OTPR ASSIGNMENT

Tata Motors

An Organizational Insight

[Group J1]
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This document analyses Tata Motors using the concepts and theories of Organizational Theory and Practice. It maps the various concepts of the text to the real world practicalities associated with such a large organization and offers an insight into the workings of Tata Motors.

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1 INTRODUCTION

Tata Motors Limited is a multinational corporation headquartered in Mumbai, India. Formerly known as **TELCO** (TATA Engineering and Locomotive Company), it is a part of the Tata Group.

The company, today, is India's largest company in the automobile and commercial vehicle sector with upwards of 70% cumulative market share in the Domestic Commercial vehicle segment. It is the second largest manufacturer of commercial vehicles in the world along with being is the world's fourth largest truck manufacturer, and the world's second largest bus manufacturer.

In India, Tata Motors ranks as the leader in every commercial vehicle segment, and is in the top three makers of passenger cars. With a presence in small car and sedan segments (Indica, Indigo and Indigo CS) Tata today ferries a large population of India and some parts of the world, in style and comfort. The latest feather in its cap is the Tata Nano, a car that was deemed impossible to make considering a price tag of INR 100,000 (approximately USD 2300). Scoffed at by industry stalwarts, today Tata Motors stands proud after successfully designing, engineering and manufacturing the world's cheapest car.

As a company constantly trying to better itself (in 2005, it was ranked among the top 10 corporations in India), Tata Motors has been engaging in takeovers and mergers, so that it can compete in a global market. In 2004 it acquired Daewoo's truck manufacturing unit, now known as Tata Daewoo Commercial Vehicle, in South Korea. This was followed by acquiring a 21% stake in Hispano Carrocera SA, giving it controlling rights in the company. However, the most famous and recent acquisition made by Tata Motors was that of the iconic Jaguar Land Rover (JLR) business from Ford Motor Company. This acquisition, successfully completed in June 2008, included brand names like Rover, Daimler and Lanchester and made front page news worldwide.

With auto manufacturing and assembly plants in Jamshedpur, Pantnagar, Lucknow, Ahmedabad and Pune, in India, as well as Argentina, South Africa and Thailand, Tata Motors has provided employment support to all segments of the society. Along with the existing infrastructure, Tata Motors in moving towards many mergers and acquisitions and thus, gearing up to establish itself as a major player in the world automotive market.

2 HISTORY

Tata Motors was established in 1945 as a locomotive manufacturing unit. It was later (1954) expanded to cater to the commercial vehicle sector after forming a joint venture with Daimler-Benz AG of Germany. Despite the success of its commercial vehicles, Tata realized the need for diversification and new products to satisfy a new customer base. Analysis on consumer demand showed the requirement of an inexpensive, robust and easy to maintain small car. So, keeping these points in mind, in 1998 it launched the Tata Indica, India's first fully indigenous passenger car. Designed to be inexpensive and simple to build and maintain, the Indica became an instant hit in the Indian market. It was also exported to Europe namely the UK and Italy.

Since the success of Indica, Tata Motors also came out with its executive sedan, the Indigo (based on the Indica platform) and the Indigo CS (Compact Sedan, sub 4 meter in length). Both these ventures too, like the Indica, turned out to be successful.

However, while concentrating on the passenger car segment, Tata Motors continued service the commercial vehicle segment. It quickly realized the need of smaller commercial haulers and with the introduction of Tata Ace and Winger in 1998; the company has successfully managed to capture the Light Commercial Vehicle (LCV) market. Not just satisfied with releasing two new products, the passenger division of the company launched the Tata Xenon and Sumo Grand to cater to the urban multi utility vehicle segment. This was to lure the higher middle income groups to the Tata brand.

Realizing the need of international recognition as a premium car manufacturer, Tata Motors acquired the famed Jaguar Land Rover marquee (June 2008) from Ford Motor Co. After a year of the takeover (June 2009), Tata Motors unveiled the new Jaguar and Land Rover vehicles for the Indian masses to compete with the already present German players. This entry has given Tata Motors a firm footing in almost all segments of the Indian passenger car market.

Over the years, from its inception, Tata Motors has always tried to provide quality products at affordable prices. The Tata group as a whole and Tata Motors have always advocated a very ethical approach of doing business by keeping the best interests of their stakeholders in mind. Some of the key individuals that have or are shaping the future of Tata Motors are given below.

2.1 Jehangir Ratanji Dadabhoy Tata - Founder of Tata Motors (1938-1993)

"No success in material terms is worthwhile unless it serves the needs and interests of the country and its people by fair and honest means."

J.R.D. Tata, a man who has grown into a legend touched the lives of countless people, rich and poor, manager and worker, as he became the embodiment of the principles and philosophy of the House of Tatas.

He led the Tata Group for 55 years. During that period, as a financial daily put it, “The Tata group’s crowning achievement was the making of Tata Engineering & Locomotive Company, a giant that has earned a reputation for investing in men as much as in machines, in nurturing and developing creativity instead of simply buying technology from abroad, in making products appropriate for India and yet good enough for the international markets.”

JRD’s principles and vision laid the foundation for Tata Motors’ growth. His style of management was to pick the best person for the job at hand and let him have the latitude to carry out the job. He was never for micro-management. It was he who zeroed in on Sumant Moolgaokar, the engineering genius who successfully steered the company for many years.

He was a visionary whose thinking was far ahead of his time. The dream of a passenger car developed in India was born in his time and remained an enduring vision through the years. This provided support to many activities in Tata Motors, which were necessary to see the dream become a reality. e.g., establishment of a full-fledged R&D department at Pune, in-house development of gear box technology, entry into passenger car market and so on.

JRD firmly believed in employee welfare and espoused the principles of an eight-hour working day, free medical aid, workers' provident scheme, workmen’s accident compensation schemes, which were later adopted as statutory requirements in the country. In 1956, he initiated a program of closer "employee association with management" to give workers a stronger voice in the affairs of the Company.

He believed that the social responsibilities of industrial enterprises should extend even beyond serving people, to the environment. He commented on building the lake near the site of the Tata Motors, Pune plant, ‘We did not have to create a lake to produce a truck, but we did.’ His emphasis on values, on ethics, on investing in education, research, science, and technology, health care and in improving the quality of life of ordinary people was a forerunner of the more recent concepts of “corporate social responsibility”.

His every visit to the Tata Motors plant was characterized by a keen interest not only in machines and manufacturing processes but also in the employees. He was at home with any age group and his infectious enthusiasm and warmth as also his courtesy, philanthropy and humanity were legendary even in his lifetime.

JRD Tata was awarded the country’s highest civilian honour, the Bharat Ratna, in 1992 -- one of the rare instances when the award was granted during a person’s lifetime. And, on his death, the Indian Parliament was adjourned in his memory, an action that spoke much more than any words could have done.

2.2 Ratan Tata - Chairman, Tata Motors (1981 – present)

“I had a strong conviction that our engineers, who could put a rocket into space, could produce our own car.”

It was this very conviction of Ratan Tata that led to the birth of Indica - the car that put India on the automobile world map. Developing an indigenous Indian car was a daunting task. One that Tata Motors took head-on, encouraged by the faith and confidence Chairman Ratan Tata had in

the Company's engineering skills. Conceived within a time frame of 31 months - from concept to commercialization - at a total cost of $ 400 million, the Indica was a small step towards fulfilling Ratan Tata's vision of Tata Motors as a great car manufacturer.

On the Tata Motors board since 1981, Ratan Tata continues the traditions of Jamsetji Tata and J.R.D Tata, instilling ethics and credibility in the Company. He has steered the Company in challenging times, emerging victorious under even adverse conditions. Under his leadership, Tata Motors is charting for itself a global path in the automotive world. The agreement with MG Rover, UK to manufacture and sell Rover branded Indicas in UK and Western Europe was a step in that direction.

Ratan Tata's global ambitions for Tata Motors have taken wing with the recent acquisition of Daewoo Commercial vehicle Co., South Korea and Tata Motors' entry in the South African market. The Daewoo acquisition will give Tata Motors a substantial presence in the Korean market in addition to synergies in manufacturing, marketing and research. According to Ratan Tata, the acquisition was a historic occasion for Tata Motors and the Tata Group as this was the largest acquisition by any Indian company in Korea.

Among the many firsts Tata Motors has achieved under Ratan Tata's leadership is the listing of the Company on the New York Stock Exchange (NYSE) - the first company in the Indian engineering sector to list its securities on the NYSE.

The latest feathers in Ratan Tata's cap are the successful design, manufacture and sale of the worlds' cheapest automobile, the Tata Nano and the acquisition of the Jaguar Land Rover brand from Ford Motor. He has, by these latest achievements; one again proved the sceptics wrong and not only produced the cheapest four-wheeler, but also managed to showcase the world that manufacturing an inexpensive car does not mean compromising on quality. Also, with acquisition of the premium marquee of Jaguar Land Rover, again, in the face of financial meltdown, Tata Motors, under the able guidance of Ratan Tata has been able to tide the sea of financial uncertainty and bring these premium brands to Indian shores.

A noteworthy fact is the way Tata Motors handled the Singur (West Bengal) fiasco. Even after facing a loss of about INR 500 million, it did not deter the company to shift manufacturing base to Gujarat and bring out the Nano at the promised price and time.

2.3 Sumant Moolgaokar - Chairman, Tata Motors (1972-1988)

A man with a Vision Sumant Moolgaokar is often referred to as the architect of Tata Motors. Leading the Company for nearly four decades, he was responsible for building Tata Motors into an organization capable of competing with the world's best - in terms of people, processes and technology.

A man with a vision, he had the ability to see what Tata Motors would be. He believed that in order to build an industry, you not only had to build a factory, but also the men and the technology. His vision was not limited to the Company but encompassed even the nation and he was often seen as not just building a factory, but building a nation.

His long-term strategies were always in tune with the needs of the country. He was able to foresee that for India to become an industrial nation, it would need specially trained minds, while also being in a position to independently make its own machinery, tools and equipment. With this mind, from the very beginning Tata Motors trained its employees in the required skills and technologies. Sumant Moolgaokar was also instrumental in setting up the Engineering Research Centre, the Machine Tool and the Press Tool Division.

That he had the ability of translating his vision into reality was well known. He drove the Company and its people, steering it through its most difficult and challenging times.

"Expect the best, ask for it, pursue it relentlessly and you will get it", he often said.

He believed that the key to bringing out the best from people was to expect the best from them. This pursuit of excellence in conceptualization and execution form the very foundation of the 'Tata Motors culture'. He also possessed the rare gift of bringing out the best in the people who worked with him and was known for personally looking into the development of people with promise - encouraging and motivating them.

His love and commitment for nature and the environment was well known. No expense for installing equipment at the Tata Motors plants was too much, when it was to prevent any kind of pollution arising from the operations. When the Pune plant was being set-up, under Moolgaokar, the first thing that Tata Motors did was plant trees. The barren rocky land was blasted to plant trees. Trees needed water and for that a dam was built that is today a beautiful lake, a lake that has become a safe resting place for several migratory birds.

3 COMPANY PROFILE

Tata Motors Limited is India's largest automobile company, with consolidated revenues of INR 70,938.85 crores (USD 14 billion) in 2008-09. It is the leader in commercial vehicles in each segment, and among the top three in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. The company is the world's fourth largest truck manufacturer, and the world's second largest bus manufacturer.

The company's 23,000 employees are guided by the vision to be "best in the manner in which we operate best in the products we deliver and best in our value system and ethics."

Established in 1945, Tata Motors' presence indeed cuts across the length and breadth of India. Over 4 million Tata vehicles ply on Indian roads, since they first rolled out in 1954. The company's manufacturing base in India is spread across Jamshedpur (Jharkhand), Pune (Maharashtra), Lucknow (Uttar Pradesh), Pantnagar (Uttarakhand) and Dharwad (Karnataka). Following a strategic alliance with Fiat in 2005, it has set up an industrial joint venture with Fiat Group Automobiles at Ranjangaon (Maharashtra) to produce both Fiat and Tata cars and Fiat power-trains. The company has recently established a new plant at Sanand (Gujarat). The company’s dealership, sales, services and spare parts network comprises over 3500 touch points; Tata Motors also distributes and markets Fiat branded cars in India.

Tata Motors, the first company from India's engineering sector to be listed in the New York Stock Exchange (September 2004), has also emerged as an international automobile company. Through subsidiaries and associate companies, Tata Motors has operations in the UK, South Korea, Thailand and Spain. Among them is Jaguar Land Rover, a business comprising the two iconic British brands that was acquired in 2008. In 2004, it acquired the Daewoo Commercial Vehicles Company, South Korea's second largest truck maker. The rechristened Tata Daewoo Commercial Vehicles Company has launched several new products in the Korean market, while also exporting these products to several international markets. Today two-thirds of heavy commercial vehicle exports out of South Korea are from Tata Daewoo.

In 2005, Tata Motors acquired a 21% stake in Hispano Carrocera, a reputed Spanish bus and coach manufacturer, with an option to acquire the remaining stake as well. Hispano's presence is being expanded in other markets. In 2006, it formed a joint venture with the Brazil-based Marcopolo, a global leader in body-building for buses and coaches to manufacture fully-built buses and coaches for India and select international markets. In 2006, Tata Motors entered into joint venture with Thonburi Automotive Assembly Plant Company of Thailand to manufacture and market the company's pickup vehicles in Thailand. The new plant of Tata Motors (Thailand) has begun production of the Xenon pickup truck, with the Xenon having been launched in Thailand in 2008.

Tata Motors is also expanding its international footprint, established through exports since 1961. The company's commercial and passenger vehicles are already being marketed in several countries in Europe, Africa, the Middle East, South East Asia, South Asia and South America. It

has franchisee/joint venture assembly operations in Kenya, Bangladesh, Ukraine, Russia and Senegal.

The foundation of the company's growth over the last 50 years is a deep understanding of economic stimuli and customer needs, and the ability to translate them into customer-desired offerings through leading edge R&D. With over 2,000 engineers and scientists, the company's Engineering Research Centre, established in 1966, has enabled pioneering technologies and products. The company today has R&D centers in Pune, Jamshedpur, Lucknow, in India, and in South Korea, Spain, and the UK. It was Tata Motors, which developed the first indigenously developed Light Commercial Vehicle, India's first Sports Utility Vehicle and, in 1998, the Tata Indica, India's first fully indigenous passenger car. Within two years of launch, Tata Indica became India's largest selling car in its segment. In 2005, Tata Motors created a new segment by launching the Tata Ace, India's first indigenously developed mini-truck.

In January 2008, Tata Motors unveiled its People's Car, the Tata Nano, which India and the world had been looking forward to. The Tata Nano has been subsequently launched, as planned, in India in March 2009. A development, which signifies a first for the global automobile industry, the Nano brings the comfort and safety of a car within the reach of thousands of families. The standard version has been priced at INR 100,000 (excluding VAT and transportation cost).

Designed with a family in mind, it has a roomy passenger compartment with generous leg space and head room. It can comfortably seat four persons. Its mono-volume design will set a new benchmark among small cars. Its safety performance exceeds regulatory requirements in India. Its tailpipe emission performance too exceeds regulatory requirements. In terms of overall pollutants, it has a lower pollution level than two-wheelers being manufactured in India today. The lean design strategy has helped minimize weight, which helps maximize performance per unit of energy consumed and delivers high fuel efficiency. The high fuel efficiency also ensures that the car has low carbon dioxide emissions, thereby providing the twin benefits of an affordable transportation solution with a low carbon footprint.

In May 2009, Tata Motors introduced ushered in a new era in the Indian automobile industry, in keeping with its pioneering tradition, by unveiling its new range of world standard trucks. In their power, speed, carrying capacity, operating economy and trims, they will introduce new benchmarks in India and match the best in the world in performance at a lower life-cycle cost.

In June 2009, the exciting new range of premium luxury vehicles from Jaguar and Land Rover were introduced for the Indian market. These include the Jaguar XF, XFR and XKR and Land Rover Discovery 3, Range Rover Sport and Range Rover.

The years to come will see the introduction of several other innovative vehicles, all rooted in emerging customer needs. Besides product development, R&D is also focusing on environment-friendly technologies in emissions and alternative fuels.

Through its subsidiaries, the company is engaged in engineering and automotive solutions, construction equipment manufacturing, automotive vehicle components manufacturing and supply chain activities, machine tools and factory automation solutions, high-precision tooling

and plastic and electronic components for automotive and computer applications, and automotive retailing and service operations.

True to the tradition of the Tata Group, Tata Motors is committed in letter and spirit to Corporate Social Responsibility. It is a signatory to the United Nations Global Compact, and is engaged in community and social initiatives on labour and environment standards in compliance with the principles of the Global Compact. In accordance with this, it plays an active role in community development, serving rural communities adjacent to its manufacturing locations.

With the foundation of its rich heritage, Tata Motors today is etching a refulgent future.

4 MILESTONES

It has been a long and accelerated journey for Tata Motors, India's leading automobile manufacturer. Some significant milestones in the company's journey towards excellence and leadership are:

1945	• Tata Engineering and Locomotive Co. Ltd. was established to manufacture locomotives and other engineering products.
1948	• Steam road roller introduced in collaboration with Marshall Sons (UK).
1954	• Collaboration with Daimler Benz AG, West Germany, for manufacture of medium commercial vehicles. The first vehicle rolled out within 6 months of the contract.
1959	• Research and Development Centre set up at Jamshedpur.
1961	• Exports begin with the first truck being shipped to Ceylon, now Sri Lanka.
1966	• Setting up of the Engineering Research Centre at Pune to provide impetus to automobile Research and Development.
1971	• Introduction of DI engines.
1977	• First commercial vehicle manufactured in Pune.
1983	• Manufacture of Heavy Commercial Vehicle commences.
1985	• First hydraulic excavator produced with Hitachi collaboration.
1986	• Production of first light commercial vehicle, Tata 407, indigenously designed, followed by Tata 608.
1989	• Introduction of the Tatamobile 206 - 3rd LCV model.
1991	• Launch of the 1st indigenous passenger car Tata Sierra. • TAC 20 crane produced. • One millionth vehicle rolled out.
1992	• Launch of the Tata Estate.

1993	• Joint venture agreement signed with Cummins Engine Co. Inc. for the manufacture of high horsepower and emission friendly diesel engines.
1994	• Launch of Tata Sumo - the multi utility vehicle. • Launch of LPT 709 - a full forward control, light commercial vehicle. • Joint venture agreement signed with M/s Daimler - Benz / Mercedes - Benz for manufacture of Mercedes Benz passenger cars in India. • Joint venture agreement signed with Tata Holset Ltd., UK for manufacturing turbochargers to be used on Cummins engines.
1995	• Mercedes Benz car E220 launched.
1996	• Tata Sumo deluxe launched.
1997	• Tata Sierra Turbo launched. • 100,000th Tata Sumo rolled out.
1998	• Tata Safari - India's first sports utility vehicle launched. • 2 millionth vehicle rolled out. • Indica, India's first fully indigenous passenger car launched.
1999	• 115,000 bookings for Indica registered against full payment within a week. • Commercial production of Indica commences in full swing.
2000	• First consignment of 160 Indicas shipped to Malta. • Indica with Bharat Stage 2 (Euro II) compliant diesel engine launched. • Utility vehicles with Bharat 2 (Euro II) compliant engine launched. • Indica 2000 (Euro II) with multi point fuel injection petrol engine launched. • Launch of CNG buses. • Launch of 1109 vehicle - Intermediate commercial vehicle.
2001	• Indica V2 launched - 2nd generation Indica. • 100,000th Indica wheeled out. • Launch of CNG Indica. • Launch of the Tata Safari EX • Indica V2 becomes India's number one car in its segment. • Exits joint venture with Daimler Chrysler.
2002	• Unveiling of the Tata Sedan at Auto Expo 2002. • Petrol version of Indica V2 launched. • Launch of the EX series in Commercial vehicles. • Launch of the Tata 207 DI. • 2,00,000th Indica rolled out. • 5,00,000th passenger vehicle rolled out.

	• Launch of the Tata Sumo'+' Series • Launch of the Tata Indigo. • Tata Engineering signed a product agreement with MG Rover of the UK.
2003	• Launch of the Tata Safari Limited Edition. • The Tata Indigo Station Wagon unveiled at the Geneva Motor Show. • On 29th July, J. R. D. Tata's birth anniversary, Tata Engineering becomes Tata Motors Limited. • 3 millionth vehicle produced. • First CityRover rolled out • 135 PS Tata Safari EXi Petrol launched • Tata SFC 407 EX Turbo launched
2004	• Tata Motors unveils new product range at Auto Expo '04. • New Tata Indica V2 launched • Tata Motors and Daewoo Commercial Vehicle Co. Ltd. sign investment agreement • Indigo Advent unveiled at Geneva Motor Show • Tata Motors completes acquisition of Daewoo Commercial Vehicle Company • Tata LPT 909 EX launched • Tata Daewoo Commercial Vehicle Co. Ltd. (TDCV) launches the heavy duty truck 'NOVUS' , in Korea • Sumo Victa launched • Indigo Marina launched • Tata Motors lists on the NYSE
2005	• Tata Motors rolls out the 500,000th Passenger Car from its Car Plant Facility in Pune • The Tata Xover unveiled at the 75th Geneva Motor Show • Branded buses and coaches - Starbus and Globus - launched • Tata Motors acquires 21% stake in Hispano Carrocera SA, Spanish bus manufacturing Company • Tata Ace, India's first mini truck launched • Tata Motors wins JRD QV award for business excellence. • The power packed Safari Dicor is launched • Introduction of Indigo SX series - luxury variant of Tata Indigo • Tata Motors launches Indica V2 Turbo Diesel. • One millionth passenger car produced and sold • Inauguration of new factory at Jamshedpur for Novus • Tata TL 4X4**,** India's first Sports Utility Truck (SUT) is launched • Launch of Tata Novus • Launch of Novus range of medium trucks in Korea, by Tata Daewoo Commercial Vehicle Co. (TDCV)
2006	• Tata Motors vehicle sales in India cross four million mark

- Tata Motors unveils new long wheel base premium Indigo & X-over concept at Auto Expo 2006
- Indica V2 Xeta launched
- Passenger Vehicle sales in India cross one-million mark
- Tata Motors and Marcopolo, Brazil, announce joint venture to manufacture fully built buses & coaches for India & markets abroad
- Tata Motors first plant for small car to come up in West Bengal
- Tata Motors extends CNG options on its hatchback and estate range
- TDCV develops South Korea's first LNG-Powered Tractor- Trailer
- Tata Motors and Fiat Group announce three additional cooperation agreements
- Tata Motors introduces a new Indigo range

2007

- Construction of Small Car plant at Singur, West Bengal, begins on January 21
- New 2007 Indica V2 range is launched
- Tata Motors launches the longwheel base Indigo XL, India's first stretch limousine
- Common rail diesel (DICOR) engine extended to Indigo sedan and estate range
- Tata Motors and Thonburi Automotive Assembly Plant Co. (Thonburi), announce formation of a joint venture company in Thailand to manufacture, assemble and market pickup trucks.
- Roll out of 100,000th Ace
- Tata-Fiat plant at Ranjangaon inaugurated
- Launch of a new Upgraded range of its entry level utility vehicle offering, the Tata Spacio.
- CRM-DMS initiative crosses the 1000th location milestone
- Launch of Magic, a comfortable, safe, four-wheeler public transportation mode, developed on the Ace platform
- Launch of Winger, India’s only maxi-van
- Fiat Group and Tata Motors announce establishment of Joint Venture in India
- Launch of the Sumo Victa Turbo DI, the new upgraded range of its entry-level utility vehicle, the Sumo Spacio
- Tata Motors launches Indica V2 Turbo with dual airbags and ABS
- Launch of new Safari DICOR 2.2 VTT range, powered by a new 2.2 L Direct Injection Common Rail (DICOR) engine.
- Rollout of the one millionth passenger car off the Indica platform.

2008

- Ace plant at Pantnagar (Uttarakhand) begins production.
- Indica Vista – the new generation Indica, is launched.
- Tata Motors' new plant for Nano to come up in Gujarat.
- Latest common rail diesel offering- the Indica V2 DICOR, launched.
- Indigo CS (Compact Sedan), world’s first sub four-metre sedan, launched.
- Launch of the new Sumo—Sumo Grande, which combines the looks of an SUV with the comforts of a family car.
- Tata Motors unveils its People's Car, Nano, at the ninth Auto Expo.
- Xenon, 1-tonne pick-up truck, launched in Thailand.
- Tata Motors signs definitive agreement with Ford Motor Company to purchase Jaguar and Land Rover.

- Tata Motors completes acquisition of Jaguar Land Rover.
- Tata Motors introduces new Super Milo range of buses.
- Tata Motors is Official Vehicle Provider to Youth Baton Relay for The III Commonwealth Youth Games Pune 2008.
- Indica Vista – the second generation Indica, is launched.
- Tata Motors launches passenger cars and the new pick-up in D.R. Congo.

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- Tata Marcopolo Motors' Dharwad plant begins production.
- Tata Motors launches Nano - The People's Car
- Introduction of new world standard truck range.
- Launch of premium luxury vehicles - Jaguar XF, XFR and XKR and Land Rover Discovery 3, Range Rover Sport and Range Rover from Jaguar and Land Rover in India.

5 PRODUCTS

Given below is a brief summary of Tata Motors products produced during each decade since its inception. Only major milestones have been listed.

Decade-wise Products:

The New Millennium (2000 – Present):
The first 9 years of the new millennium have been generally good for Tata Motors. The launch of the Indigo sedan as well as the sub-four meter compact sedan Indigo CS, marked their entry into the sedan segment of the market. The launch of the Nano as well as the Jaguar and Land Rover cars in the country and rest of the world has made Tata the cynosure of the all eyes in the world. This was followed by new additions to the utility segments with their popular Tata Ace, Winger and Tata Magic vehicles. The commercial segment also featured the innovative MarcoPolo and Starbus fleet as well as new innovation with the Tata World Truck.

Products – Indigo & Indigo CS, Jaguar & Land Rover, Tata Ace, Winger, Magic, etc.

The Nineties (1990 – 1999):
The nineties marked the Company's foray into the passenger vehicle segment with the Tata Sierra and the Tata Estate. In the MUV segment, we saw success with the Sumo and the Safari. The late nineties saw a dream realized; the launch of the Tata Indica - India's first fully indigenous passenger car.

Products: Tata Sierra, Tata Estate, Tata Sumo, Safari, Indica, etc.

The Eighties (1980 – 1989):
This was a decade of radical change. Approximately 32 applications for LCV (Light Commercial Vehicle) manufacture had been approved by the Government of India, and most with foreign collaboration. To this, Telco's R&D had a savvy market answer - the 407 specifically created for Indian roads and thus was quick to become the market favourite. This era also saw the launch of the Tata Mobile, a fully indigenous pickup truck that was way ahead of its time.

Products: Tata Mobile, Tata 407, Tata 608

The Seventies (1970 – 1979):
This was the era of the company producing trucks by larger numbers. It featured the first truck roll-out from the Pune plant at 1977.

The Sixties (1960 – 1969):
Telco's bread and butter model - the 1210 semi-forward truck conquered Indian roads.

The term 'semi-forward' meant that the driver's cabin was brought forward half the way towards the front end. In the bargain additional loading space on the platform was created. It also

satisfied the psychological need of the driver to have something ahead of him to take the first shock in the event of a collision.

The Fifties (1950 – 1959):
All hands Indian and German stretched forth for the job. Step by step the men carried out the assembly and finally, the first Tata Mercedes Benz vehicle was assembled. The coveted place in history went to a 5-tonne load carrier. For Telco, the Auto Era was on the road!

6 JOINT VENTURES, MERGERS & ACQUISITIONS

Being confined to the Indian market was not what Mr. Tata had in mind when he defined the strategy for Tata Motors. His view: if you have to be competitive in India, you have to be competitive in the world. Otherwise, the Indian advantage will get eroded one day as foreign companies expand their presence in India. That is how global companies think and work.

The main intentions behind Mergers and Acquisitions were to gain access to new technology, new markets, new products, new customer bases or a new product development capability.

6.1 Tata Daewoo Commercial Vehicle Company Ltd (TDWCV)

Tata Motors has exported small numbers of commercial vehicles for many years. The destinations were mainly developing countries. Breaking into the large and lucrative developed country markets needed a different approach. It needed acquisition of new technologies and production facilities.

The breakthrough came in March 2004, when Tata Motors acquired the truck division of Korea's troubled Daewoo Commercial Vehicle Company, Korea's second largest truck maker, for 102 million dollars. The acquisition has given the Indian company a large commercial vehicles operation in the developed Korean market, with a strong potential for export. The Korean unit got much-needed financial stability, and Tata Motors moved one step further towards becoming a global automotive company.

Rather than de-culturing or assimilating Daewoo, Tata took an integrated approach, and continued building and marketing Daewoo's current models as well as introducing a few new models globally just as it had been done under Korean management. Tata Motors has jointly worked with Tata Daewoo to develop trucks such as Novus and World Truck and buses namely, GloBus and StarBus.

6.2 Hispano Carrocera S. A. (HC)

In February 2005, Tata Motors acquired 21 Percent of Hispano Carrocera, Spain-based Company, for 12 million Euros. It has a call option on the remaining 79 per cent to take its shareholding to 100 per cent.

Tata Motors had no bus division of its own and lacked the technology to manufacture top-end buses. Through this acquisition it has not only strengthened it technical expertise in the bus manufacturing division but also strengthened its presence in European and Middle Eastern markets, where there is a huge demand for buses. The advantages accruing from Hispano's technology will yield big dividends once the ongoing government road infrastructure projects boost demand for public transportation in India.

6.3 Jaguar Land Rover

In March 2008, Tata paid Ford Motor Company 2.3 billion for Jaguar and Land Rover companies. Tata has gained the rights to the Daimler, Lanchester, and Rover brand names. In addition to the brands, Tata Motors has also gained access to 2 design centers and 3 plants in UK. The key acquisition would be of the intellectual property rights related to the technologies.

The purchase of Jaguar and Land Rover has allowed Tata to enter into the luxury car market without having to research the market, build the technology, among other important aspects of getting into a new market segment. It further helps them to enter into the very competitive and highly desirable mature markets in Europe and in future hopes of securing market segments in the United States.

6.4 Tata Fiat Joint-Venture (JV)

In Oct 2007, Tata Motors and Fiat Auto have formed an industrial joint venture in India to manufacture passenger cars, engines and transmissions for the Indian and overseas markets; Tata

Motors also has an agreement with Fiat Auto to build a pick-up vehicle at Córdoba, Argentina. The company already distributes Fiat-branded cars in India. Through this JV Tata has gained access to Fiat's diesel engine technology.

Tata and Fiat are also looking at an agreement to sell the Tata Nano outside of India in markets where Fiat has a strong presence. If the deal goes through, and once the car is upgraded to meet Western standards, Tata can take advantage of the Fiat name, marketing, and dealer network.

6.5 Other joint venture, subsidiary and associate companies

1. Tata Technologies Ltd. (TTL) and its subsidiaries
2. Telco Construction Equipment Co. Ltd. (Telcon)
3. HV Axles Ltd. (HVAL)
4. HV Transmissions Ltd. (HVTL)
5. TAL Manufacturing Solutions Ltd. (TAL)
6. Sheba Properties Ltd. (Sheba)
7. Concorde Motors (India) Ltd. (Concorde)
8. Tata Motors Insurance Broking & Advisory Services Ltd (TMIBASL)
9. Tata Motors European Technical Centre plc
10. Tata Motors Finance Limited
11. Tata Motors Thailand
12. Tata Marcopolo Motors Ltd (TMML)
13. Tata Motors(SA) Proprietary Ltd (TMSA)
14. TML Distribution Company Ltd (TDCL)

7 STRUCTURE

7.1 Scale of the Organization

Tata Motors is a fully integrated automobile company. Today, it is the only automobile manufacturer to offer the entire range of commercial vehicles for transportation of goods and passengers and also passenger cars through its two business unit viz. Commercial Vehicle Business Unit (CVBU) and Passenger Car Business Unit (PCBU).

Tata Motors Limited is a public limited company listed on 4 stock exchanges (BSE, NSE, MPSE and CSE) in India and internationally listed at Luxembourg Stock Exchange and Singapore Stock Exchange. Company's Depositary Receipt Program is listed on the New York Stock Exchange.

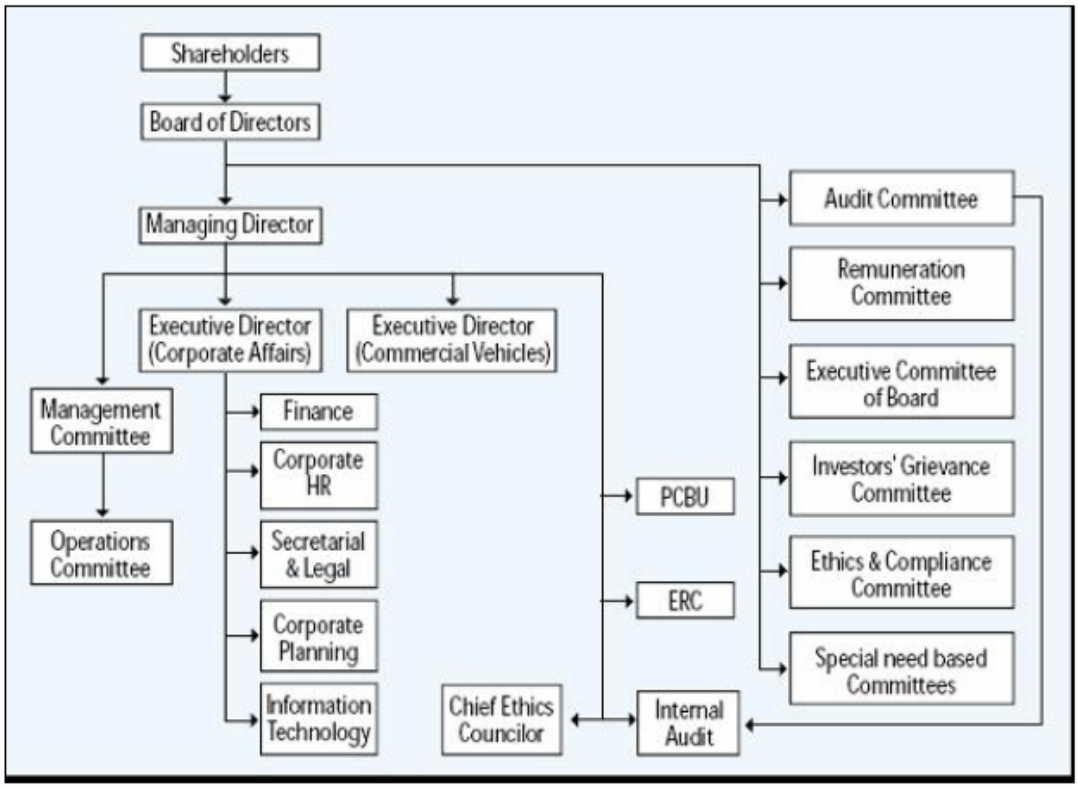
Tata Motors has major operations in India with sales and marketing operations in more than 70 countries and 7.35 % revenue is earned through exports of its vehicles.

7.2 Management Structure

The Board, being elected by the shareholders, is a representative of the Company's shareholders and is a bridge between them and the executive management. The Board therefore has a fiduciary relationship and a corresponding duty to all its stakeholders to ensure that their rights are protected. Through the governance mechanism in the Company, the Board along with its Committees endeavours to strike the right balance with its various stakeholders.

The Company has a Non-Executive Chairman and the day-to-day operations of the Company are overseen by the Chairman, Mr. Ratan N Tata as a member of the Committee of Directors, comprising himself and Mr. R Gopalakrishnan. They have delegated appropriate powers to the Managing Director and Executive Directors to look after the day to day affairs of the Company.

The role of the Chairman and the Managing Director (CEO) are distinct and separate. The relationship between the Board, the Committees and the senior management functions is as illustrated below:



Being a global player, Tata Motors has ensured that its corporate governance practices are compatible with the international standards. Tata Motors has adopted the Tata Business Excellence Model (TBEM) as a means of driving excellence. In order to track process on long term strategic goals, a Balanced Score Card methodology is used. This enables the Company to go beyond financial performance to incorporate considerations of environment and society, as well.

7.3 Organizational Structure

Tata Motors' structure is hybrid in nature. It has features of both product team structure and multi divisional product structure. The organization operates with two business units, Commercial Vehicle Business Unit (CVBU) and Passenger Car Business Unit (PCBU). Cross functional teams consisting of members from Marketing and Sales, Manufacturing, Engineering, Quality management, Vendor Development, Product Development are grouped together to achieve product related goals. The use of teams facilitates a highly organic structure that is symbolic of an effective mix of centralization and decentralization.

Research & Development (Engineering Research Centre) is centralized for both strategic business units.

The corporate hierarchy of Tata Motors comprises Board of director at the top. Mr. Ratan Tata is occupies the chair of the board of directors.

7.4 The Board of Directors

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company As of date, out of the Board composition of 12 Directors, 11 Directors (comprises of Non-Executive Directors. The Company has a Non-Executive Chairman and the 6 independent Directors comprise of half of the total strength of the Board. None of the Directors of the Company are related to each other. All Non Executive Directors are liable to retire by rotation. The appointment of the Managing Director and the Executive Directors, including the tenure and terms of remuneration are also approved by the members.

CEO and Managing Director is Mr. Ravi Kant (Mr. Kant has been with the Company since July 2000 as the Executive Director (Commercial Vehicle Business Unit) and as Managing Director of the Company since July 2005. This is followed by the heads of various business units who comprise the Senior Management.

Board of Directors

- Mr Ratan N Tata (Chairman)
- Mr. Ravi Kant
- Mr. N A Soonawala
- Dr. J J Irani
- Mr. R Gopalakrishnan
- Mr. Nusli N Wadia
- Mr. S M Palia
- Dr. R A Mashelkar
- Mr. Nasser Munjee
- Mr. Subodh Bhargava
- Mr. V K Jairath
- Mr. P M Telang

Senior Management

Name	Position
Mr. P M Telang	Managing Director - India Operations
Mr. Rajiv Dube	President (Passenger Cars)
Mr. C Ramakrishnan	Chief Financial Officer
Mr. R Pisharody	President (Commercial Vehicles Business Unit)
Mr. S N Ambardekar	Head (Manufacturing Operations - CVBU)
Mr. S B Borwankar	Head (Jamshedpur - Plant)
Mr. A M Mankad	Head (Car Plant)
Mr. B B Parekh	Chief (Strategic Sourcing)
Mr. U K Mishra	Vice President (ADD and Materials - CVBU)
Mr. S Krishnan	Vice President (Commercial - PCBU)
Mr. P Y Gurav	Vice President (Corp. Finance - A/c and Taxation)

Mr. S J Tambe	Vice President (Human Resources)
Mr. A Gajendragadkar	Vice President (Corp. Finance - Business Planning)
Mr. N Pinge	Chief Internal Auditor
Mr. R Bagga	Vice President (Legal)
Mr. M L Bapna	Chief Executive Officer (HVAL & HVTL)

Company Secretary

- Mr. H K Sethna

Corporate Communications

- Mr. Debasis Ray Head - Corporate Communications

7.5 Research and Development

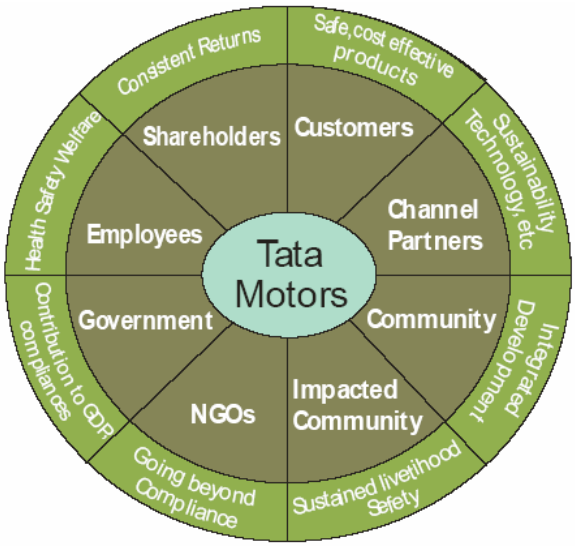
One of the factors that contributed to the success of Tata Motors is their constant advances in automobile technology through research and development. There is high emphasis on thorough research that provides the much needed boost for the birth of new ideas, which in turn breathes new life into products. Tata Motors employ approximately 1,400 scientists and development officers. They have several research and development centers in India. The Research Center at Jamshedpur and the Engineering Research Center in Pune are among the finest in the country (Tata.com). They possess units to develop and test durability, engine performance, emission, safety, design and style, noise, hydraulics, tracks, and instrumentation. Both centers have won numerous national awards in research and development efforts since their inception in 1966.

Through these advanced research centers Tata Motors has created sophisticated emission measurement systems and digital prototyping laboratories. Some other technologies that are part of Tata Motors' arsenal are those that offer improved electronic controls for engine systems and other "vehicle drive-train and chassis systems" (Tata.com). The company is currently focused on equipping vehicles of the future with technologies for improving communication, navigation and entertainment. One example of these technological improvements is highlighted in the OneCAT. This concept car is a fiberglass vehicle that virtually powered by air and is emission free. The OneCAT weighs only a 350 kg and has a piston engine that runs on compressed air. This car can run between 200 to 300 kilometres on one Euro of compressed air. A spokesman for Moteur Development International, a company that partnered in the development of this car said, "The engine is efficient, cost-effective, scalable, and capable of other applications like power generation," (Autopartswarehouse.blog.com) This car is truly a representation of the next step in green automobiles. The car's engine's emission can be used as an air conditioner in the cabin. This car is very futuristic and is still in the development stages:

"Nonetheless, Tata and Moteur Development International are confident that OneCAT, which can accommodate three adult passengers, is competent enough to go against potential green car rivals and energy efficient autos such as the hybrid, bio-fuels, and electric vehicles. The 'air car' is targeted for release this year with a base price of around £2,500." (Source - Autopartswarehouse.blog.com)

Some of Tata Motors other technological advances can be seen in the new car, the Nano nicknamed the People's Car. This car is the world's cheapest car. Tata Motors achieved this is through using new materials such as, re-engineered plastics and modern adhesives. It will revolutionize the auto industry in India and soon in other emerging markets when Tata starts exporting. The Nano was able to achieve its low price and gain the attention of the entire automotive industry through its advances in materials and adhesives technology.

8 STAKEHOLDER ENGAGEMENT



8.1 Shareholders & Government

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

The Board of the Company has adopted the 'Code of Corporate Disclosure Practices' according to which the public spokespersons are identified who are responsible in ensuring timely and adequate disclosure of price sensitive information. This Code ensures simultaneous release of information through various mediums of disclosure/dissemination in a transparent and fair manner.

8.2 Customers

The Company is also in the midst of implementing a very comprehensive Customer Relationship management program which is reviewed by the Management Committee and the Board sub-committees from time to time. This program ensures that the Customers are treated in the fair

manner by the channel members of the Company and their needs are also captured and responded to through this program.

Tata Motors realizes that survival in the auto business depended on managing its relationships with its customers, dealers and anyone else who had a deep connection with the mother company. This realization has led to the development of Customer relationship management-Dealer management system (CRM-DMS) which is today the largest such application in the automobile industry worldwide, linking to more than 1,200 dealers across India and tracking the needs of some 25,000 customers.

To standardize the sales process, the company broke it up into a four-part cycle: enquiry, warm prospect, hot prospect (industry terminology for potential buyers), and completion of sale and vehicle delivery. Using statistical analysis on the segmented data, the company was now able to predict its sales patterns. Once standardization was carried out across the dealer network, results were visible almost immediately. Accurate sales forecasts, reduced inventory for the company and the dealer, and better production scheduling were only some of the benefits. A shorter delivery cycle for the customer was an important fringe advantage.

Tata Motors' dealers are a happy lot, too. The dealer management system has meant a gross reduction in the amount of working capital needed to run their businesses. Transactions between the company and dealers, which earlier took up to 60 days, are now completed online and sealed in less than seven days.

8.3 Channel partners/Suppliers

A Supplier Relationship Management program and Dealer Management System are in place and the Management Committee reviews the program from time to time. The key indicators of review are the Supplier coverage and the efficiency of the transactions with the Company. The Company also organizes Supplier’s day/Vendor meets/Channel partner meets where suppliers can touch base with the Board members and share their thoughts and inputs.

8.4 Employees

The Management Committee on a very regular basis reviews the employees’ issues. The remuneration guidelines, the employee satisfaction, the employee growth plan and the organization culture are discussed in these meetings. Major employee welfare schemes are put up to the Board for approval. The Board is also kept informed of senior level changes in management, status on signing of Union wage agreements, remuneration of senior executives, etc.

Promotional Tournaments

All employees are evaluated based on performance and merit. They have the opportunity of moving to higher levels. This is based on their personal preparation and desire to move, windows of opportunity and a fair selection process.

The Company has customized the Performance Management System (PMS) for the requirements of different categories of employees-managerial, supervisors and bargain-able employees. In the PMS system, Individual performance plans are cascaded from the Balance Score Card down to the smallest work unit, bringing business and customer focus to all levels and teams. Monthly and mid-course half yearly reviews are held to ensure resources; targets and training are in alignment with business needs. Employees have an opportunity to develop their own view of their performance and discuss it with their supervisor. Formal evaluation ratings are assigned at the end of the year. PMS instils a high performance culture in the organization

8.5 Impacted Community/Community

The company has a strong CSR practice in place, which is institutionalized and driven with the commitment of our senior management and is grounded in the legacy of the Tata Group. Regular day-to-day interactions take place with the community members and all activities are designed, implemented and evaluated with the active involvement of the community members. Participatory Rural Appraisal, Social Impact Assessment through external agencies and group meetings are some of the methods in which the company engages with the impacted communities at the new plant locations.

9 CULTURE

9.1 Values

The Tata Group has always been a value driven organization. These values continue to direct the Group's growth and businesses. The five core Tata Values underpinning the way we do business are:

Integrity - We must conduct our business fairly, with honesty and transparency. Everything we do must stand the test of public scrutiny.

Understanding - We must be caring, show respect, compassion and humanity for our colleagues and customers around the world, and always work for the benefit of the communities we serve.

Excellence - We must constantly strive to achieve the highest possible standards in our day to day work and in the quality of goods and services we provide.

Unity - We must work cohesively with our colleagues across the group and with our customers and partners around the world to build strong relationships based on tolerance, understanding and mutual co-operation.

Responsibility - We must continue to be responsible and sensitive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over.

9.2 Upholding Ethical Practices:

Tata Motors' employees uphold the Tata Group's legacy and reputation of a *"business built on foundations of trust and ethics"*, by adhering to the Tata Code of Conduct (TCoC). TCoC has been developed to ensure high standard of corporate and personal behaviour on which the Tata Group's reputation and respectability has been built over the past 120 years.

The Code is a set of 25 principles, adherence to which ensures ethical conduct both by the employees as well as the Company at large. The chief clauses in the TCoc are as under:

- Competition
- Equal-opportunities employer
- Gifts and donations
- Political non-alignment
- Quality of products and services

- Corporate citizenship
- Ethical conduct
- Securities transactions and confidential information
- Integrity of data furnished

As an employee at Tata Motors, it is obligatory to not only adhere to the code but also to be concerned if there is an actual or possible violation of any clause and to bring it to the attention of the Ethics Counsellor. TCoC is prominently displayed at various locations in the manufacturing plants and offices and is also available in English and two vernacular languages at the company's internal website. Moreover, all current and new employees undergo training on TCoC.

9.3 Union Relations

Tata Motors respects the Right for Association of its employees and has constructive relationship with trade unions at all locations. Employees are encouraged to join the Trade Unions, as it believes that most individual and collective grievances can be resolved through bipartite forums. This has led to good industrial relations. With its collaborative approach to company union, Tata Motors has not faced legal action regarding anti-union practices.

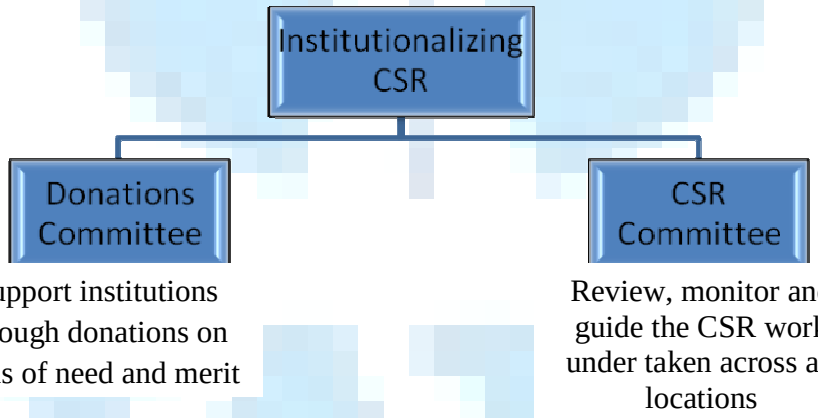
Approximately 15000 of its permanent employees, who come under the unionized category, are covered by collective bargaining agreements. These agreements include health and safety provisions along with compensation structures in the form of a Memorandum of Understanding (MoU) between the management and the representing Union as per the provisions of the applicable labour legislations. These MoUs are signed every three years after negotiations between representing committees of the union and the Management.

While the union membership may vary from each location, all eligible employees, irrespective of his membership, enjoy the benefits as agreed in the MoU. While the existing grievance handling process takes care of issues of temporary employees, the recognized Unions also take up their issues.

10 CORPORATE SOCIAL RESPONSIBILITY

True to the tradition of the Tata Group, Tata Motors is committed in letter and spirit to Corporate Social Responsibility. It is a signatory to the United Nations Global Compact, and is engaged in community and social initiatives on labour and environment standards in compliance with the principles of the Global Compact. Tata Motors invests in various CSR projects that target improvement of quality of life of people. The thrust areas for these projects include - Education, Health, Employability and Environment. The Company views the expenditure in such projects as an investment and not a cost. In the year 2007- 08, investments in social and community projects amounted to Rs. 12.5 millions. This amount is excluding administrative expenditures involved.

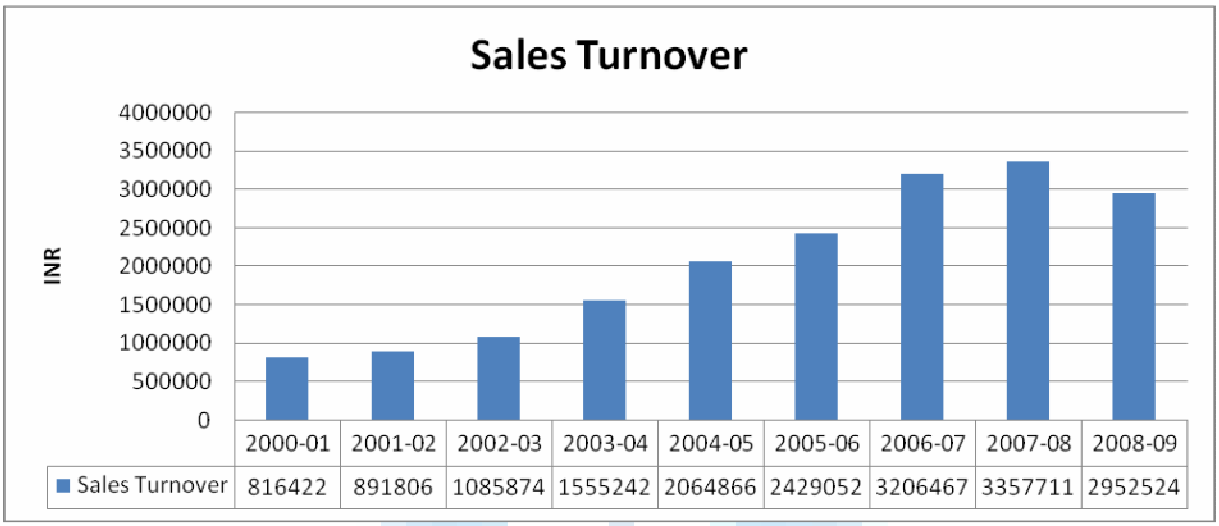
The Company has a Corporate Social Responsibility structure, which involves the top management as well the employees and is driven by the objective of "*improving the quality of life of people*". The structure catering to the needs of the society, which the Company treats as the very purpose of its business and not just another stakeholder, is as under:



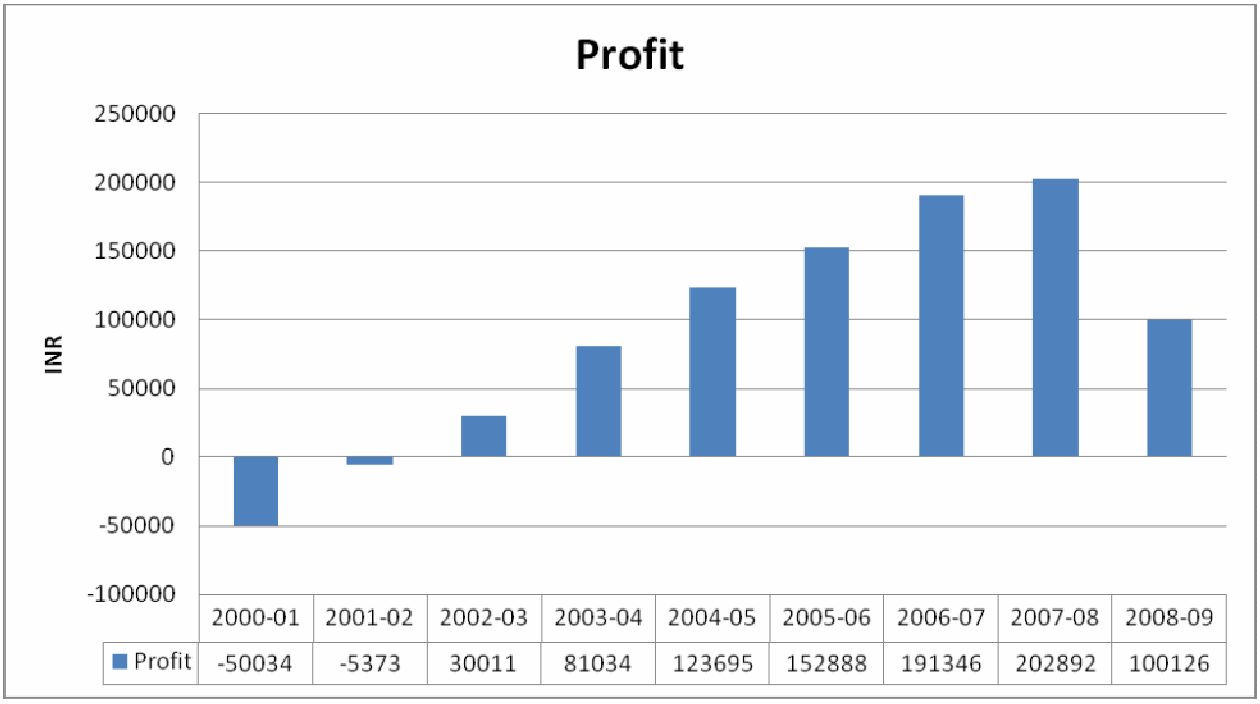
The Company has constantly strived to mitigate the environment as well as social impacts of its products and operations. Through its various initiatives, the Company has been able to preserve and protect the environment and has also contributed to integrated social development. Through its CSR activities, the Company aims to upgrade the quality of life of the communities around the Company's areas of operations. Besides, Tata Motors also encourages employees to devote time to underprivileged sections through Company projects and non-governmental organizations to share skills and expertise and assist the needy. This is in line with the Company's broader goal of practicing and promoting self –sustaining processes and welfare activities for social and economic development and environmental protection. In a structured approach, the Company's CSR Committee guides and reviews the CSR activities. In all its CSR initiatives, the Company recognizes and respects diverse community needs by undertaking specific and need-based initiatives across locations, while deploying global standards and policies.

11 FINANCIAL GRAPHS

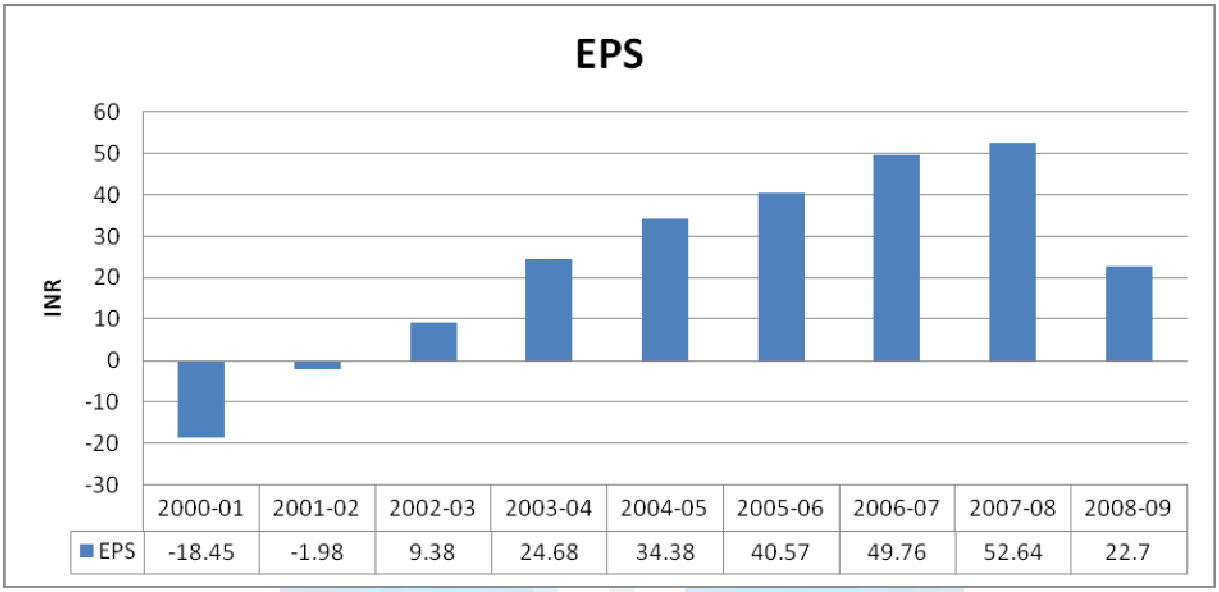
11.1 Sales Turnover



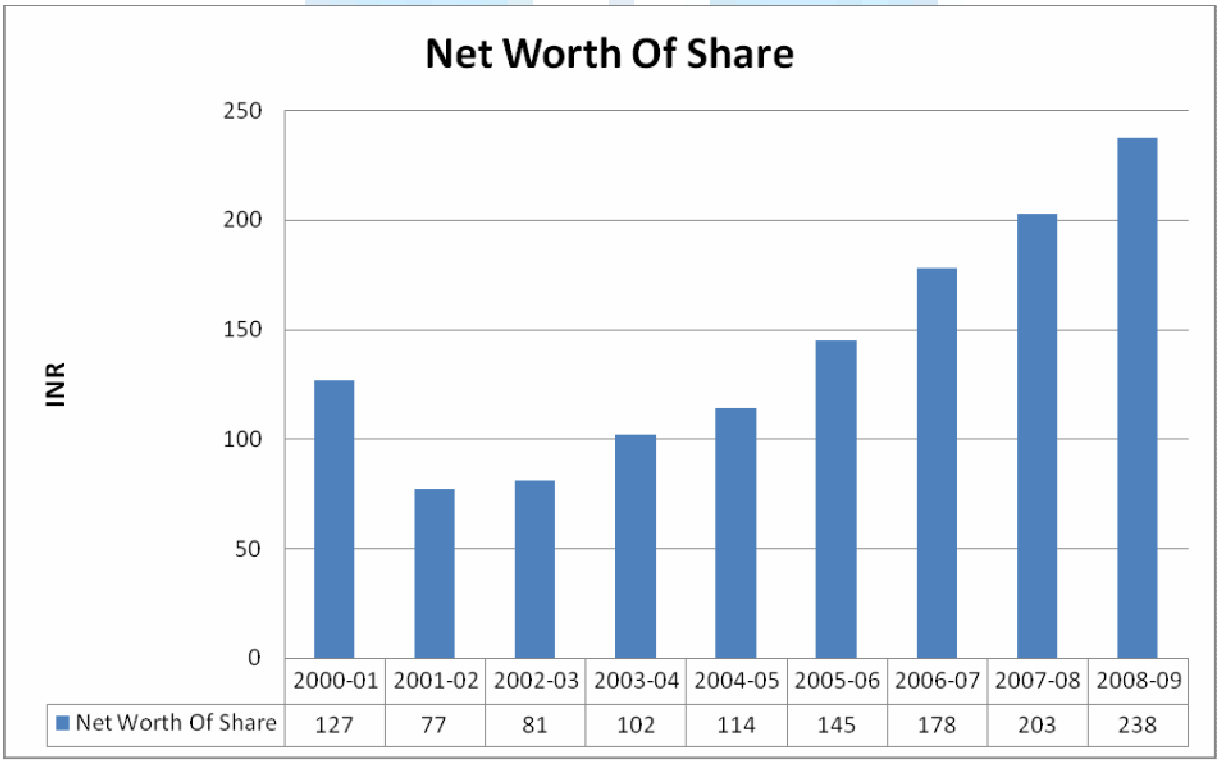
11.2 Profit



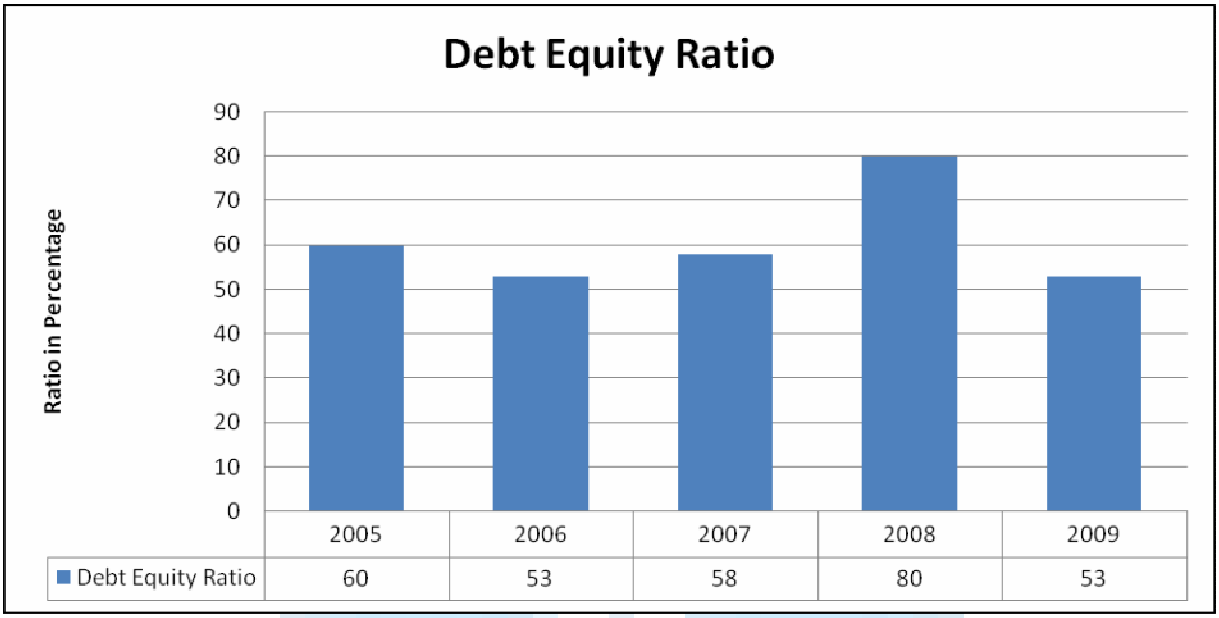
11.3 Earnings per Share (EPS)



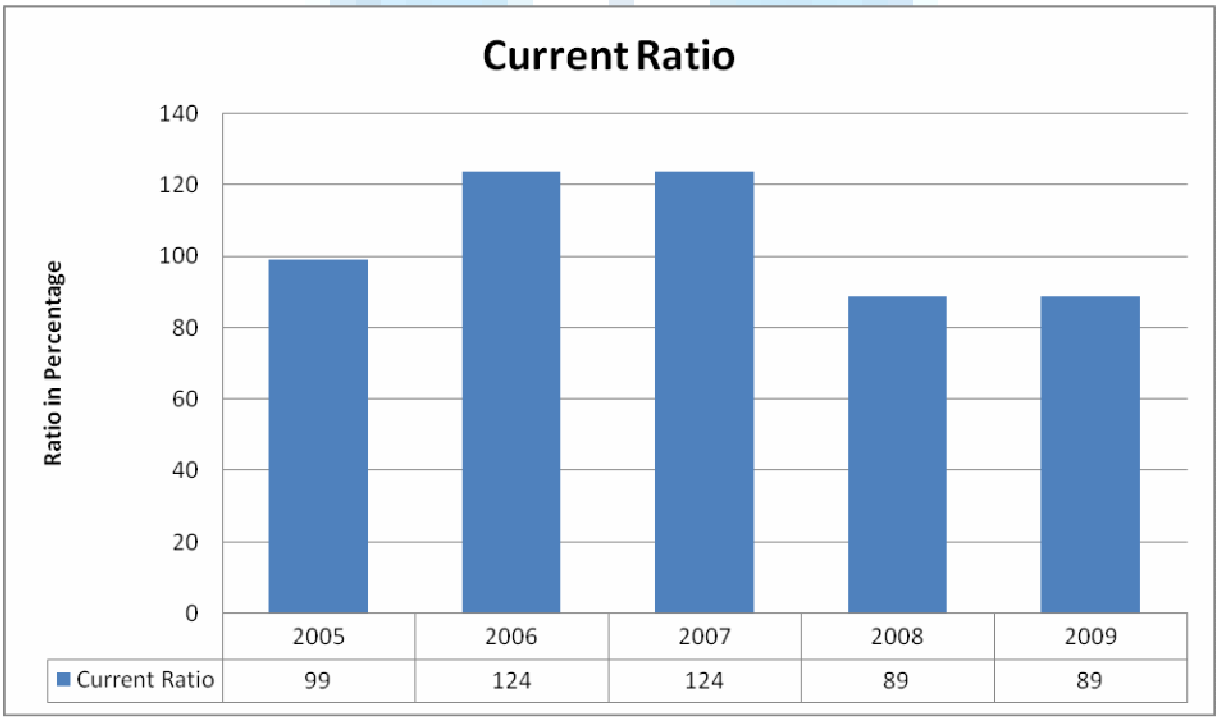
11.4 Net Worth of Share



11.5 Debt Equity Ratio



11.6 Current Ratio



12 SWOT ANALYSIS

12.1 Strengths

Tata Motors excels when it comes to innovation through intensive research and development. Their ability to make the least expensive car on the market, the Nano which will retail for $2,500, is far beyond what any other car dealership has created. This innovation gives Tata Motors their main competitive advantage. Tata Motors makes everything from tractor-trailers to the world's least expensive car. This product diversity grants them a competitive advantage over their competitors because they can satisfy more markets and customer needs. Another strength that Tata Motors possesses is high corporate responsibility. They donate a portion of their profits from stock increases towards a specific charity. This highlights Tata Motors overall desire for community improvement while also emphasizing Tata Motors' high morals and values which is something money cannot buy.

Tata Motors is also a very eco-friendly company. One of their goals is to produce an emission friendly car, and in 2000 Tata Motors launched the first compressed natural air bus. This air bus requires the owner to plug the car into a standard electric plug for four hours to fill the air tanks. This brought the concept of an "air-car" to reality and the name for this compressed natural air car is "OneCAT." OneCAT has no gas costs or fossil fuel emissions which makes it a very attractive car for the more mature markets but also the upper classes in developing countries at this point. It is also a great car to have in highly populated countries, such as China and India, because pollution with its adverse effects is a very large concern. OneCAT also is more efficient that any other present Hybrid car, so when inventors think they have the best product out on the market, they actually do not. There will always be something else to invent or improve on and Tata Motors is a prime example of that.

Tata Motors is unique in a way in which when it buys a company. Tata Motors keeps the original management of that company intact. The company that Tata Motors purchases will look exactly the same in terms of management and organizational structure as if it was never purchased by Tata Motors.

12.2 Weaknesses

There are strings attached with every new invention and improvement on products. These strings are Tata Motors weaknesses and what other groups perceive as their weaknesses. One weakness that Tata Motors faces is its inability to meet safety standards. Although they have made the most inexpensive car out on the market, it has yet to pass all the safety standards which is a legal factor. Some consumers and pessimists inquire as to how Tata Motors can make such a cheap car and withstanding a car accident or not just falling apart after hitting something once. Pessimistic people also want to believe that car manufactures are already doing everything they

can to keep costs low for the consumer, and if that is the case, then putting the cheapest car out on the market automatically questions if it is safe to drive.

Tata Motors only have been making passenger cars for the approximately last ten years. This can be viewed as a weakness from a customer standpoint since a decade does not seem like a lot to consumers and therefore they will think that Tata Motors is inexperienced car manufacturing. Consumers will wonder how a car manufacturer can be in the market for 10 years and produce the cheapest car out on the market. How can Tata Motors manufacture such a cheap car that meets emission and safety standards being so young? This causes consumers to be sceptical.

Another weakness that Tata Motors faces is within its domestic market. Car sales in India are less than 1 million annually. This draws a problem because Tata Motors may not get the sales that the company hopes for and how can they sell cars to people who are not buying cars?

The new and innovative OneCAT still has some rough spots that need to be worked out and one of them is that it has pollutant emissions and greenhouse gas emissions from the generation of electricity used to compress the air. So although it is marketed as being emission free, it technically is not and this is another weakness. Also, OneCAT only goes 62 miles per hour for 56 miles in an urban cycle. This is not very far and Tata Motors will have to improve on this weakness as well as the emission weakness in order to draw more consumers to this new automobile.

12.3 Opportunities

Tata Motors has already opened the doors for many new and innovative ideas, but not only for their company, but their competitors as well which could turn into a threat. One of the major opportunities that Tata Motor faces is that as of right now 90 percent of China and India's adult population do not own cars, partly because cars are costly and require more expenses after purchased. So the market for a low-priced car is huge which benefits Tata Motors perfectly since they produce the lowest priced car on the market. This is a huge opportunity for Tata Motors because if they can get their feet into that market of people that do not have cars because they cannot afford them, then they will make large profits down the road. China's total car sales are estimated at over 8 million dollars annually and they were the world's second largest car market in 2006. China's government forecasts that demand for cars will top 20 million by 2020. With Tata Motors in the market with the cheapest car, China's demand for cars will probably increase even more significantly which will in turn increase sales for Tata Motors.

Japan, North America, and Europe automobile sales went up over the years because of demand for smaller cars increased. This demand for smaller cars is a great window of opportunity for Tata Motors because not only are their cars small, but they are cheap and environmentally friendly as well. Once people in these countries get Tata Motor automobiles then their automobile sales will continue to rise.

As of March 2008 Tata Motors finalized a deal with Ford Motor Company to acquire the British businesses, Jaguar Cars and Land Rover. This is a huge opportunity for Tata Motors since they will acquire the large knowledge base and technologies for producing and marketing luxury vehicles. This acquisition helps them dive into the more mature markets in Japan, Europe and the

U.S. The knowledge transfer from these two companies will greatly improve Tata Motors ability to continue to grow and flourish in both developing and developed market segments.

12.4 Threats

The immediate threat to Tata Motors is their intellectual property rights. Tata put forward the cheapest car on the market and every automobile manufacturer wants to know how Tata did it. Recruiters are soon going to find out this valuable information and make it available to their own company. This is a huge threat to Tata Motors because at first they had low competition, but once other car manufactures find out how they invented such a low cost car, and then these companies too will jump on board and design their own line of low cost automobiles. On one hand this can be a threat, but on the other it may not affect Tata Motors at all because people will still want to purchase their product since they were the pioneers of all the excitement.

Other companies are starting to compete for some of this market share. In fact, the Pakistan's Transmission Motor Company has built a basic four-wheeler for only $2,100. This car is considerably cheap and the Pakistan Transmission Motor company started exporting them to Sudan, Qatar, and Chile. This is going to be the beginning of new emerging car manufactures that will be producing low priced cars.

Another obvious threat is that dealing with gas prices. Gas prices continue to rise and the Nano requires gas, but those who purchase the Nano probably do not have a lot of money and so if gas prices keep jumping up then that market of consumers will not be able to purchase the car. If OneCAT can be made as cheaply as the Nano then that will benefit the consumers even more because they will get a car that does not run on gas and it will be cheap to purchase. On the other hand, gas company will not want OneCAT to hit the market because there will be no profits to be made off the vehicle. Gas companies have a lot of say over the automobile industry so this could be a big threat.

Another main concern that Tata Motors faces is that cheap cars in India will have an adverse effect on pollution and global warming because most of the population will be able to afford the cars. With more people driving cars there will be more accidents and deaths, as well as higher fossil fuels leaked into the environment causing even more pollution then there already is.

Tata Motors is family owned and this can potentially cause problems down the road because some family members can become greedy and money hungry. Once they really start to rapidly grow then there may be family feuds and people not pulling their part.

13 PRESENT AND FUTURE CHALLENGES

An advantage is the increasing demand in its home ground India, because of infrastructure developments and rising GDP. India remains one of the few developing auto markets where domestic brands have managed to keep a large presence, Tata and fellow compatriots account for more than 60% of the passenger vehicle sales and 95% of commercial vehicle sales. There are also favourable Government policies and regulations in place in order to help boost the auto industry. However, Tata has not been able to capitalize on its global presence. Tata relies heavily on its sales in India and has not yet managed to create a foothold in international markets even though it has a number of well reputed subsidiaries. However, Tata Nano may boost its international presence, at least in developing economies. Ashok Leyland, which is the second largest commercial manufacturer in India, has remained Tata's biggest competitor in the Indian heavy commercial vehicle market and with its acquisition of Czech Republic-based Avia it may manage to increase its presence in neighbouring markets such as Sri Lanka, Nepal where Tata Motors has a monopoly. To counter the growth of these various companies Tata has come up with revised or new models like Indica Vista, Indigo Vista, Xenon, Tata World Truck and a aggressive marketing policy.

An Indian cabinet panel has since announced a new automobile policy that sets fresh investment guidelines for foreign firms wishing to manufacture vehicles in the country. Investments in making auto parts by a foreign vehicle maker will also be considered a part of the minimum foreign investment made by it in an auto-making subsidiary in India. The move is aimed at helping India emerge as a hub for global manufacturing and sourcing for auto parts. The policies adopted by Government will increase competition in domestic market, motivate many foreign commercial vehicle manufactures to set up shops in India, whom will make India as a production hub and export to nearest market. Thus Tata Motors will have to face tough competition in near future, which might affect its growth negatively.

14 REFERENCES

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