetables
TATA LPT 1613	TATA 697 TC turbo charged, 6 cylinder, 129 hp diesel engine	5 speed TATA GBS-40 synchromesh	16,200 kg	General goods, cement, tankers, food grains, fertilizer, fruits, vegetables
TATA LPO 1616 TC	Cummins 6 BTAA 5.9 TC, 6 cylinder, turbo charged, 157 hp diesel engine	6 speed GBS-600 synchromesh	16,000 kg	Passenger carrier
Novus Euro III 10x4 Cargo	Cummins 420 PS 415 PS DV 11 Daewoo	ZF automatic 16 speed ZF	38,660 kg 38,260 kg	Long haulage cargo Bulk cargo
Novus Euro III 6x4 Tractor	415 PS Cummins / 420 PS DV11 Daewoo	16 speed ZF, automatic option	40,000 kg	Containers, bulkers, Tankers, steel coils
Novus Euro III 6x4 Dump/Tipper truck	320 PS DL 08 Daewoo / 380 PS DV 11 Daewoo	6 speed Tongil, 10 speed option	26,010 kg	Construction sites
Novus Euro III Mixer	320 PS DL 08 Daewoo / 380 PS DV 11 Daewoo	6 speed Tongil, 10 speed option	25,375 kg	Ready concrete mix

Engines, Spare Parts and Other Products

We manufacture spare parts for all models of our vehicles. We also utilize our spare capacity for manufacturing engines for marine and industrial applications. During fiscal 2003 and 2004, we sold 4,359 and 5,025 of these engines, respectively. Since 2001, Cummins Engine Company, USA has also used our engines for power generating and industrial applications through its Indian venture, Cummins India Ltd.

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Production

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

We produced 223,459 and 311,542 vehicles in India in fiscal 2003 and 2004, respectively. In addition, TDCV produced 46 vehicles in fiscal 2004 subsequent to our acquisition of TDCV in late March 2004.

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

Sales and Distribution of Vehicles

Our automotive sales distribution network in India is comprised of our 29 regional offices, 36 sub-regional offices and over 400 dealer outlets. We have six company-owned dealerships, including those owned by consolidated subsidiaries, while the rest of the dealers are independent, most of whom are exclusive dealers for our vehicles. We believe that this is the largest distribution network for automobiles in India. We believe that our distribution network has been a key factor in our success in the domestic market. We deploy different sales channels for the distribution of our vehicles. In addition to the dealer outlets, we also have a strong after sales service network comprising 550 authorized service centers. We own 3 of these centers.

A substantial number of our vehicles are sold directly to dealers from our regional sales offices. We do not extend credit to dealers. However, we provide cash incentives to better performing dealers. We sell Government and military vehicles as well as a small number of other vehicles directly to customers.

End-user purchases of our vehicles from dealers are generally financed by third-party sources, including banks, development financial institutions and private finance companies. Although most end-user financing is provided by third parties, we also provide credit through financing channels to end-user purchasers through our dealers who act as our agents. For fiscal 2003 and 2004, approximately 9% and 8%, respectively, of our vehicle sales were made through hire purchase terms where we provided the credit. These credit sales are made on secured terms with a cash down payment of between 10% to 25% by the purchaser, followed by monthly installment payments for up to 36 months. Credit provided by us to end-user purchasers is extended on prevailing market terms which are at a margin over our marginal cost of borrowing and cost of operations. Until the final payment, we retain title to vehicles sold on a credit basis and are entitled to repossess them in case of default in payments. We actively pursue collection of overdue amounts, including through repossession where necessary. Total finance receivables outstanding as at March 31, 2003 and 2004 amounted to Rs.5,377.5 million and Rs.8,397.0 million, respectively, of which Rs.112.7 million and Rs.120.7 million, respectively, were considered doubtful. We have a contractual 15% recourse to the relevant dealer for any uncollected amounts.

We have company-owned sales and service outlets in Bhubaneshwar, Delhi and Mumbai and our consolidated subsidiary, Concorde Motors Ltd., runs dealership operations in Chennai, Hyderabad and Bangalore. These dealerships have been patterned to meet international benchmarks and are intended to serve as model dealerships for our other dealers. We have also recently begun operating 24-hour-service

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centers and have established a maintenance plan called Sampoorna Seva , meaning complete service , pursuant to which we enter into annual maintenance contracts with vehicle owners. We use a network of service centers on highways and a toll free Customer Assistance Centre for providing 24-hour on-road maintenance (including replacement of parts) to vehicle owners. We believe that the reach of our service and maintenance network provides us with a significant advantage over our competitors.

Competition

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

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

We believe that our extensive distribution reach and our wider product range provide us with a competitive advantage. We have been able to improve our market share in the product categories that we compete in from 20.6% in fiscal 2002 to 23.4% in fiscal 2003 and to 25.2% in fiscal 2004.

The following table sets forth, for each of the periods indicated, our domestic market share for each of the categories presented, based on the classification used by and data provided by SIAM in its March 2003 and 2004 Flash Reports on Production and Sales:

	Year Ended March 31,		
Category	**2002**	**2003**	**2004**
Passenger Cars	12.6%	14.7%	15.5%
Utility Vehicles	23.8%	21.8%	22.0%
Light Commercial Vehicles	45.6%	43.4%	49.6%
Medium and Heavy Commercial Vehicles	63.0%	63.5%	63.9%
Total Four-Wheel Vehicles	20.6%	23.4%	25.2%

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

	Year Ended March 31,		
Manufacturer	**2002**	**2003**	**2004**

	Unit Sales		
Passenger Cars			
Tata Motors Ltd.	66,207	81,465	117,063
Daewoo Motors India Ltd.	6,436		
Daimler Chrysler India Pvt. Ltd.	1,399	1,109	1,640
Fiat India Automobiles Pvt. Ltd.	21,277	25,936	10,428
Ford India Ltd.	45,523	42,943	45,035
General Motors India Ltd.	8,591	8,240	17,807
Hindustan Motors Ltd.	19,634	17,882	14,900
Honda Siel Cars India Ltd.	10,925	13,383	20,550

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Manufacturer	2002	2003	2004
	Year Ended March 31,		
	Unit Sales		
Hyundai Motor India Ltd.	93,240	112,496	171,587
Maruti Udyog Ltd.	285,030	306,539	408,148
Skoda Auto India Pvt. Ltd.	n/a	n/a	3,712
Toyota Kirloskar Motor Pvt. Ltd.		1,761	10,663
Total	558,262	611,754	821,533
Utility Vehicles			
Tata Motors Ltd.	27,271	25,397	34,048
Bajaj Tempo Ltd.	4,285	4,107	6,751
Daimler Chrysler India Pvt. Ltd.	2		
Ford India Ltd			688
General Motors India Ltd.		52	179
Hindustan Motors Ltd.	1,449	1,041	882
Hyundai Motor India Ltd.			318
Mahindra & Mahindra Ltd.	44,241	52,203	69,638
Maruti Udyog Ltd.	5,067	3,471	3,631
Toyota Kirloskar Motor Pvt. Ltd.	25,011	28,542	31,886
Total	107,326	114,813	148,021
Multi Purpose Vehicles			
Mahindra & Mahindra Ltd.	273	240	99
Maruti Udyog Ltd.	62,317	52,412	60,387
Total	62,590	52,652	60,486
Light Commercial Vehicles			
Tata Motors Ltd.	30,265	36,473	55,454
Ashok Leyland Ltd.	465	637	647
Bajaj Tempo Ltd.	3,152	5,545	8,239
Daimler Chrysler India Pvt. Ltd.	4		
Eicher Motors Ltd.	4,887	6,459	6,460
Hindustan Motors Ltd.	2,305	2,041	689
Mahindra & Mahindra Ltd.	17,650	24,442	30,306
Swaraj Mazda Ltd.	5,041	6,239	6,349
Total	63,769	81,836	108,144
Medium and Heavy Commercial Vehicles			
Tata Motors Ltd.	59,481	76,524	107,694
Ashok Leyland Ltd.	29,198	35,807	47,849
Eicher Motors Ltd.	4,731	6,257	9,425
Hindustan Motors Ltd.	24	60	12
Swaraj Mazda Ltd.	1,181	1,862	3,929
Tatra Trucks India Ltd.	140	138	132

Volvo India Pvt. Ltd.	n/a	430	418
Total	94,755	121,078	169,459
Total Industry	886,702	982,133	1,307,643

Source: SIAM Flash Reports (March 2003 and March 2004) except for the data for Tata Motors Ltd., which is from internal records.

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Seasonality

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

International Business

Substantially all of our manufacturing and sales and distribution facilities are located in India. In fiscal 2003 and 2004, approximately 95% and 92%, respectively, of our revenues were derived from the domestic market. In fiscal 2004, our export sales increased significantly compared to the comparable prior periods. This increase was largely as a result of our distribution agreement with MG Rover. Sales under this distribution agreement constituted approximately 30% of our export sales by units and 2.1% of our total sales by units in fiscal 2004. The proportion of our unit sales outside India during the current fiscal year that will be comprised of sales to MG Rover is expected to be partially offset by sales from TDCV. In addition, we are continuing to pursue other opportunities for expansion of our exports.

Over the years, we have received more than 50 awards from the Engineering Export Promotion Council, the Government of India and the State Government of Maharashtra for our export initiatives. Our exports were subdued in fiscal 2003 but grew significantly in fiscal 2004. Our exports of vehicles manufactured in India decreased 29.6% in fiscal 2003 to 9,809 units from 13,927 units in fiscal 2002 and increased by 125% to 22,046 units in fiscal 2004, the highest we have ever achieved.

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

	Year Ended March 31,					
	2002		2003		2004	
	(units)	(% of Exports)	(units)	(% of Exports)	(units)	(% of Exports)
Passenger Cars	2,339	16	2,121	22	8,897	40
Utility Vehicles	2,529	18	591	6	2,196	10
Light Commercial Vehicles	5,278	38	3,948	40	6,428	29
Medium and Heavy Commercial Vehicles	3,781	28	3,149	32	4,525	21
Total	13,927	100	9,809	100	22,046	100

Our primary international markets for the vehicles we manufacture in India are in Europe, Asia and Africa which, in fiscal 2004, accounted for 49%, 42% and 8%, respectively, of our total export sales of vehicles manufactured in India by units.

In addition, TDCV sold 29 vehicles in fiscal 2004 subsequent to our acquisition of TDCV on March 30, 2004.

We have established assembly operations in Bangladesh with one of our affiliates, Nita Co. Ltd., as well as assembly operations that are contracted to distributors in Malaysia, Kenya and South Africa. In our traditional export markets of Bangladesh and Sri Lanka, our MCVs continue to enjoy a significant market share. We have been concentrating our efforts on increasing our presence in the newer markets we have entered in the last few years, while at the same time improving our sales in our existing overseas markets.

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

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

In order to enhance our exports, we entered into an agreement with the MG Rover Group for the sale and distribution of the Indica, the Safari and the Telcoline pick-up in the United Kingdom, Ireland and other European markets, as well as for the sale and distribution of spare parts for these vehicles in these markets. Pursuant to this agreement, we supply Indicas for sale under the Rover brand name CityRover in these markets, and Safaris and Telcoline pick-ups marketed as Tata vehicles, thereby gaining access to significant new export markets and an established network of overseas dealers. We have agreed not to separately export Indicas or comparable vehicles, Safaris or Telcoline pick-ups to the United Kingdom and Ireland that would compete with the vehicles to be sold and distributed by MG Rover Group for the duration of our agreement. The agreement is expected to improve output at our plants, thereby improving our efficiencies. The first shipment of the CityRover commenced in October 2003.

We distribute vehicles in South Korea through Daewoo Motor Sales Corporation, or DMSC, and the international sales of TDCV are through Daewoo International, Daewoo Construction and through our international vehicle distribution channel. We also have 38 service centers and distribute parts through 60 outlets in South Korea.

Acquisition of Daewoo Commercial Vehicle Co. Ltd., Korea

We acquired Daewoo Commercial Vehicle Co. Ltd., or DWCV (now named Tata Daewoo Commercial Vehicle Co. Ltd., or TDCV), on March 30, 2004. DWCV, the former truck unit of Daewoo Motor Company, or DMC, was established in November 2002 under a corporate reorganization plan after DMC went bankrupt. TDCV currently manufactures heavy commercial vehicles with a gross combined weight ranging from 15 to 45 metric tonnes in cargo, mixers, dump truck and tractor applications as well as some special purpose vehicles with engines ranging from 215HP to 400HP. This product range is complementary to our current product range powered by engines with a maximum of 210HP. The total acquisition price of KRW 120.642 billion (approximately Rs.4,650 million or US$102 million) was financed equally through our equity investment in TDCV and direct lending facilities to TDCV, for which we provided a letter of undertaking. The price includes the perpetual and exclusive right to use Daewoo trademarks in Korea and overseas markets for the product range of TDCV. We believe that significant synergies can be achieved with TDCV in a number of areas, including marketing, product range, research and product development, and some operational areas.

Research and Development

Our research and development activities in our automotive business segment focus on the environment, vehicle safety, and product development. Through our Engineering Research Centre, or ERC, which is one of the few Government recognized in-house automotive research and development centers in the country, we have been able to design, develop and manufacture our own range of vehicles. The most significant achievement of the ERC to date has been the design and development of our compact car, the Indica, which is the country s only indigenous offering. The ERC also designed our mid-size car, the Indigo, which was introduced in December 2002 and has since retained leadership in the mid-size market segment in India. We enhanced our strong position in the Indian commercial vehicle market through the introduction of a new improved range of EX series light, medium and heavy trucks and buses as well as a newly launched pick-up in fiscal 2003. We are currently working on a global truck of the future that will enable us to achieve our objective of providing transportation solutions globally. Our acquisition of DWCV is expected to provide us synergies in the development of this global truck. We are also working on the development of a low cost car for the Indian market.

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Some of the development facilities used by our ERC are unique to the Indian auto industry. We are the only automotive company in Asia outside of Japan and Korea that has a modern crash test facility where new products are thoroughly tested for ensuring enhanced passenger safety. Our ERC also has a hemi-anechoic chamber testing facility to minimize noise and vibration levels in vehicles and engine emission testing facilities to develop environmentally friendly products.

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

Our ERC employs about 1,100 persons. Over the years, we have devoted considerable resources towards our research and development activities. Our total expenditure on research and development during fiscal years 2002, 2003 and 2004 was Rs.1,214.4 million, Rs.1,536.2 million and Rs.1,282 million, respectively. Our in-house research and development initiative has received wide acclaim and recognition. For the year 1999, we received the National Award for research and development efforts in Industry in the Mechanical Engineering Industries Sector from the Department of Scientific and Industrial Research, Government of India, which covered our achievements for the design and development of the Indica. For the year 2000, we received from the Technology Development Board of the Department of Science and Technology, Government of India, the National Award for Successful Commercialization of Indigenous Technology by an Industrial Concern for the Tata Indica project. We received the CSIR (Centre for Scientific and Industrial Research) Diamond Jubilee Technology Award for the development of the Indica and the Business World NID design Excellence Award for the design, development and production of the Indica in fiscal 2004. The ICICI Bank and Overdrive Awards 2003 voted the Indigo as the Most Exciting New Car in 2002 , and the Indica was voted the Best Diesel Small Car in the Voice of the Customer Awards by NFO Automotive India 2002.

Intellectual Property

We have 39 trademarks registered in India and approximately 137 trademark applications which are currently pending. In addition to this, our significant trademarks are registered, or are in the process of being registered, in nearly 115 countries worldwide. We currently hold approximately 726 of these registrations worldwide. The registrations mainly include trademarks for each of our vehicle models. Further, we also use the Tata brand which has been licensed to us by Tata Sons Limited. See The Tata Group . As part of our acquisition of Daewoo Commercial Vehicle Co. Ltd., we have the perpetual and exclusive use of the Daewoo brand and trademarks in Korea and overseas markets for the product range of TDCV. TDCV holds South Korean trademark registrations for 14 utility models and five designs.

India is a member of the World Trade Organization. In compliance with its obligations under the Agreement on Trade Related Aspects of Intellectual Property, or TRIPS, India grants statutory protection to various forms of intellectual property, including patents, copyrights, industrial designs and trademarks. The Trade Marks Act, 1999 and the Copyright Act, 1957, as amended, which are currently in force in India, are TRIPS compliant. The Patents Act, 1970, as amended, to the extent that it relates to our business and operations, provides adequate product and process patent protection in India in accordance with its obligations under TRIPS. The United States has placed India on its priority watch list under Section 301 of

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TRIPS for failing to provide adequate levels of protection for intellectual property rights. Although we have never experienced any material difficulties in protecting our brands and other intellectual property in India, the protection and enforcement of intellectual property rights in India has not been and may not be as effective as in the United States.

We currently own two patents and have 13 patent applications pending registration in India. These patents are mostly in relation to devices which enable efficient functioning, such as energy saving devices. Our most significant patent, which is currently in the process of being registered, is a portable device for measurement of head impact points in a vehicle. In addition, TDCV holds 9 patents in South Korea and 2 patent applications are currently pending registration.

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

Although we consider our intellectual property to be important, we do not consider any one or group of our trademarks, brands or patents to be so important that their expiration or termination would materially affect our business.

Other Operations

In addition to automotive operations, we are involved in a number of other business activities. Net revenues for these activities totaled Rs.6,056.6 million and Rs.11,528.6 million in fiscal 2003 and 2004, respectively, representing approximately 6.3% and 8.3%, respectively, of our total revenues. The most significant of our other operations are information technology services, auto components and construction equipment.

Construction Equipment

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

Information Technology Services

Tata Technologies Ltd., or TTL, our 95.38%-owned subsidiary provides information technology services to several clients across India and overseas on its own, as well as through its wholly-owned subsidiary, Tata Technologies, USA. TTL has implemented the SAP Enterprise Resource Planning, or SAP ERP, system across Tata Motors and several other companies.

Auto Components

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

Components and Raw Materials

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

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

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

As part of our strategy to become a low-cost vehicle manufacturer, we have undertaken various initiatives to reduce our fixed and variable costs including an e-sourcing initiative started in 2002 through which we have taken up reverse auctions. We have established a procedure for ensuring quality control of outsourced components. Purchases that are made from approved sources undergo a comprehensive 13-step supplier quality improvement process. We also have a program for assisting vendors from whom we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery. Preference is given to vendors with QS-9000 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance and ongoing dialogue with workers to reduce production errors. Further, in April 2003, we established a Strategic Sourcing Group to consolidate, strategize and monitor our supply chain activities with respect to major items of purchase as well as major inputs of technology and services. The Strategic Sourcing Group is responsible for recommending for the approval of the Management Committee, the long-term strategy and purchase decision for these items, negotiation and relationship with vendors with regard to these items, formulating and overseeing our purchasing policies, norms in respect of all items, evolving guidelines for vendor quality improvement, vendor rating and performance monitoring and undertaking company-wide initiatives such as e-sourcing and supply chain management/policies with respect to vehicle spare parts. We are also exploring opportunities for global sourcing of parts and components from lower cost countries, and have embarked on a vendor management program that includes vendor base rationalization, vendor quality improvement and vendor satisfaction surveys.

Domestic Suppliers

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

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

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Foreign Suppliers

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

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

	Value of Raw Material and Components Consumption					
	For the Year Ended March 31,					
	2002		2003		2004	
Description	Rs. millions	%	Rs. millions	%	Rs. millions	%
Imported (at rupee cost)	2,153	4.60	2,394	4.19	3,818	4.55
Indigenously obtained	44,699	95.40	54,695	95.81	80,159	95.45
Total	46,852	100.00	57,089	100.00	83,977	100.00

Capital and Product Development Expenditures

Our total capital expenditure between April 1, 2002 and March 31, 2004 has been Rs.5,309.9 million. This has been incurred primarily for investment in and sustenance of manufacturing facilities and new technology for new products and model changes. On a segmental basis, automotive operations accounted for Rs.4,288.5 million of this expenditure while Rs.1,021.4 million was incurred in other operations. We also invested Rs.2,462.5 million in fiscal 2004 in connection with our acquisition of DWCV in South Korea.

We intend to incur capital expenditures of approximately Rs.51,800 million between April 1, 2004 and March 31, 2007 primarily for sustenance of manufacturing facilities, for new products and model changes and also for capacity expansion. Specifically, we currently intend to incur capital expenditures of approximately Rs.13,900 million on capacity expansion at our India-based automotive plants, and approximately Rs.19,000 million for investment in new vehicle and models and upgrades. The source of funding for this capital expenditure program will be mainly through internally generated cash from operations and funds raised through our July 2003 and April 2004 issuances of convertible notes and the conversion of warrants pursuant to our December 2002 rights issuance of convertible and non-convertible debentures.

Environmental Regulation and Initiatives

Regulation

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

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

Initiatives

We are fully committed to our role as a responsible corporate citizen with respect to reducing environmental pollution. We treat all effluents at our plants and have made significant investments in lowering the emissions from our products. We have led the Indian automotive industry in introducing greener engines, like the Cummins engines, for our commercial vehicles even before they were statutorily mandated. The entire range of our MCVs manufactured in India has been configured to run on Cummins engines or the upgraded version of our own engines that meet mandatory emission norms in India. Our LCVs are powered by our own engines that meet mandated norms. In addition, buses with lean-burn as well as stoichiometric compressed natural gas, or CNG, engines have been developed and supplied to Delhi Transport Corporation and private bus operators in Delhi so as to enable them to comply with the regulations there. Our utility vehicles and passenger cars being exported to Europe meet the Euro III norms prevalent in those markets. In the Indian market these vehicles comply with the Bharat Stage II (Euro II equivalent) norms. The diesel version, as well as the multi-point fuel injection, or MPFI, petrol engine version of the Indica, also meets the Euro II norms and other regulatory and market requirements in Europe. While our entire range of vehicles comfortably meets the requisite emission norms, we are currently exploring various options to develop or source Euro III compliant engines for our Indian operations. We have also launched Indicas powered by CNG in Delhi and Mumbai, primarily for the taxi segment. We believe that we are fully able to meet the challenges posed by increasingly stringent emission norms.

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

Insurance Coverage

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

TDCV has insurance coverage as is required and applicable to cover all normal risks in accordance with industry standards in South Korea, including for product liability.

Legal Proceedings

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

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We are also defending other claims filed against us that are above Rs.50 million in asserted or claimed value but which we do not believe to be of a material nature, other than those claims described below.

A summary of litigation and disputes in which we are involved which may be regarded as material, is as follows:

Income Tax

We have ongoing disputes with Indian tax authorities relating to the tax treatment of certain items. These primarily include disallowed expenses, the tax treatment of certain expenses claimed by us as deductions and the computation of, or eligibility for, certain tax incentives or allowances. Some of the disputes relate to timing and, as such, disallowances in one period would be claimable in subsequent periods. Most of these disputes and disallowances, being repetitive in nature, have been raised by the income tax authorities in most of our open tax years. We have a right of appeal to the appellate authorities against adverse initial assessments and further to the High Court or the Supreme Court on matters involving a question of law. The income tax authorities have similar rights of appeal.

As of March 31, 2004, income tax deductions aggregating Rs.672.5 million have been disallowed by the income tax authorities, which are being contested by us on appeal. There are further income tax liabilities amounting to Rs.630 million in respect of which we have won appeals that have been further contested by the income tax authorities before higher appellate authorities.

Excise Duty

As of March 31, 2004, we were a party to pending litigation with respect to excise duty demands aggregating Rs.446 million, challenging the basis of our valuation of our products and the applicability of Central value added tax , or CENVAT, on inputs.

Of the Rs.446 million of excise duty demands as of March 31, 2004, Rs.190.0 million relate to demands by the excise authorities where we have prevailed on appeals that have been further contested by the excise authorities.

The excise authorities have demanded Rs.22.3 million challenging the basis of our assessment of the value of certain vehicles. The tribunal has decided the issue against the us, in respect of which we have filed an appeal before the Supreme Court. We expect this to be finally decided in our favor.

The excise authorities have demanded Rs.81.1 million of excise duty arising from an amendment to the Central Excise Rules in 1995 concerning utilization of modified value added tax credit. The case is pending before the tribunal. We believe that we have rightfully claimed this credit.

In fiscal 2004 there was a significant decline in excise duty demands. Rs.3,088.8 million of demands raised by the excise authorities challenging the basis of assessable value determined by us was decided in our favor by the Central Excise and Service tax Tribunal. The time for raising further appeal by the excise authorities in the Supreme Court has elapsed, and these no longer considered contingent liabilities.

The excise authorities have denied us credit of Rs.47.0 million on certain accessories supplied with our vehicles. We are contesting this before the appellate authorities and expect to receive a favorable response.

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Sales tax

Total sales tax demands (including interest and penalty) being contested by us amounted to Rs.2,443.1 million as of March 31, 2004. A summary of the major demands being contested by us is as follows:

Our affiliate Tata Cummins Limited, or TCL, which manufactures internal combustion engines and sells them principally to us, had claimed an exemption from the sales tax on finished products and from the purchase tax on raw materials, being an incentive given by state tax authorities to new industries set up in specified area. TCL had passed on this benefit to us. This exemption was denied to TCL by the sales tax authorities. TCL s claim has been upheld by the High Court in August 2003. An appeal filed by the state against this decision before the Supreme Court is pending. The amount involved is Rs.1,169 million. If TCL ultimately does not prevail, we would be liable to reimburse TCL for the benefit that was passed to us.

Different rates of sales tax are applicable on sales of vehicles in different states in India. We are currently disputing the imposition of sales tax levies by the sales tax authorities in certain states aggregating approximately Rs.658.5 million, which are based on claims that stock transfers of vehicles from our plants to our sales offices and transfers between two sales offices are inter-state sales and therefore liable to sales tax.

The sales tax authorities at Patna have raised sales tax demands of Rs.188.5 million. We have filed appeals against the order before the appellate authorities.

Under a notification issued by the Jaipur State Government, vehicles having gross weight of more than 8,000 kgs. are classified for a certain tax rate. The Jaipur sales tax authorities have raised a demand of Rs.120.6 million claiming that our vehicles with a bare chassis weight of less than 8,000 kgs do not fall under this tax classification.

Other sales tax cases where sales tax authorities have raised demands aggregating Rs.306.5 million mostly relate to alleged non-compliance with certain procedural requirements, such as non-submission of declaration forms. We have since collected the required forms from customers and submitted those forms to the relevant authorities.

Other taxes and dues

Other amounts for which we may be liable contingently aggregate 1,218.5 million, including those described below.

Municipal authorities in certain states levy octroi duty, a local tax, on goods brought inside municipal limits at rates that are based on the classification of those goods. A demand of Rs.533.9 million is currently pending before the High Court in connection with the levying of higher octroi duties claimed on account of classification disputes relating to components purchased by us for the manufacture of our vehicles.

In addition to the above claims, there is a pending counter claim for approximately £4.4 million, by Motor Vehicles Industries Ltd., or MVI, in connection with legal proceedings brought by us and Tata International Limited, Mumbai in respect of alleged breaches of a distributorship arrangement. Motor Vehicles Industries Ltd. is currently in administration and, accordingly, this litigation has been suspended. Recently, the Leeds District Registry has passed an order in our favor and has initiated proceedings to wind up MVI.

Considering the nature of these claims, we believe that none of the claims or proceedings will materially adversely affect our business or financial condition.

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Regulation

Indian Automotive Sector

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

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

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

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

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

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

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In the period since 1980, India s automotive industry has experienced rapid structural transformation and growth. Progressive easing of import controls, reduction in governmental restrictions on product categories and the rationalization of excise duties (including the introduction of modified value added tax, or MODVAT, earlier and central value added tax, or CENVAT, from the year 2000-01), together with increased foreign investment and technical assistance has helped create a wider range of products and greater competition. The passenger vehicle segment has experienced the maximum growth over the last few years with almost all foreign direct investment in the automobile industry directed to this segment.

According to SIAM, Indian automotive manufactures sold, in the domestic and export markets, approximately 106,000 vehicles (MHCVs, LCVs, UVs and passenger cars) in 1980. This tripled to approximately 355,000 vehicles in the year ended March 31, 1991 and rose over twelve-fold to approximately 1,308,000 vehicles in the year ended March 31, 2004.

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

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

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

Union Budget for Fiscal 2005

The Government of India presented its Union Budget for 2004-2005 on July 8, 2004. Some of the proposals that may have an impact on our operations include:

(a) 2% education cess imposed on all direct and indirect taxes. While the CENVAT credit is allowable on the cess on indirect taxes, no such credit is applicable on direct taxes which would result in an additional tax burden.

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(b) Service tax rates have been increased from 8% to 10%. However, the CENVAT credit has now been made applicable to service taxes.

(c) The automotive industry has been added to the list of industries wherein a 150% weighted deduction on expenditures on in-house research and development is allowed.

(d) An additional 10% depreciation is allowed for capacity expansion of 10% as compared to the previous 25%.

(e) The import duty on steel input has been reduced from 20% to 15%, while the excise duty on steel and steel products has been increased from 8% to 12%.

(f) Based on the recommendations of the State Finance Minister s Committee on VAT implementation, VAT will be implemented across the country from April 1, 2005.

Due to the imposition of the education cess, which became effective on July 9, 2004, we have passed on this increase to the end customer.

Excise Duty and Sales Tax

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

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

Classification	***Ad Valorem*** **Excise Duty Rates**	**Our Products**
Vehicles designed to carry up to 6 persons (excluding driver)	25.6275%(1)(2)	Indica and Indigo
Vehicles designed to carry 7 to 12 persons (excluding driver)	25.6275%(1)(2)	Sumo and Safari range
Vehicles designed to carry more than 12 persons (excluding driver) and vehicles designed to transport goods	16.4475%(1)	MHCVs and LCVs

(1) The CENVAT rate for all automotive products is 16% *ad valorem*. An R&D cess of 0.125% is applicable on all automotive products. A 2% education cess is also applicable on the CENVAT rate and R&D cess. Additional duty of Rs.10,000 per vehicle is applicable in certain cases for vehicles designed to carry more than 12 persons and to transport goods.

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

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

The sale of vehicles in India also attracts sales tax and other levies, a substantial portion of which is paid to the government of the State in which the sale occurs. Until recently, the rates varied from 3% to 6% in a majority of the States. However, at the instance of the Indian Government, all the States have adopted a uniform rate of 12% applicable to luxury goods. This has increased the rate of sales tax levy by 6% to 9% in most States as against the earlier prevailing rates.

Import Regulations and Duties

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

The following table sets forth the currently applicable duty rates on fully built-up vehicles, which became effective on July 9, 2004.

Product	Basic Customs Duty	Total Duty (inclusive of countervailing duty, NCCD, and education cess)
Commercial Vehicles (new and pre-owned)	20%	40.53%
Utility Vehicles (new)	60%	102.95%
Cars (new)	60%	102.95%
Utility Vehicles (pre-owned)	105%	160.59%
Cars (pre-owned)	105%	160.59%

The import of cars in completely built unit, or CBU, or completely/semi-knocked down vehicle, or CKD/SKD, form was subject to certain restrictions prior to April 2001. With effect from April 1, 2001, the Indian Government removed the restrictions regarding the import of vehicles, but imposed conditions for their import. The conditions provide that only right hand drive vehicles with speedometers and headlamps to suit keep left traffic and conforming to the Motor Vehicles Act, 1988 can be imported, and only through specified ports. The conditions also stipulate that imported pre-owned vehicles should not exceed three years vintage.

Government Regulations

Prior to 1984, strict government industrial licensing controls restricted the types of vehicles that manufacturers could produce and sell. These restrictions were reflected in the industry s characteristic of low product differentiation, with few companies producing a wide range of vehicle types. In 1984, the Indian Government eased these product category restrictions, thereby enabling us and other automotive manufacturers to produce any on-road vehicle having four or more wheels within each of these manufacturer s licensed capacity and the normal flexibility allowed for expansion. In addition, as part of the Indian Government s liberalization policies announced in1991, industrial licensing has been replaced by the filing of an Industrial Entrepreneurs Memorandum (except under locational or environmental restrictions where industrial licensing continues to operate) and import duties on vehicle components have been substantially reduced. These measures have led to increased competition in the domestic market. With the removal of these controls, except in some situations as explained earlier, Indian automotive manufacturers are now free to manufacture and sell unrestricted numbers of any type of on-road vehicle with four or more wheels, including passenger cars.

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

The South Korean automotive market has adopted the Euro III equivalent emission levels from July 2004. South Korea is expected to migrate to Euro IV equivalent emission norms in 2006 and Euro V from 2008.

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

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

In fiscal 2002, the Indian Government released its proposed Auto Policy for discussion and feedback. This policy outlines a vision to establish a globally competitive automobile industry in India, and to double its contribution to the economy by 2010. It also aims to promote integrated, phased, enduring and self-sustaining growth of the Indian automotive industry. The stated policy objectives are to:

- Promote the sector as a lever of industrial growth and employment and to achieve a high degree of value addition in the country;
- Promote a globally competitive automotive industry and emerge as a global source for auto components;
- Establish an international hub for manufacturing small, affordable passenger cars and a key center for manufacturing tractors and two-wheel vehicles in the world;
- Ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry;

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Promote continued modernization of the industry and facilitate indigenous design, research and development;

Steer India s software industry into automotive technology;

Assist development of vehicles propelled by alternative energy sources; and

Develop domestic safety and environmental standards to be at par with international standards.

C. Organizational Structure.

The Tata Group

We are the largest company in the diversified Tata Group in terms of fiscal 2004 revenues, and we benefit from being identified with the Tata brand and the Tata Group of companies.

The Tata Group is based largely in India, and had combined revenues of approximately Rs.615.2 billion (US$13.4 billion) for the year ended March 31, 2004.

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

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

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

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

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We have for many years been a licensed user of the Tata brand owned by Tata Sons Limited, and thus have both gained from the use of the Tata brand as well as helped to sustain its brand equity. Since 1991 many multinational corporations with well-established global brands have entered the Indian market. In response, the Tata Group decided to institute a new corporate identity program in order to re-position itself to compete in a global environment. The new corporate identity is licensed to Tata Group companies, including us, for use with their respective products and services. A substantial ongoing investment is planned to develop and promote a strong, well-recognized and common brand equity, which is intended to represent for the consumer a level of quality, service and reliability associated with products and services offered by Tata companies. To further protect and enhance the Tata brand equity, a code of conduct has been adopted by some of the Tata companies that have access to the larger resources and services of the Tata Group. To implement these plans, Tata Sons Limited has undertaken a program by which consenting Tata companies are required to pay a subscription fee to participate in and gain from the new Tata Group identity. We believe that we benefit from association with the new Tata Group identity and, accordingly, have agreed to pay an annual subscription fee to Tata Sons Limited from fiscal 1998 which is equal to 0.25% of our annual net income (defined as our net income exclusive of excise duties and other governmental taxes and non-operating income), provided that the subscription fee does not exceed 5% of our annual profit before tax (defined as our profit after interest and depreciation but before income tax). These calculations are made with reference to our non-consolidated Indian GAAP financial statements. See Annex A Reconciliation of Net Income and Shareholders Equity between US GAAP and Indian GAAP . Due to our net losses in fiscal 2001 and 2002, we were not required to make any payments in respect of this fee for those years. Pursuant to our licensing agreement with Tata Sons Limited, we have also undertaken certain obligations for the promotion and protection of the new Tata Group identity licensed to us under the agreement. The agreement can be terminated by written agreement between the parties, by Tata Sons Limited upon our breach of the agreement and our failure to remedy the same, or by Tata Sons Limited upon providing six months notice for reasons to be recorded in writing. The agreement can also be terminated by Tata Sons Limited upon the occurrence of certain specified events, including liquidation. Because we are the largest company in the Tata Group in terms of fiscal 2004 revenues, and because we believe that our growing international reputation brings benefits to the Tata brand, we consider it very unlikely that we would ever be unable to use the Tata brand in relation to our products and services.

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

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

A large number of the Tata Group companies hold shares in one another and a number of our directors hold directorships on the boards of other Tata Group companies, including Tata Sons Limited and Tata Steel. However, there are no voting agreements, material supply or purchase agreements or any other relationships or agreements that have the effect of tying us together with other Tata Group companies at management, financial or operational levels. Our shareholdings in other Tata Group companies are generally insignificant as a percentage of their respective outstanding shares, and none of our shareholdings in other Tata Group companies exceeds 5% of their respective outstanding shares.

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Subsidiaries and Affiliates

We have the following consolidated subsidiaries under US GAAP as of March 31, 2004:

Name of Subsidiary	Country of Incorporation	Percentage Ownership and Voting Interest (including indirect interest)
Sheba Properties Ltd (and its subsidiary).	India	100.00%
Concorde Motors (India) Limited (1)	India	100.00%
Telco Construction Equipment Co. Ltd.	India	80.00%
Tata Technologies Ltd. (and its subsidiary)	India	95.38%
HV Axles Ltd.	India	100.00%
HV Transmissions Ltd.	India	100.00%
TAL Manufacturing Solutions Ltd.	India	100.00%
Concorde Motors Ltd.	India	54.72%
Tata AutoComp Systems Ltd. (and its subsidiaries).	India	54.01%
Tata Precision Industries Pte. Ltd. (and its subsidiary)	Singapore	51.04%
Tata Daewoo Commercial Vehicle Co. Ltd (2).	Republic of Korea	100.00%

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

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

Name of the Affiliates	Country of Incorporation	Percentage Ownership and Voting Interest (including indirect interest)
Nita Company Limited	Bangladesh	40.00%
Tata Cummins Limited	India	50.00%
Tata International Limited	India	22.00%
Tata Holset Limited	India	21.53%

D. Property, Plants and Equipment.

Facilities

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

Jamshedpur, Pune and Lucknow manufacturing facilities have been accredited with ISO-9000 certification.

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

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Installed Capacity

Our total vehicle production capacity in India as of March 31, 2004, determined on the basis of two production shifts per day and including capacity for the manufacture of replacement parts, was 420,000 units annually. In addition, we also have vehicle production capacity of 20,000 units annually in South Korea.

The following table shows our installed capacity as at March 31, 2004, and production levels by plant and product type in fiscal 2002, 2003 and 2004:

	Year Ended March 31,			
	Installed Capacity[1]	2002	2003	2004
Jamshedpur				
Medium and Heavy Commercial Vehicles	60,000	32,629	45,244	58,044
Pune				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles, Passenger Cars	330,000	140,863	168,696	240,832
Lucknow				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles	30,000	9,109	9,519	12,666
Republic of Korea				
Gunsan (2)				
Medium & Heavy Commercial Vehicles	20,000	n/a	n/a	(2)

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

(2) Our acquisition of TDCV closed on March 30, 2004 and consequently its production (as DWCV) did not constitute part of our production prior to that date. TDCV produced 46 vehicles during the two days ended March 31, 2004 subsequent to our acquisition.

Properties

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

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

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

Location	Facility or Subsidiary Name	Principal Products or Functions
India		
In the State of Maharashtra		
Pune (Pimpri, Chinchwad, Chikhali, Maval)	Tata Motors Ltd.	Factory/residential
Pune (Chinchwad)	TAL Manufacturing Solutions Ltd.,	Factory automation equipment and services
Pune (Pimpri and Hinjewadi)	Tata Technologies Ltd.	Software consultancy and services
Mumbai	Telco Dadajee Dhackjee Ltd.	Commercial real estate
Mumbai	Concorde Motors (India) Limited	Automobile sales and service

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Location	Facility or Subsidiary Name	Principal Products or Functions
In the State of Jharkhand		
Jamshedpur	Tata Motors Ltd.	Factory/residential
Jamshedpur	HV Axles Ltd.	Axles for MHCVs
Jamshedpur	HV Transmissions Ltd.	Transmissions for MHCVs
Jamshedpur	Telco Construction Equipment Co. Ltd.	Construction equipment
In the State of Uttar Pradesh		
Lucknow	Tata Motors Ltd.	Factory
In the State of Karnataka		
Dharwad	Tata Motors Ltd.	Factory
Dharwad	Telco Construction Equipment Co. Ltd.	Construction equipment
Bangalore	Concorde Motors Ltd.	Automobile sales and service
In the Rest of India		
Chennai, Tamilnadu		
Hyderabad, Andhra Pradesh		
Various other properties in India	Tata AutoComp Systems Ltd.	Auto components
Outside India		
Singapore	Tata Precision Industries Pte. Ltd. / Tata Engineering Services Pte. Ltd.	Precision equipment and computer peripherals warehousing
Republic of Korea	Tata Daewoo Commercial Vehicle Co. Ltd.	Factory

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

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

Item 5. Operating and Financial Review and Prospects.

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

A. Operating Results.

Overview

Business Segments

Our business segments are automotive operations and other operations. Automotive operations are our most significant segment, accounting for 93.7% and 91.7%, respectively, of our total revenues and 82.0% and 82.8%, respectively, of our operating income for fiscal 2003 and 2004. India is the most significant market for us, accounting for 96% and 93% of vehicle unit sales for fiscal 2003 and 2004, respectively.

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Our automotive operations business segment includes all activities relating to development, design, manufacture, assembly and sale of MHCVs, LCVs, passenger cars and UVs as well as related parts and accessories. Captive financing of our products is also included in our automotive business segment as an inherent part of our sales strategy. The profitability of this activity is critically dependent upon interest rate movements in the economy, vehicle demand and collections. Declining interest rates and easy availability of credit in the economy have led to an increased competition in this activity from banks (public and private) and non-banking finance companies. Our management allocates resources to, and assesses the performance of, our automotive operations as a single segment. The management of the automotive operations is aligned on a functional basis with managers having oversight responsibility for the major operating functions within the segment. Management assesses financial and non-financial data such as units of sale, units of production, market share information, vehicle model plans and plant location costs to allocate resources within the automotive operations business segment.

Our other operations business segment is primarily comprised of activities relating to production, designing and selling of automotive components, construction equipment, engineering solutions and software operations. None of these other businesses meets the quantitative thresholds specified in SFAS No. 131, and accordingly, these activities have been aggregated. The automotive component business, which is the major business component of our other operations business segment, pertains to both captive and non-captive markets. Our subsidiaries HV Axles Ltd. and HV Transmissions Ltd., which are in the truck aggregates business, derive their revenues primarily from our vehicle business. Our subsidiary Tata AutoComp Systems Ltd. promotes joint ventures that supply auto components to our vehicle business and others in the automotive market both in India and overseas through their joint venture partners. We do not expect the other operations business segment to materially affect our consolidated results of operations for the next several years.

We have experienced strong growth since fiscal 2002 with total revenues increasing by 24.8% to Rs.95,730.5 million in fiscal 2003 and further by 45.9% to Rs.139,695.7 million in fiscal 2004. As against a loss of Rs.3,413.9 million in fiscal 2002, we recorded net income in fiscal 2003 of Rs.2,769.3 million and Rs.8,899.9 million in fiscal 2004. Our revenues from automotive operations were Rs.89,673.9 million and Rs.128,167.1 million for fiscal 2003 and 2004, respectively, representing 93.7% and 91.7% of our total revenue in fiscal 2003 and 2004, respectively. Our revenues from other operations were Rs.6,056.6 million and Rs.11,528.6 million for fiscal 2003 and 2004, respectively, representing 6.3% and 8.3% of our total revenue in fiscal 2003 and 2004, respectively.

Our vehicle sales (including sales of TDCV subsequent to our acquisition in late March 2004) increased to a record 314,288 units in fiscal 2004 compared to 183,224 and 219,859 units in fiscal 2002 and 2003, respectively. In fiscal 2004, our market share in India of all four-wheel vehicles sold in India increased to 25.2% from 23.4% in fiscal 2003. Our overall sales in international markets (including sales by TDCV in India subsequent to our acquisition in late March 2004) improved to 22,075 units in fiscal 2004, an increase of 125% compared to fiscal 2003 due to expanded export sales of our passenger vehicles from India to European and other markets during these periods. Our focus on improving our international business has resulted in a 113.0% increase in revenues from international markets for fiscal 2004 to Rs.11,054.5 million from Rs.5,190.8 million in fiscal 2003. These revenues (primarily vehicles, but also including spare parts and other products, and excluding export incentives received from the Indian Government) accounted for approximately 5.4% and 7.9%, respectively, of our total revenue in fiscal 2003 and 2004. In addition to our automotive revenues, we also derive dividend and other income from strategic and trade investments which accounted for our residual income and from other operations.

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Geographical breakdown

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

	Year Ended March 31,		
	2002	**2003**	**2004**
	Rs. millions	**Rs. millions**	**Rs. millions**
India	70,107.4	90,539.7	128,641.2
All other markets	6,584.2	5,190.8	11,054.5

Significant Factors Influencing Our Results of Operations

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

General economic conditions: We, similar to the rest of the domestic automotive industry, are substantially affected by general economic conditions in India. Economic conditions have vastly improved since fiscal 2002 which has led to our strong growth in fiscal 2003 and 2004. See Item 3.D Risk Factors Risks Associated with Our Business General economic conditions could significantly adversely affect our sales and results of operations ;

Interest rates and availability of credit for vehicle purchases: Interest rates have steadily declined since the beginning of fiscal 2001 and credit finance for vehicle purchases has since become more widely available. For further discussion of our credit support programs, see Item 4.B Business Overview Sales and Distribution of Vehicles Domestic ;

Levels of excise duty and sales tax: For a detailed discussion regarding tax rates applicable to us, please see Item 4.B Business Overview Regulation Excise Duty and Sales Tax ; and

Our competitive position in the market: For a detailed discussion regarding our competitive position, see Item 4.B Business Overview Competition .

As a result of these factors, vehicle sales (domestic and exports) by Indian automotive manufacturers increased to approximately 1,308,000 units in fiscal 2004 compared to 887,000 units and 982,000 units in fiscal 2002 and 2003, respectively.

As a result of strong demand for our products, our capacity utilization in India rose from 50.7% in fiscal 2002 to 62.1% and 74.2% in fiscal 2003 and 2004, respectively. We outperformed the unit sales growth rate of the Indian automotive industry in fiscal 2003 and 2004, which was 10.7% and 33.2%, respectively. TDCV, which we acquired in late March, 2004, operated at around 25% capacity utilization during 2003.

We also achieved a major turnaround in our profitability over the last two fiscal years, from a net loss of Rs.3,413.9 million in fiscal 2002 to net income of Rs.2,769.3 million and Rs.8,899.9 million in fiscal 2003 and 2004, respectively. In addition to benefiting from economies of scale from increased production volumes, we also significantly improved our cost controls and productivity through value engineering and reductions in manufacturing cycle times, all of which have contributed toward this turnaround. We also benefited from sales price increases on most of our vehicles from fiscal 2002, which helped us increase our gross margin from 18.8% in fiscal 2002 to 22.7% and 22.6% in fiscal 2003 and 2004, respectively, and turn an operating loss of Rs.771.4 million in fiscal 2002 to an operating income of Rs.6,913.2 million and Rs.14,219.5 million in fiscal 2003 and 2004, respectively. The gross margin declined in fiscal 2004 as compared to fiscal 2003 due to significant increase in input costs, primarily steel, partially offset by cost reductions.

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Notwithstanding our cost control measures, costs and expenses continued to increase in absolute terms as a result of production volume increases and inflation as well as a significant increase in input costs in fiscal 2003 and 2004.

Though we previously had unabsorbed brought forward losses that could be set-off against future income, we are liable to pay a Minimum Alternate Tax, or MAT, on our book profits, which cannot be carried forward. Accordingly, the total tax charge (deferred plus current) for fiscal 2003 and fiscal 2004 on income before taxes was 40.8% and 37.5% respectively, higher than the applicable marginal tax rate of 36.75% and 35.875% for fiscal 2003 and fiscal 2004 respectively.

Our results of operations are also dependent on the cyclicality in demand in the automotive market, new government regulations, and, to a limited extent, to fluctuations in foreign currency rates.

The following table shows the cyclicality of demand for four-wheel automotive vehicles in India, which is generally linked to economic growth:

Year ended March 31,	Domestic Sales (units)	Change
1993	304,114	-8.7%
1994	380,096	25.0%
1995	472,132	24.2%
1996	617,845	30.9%
1997	727,977	17.8%
1998	661,843	-9.1%
1999	623,387	-5.8%
2000	895,252	43.6%
2001	827,145	-7.6%
2002	821,787	-0.6%
2003	897,880	9.3%
2004	1,161,097	29.3%

Source: SIAM.

There has been a greater emphasis by the government on the emission and safety norms for the automobile industry. Compliance with these norms will have a significant bearing on the costs and product life cycles in the Indian automotive industry. For further details with respect to these regulations, please see Item 4. Information on the Company Environmental Regulations and Initiatives.

We are sensitive to to fluctuations in foreign currency rates with respect to our import and export activities. Our consolidated financial statements, which are presented in Indian Rupees, are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may positively or negatively affect our revenues, gross margins, operating costs and expenses, operating income, net income and retained earnings.

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To the extent that our financial statements for a particular period will be affected by changes in the prevailing exchange rates at the end of the period, such fluctuations may have a substantial impact on comparisons with prior periods. However, the translation effect is a reporting consideration and does not impact our underlying results of operations. We do not hedge against our translation risk.

Transaction risk is the risk that the currency structure of our costs and liabilities will deviate from the currency structure of sales proceeds and assets. Transaction risk relates primarily to sales proceeds from our automotive business segment exports sales produced in India. Because our exports sales are a small proportion of overall sales volumes, this risk is limited for us. However, we enter into commercial borrowings and other hedging instruments to address some of these transaction risks. These instruments enable us to reduce, but not eliminate, the impact of fluctuations in foreign currency rates. Please see Item 11. Quantitative and Qualitative Disclosures About Market Risk for further details.

Results of Operations

The Indian automotive industry is substantially affected by general economic conditions in India. In 1999, the automotive industry witnessed a recovery in demand after declining trends for two years. We incurred net losses in fiscal 2000 and fiscal 2001, primarily as a result of a sharp decline in demand for four-wheel vehicles in the period from 2000 to late 2001, mainly attributable to slow economic growth in India. A revival in economic conditions in India in fiscal 2003 after nearly three years of low growth led to a sharp increase in domestic sales of automotive vehicles to 898,000 units. Due to the continued growth of the Indian economy combined with increased credit availability at lower interest rates, sales of automotive vehicles in India reached their highest ever level of 1,161,000 units in fiscal 2004. We benefited from these trends and enjoyed strong sales performances in both fiscal 2003 and 2004.

All of our product lines achieved growth in volumes in fiscal 2004 as compared to fiscal 2003. Vehicle sales of 314,288 units (including 29 units sold by TDCV subsequent to our acquisition in late March 2004) represented an increase of 42.9% during fiscal 2004 compared to fiscal 2003. Our domestic market share in India improved to 25.2% in fiscal 2004 from 23.4% in fiscal 2003 as a result of success of our new model launches and intensive marketing efforts. We enjoyed market share gains across all of our product lines in fiscal 2004.

Our strategy of entering different markets outside India resulted in significant increase in vehicle unit sales in our international markets. As a result, sales outside India increased to 7.0% of our total unit sales in fiscal 2004 compared to 4.5% in fiscal 2003. We expect that with availability of low-cost qualified engineering skills and presence of a large domestic market, India has the potential to emerge as a global manufacturing base for the niche automotive products. This trend is already visible in the increasing exports of auto components out of India. With large product range, significant market position and large engineering capabilities, we expect to benefit from this trend.

Fiscal 2004 culminated with our acquisition of TDCV on March 30, 2004 at an acquisition price of KRW 120.642 billion (approximately Rs.4,650 million or US$102 million) financed equally through our equity investment in TDCV and direct lending facilities to TDCV, for which we provided a letter of undertaking. This acquisition will provide us with opportunity for growth in the Korean and other markets in the coming years and also provide us with synergies in marketing and product development and a complementary product range.

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

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	Percentage of Total Revenues			Percentage Change	
	Year ended March 31,				
	2002	2003	2004	2002 to 2003	2003 to 2004
Total Revenues	100.0%	100.0%	100.0%	24.8%	45.9
Cost of sales	81.2	77.3	77.4	18.9	46.1
Gross Margin	18.8	22.7	22.6	50.1	45.4
Selling, general and administrative expenses	17.1	13.8	11.2	0.7	18.5
Research and development expenses	1.6	1.6	0.9	26.5	(16.5)
Employee separation compensation	1.1	0.1	0.3	(96.3)	1,084.9
Total operating expenses	19.8	15.5	12.4	(2.9)	17.2
Operating (loss) income	(1.0)	7.2	10.2		105.7
Non-operating revenues	2.5	1.5	1.5	(27.8)	54.2
Interest income	0.5	0.4	0.3	7.5	(15.2)
Interest expense	6.8	4.3	1.9	(21.3)	(34.4)
Total non-operating income (expense)	(3.8)	(2.4)	(0.1)	(20.8)	(91.7)
(Loss) income before tax	(4.8)	4.8	10.0		203.3
Income tax benefit (expense)	0.7	(2.0)	(3.8)		178.8
Equity in net (loss) income of affiliates	(0.5)	0.1	0.3		688.8
Minority Interest	0.1		(0.2)		1,457.1
Net (loss) income	(4.5)	2.9	6.4		221.4

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

	Year ended March 31,			Change %	
	2002	2003	2004	2002 to 2003	2003 to 2004
Total Revenues (Rs. Millions)	72,614.3	89,673.9	128,167.1	23.5	42.9
Net Income (Rs. Millions)	(2,515.3)	2,507.1	7,548.9	n/a	201.1
Net margin (%)	(3.5)%	2.8%	5.9%		
Unit Sales					
Tata Motors					
India	169,297	210,050	292,213	24.1	39.1
Outside India	13,927	9,809	22,075	(29.6)	125.0
India					
Market Share	20.7%	23.4%	25.2%		

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

	Year ended March 31,	Change %

	2002	2003	2004	2002 to 2003	2003 to 2004
Total Revenues (Rs. Millions)	4,077.3	6,056.9	11,528.6	48.6	90.3
Net Income (Rs. Millions)	(569.8)	91.2	805.5	n/a	783.2
Net margin (%)	(14.0)%	1.5%	7.0%		

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Fiscal Year Ended March 31, 2004 Compared to Fiscal Year Ended March 31, 2003

Revenues

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

Revenues for fiscal 2004 increased by 42.1% to Rs.128,641.2 million in India and 113.0% to Rs.11,054.5 million in all other markets, compared to fiscal 2003.

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

Automotive Operations Segment

Automotive operations generate the largest portion of our revenues. Revenues from this segment increased by Rs.38,493 million, or 42.9%, to Rs.128,167.1 million in fiscal 2004 compared to fiscal 2003. This increase was primarily due to the:

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

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

Other Operations Segment

Revenues from our other operations increased by Rs.5,472.0 million, or 90.3%, to Rs.11,528.6 million in fiscal 2004 compared to fiscal 2003. This increase resulted from the impact of increased revenue from all operations in this segment except that of TAL Manufacturing Solutions

Ltd., which operates in the Indian capital goods industry and which is facing increasing competitive pressure from the reduction of import duties.

Operating Costs and Expenses

Operating costs and expenses increased by Rs.36,658.9 million, or 41.3%, to Rs.125,476.2 million during fiscal 2004 compared to fiscal 2003.

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

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Selling, general and administrative expenses increased by Rs.2,438.3 million to Rs.15,648.3 million in fiscal 2004, compared to Rs.13,210.0 million in fiscal 2003. The largest component of the increase was outward shipping expenses, which increased by Rs.821 million to Rs.2,752.7 million in fiscal 2004 as a result of the increase in unit sales. Selling, general and administrative expenses as a percentage of revenues from sales of products decreased to 11.2% during fiscal 2004 from 13.8% during fiscal 2003.

Research and development expenses decreased by 16.5% from Rs.1,536.2 million in fiscal 2003 to Rs.1,282.0 million in fiscal 2004. However this is not reflective of our research and development objectives and we continue to remain committed to a research and development program that will enable us achieve our strategy of becoming a global automotive player.

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

Operating Income

Our consolidated operating income increased by Rs.7,306.3 million to Rs.14,219.5 million in fiscal 2004 compared with operating income of Rs.6,913.2 million in fiscal 2003.

Operating income from our automotive operations increased by Rs.6,104.2 million to Rs.11,770.7 million in fiscal 2004 compared to operating income of Rs.5,666.5 million in fiscal 2003.

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

Other Income and Expenses

Total net non-operating expenses decreased by 91.7% from Rs.2,286.9 million in fiscal 2003 to Rs.190.1 million in fiscal 2004, primarily due to a significant decrease in interest expense and an increase in non-operating revenue.

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

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

Non-operating revenue increased by 54.2% from Rs.1,391.1 million in fiscal 2003 to Rs.2,144.6 million in fiscal 2004, primarily due to higher income from investments and higher exchange gains, partially offset by non-recurrence of gain on sales of assets.

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Income Taxes

Income tax expense increased to Rs.5,264.0 million in fiscal 2004, compared to Rs.1,888.4 million in fiscal 2003. This change was primarily a result of the substantial increase in income before income taxes. The effective tax rate for fiscal 2004 decreased to 37.5% from 40.8% for fiscal 2003. As we were required to pay a Minimum Alternate Tax on our book profits, which cannot be carried forward, our effective tax rate was higher than the applicable marginal tax rate of 35.875% in fiscal 2004.

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliated Companies

Share of minority interest in profits of consolidated subsidiaries was Rs.228.9 million in fiscal 2004 compared to share in profits of Rs.14.7 million in fiscal 2003. This change was due to the improved performance of the majority of our consolidated subsidiaries, partially offset by the losses of TAL Manufacturing Solutions Ltd. and Tata Precision Industries Pte. Ltd.

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

Net Income

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

Increased operational economies due to a 42.9% increase in vehicle unit sales.

Continued cost reduction partially offset by an increase in input commodity prices. Due to the substantial increase in commodity prices during fiscal 2004 due to global demand factors, our Raw Material Cost as a proportion of our Total Revenues increased to 60.1% in fiscal 2004 from 59.6% in fiscal 2003. However, we were able to bring down the other elements of cost of sales from 17.7% in fiscal 2003 to 17.3% in fiscal 2004.

Our operating margin increasing to 10.2% in fiscal 2004 compared to 7.2% in fiscal 2003. The operating income of our automotive segment increased 107.7% to Rs.11,770.7 million while operating income of our other operations segment increased by 115.1% to Rs.1,603.5million in fiscal 2004.

34.4% reduction in interest cost from Rs.4,090.4 million in fiscal 2003 to Rs.2,684.3 million in fiscal 2004.

54.2% increase in non-operating revenue to Rs.2,144.6 million in fiscal 2004 as compared to Rs.1,391.1 million in fiscal 2003.

Fiscal Year Ended March 31, 2003 Compared to Fiscal year ended March 31, 2002

Revenues

Our total consolidated revenues increased to Rs.95,730.5 million for fiscal 2003, an increase of Rs.19,038.9 million, or 24.8%, compared to fiscal 2002. This increase principally reflects the impact of a 20% increase in vehicle unit sales, higher after-sales components sales, increased financing income and improved operations of the consolidated subsidiaries.

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Revenues for fiscal 2003 increased by 29.1% to Rs.90,539.7 million in India and decreased by 21.2% to Rs.5,190.8 million in all other markets, compared to fiscal 2002.

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

Automotive Operations Segment

Automotive operations constitute the largest portion of our revenues. Revenues from this segment increased by Rs.17,059.6 million, or 23.5%, to Rs.89,673.9 million in fiscal 2003 compared to fiscal 2002. This increase was primarily due to the:

- 24.1% increase in domestic vehicle unit sales in India
- 30.2% increase in automotive financing income to Rs.976.7 million.

These increases were partially offset by a 29.6% decline in vehicle unit sales outside India

Other Operations Segment

Revenues from our other operations increased by Rs.1,979.3 million, or 48.5%, to Rs.6,056.6 million in fiscal 2003 compared to fiscal 2002. This increase resulted primarily from the impact of increased revenue from the automotive components and construction equipment businesses and the acquisition of Concorde Motors.

Operating Costs and Expenses

Operating costs and expenses increased by Rs.11,354.3 million, or 14.7%, to Rs.88,817.3 million during fiscal 2003 compared to fiscal 2002.

Cost of sales increased by 18.9% from Rs.62,243.8 million in fiscal 2002 to Rs.74,038.5 million in fiscal 2003. The increase primarily reflects the combined impact of increased automotive unit sales and an increase in input prices, partially offset by the impact of continued cost cutting efforts as well as the non-recurrence of provisions pertaining to automotive dies carried out in fiscal 2002. Cost of sales as a percentage of total revenues decreased to 77.3% during fiscal 2003 from 81.2% in fiscal 2002 resulting in gross margin increasing from 18.8% in fiscal 2002 to 22.7% in fiscal 2003.

Cost reductions in fiscal 2003 were primarily achieved through value engineering/value analysis, vendor consolidation, commonalization of components and e-sourcing, and a reduction in conversion and fixed costs.

Selling, general and administrative expenses increased by 0.7% from Rs.13,118.1 million in fiscal 2002 to Rs.13,210.0 million in fiscal 2003. This increase is primarily due to the increased automotive unit sales and higher sales promotion activities on account of the launch of new vehicle models, partially offset by continuing cost reduction efforts. Selling, general and administrative expenses as a percentage of total revenues decreased to 13.8% during fiscal 2003 from 17.1% in fiscal 2002.

Research and development expenses increased by 26.5% from Rs.1,214.4 million in fiscal 2002 to Rs.1,536.2 million in fiscal 2003, primarily as a result of increased activities relating to the development of new models, upgrading of existing models, and technologies to meet emission and safety regulations in India and overseas markets.

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During fiscal 2002, we had undertaken an Employee Separation Scheme, or ESS, that resulted in an expense of Rs.886.7 million towards lump sum payments and pensions to 1,889 employees who opted for the scheme, compared to ESS-related expenses of Rs. 32.6 million in respect of 87 employees who submitted to the ESS during fiscal 2003.

Operating Income

Our consolidated operating income increased by Rs.7,684.6 million to Rs.6,913.2 million in fiscal 2003 compared with an operating loss of Rs.771.4 million in fiscal 2002. This change was primarily driven by growing sales, continued reductions in raw material costs and fixed overhead and lower ESS expenses. The increase was partially offset by the increase in selling, general and administrative expenses and research and development expenses.

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

Automotive Operations Segment

Operating income from our automotive operations increased by Rs.6,564.2 million to Rs.5,666.5 million in fiscal 2003 compared to an operating loss of Rs.897.7 million in fiscal 2002. This increase was primarily due to domestic vehicle unit sales growth of 24.1%, higher finance income and continued cost reduction measures. The increase was partially offset by an increase in selling, general and administrative expenses.

Other Operations Segment

Operating income from our other operations increased by Rs.693.4 million to Rs.745.4 million in fiscal 2003 compared to Rs.52.0 million in fiscal 2002. This increase was primarily due to general profitability improvements in the operations of consolidated subsidiaries, especially in the automotive components and construction equipment businesses.

Other Income and Expenses

Total non-operating expenses decreased by 20.8% from Rs.2,888.2 million in fiscal 2002 to Rs.2,286.9 million in fiscal 2003, primarily due to a decrease in interest expense, which was partially offset by a decrease in non-operating revenue.

Non-operating revenue decreased by 27.8% from Rs.1,927.9 in fiscal 2002 to Rs.1,391.1 million in fiscal 2003, primarily due to non-recurring income in fiscal 2002 and a reduction in income from investments, partially offset by income from sales of property in fiscal 2003.

Interest income increased by 7.5% to Rs.412.4 million in fiscal 2003 compared to Rs.383.8 million in fiscal 2002, due to an increase in term deposits and interest received on certain non-recurring refunds, partially offset by declining interest rates on our deposits.

Interest expense decreased by 21.3% from Rs.5,199.9 million in fiscal 2002 to Rs.4,090.4 million in fiscal 2003, primarily due to repayment of high cost debt and prudent working capital management leading to substantially lower borrowings as well as a general decline in interest rates. Our weighted average interest rate on short-term debt declined from 10.6% in fiscal 2002 to 9.76% in fiscal 2003, while that on our long-term debt declined from 12.06% in fiscal 2002 to 11.16% in fiscal 2003.

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Income Taxes

Income tax expense increased to Rs.1,888.4 million in fiscal 2003, compared to an income tax benefit of Rs.513.0 million in fiscal 2002. This change was primarily a result of the substantial increase in income before income taxes. The effective tax rate for fiscal 2003 was 40.8%. As we are required to pay a Minimum Alternate Tax on our book profits, which cannot be carried forward, our effective tax rate in fiscal 2003 was higher than the applicable marginal tax rate of 36.75%.

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliated Companies

Share of minorities interest in consolidated subsidiaries changed from a loss of Rs.86.4 million in fiscal 2002 to a share of profits of Rs.14.7 million in fiscal 2003. This change was primarily due to the improved performance of the majority of consolidated subsidiaries, partially offset by losses at TAL Manufacturing Solutions Ltd. and Concorde Motors Ltd. in fiscal 2003.

Equity in earnings of affiliates amounted to Rs.46.1 million in fiscal 2003 compared with a net loss of Rs.353.7 million in fiscal 2002. This change was primarily due to improved performances by affiliates, partially offset by a change in the status of Concorde Motors Ltd. from affiliate to subsidiary, and the carrying value of investments in Tata Finance Ltd., an affiliate, being reduced to nil in fiscal 2002.

Net Income

We had a turnaround performance in fiscal 2003, with consolidated net income of Rs.2,769.3 compared to a net loss of Rs.3,413.9 million in fiscal 2002. This was a result of

- The improvement in the performance of our automotive operations in fiscal 2003 primarily due to a 20% increase in total vehicle unit sales to 219,859 and significantly lower cost of sales.

- Cost reduction efforts through value engineering/value analysis, vendor consolidation, commonizing components and e-sourcing, and a reduction in conversion and fixed costs resulting in raw materials cost, as a ratio to total revenues, declining from 61.1% in fiscal 2002 to 59.6% in fiscal 2003.

- Reduced expenses on Employee Separation Scheme of Rs.32.6 million in fiscal 2003 compared to Rs.886.7 million in fiscal 2002

- A 21.3% reduction in interest expenses from Rs.5,199.9 million to Rs.4,090.4 million due to soft interest rates in the Indian economy and a 32.7% reduction in our overall debt in fiscal 2003 compared to fiscal 2002.

Critical Accounting Policies

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

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Property, plant and equipment

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

We provide depreciation at rates prescribed by the Indian Companies Act, which approximate estimated useful lives on a straight-line basis.

We review our estimated useful lives on an ongoing basis to ensure that they are appropriate. We also test our long lived assets for impairment using undiscounted cash flows whenever events or circumstances arise that may indicate impairment. If we find that a long lived asset is impaired, we write its value down to our estimate of fair value. We also write off any plant that relates to vehicle models that we no longer produce or that are obsolete.

Product Warranty

Vehicle warranties are provided for a specified period of time or for a number of kilometers with respect to which the vehicle is used. Our vehicle warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors.

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

Changes in warranty provisions as a result of changes in estimated future warranty costs and any additional costs in excess of estimated costs relating to prior provisions can materially affect our net profit. Determining the amount of warranty cost provisions requires our management to estimate the frequency and amount of future claims, which are inherently uncertain. Our policy is to continuously monitor warranty liabilities to determine the adequacy of warranty provisions and to maintain warranty provision at an amount our management deems adequate to cover estimated future warranty costs. Actual claims incurred in the future may differ from our original estimates, which may result in a material change in warranty provisions.

Retirement Benefits

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

Any shortfall is treated as an expense in the year incurred.

While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension and other post-retirement costs and obligations and post-employment benefit costs.

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Finance Receivables, deferred origination costs and allowance for credit losses

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

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

We establish a specific and unallocated allowance for credit losses for finance receivables, based on management s best estimate of losses inherent in the finance receivable portfolio.

B. Liquidity and Capital Resources.

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

Cash Flow Data

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

	Year ended March 31,			Percentage Change	
	2002	2003	2004	2002 to 2003	2003 to 2004
		(Rs. Millions)			
Net Cash provided by Operating Activities:	5,208.7	15,714.1	27,592.7	202%	76%
Net Income	(3,413.9)	2,769.3	8,899.9		
Adjustments	5,371.9	5,548.0	8,209.2		
Changes in Operating Assets and Liabilities	3,250.7	7,396.8	10,483.6		
Net Cash used in Investing Activities	1,433.1	5,854.1	25,436.5	308%	335%
Net Purchases of Tangible and Intangible Assets	2,113.3	2,228.7	2,441.1		
Net Purchases of Investments	(1,971.2)	879.7	18,799.1		
Acquisition of Subsidiaries, Net of Cash Acquired	0.1	88.2	1,161.3		
	1,294.8	2,702.2	3,095.7		

Change in Finance Receivables (net of proceeds from sale)					
Others	(3.9)	(44.7)	(60.7)		
Net Cash used in Financing Activities	1,630.0	10,414.1	(2,157.9)	539%	n/a
Equity Issuance	34.3	0.9	2,304.9		
Dividends Paid (including to minority shareholders of subsidiaries)	4.2		3,034.5		
Net Debt Repayments	1,660.1	10,415.0	(2,887.5)		

Net cash provided by operating activities was Rs.5,208.7 million, Rs.15,714.1 million and Rs.27,592.7 million in fiscal 2002, 2003 and 2004, respectively. The increases during fiscal 2003 and 2004

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was primarily due to increases in income from our automotive operations. In addition, we have been able to generate cash from operating activities through reductions in accounts receivable and inventory reductions. Receivable reductions have been achieved by encouraging cash sales and faster payments on credit sales. Our accounts receivable declined by Rs.1,859.1 million, Rs.1,155.1 million and Rs.2,646.0 million in fiscal 2002, 2003 and 2004, respectively. We have reduced our inventory from the equivalent of 48 days of gross sales in fiscal 2002 to 44 days in fiscal 2003 and 34 days in fiscal 2004.

Net cash used in investing activities was Rs.1,433.1 million, Rs.5,854.1 million and Rs.25,436.5 million in fiscal 2002, 2003 and 2004, respectively. The increase during fiscal 2004 compared to fiscal 2003 was primarily due to increases in our investments as we deployed excess cash in liquid investments and property, plant and equipment and in finance receivables. The increase in net cash used in investment activities during fiscal 2003 compared to fiscal 2002 resulted primarily from investments in property, plant and equipment, purchases of available-for-sale investments, investments in affiliates and finance receivables. These increases were partially offset by an increase in proceeds from the sale of properties.

Total capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases, were Rs.2,490.4 million, Rs.2,650.6 million and Rs.2,659.3 million in fiscal 2002, 2003 and 2004, respectively. The increases resulted primarily from the increase in maintenance capital expenditure.

Net cash used in financing activities was Rs.1,630.0 million and Rs.10,414.1 million in fiscal 2002 and 2003, respectively. In fiscal 2004 there was a net cash inflow of Rs.2,157.9 from financing activities. The net outflow in fiscal 2002 and 2003 related primarily to repayments of long-term debt and short-term borrowings and, for fiscal 2003, a decrease in proceeds from the issuance of long-term debt. For fiscal 2004, the net inflow from financing activities resulted primarily from equity issuance on exercise of outstanding warrants and new debt issuances, partially offset by dividend payments to shareholders.

In view of our profitable performance in fiscal 2003 and 2004, we paid dividends in respect of both years, after not declaring dividends in respect of either fiscal 2001 or 2002. For fiscal 2003, we declared dividends (including dividend tax thereon) totaling Rs.1,443.0 million, which was paid on July 21, 2003. For fiscal 2004, we declared an interim dividend totaling Rs.1,578.8 million and a final dividend totaling Rs.1,615.4 million. The interim dividend was paid on February 20, 2004 and the final dividend was paid on July 9, 2004.

Balance Sheet Data

Our total assets were Rs.78,762.0 million and Rs.113,875.4 million as of March 31, 2003 and 2004, respectively. The increase in fiscal 2004 was primarily due to increases in investments, significantly cash and cash equivalents, short-term bank deposits and our acquisition of DWCV (now TDCV). Inventory and receivables also increased in light of higher sales volumes.

Our Stockholders equity was Rs.20,915.6 million and Rs.37,377.6 million as of March 31, 2003 and 2004, respectively. The increase during fiscal 2004 was primarily due to exercise of outstanding warrants and conversion of outstanding convertible debt securities, increase in net income and unrealized gain on available for sale securities of Rs.4,714.4 million, partially offset by dividends paid of Rs.3,021.8 million. Paid-in capital increased from Rs.3,198.3 million to Rs.3530.0 million and additional paid-in-capital increased from Rs.21,459.4 million to Rs.26,872.3 million.

As of March 31, 2004, we had cash and cash equivalents of Rs.6,511.1 million held primarily in Indian rupees, short-term bank deposits of Rs.2,727.7 million and investments available for sale of Rs.24,150.3 million. In comparison, as of March 31, 2003, we had cash and cash equivalents of Rs.2,758.7 million and available-for-sale investments of Rs.3,133.8 million.

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Gross accounts receivables increased during fiscal 2004 by Rs.2,738.4 million to Rs.9,481.3 million as of March 31, 2004 primarily due to higher sales, partially offset by quicker collections on our credit sales.

Inventories increased during fiscal 2004 by Rs.1,603.9 million to Rs.15,143.7 million as of March 31, 2004, primarily reflecting the impact of increased unit production and sales volumes. However, as a result of stringent inventory management and controls, we reduced our inventory from the equivalent of 44 days of gross sales in fiscal 2003 to 34 days in fiscal 2004.

Gross finance receivables (excluding non-current receivables) increased during fiscal 2004 by Rs.1,254.8 million to Rs.3,898.4 million as of March 31, 2004. This increase was primarily due to higher customer financing in light of increased unit sales.

Our investment portfolio increased by Rs.21,314.3 million during fiscal 2004 to Rs.27,052.3 million as of March 31, 2004. The increase was primarily due to investments in mutual funds where we deployed surplus cash, and unrealized gain on our available-for-sale investments.

Capital Expenditure

We have invested approximately Rs.7,800 million over the last three fiscal years to fund our planned capital expenditure and our program for the modernization of our production facilities. Capital expenditure totaled Rs.2,490.4 million, Rs.2,650.6 million and Rs.2,659.3 million in fiscal 2002, 2003 and 2004, respectively. Our capital expenditures during the past three years have related mostly to the introduction of new products and quality and reliability improvements leading to operating cost reductions.

We expect to continue to make investments in our business units and research and development over the next several years, including committed capital expenditures for our ongoing projects, product development programs and investment for mergers, acquisitions and strategic alliances, as well as new projects. In particular, we have been implementing a program to build and expand our presence in the passenger vehicle market and to expand and enhance our pre-eminent position in the Indian commercial vehicle market, both by improving our existing product range and developing new products and platforms. As part of our future growth strategy, we have a capital expenditure plan as of March 31, 2004 aggregating approximately Rs.51,800 million for fiscal 2005, 2006 and 2007. Future capital expenditure is expected to focus on the introduction of new products, the balancing and enhancement of plant capacity, modernization of existing plant, property and equipment, improvement of plant productivity, and the quality and reliability of our products. These expenditures are expected to be funded through a combination of internally generated cash, existing investible surplus available in the form of cash, cash equivalents and investment securities, remaining proceeds from exercise of warrants as result of our rights issue in fiscal 2002 of Rs.9,787 million of simultaneous but unlinked convertible and non-convertible debentures with warrants and other external financing sources. We have also agreed to purchase or arrange the purchase of preference shares issued by Tata Finance Ltd. up to a maximum amount of approximately Rs.1,500 million. We have undertaken this obligation in order to assist Tata Finance Ltd. to secure its financing on more favorable terms, and in turn to facilitate the offering of lower cost financing to our customers.

Liabilities and Sources of Financing

We fund our short-term working capital requirements with cash generated from operations, through overdraft facilities with domestic banks, short- and medium-term borrowings from lending institutions and issuance of medium-term debentures. The maturities of these short- and medium-term borrowings and debentures are generally matched to particular cash flow requirements. We had short-term borrowings (including the current portion of long-term debt) of Rs.5,713.8 million and Rs.7,758.9 million as of March 31, 2003 and 2004, respectively. We had unused short-term credit facilities of Rs.13,748.8 million and Rs.11,486.4 million available for drawing as of March 31, 2003 and 2004, respectively.

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An increasing portion of our funding requirements is being met through financings in the international capital markets, as well as through rupee-denominated loans from banks, other financial institutions and government bodies. We expect to continue to meet a large portion of our future financing requirements in this manner.

On June 20, 2003 we entered into a loan agreement with the International Finance Corporation, or IFC, pursuant to which we have drawn down a total of US$50 million. As a condition to any disbursement of these funds, we agreed to certain financial and other covenants. Repayment of any borrowed funds is required to be made in installments beginning April 2008 until April 2011. In addition, on September 5, 2003 we entered into a loan agreement with the State Bank of India, pursuant to which we borrowed the equivalent of US$21 million in rupee-denominated funds.

In July 2003, we raised US$100 million through an offering of 1% convertible notes, due in 2008. The notes are convertible into ordinary shares or GDSs at a price of Rs.250.745 (US$5.43) per ordinary share and are subject to redemption at our option any time after July 31, 2006.

On March 8, 2004, our Board of Directors approved the raising of an additional US$500 million of funds, which was approved by a general meeting of our shareholders on April 8, 2004. On April 27, 2004, we raised US$400 million through a two-tranche offering of zero coupon and 1% convertible notes due in 2009 and 2011, respectively. The US$100 million zero coupon notes, due in 2009, are convertible into ordinary shares or global depositary shares at a price of Rs.573.106 (US$13.069) per share, subject to adjustment, from and including June 7, 2004 and are subject to redemption at our option any time on or after April 27, 2005. The US$300 million 1% notes, due in 2011, are convertible into ordinary shares or global depositary shares at a price of Rs.780.400 (US$17.797) per share, subject to adjustment, from and including June 7, 2004. We plan to raise the equivalent of the remaining $100 million of approved funding through rupee-denominated borrowings. We expect to use these and any other funds we may raise in the future to meet future capital expenditure requirements for product development programs and for the purposes of funding any mergers, acquisitions or strategic alliances we enter into in either domestic or international markets, including the re-financing of our acquisition of DWCV (now TDCV), subject to applicable Indian laws.

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

The following table sets forth our short-term and long-term debt as of the dates indicated.

	As at March 31,	
	2003	2004
	(Rs. millions)	
Total Short-Term Debt	2,117.6	4,941.0
Total Current Portion of Long-Term Debt	3,596.2	2,817.9
Long-Term Debt net of Current Portion	13,877.4	10,804.1
Total Debt	19,591.2	18,563.0

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During fiscal 2003 and 2004 the effective weighted average interest rate on our long-term debt was 11.16% and 7.35% per annum, respectively.

As of March 31, 2004, approximately 36.4% of our long-term debt was denominated in rupees and the balance was denominated in dollars and other non-rupee currencies. During fiscal 2003, we were able to restructure our debt portfolio and reduce the effective cost of borrowing. We prepaid Rs.5,250.4 million of our outstanding loans and restructured Rs.1,500.0 million of debt at a lower interest rate. We raised Rs.1,000 million by way of long-term borrowings during fiscal 2003 to effect the debt repayments.

The following table sets forth a summary of the maturity profile for our outstanding long-term debt obligations as of March 31, 2004.

Payments Due by Period	**(amounts in Rs. millions)**
Repayment within 1 year	2,817.9
After one and up to two years	1,334.9
After two and up to five years	7,761.3
After five and up to ten years	1,707.9
Total	13,622.0

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

As a result of our debt reduction during fiscal 2003 and 2004, our consolidated ratio of net debt to shareholders equity (total debt less cash and cash equivalents and liquid marketable securities divided by total shareholders equity) under US GAAP declined from 0.80 to (0.16) as of March 31, 2003 and 2004, respectively. Details of the calculation of this ratio are set forth in Exhibit 7.1 to this registration statement.

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

	As at March 31,	
	2003	**2004**
	(Rs. millions)	
Sales tax	2,237.4	2,443.1
Excise duties	3,265.0	446.0
Claims by third parties[(1)]	3,340.7	2,520.9
Other contingencies[(2)]	8,034.9	10,011.6
Total	16,878.0	15,421.6

(1) Claims by third parties include claims by income tax and other revenue authorities and distributors. See Legal Proceedings in Item 4B. of this registration statement.
(2) Other contingencies consisted of:

Rs. 4,459. 5 million and Rs.4,607.0 million for fiscal 2003 and 2004 respectively with respect to liabilities for bills discounted and export sales on deferred credit,

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Rs.1,238.1 million and Rs.1,497.2 million for fiscal 2003 and 2004 respectively with respect to other guarantees, including with respect to receivables assigned by way of securitization,

Rs.1,500.0 million and Rs.1,500.0 million for fiscal 2003 and 2004 respectively with respect to the obligation of the Company to purchase preference shares of Tata Finance Limited on the occurrence of certain events,

Rs.834.9 million and Rs.2,405.0 million for fiscal 2003 and 2004 respectively with respect to executory contracts on capital accounts and not otherwise provided for and

Rs.2.4 million and Rs.2.4 million for fiscal 2003 and 2004 respectively with respect to arrears of cumulative preference share dividends.

On an ongoing basis, our legal department reviews pending cases, claims by third parties against us and other contingencies. For the purposes of financial reporting, we periodically classify these matters into gain contingencies and loss contingencies. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable. For loss contingencies that are considered probable, an estimated loss is recorded as an accrual in our accounts and, if the matter is material, the estimated loss is disclosed in our financial statements. We do not consider any of these matters to be individually sufficiently material to warrant disclosure in our financial statements. Loss contingencies that are considered reasonably possible are not provided for in our accounts but, if we consider such contingencies to be material, individually or in the aggregate, they are disclosed in our financial statements. Most loss contingencies are classified as reasonably possible unless clearly frivolous, in which case they are classified as remote and are monitored by our legal department on an ongoing basis for possible deterioration. We do not disclose remote matters in our financial statements. See note 21 of our audited consolidated financial statements for additional information regarding our material claims and contingencies.

Since fiscal 1997, we have benefited from participation in the Export Promotion Capital Goods Scheme, or the EPCG Scheme, which permits us to import capital equipment under a special license at a substantially reduced customs duty, subject to us fulfilling an obligation to export goods manufactured or produced by the use of capital equipment imported under the EPCG Scheme to the value of a multiple of the cost insurance freight value of these imports, over a period of 12 years from the date of obtaining the special license. We currently hold four licenses that require us to export our products of a value of approximately US$1.96 billion between 1997 and 2014, and we carefully monitor our progress in meeting our incremental milestones. Of this amount, we have already achieved exports of approximately US$842.4 million as of March 31, 2004, which exceeded our export milestone at that stage by approximately US$238.1 million. This leaves us with a remaining obligation to export products of a value of approximately US$1.12 billion by September 25, 2014. In the event that the export obligation under the EPCG Scheme is not fulfilled, we would have to pay the differential between the reduced and normal duty on the goods imported along with interest. In view of our past record of exceeding our export milestones, and our current plans with respect to our export markets, we do not currently foresee any impediments to meeting our export obligations in the required time frame.

Finance Receivables

In fiscal 2003 and 2004, 9% and 8%, respectively, of our sales volumes were financed under hire-purchase contracts. As of March 31, 2003 and 2004, our finance receivable portfolio was comprised of 45,134 contracts and 60,676 contracts, respectively, with gross stock-on-hire of approximately Rs.12,638 million and Rs.16,977 million, respectively. We follow stringent norms for selection of our finance customers to ensure the quality of our portfolio, including restricting maximum finance to 75% of the chassis price and 80% of the vehicle price and requiring securities such as fixed deposits from banks or public limited companies. We originate all the contracts through our authorized dealers with whom we have long-term agreements. All our marketing and sales activity is undertaken through dealers including our Bureau of Hire Purchase Credits and collections are carried out by our authorized dealers.

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

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

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

- by furnishing to investors a bank guarantee guaranteeing the obligations of the purchasers and the undertakings to be provided by us;
- by depositing, in favor of the investors, amounts not exceeding 5% of the gross receivables as cash collateral to secure the obligations of the purchasers and our obligations as the collection agent; and
- by way of over-collateralization or by investing in subordinate pass-through certificates to secure the obligations of the purchasers.

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

	Year Ended March 31,	
	2003	2004
	(Rs. millions, except percentages)	
Securitized value	27,689.7	35,489.2
Balance payable	6,659.5	8,186.4
Overdue as a % of amount securitized	1.0%	0.8%

Recent Developments

Interim and Final Dividend for Fiscal 2004

Our Board of Directors, at its meeting on January 22, 2004, recommended payment of an interim dividend of Rs.4 per ordinary share on account of our profitable performance for the first three quarters of fiscal 2004. This dividend (including the dividend tax thereon), aggregating

Rs.1,578.9 million, was paid on February 20, 2004. At a meeting held on July 8, 2004, our shareholders confirmed the above interim dividend and declared a further final dividend of Rs.4 per ordinary share for fiscal 2004. This final dividend (including the dividend tax thereon), aggregating Rs.1,615.4 million, was paid to the shareholders on July 9, 2004.

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Acquisition

On March 30, 2004, we acquired Daewoo Commercial Vehicle Co. Ltd. of South Korea, which has been renamed Tata Daewoo Commercial Vehicle Co. Ltd. See Item 4. Information on the Company Business Overview Acquisition of Daewoo Commercial Vehicle Co. Ltd., Korea for further details on this proposed acquisition.

Issuance of Convertible Notes

In April 2004, we raised US$400 million (approximately Rs.17,540 million) through an offering of US$100 million (approximately Rs.4,385 million) of zero coupon convertible notes due in 2009 (the 2009 Notes) and US$300 million (approximately Rs.13,155 million) of 1% convertible notes due in 2011 (the 2011 Notes). The 2009 Notes are convertible into Shares or GDSs at a price of Rs.573.106 (US$13.070) per ordinary share, subject to adjustment, and are subject to redemption at our option at any time after April 27, 2005. The 2011 Notes are convertible into Shares or GDSs at a price of Rs.780.400 (US$17.797) per ordinary share, subject to adjustment, and except in the event of certain changes relating to taxation in India, are not subject to redemption at our option prior to maturity.

Unconsolidated Indian GAAP Financial Information as of and for the Three Months Ended June 30, 2003 and 2004.

As a result of our shares being listed on the BSE, the NSE and other stock exchanges in India, we are required to file our unconsolidated financial information on a quarterly basis and consolidated financial information on an annual basis with these stock exchanges. This information is prepared in accordance with Indian GAAP, which differs in some material respects from US GAAP. Please see Annex A to this registration statement for a description of material differences between Indian GAAP and US GAAP as they apply to us and a reconciliation of our net income in accordance with US GAAP and net profit or loss as determined under Indian GAAP for the years ended March 31, 2002, 2003 and 2004 and a reconciliation of our shareholder s equity in accordance with US GAAP and shareholders funds as determined under Indian GAAP as of March 31, 2003 and 2004. In addition, by their nature, unconsolidated financial statements may not be comparable in all respects with our consolidated financial statements, and should not be compared to our consolidated financial statements for prior periods. Because we have released financial information as of and for the three months ended June 30, 2003 and 2004 in accordance with the rules of the Indian stock exchanges on which our shares are listed, we are required under applicable rules of the United States Securities and Exchange Commission to include this unconsolidated financial information in this registration statement.

The unconsolidated financial information summarized below does not consolidate the financial position and results of operations of any of our subsidiaries. This means that:

Intercompany sales, purchases and expenses between Tata Motors Ltd. and its subsidiaries are not eliminated; and

Individual assets, liabilities, revenue and expenses for our subsidiaries are not included in the unconsolidated financial statement.

Other amounts in other line items may be materially different in our unconsolidated financial statements from our consolidated financial statements. We can give no assurance what the relative level of

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unconsolidated and consolidated assets, net sales, net income or any other financial statement line item will be for the fiscal year ending March 31, 2005. Our unconsolidated results of operations for the three months ended June 30, 2004 may not be indicative of our unconsolidated or consolidated results of operations for the fiscal year ending March 31, 2005.

The following summary unconsolidated financial information has been prepared in accordance with Indian GAAP. The financial information as of and for the three months ended June 30, 2003 is unaudited. The financial information as of and for the three months ended June 30, 2004 has been jointly audited by S.B. Billimoria & Co. and A.F. Ferguson & Co.

Net Sales

Our unconsolidated Net Sales increased 42.8% from Rs.25,024 million for the three months ended June 30, 2003 to Rs.35,741 million for the three months ended June 30, 2004, primarily as a result of a 40.6% increase in overall unit sales, including a 17.2% increase in unit exports.

Due to an upturn in the Indian economy, our sales increased in the domestic market by 42.1% to 80,658 units for the three months ended June 30, 2004 from 56,761 units in the three months ended June 30, 2003. Export sales also increased, from 3,635 vehicles for the three months ended June 30, 2003 to 4,260 vehicles for the three months ended June 30, 2004.

Consumption of Raw Materials and Components

Our unconsolidated consumption of raw materials and components after accounting for change in stock increased 46.1% from Rs.15,967 million for the three months ended June 30, 2003 to Rs.23.328 million for the three months ended June 30, 2004. This reflected a significant increase in overall sales and was primarily due to an increase in production to meet demand for our vehicles as well as increases in input costs.

Staff Cost

Our unconsolidated staff costs increased 27.2% from Rs.1,856 million in the three months ended June 30, 2003 to Rs.2,361 million for the three months ended June 30, 2004. This increase was primarily due to salary increases during the period and the impact of the new wage agreements for our Pune plant, which became effective from September 1, 2003, for our Mumbai offices which became effective from January 1, 2004 and for our Jamshedpur and Pune car plants which became effective from April 1, 2004.

Operating Profit

Our unconsolidated operating profit increased 29.5% from Rs.3,316 million for the three months ended June 30, 2003 to Rs.4,294 million for the three months ended June 30, 2004. This increase was primarily due to an increase in overall sales volumes, a more profitable product mix and our continued cost management efforts during the period.

Our unconsolidated operating margin, calculated by dividing unconsolidated operating profit by unconsolidated net sales, for the three months ended June 30, 2004 was lower at 12.0% of unconsolidated net revenues compared to 13.3% for the three months ended June 30, 2003. This was primarily due to input cost increases which could not be fully passed through in the form of higher vehicle sales prices.

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Other Income

Our unconsolidated other income increased from Rs.105 million for the three months ended June 30, 2003 to Rs.412 million for the three months ended June 30, 2004. This increase was primarily due to higher dividend income received from subsidiaries and affiliates as well as from mutual fund investments.

Interest Expense

Our unconsolidated net interest expense decreased 22.7% from Rs.538 million for the three months ended June 30, 2003 to Rs.416 million for the three months ended June 30, 2004. This decrease was primarily due to lower weighted average interest rates on our outstanding loans and higher capitalization of interest, partially offset by additional interest payment on newly issued convertible notes.

Product Development, Depreciation and Amortization

Our unconsolidated product development expenses increased 132.6% from Rs.114 million for the three months ended June 30, 2003 to Rs.266 million for the three months ended June 30, 2004. This reflects our continued focus on research and development in introducing product enhancement and facelifts as well as upgrades of existing products.

Our unconsolidated depreciation and amortization expense increased 5.7% from Rs.930 million for the three months ended June 30, 2003 to Rs.983 million for the three months ended June 30, 2004. This increase was primarily due to increases in our total assets.

Income Tax

Our unconsolidated income tax charge increased from Rs.634 million for the three months ended June 30, 2003 to Rs.797 million for the three months ended June 30, 2004. This was due to our higher income before tax for the three months ended June 30, 2004 compared to the three months ended June 30, 2003.

Net Profit

Our unconsolidated net profit increased 122.7% from Rs.1,003 million for the three months ended June 30, 2003 to Rs.2,234 million for the three months ended June 30, 2004.

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

Please see Item 4.B of this registration statement for the information required by this item.

D. Trend Information.

Please see Item 5.A of this registration statement for the information required by this item.

E. Off-balance Sheet Arrangements.

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

Assets in off-balance sheet entities were as follows:

	As at March 31,		
	2003	2004	2004
	(in Rs. millions)		(in US $ millions)
Finance Receivables	4,710.8	6,971.3	160.6

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We have provided bank guarantees aggregating Rs.1,192 million relating to certain securitized receivables to certain special purpose entities (SPEs). Our liability would crystallize in the event customers fail to fulfill their obligations under the contract and the SPE serves a notice of shortfall in collections on us. The term of each guarantee depends upon the weighted average term of each pool of finance receivables securitized. In the event a guarantee is called, we have the right to repossess the financed vehicle and to auction the vehicle. The maximum potential amount of future payment would be required to make is Rs.1,192 million as at March 31, 2004. We have recognized a liability of Rs.137.5 million for these guarantees.

We also provided a letter of undertaking to a bank for extending a loan of $51.4 million (Rs.2,230.8 million) to TDCV. Under the terms of the letter of undertaking, if TDCV is unable to repay the loan, we shall take appropriate steps to ensure immediate repayment of the outstanding debt including, without limitation, infusion of additional equity or incurrence of additional debt.

We have entered into an agreement with ICICI Bank under which we are obliged to purchase or arrange to purchase preference shares amounting to Rs.1,500 million issued by Tata Finance Limited (TFL) and held by ICICI Bank if TFL fails to perform under its indenture for the preference shares. The term of this guarantee is until February 28. 2005. The maximum potential amount that we would be required to pay is Rs.1,500 million plus interest accrued from the date of default by TFL under the date the payment is made by us. The terms of the guarantee do not provide for any recourse provision.

F. Tabular Disclosure of Contractual Obligations.

Tabular Disclosure on Contractual Obligations

	(Rs. in millions)				
	Total	**Less than 1 year**	**1 year to 3 year**	**3 year to 5 year**	**5 year or more**
Long Term Debts	13,622.0	2,817.9	2,117.0	6,979.2	1,707.9
Capital Leases	38.2	12.1	20.0	6.1	
Operating Leases	30.4	14.2	8.6	7.6	
Purchase obligations	2,331.3	2,138.9	192.4		
Total	**16,021.9**	**4,983.1**	**2,338.0**	**6,992.9**	**1,707.9**

G. Safe Harbor.

Not applicable.

Item 6. Directors, Senior Management and Employees.

A. Directors and Senior Management.

Board of Directors

Under our Articles of Association, the number of our Directors cannot be less than three nor more than 15. At present there are 12 Directors, including a Steel Director and a Financial Institutions Director, and we have one alternate Director. Our Board of Directors, or the Board, has the power to appoint Managing Directors and Executive Directors.

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Our Articles of Association provide that the Board of Directors of The Tata Iron and Steel Company Limited, or Tata Steel, which, with its subsidiary, owns, as of June 30, 2004, 9.09% of our shares, has the right to nominate one Director (the Steel Director) to the Board. Dr. J.J. Irani is the current Steel Director.

In addition our Articles of Association provide that our debenture holders have the right to nominate one Director (the Debenture Director) if the trust deeds relating to outstanding debentures require the holders to nominate a Director. Currently there is no Debenture Director. Also, the Articles provide that pursuant to the terms of loan agreements with financial institutions in India, those institutions have the right to nominate two Directors (each, the Financial Institutions Director) to the Board. The Financial Institutions as investors have appointed a representative on our Board, namely Mr. V. R. Mehta, who is the current Financial Institutions Director.

We also have a representative from DaimlerChrysler AG on our Board. The current nominee is Mr. Helmut Petri.

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

Two-thirds of the total numbers of Directors on the Board are subject to retirement by rotation, and of these Directors one third must retire every year. The Directors to retire are those who have been the longest in office. Our Directors are not required to hold any of our shares by way of qualification shares. Our day-to-day operations are being overseen by Mr. Ratan N. Tata as a member of the Committee of Directors comprising himself and Mr. R. Gopalakrishnan. The said Committee has delegated appropriate powers to the three Executive Directors to look after our day-to-day affairs.

As of June 30, 2004, our Directors and Executive Officers, in their sole and joint names, held beneficially an aggregate of 92,171 shares (approximately 0.03% of our issued share capital). In addition, some of our Directors hold as trustees for various non-affiliated trusts an aggregate of 355,146 shares (representing approximately 0.10% of our issued share capital).

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

Name	Position	Date of Birth[1]	Year appointed as Director or Executive Officer	Expiration of Term	Number of shares beneficially owned as of March 31, 2004[2]
Ratan N. Tata	Chairman	Dec 28, 1937	1981	2007	52,056
N.A. Soonawala	Director	Jun 27, 1935	1989	2006	10,280
J.J. Irani	Director	Jun 2, 1936	1993	Non-rotational	3,183
J.K. Setna	Director	Aug 29, 1928	1993	2006	11,033
V.R. Mehta	Director	Jan 12, 1934	1998	Non-rotational	9,332
R. Gopalakrishnan	Director	Dec 25, 1945	1998	2007	3,750
N.N. Wadia	Director	Feb 15, 1944	1998	2005	Nil
Helmut Petri	Director	Jul 23, 1940	2000	2006	Nil
S.A. Naik	Director	Jun 22, 1930	2000	2007	1,310
Ravi Kant	Executive Director	Jun 1, 1944	1999	2005	Nil
P.P. Kadle	Executive Director & CFO	Jan 21, 1957	1996	2006	1,227
V. Sumantran	Executive Director	Sep 27, 1958	2001	2006	Nil
P.K.M. Fietzek	Alternate Director	Feb 2, 1939	2000	Alternate	Nil

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

(2) Each of our Directors and Executive Officers beneficially owned less than 1% of our shares as of March 31, 2004.

Biographies

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

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

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

Dr. J.J. Irani. Dr. Jamshed Irani obtained a B.Sc. degree from Science College, Nagpur in 1956 with a Gold Medal in Geology and a M.Sc. (Geology) degree from the Nagpur University in 1958, both with first class. He also obtained M.Met. and Ph.D. degrees from the University of Sheffield, UK, in 1960 and 1963 respectively, with a Gold Medal for the Ph.D. Thesis. In 1993, the University of Sheffield conferred upon him the Honorary Degree of Doctor of Metallurgy . Dr. Irani was conferred an honorary knighthood in

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1997 by the Queen of England for his contribution towards strengthening the Indo-British Partnership. He is also on the boards of various Tata companies and has been on our Board as a Tata Steel Nominee since June 1993.

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

Mr. V.R. Mehta (Institutional Representative). Mr. V.R. Mehta holds a B.E. (Honours) degree from the University of Rajasthan. Mr. Mehta has considerable financial and project evaluation expertise, both at national and international levels. He played a key role in financial revamping and rationalization processes of major ports in India and has participated in important diplomatic missions and has represented the Government of India in International Conferences. Mr. Mehta has been on our Board since June 1998 as a Financial Institutions nominee.

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

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

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

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

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

Mr. P.P. Kadle. Mr. P.P. Kadle is an Honours Graduate in Commerce and Accountancy from Mumbai University. He is also a member of the Institute of Chartered Accountants of India, the Institute of

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

Dr. V. Sumantran. Dr. Sumantran holds a Bachelor of Technology degree in Aerospace Engineering from IIT, Chennai. He completed a Master s degree in Aerospace Engineering from Princeton University (USA), a Ph.D. in Aerospace Engineering from Virginia Tech. (USA) and a Master s degree in Management of Technology from Renssalaer Polytechnic Institute. Dr. Sumantran has wide experience in product research, development and engineering. Prior to joining us, he was with SAAB Automobile Sweden as Director, Advanced Engineering, and prior to that, for more than 15 years with General Motors, USA. Dr. Sumantran is currently a member of the Board of Directors of the Society of Automotive Engineers International. Dr. Sumantran joined us in November 2001 as Executive Director and is responsible for research and development, manufacturing and marketing of passenger cars and the marketing of utility vehicles.

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

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

B. Compensation.

The following table provides the annual compensation paid to our current Directors for the fiscal year ended March 31, 2004.

Name	Position	Remuneration(1) (in Rupees)
Ratan N. Tata	Chairman	2,880,000
N.A. Soonawala	Director	1,530,000
J.J. Irani	Director	595,000
J.K. Setna	Director	1,315,000
V.R. Mehta	Director	1,250,000
R. Gopalakrishnan	Director	2,065,000
N.N. Wadia	Director	570,000
Helmut Petri	Director	
S.A. Naik	Director	945,000
Ravi Kant (2)	Executive Director	11,398,000
P.P. Kadle (2)	Executive Director	11,157,000
V. Sumantran (2)	Executive Director	9,607,000
P.K.M. Fietzek	Alternate Director	120,000

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

(2) Rounded to nearest thousands of rupees.

C. Board Practices.

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

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Committees

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

review of our financial reporting process, the financial statements and financial/risk management policies;

review of the adequacy of the internal control systems and functioning of the internal audit team;

discussions with the management and the external auditors, the audit plan for the financial year and a joint post-audit review of the same; and

appointment, removal, remuneration and fees of statutory as well as internal auditors.

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

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

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

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

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

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

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

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D. Employees.

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

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

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

- Delayering of the organization through work level studies.
- Succession planning through identification of second level of managers for all units, locations, functions.
- Implementation of an Executive Selection Scheme , which is a fast track system for identifying potential talent and offering them opportunities for growth within the organization. Our human resources team has been invited to replicate this system in other Tata companies.
- Talent Management Scheme to identify high potential performers and provide them with challenging assignments for earlier development.

We employed approximately 28,800, 28,300, and 28,900 permanent employees as of March 31, 2002, 2003 and 2004, respectively.

The following tables set forth a breakdown of persons employed by our business segments and by geographic location as of March 31, 2004.

Segment	Number of Employees	Location	Number of Employees

Automotive	22,503	India	28,071
All other	6,425	Other countries	857
Total	28,928	Total	28,928

Rationalization of Workforce: We have been attempting to rationalize our workforce through launching the Early Separation Schemes, or ESS. The ESS launched in fiscal 2002 resulted in a reduction of approximately 1,900 employees or approximately 6% of our workforce in fiscal 2002. Similar schemes launched in fiscal 2003 and 2004 resulted in a reduction of around 90 and 540 employees respectively.

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Due to these initiatives along with natural attrition, our total work force, which was at a level of approximately 35,000 in 1997, has been reduced to approximately 28,900 at the end of fiscal 2004. This should enable us to achieve higher productivity levels in the future.

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

Employee wages are paid in accordance with wage agreements that have varying terms (typically three years) at different locations. The wage agreements for Pune (excluding the car plant), the Pune car plant, Jamshedpur, Mumbai and Lucknow are valid until August 31, 2006, March 31, 2007, March 31, 2007, December 31, 2006 and March 31, 2005, respectively. The management of TDCV signed a new wage agreement with its union on July 16, 2004. The wage agreement is effective from January 1, 2004 and runs through March 31, 2005.

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

During fiscal 2004, the average number of part-time employees at the end of each month was approximately 9,000.

E. Share Ownership.

The information required by this item is set forth in Item 6.A of this registration statement.

Item 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders.

We are a widely held, listed company with approximately 223,000 shareholders of record.

To our knowledge, as of June 30, 2004, the following persons beneficially owned more than 5% of our 357,990,120 ordinary shares outstanding at that time:

Name of Shareholder	Holding	Percentage

Tata Sons Limited and subsidiaries	79,574,717	22.22
The Tata Iron and Steel Co. Ltd and subsidiaries.	32,544,114	9.09
DaimlerChrysler AG	25,596,476	7.15
Life Insurance Corporation of India	24,170,353	6.75
Citibank N.A., as Depositary[(1)]	21,372,311	5.97

(1) Citibank, N.A. as depositary for our global depositary shares, was the holder of record on June 30, 2004 of 21,372,311 shares on behalf of the beneficial owners of deposited shares.

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Since March 31, 2001, our largest shareholder, Tata Sons Limited (together with its subsidiaries) has substantially increased its shareholding in us from 14.31% to 22.22%. Our second largest shareholder, The Tata Iron and Steel Co. Ltd. (together with its subsidiaries) has substantially increased its shareholdings but its percentage shareholding has decreased slightly from 9.42% as of March 31, 2001 to 9.09% as of June 30, 2004, as a result of our new issuances of shares. Daimler Chrysler AG has kept its shareholdings steady but its percentage shareholding has declined from 10.0% to 7.15% as a result of our new issuances of shares. Citibank, N.A., as Depositary for our global depositary shares, has increased its shareholding as new depositary shares have been issued, but its percentage shareholding has declined from 7.47% to 5.97% as a result of our new issuances of shares and also the withdrawal by depositary receipt holders of shares underlying outstanding depositary shares. Life Insurance Corporation of India has decreased its shareholding and has seen its shareholding percentage decline from 7.47% to 6.75% as a result of this decrease as well as our new issuances of shares.

According to our register of shareholders and register of beneficial shareholders, as of June 30, 2004, there were 266 record holders of our shares with addresses in the United States, whose shareholdings represented approximately 0.06% of our outstanding ordinary shares on that date, excluding any of our shares held by United States residents in the form of depositary shares. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States may be fewer than the number of beneficial owners in the United States.

The total permitted holding of Foreign Institutional Investors, or FIIs, in the paid up share capital of the Company has been increased to 35% by a resolution passed by the shareholders of the Company on January 22, 2004. The holding of FIIs in the Company as of June 30, 2004, was approximately 21.47%. See Item 10. Exchange Controls for further details.

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

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

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

B. Related Party Transactions.

Business Relationships

We purchase materials, supplies and services from numerous suppliers throughout the world in the ordinary course of business, including from our affiliates and firms with which certain members of our board of directors are interested. We purchased materials, supplies and services from these entities in the amount of

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Rs.6,524.1 million, Rs.8,477.4 million and Rs.10,599.6 million in fiscal 2002, 2003 and 2004, respectively. We also sell our products and services to our affiliates and firms with which certain members of our board of directors are interested. We sold products and services to these entities in the amount of Rs.2,234.5 million, Rs.1,309.4 million and Rs.2,581.3 million in fiscal 2002, 2003 and 2004, respectively. We believe all of these purchase and sale transactions were arm s-length transactions, none of which were material to our overall operations. See note 25 of our audited consolidated financial statements for additional information regarding our related party transactions with our associates and other related parties. The foregoing do not include transactions with and among our consolidated subsidiaries, the amounts of which are eliminated upon consolidation when preparing our financial statements.

Loans

We regularly have trade accounts and other receivables payable by, and accounts payable to, our affiliates and firms with which certain members of our board of directors are interested. We had outstanding trade accounts and other receivables payable by these entities in the amount of Rs.796.5 million, Rs.437.3 million and Rs.907.9 million as of March 31, 2002, 2003 and 2004, respectively. We had accounts payable to these entities in the amount of Rs.163.1 million, Rs.488.3 million and Rs.698.4 million as of March 31, 2002, 2003 and 2004, respectively.

From time to time, we provide short- to medium-term loans to our subsidiaries and affiliates, as well as loans under a loan program established by us and our affiliates to assist executives and directors with the purchase of housing. We believe that each of these loans was entered into in the ordinary course of business. From time to time, we also provide security deposits to the lessors of residential properties that we lease for or employees, including our Executive Directors. No extension of credit has been made, arranged or renewed by us, directly or indirectly, in the form of a personal loan to or for any of our directors or executive officers, nor has there been any material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after July 30, 2002. As of March 31, 2002, 2003 and 2004, there were no outstanding loans made by us to or for the benefit of our affiliates or firms with which members of our board of directors are interested.

C. Interests of Experts and Counsel.

Not applicable.

Item 8. Financial Information.

A. Consolidated Statements and Other Financial Information.

Financial Statements

The information required by this item is set forth beginning on page F-2 of this registration statement.

Legal or Arbitration Proceedings

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

Dividend Policy

Based on the net income available for appropriation, dividends are recommended by the Board for approval by the shareholders at our annual general meeting. Further, the Board may also pay an interim

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dividend at its discretion. Since fiscal year 1956, we have had an uninterrupted dividend distribution except for the fiscal years 2001 and 2002. We returned to dividend distribution in fiscal 2003. In view of our profitable performance in fiscal 2003, we declared dividends (net of tax) totaling Rs.1,279 million in fiscal 2003, which was paid on July 21, 2003 to our shareholders as of June 30, 2003. We also declared an interim dividend (net of tax) on January 22, 2004 of Rs1,400 million which was paid on February 20, 2004. At a meeting held on July 8, 2004, our shareholders confirmed the payment of the interim dividend and approved a further final dividend for fiscal 2004 of Rs.1,431.9 million (net of tax) which was paid on July 9, 2004.