THE IMPACT OF DEVELOPING MULTINATIONALS IN THE GLOBAL SPECTRUM

A Senior Scholars Thesis

by

DIVYA SRINIVASAN

Submitted to the Office of Undergraduate Research
Texas A&M University
in partial fulfillment of the requirements for the designation as

UNDERGRADUATE RESEARCH SCHOLAR

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Associate Dean for Undergraduate Research: Robert C. Webb

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ABSTRACT

The Impact of Developing Multinationals in a Global Spectrum.
(April 2009)

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The word change is a vast understatement in describing what is to occur in the world in the 21st century. The current statistics, based on purchasing power parity, place the U.S. as having the world's largest economy. This makes the common man, looking through an Anglocentric perspective, quite content. But a recent projection in the Financial Times states that by the Year 2020, China is to be ranked #1 as the world's largest economy, followed by the US, then India, and then Japan. These predictions jolt America's comfortable position as number one and show that a new focus needs to be created. Specifically it is important for researchers in America to understand what multinational companies in developing countries are doing differently and how this is impacting their expansion and progress.

My research is on multinational corporations in the developing world. Going global is a decision that may be based on pressures to maximize shareholder wealth, market share, or gain financial flexibility within the company. Using information on the characteristics

of multinationals of developing nations, including differences in their economic, legal and governmental policies, and corporate cultural ideals, I've learnt what impacts their abilities and progress. To list a few other differences in infrastructure of developing multinationals, the corporate philanthropy, market strategy, financial undertaking, and role of acquisitions play a key role in shaping their identities. This will prove the possibilities and potential India and other emerging developing countries have by expanding their multinational presence. It is important to see both sides of the spectrum, the glamorized examples of the affluent developed countries' multinational position as well as the lesser known developing countries' multinationals.

By learning about India's Tata Group, specifically Tata Motors, and how it's taking the lead in domestic and foreign markets, there is proof of the importance and power of emerging multinationals. If continued attention is not placed on these countries, America may be left behind as the developing underdogs make leaps and bounds toward capturing strength and lasting market power.

DEDICATION

To my family, who has been my everlasting source of strength, and specifically as a tribute to my grandfather, who passed away on January 25, 2009, as he was an inspiration for me to love my heritage and pursue my dreams.

ACKNOWLEDGMENTS

I would like to start off by thanking my professor and advisor, Dr. Julian Gaspar of Texas A&M University, who has helped shape my interest in multinationals and lead me in my current direction. Next, I must thank Dr. Gopal from D.Y. Patil University, who helped me while I was conducting research, interviews, and frequent visits to the library during the summer of 2008 in Mumbai, India.

NOMENCLATURE

EM	Emerging Markets
LDC	Less Developed Countries
TM	Tata Motors
EMNC	Emerging Multinational Corporations
t	Time
m&a	Mergers & Acquisitions

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CHAPTER I

INTRODUCTION: THE GROWTH OF EMERGING MARKETS

The twenty first century has seen a time of change for some of the largest countries in the world, as well as for the developing, formerly known as less developed, countries. Saying that emerging markets have 'grown' would be a vast understatement as they have leaped from $80 billion to $ 5 trillion dollars in volume. What comprises the emerging markets? Currently, the BRIC nations of Brazil, Russia, India and China are the nations that fuel the growth of the markets in less developed regions. So how have emerging markets gained such an extraordinary influence on the economy in such a short period of time? What makes them different from other nations? These can be answered by some essential principles that hold for the countries that comprise emerging markets.

A key component of emerging markets is that they have large resource bases, populations, and markets which can spur development within as well as the boundaries around them. They use open door policies replacing state interventionist policies that seem to stunt economic growth. There is more investment in both local and foreign capital investment showing that it has built confidence in itself. There is a striking injection of foreign currency into the domestic currencies which shows an infrastructural change and growth in the volume of the stock market. As one of the fastest growing

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This thesis follows the style of *Asia Pacific Journal of Management*.

economies, emerging market share of the world output is set to double from 7.8% in 1992 to 16.1% in 2020, a projected increase that could have strong effects.

This also relates to a significant increase in the amount of goods and services that will be bought, set to outweigh that of industrialized countries. Emerging Markets make up about thirty percent of the global GDP growth, and almost fifty percent if purchasing power parity (PPP) is taken into account. Morgan Stanley Capital International's emerging market index as of February 2008 had jumped more than fourfold in dollar terms, as compared to the American S&P 500's increase of seventy percent

What makes emerging markets unique?

The emergence of markets in developing countries first came about during a movement from state run, government owned industries to free market capitalist enterprises. This linked with the importance of creating capital in these countries. The main source of capital had been long stymied by government influence over every aspect of business. Under a free market system, the emerging markets were able to use private investments and DFI in order to expand themselves and produce profit.

What sets emerging markets apart is the characteristics that unite them. As a whole, they are NOT financially dependent on foreigners. They are running an account surplus and have capital inflows and reserves of large proportions while reducing debt making them net foreign creditors. Most of the currencies are also undervalued, rather than overvalued. As they have a growing middle class and education as an important basis for their performance, this makes them stand out amongst other developing countries. By playing a role in international politics and seeking a louder voice in global social, political and economic affairs, they are treading the path toward finding importance in transforming the face of the earth.

Emerging multinationals

As emerging market economies set the pillars for the growth of their multinationals, they encountered a surge of investment from risk prone investors who saw the high volatilities that these multinationals provided, but the low correlation coefficient with mainstream stock markets such as the US and UK made them an important diversification tool for international investors. But over time, on average EMNCs have been proven to be highly sensitive to local and global market shocks as revealed by local market and global market betas. EMNCs sensitivity to global market shocks is an indication of their growing participation in global goods and capital markets.

The extent of risks associated with EMNCs become clearer when we compare their average volatilities with the volatilities of S&P500 and Global Market index, which are 3.19 times and 3.02 times respectively. On average EMNCs are also highly sensitive to local and global market shocks as revealed by local market and global market betas. EMNCs sensitivity to global market shocks is an indication of their growing participation in global goods and capital markets.

Emerging multinationals have evidenced investing abroad through one major category: FDI, foreign direct investment. There has been investment in two major directions: that of emerging countries' neighboring countries and that of developing countries. Analysis demonstrates the need to leverage assets in neighboring countries while seeking advancements and improvements in technology, market new products, and seek profits in larger magnitudes in developed countries. Investment in developing countries has been seen as an attempt to create a competitive advantage that has its effects both at home and abroad. What emerging multinationals have done is use corporate philanthropy to make their futures expand. There is an analogy for this new phenomenon. As a baby begins walking on its own two feet using a walker, emerging MNCs are deriving better advertising, repute, and spontaneous growth through the use of corporate philanthropy as their walker. This suggests something about the nature of the firm.

As any firm is derived to maximize shareholder wealth, the multinational takes this basis and sets goals based on its goals toward helping the community. By keeping this at the heart of its decisions and responsibilities, the goal moves away from profit purely for one self, and more toward the general good. This has been seen already in countries such as Japan where maximizing wealth is not the focus while productivity is. While on the whole the American philosophy has stemmed from an individualistic nature, the emerging markets, due to the nature of their socialist governmental beginnings have grown out of keeping social responsibility as a priority, if not the main premise for their being. Social responsibility also drives an inner desire for research and development as wanting to help the community means learning about the communities' needs, likes and dislikes.

Recently there have been more studies done to learn about the difference between purely check book giving and a more holistic approach to community giving. The former is cutting a check to a fund/organization both as a tax deductible and as a power play and repute builder. The latter actually 'boosts business by drawing talent.' It creates an inner drive to want to do develop the social infrastructure of the country, especially education, innovation, and creativity in order to help boost the company's revenues. This is where the advent of company scholarships, competitions, and internships plays a part. Emerging markets which are newer in the world are taking a step toward this at a faster rate giving them an advantage in comparison to developed countries whose corporations have been working on a more lucrative strategy for decades, if not centuries, and must now change over. So this could be one of the greatest advantages to the emerging markets: the research and development that springs from a new interest in charitable causes for the community by the corporation.

This philanthropy is what is to be explored in Tata Motors, a multinational corporation in India. How did the idea of social philanthropy help the company grow from humble beginnings to its current state as one of the largest most successful industries in India? This is the essential question that this research will explore using a financial analysis of the company and drawing conclusions from the mergers and acquisitions, economic and financial decisions and choices TATA made. Lastly, TATA motors will be the focus as its innovations through R&D have seen dramatic growth.

The ABCs of Tata Group

Many have heard of the famous Nano car worth less than $2000, but few know how such a compact car with such a compact price was made possible. It is just one of the newest creations by India's most successful car company, Tata Motors, from the largest Indian multinational conglomerate Tata Group. Tata Group was begun in 1863 in the financial capital of India, Mumbai. Tata has operations in more than 85 countries across six continents and its companies export products and services to 80 nations. The Tata Group comprises 98 companies in seven business sectors, 27 of which are publicly listed. Uniquely, 65.8% of the ownership of Tata Group is held in charitable trusts, which makes its success something to delve more closely into.

Tata Motors was ranked as the world's twentieth largest automaker, based on figures for 2006. Tata Motors was established in 1945, by Jamsetji Tata, when the company began manufacturing locomotives. The company manufactured its first commercial vehicle in 1954. By 2004, it has been listed on the NYSE, and by 2005 it was ranked among the top 10 corporations in India with an annual revenue exceeding 320 billion rupees. In 2004, it bought Daewoo Truck manufacturing unit in South Korea. It also acquired a 21% stake in Hispano Carrocera, giving it controlling rights in the company. Finally after its TATA

Nano production and British Jaguar Land Rover acquisition, the secret of and behind its success is yet to be found.

Looking at TATA's vast expansion and potential is a good way to learn more about emerging multinationals and how they are making progress in their own way. Certain characteristics, especially the above mentioned corporate philanthropy as well as financial leverage and foreign mergers and acquisitions have helped TM pave its way, and truly understanding the impacts of these characteristics is what I've studied during the course of this research.

Disadvantages of emerging markets

Possibly the greatest disadvantage to the emerging markets is their lack of well defined infrastructure. Infrastructure is defined as the physical structures used to provide services to a society. Infrastructure plays an important role in raising competitiveness and developing a more efficient economic center. Economic and social infrastructure such as highways and healthcare are key to emerging markets, because they have the ability to facilitate and better carry out business operations. Other disadvantages for emerging markets are their poverty levels and fairly small proportioned high income bracket. The high income class is the societal distribution from whom the highest level of investment and high end transactions occur and so emerging markets must cater in greater proportion to its growing middle class.

CHAPTER II

BRAINHOUSE OF TATA MOTORS

Research and development

If the name “TATA MOTORS” doesn’t sound familiar, think about the world famous, high end brand Jaguar-Land Rover, or the “Nano car”, the cheapest car the world has seen. How has Tata Motors used research and development to further its abilities? And what target segment is Tata Motors catering to, and how has this focus helped its popularity and build its reputation? These are questions that can be answered through its Research and Development sector.

The G1250 are the top 1250 r&d investing firms from a variety of countries. Only one firm managed a place in the top 500, while the top-1000 list included four companies from India. Tata Motors was the top ranked Indian firm, at 401th place, spending 91.99 million pounds. Even though the actual R&D investment by Indian companies was miniscule as compared to most of the global companies, the growth in the past one year was way ahead of the global and UK average for six of the Indian firms on the list. Tata Motors recorded a growth of 67 per cent in its R&D. The UK list of 850 companies included two companies with Indian parents -- Corus (39th with 76 million pounds of R&D investment) and Tata Tea (725th, 0.9 million pounds). While Corus was acquired by India's Tata Steel in the past, Tata Tea also had a significant presence in the UK through its acquisition of Tetley.

Fourteen hundred engineers and scientists, the TATA Motors Engineering Research Centre has allowed for pioneering of a variety of technologies and products. India's first indigenous car, the Tata Indica, was a step in the direction of proving its level of talent and innovation and a step away from its status as developing nation. What has contributed to Tata Motors' success has been its initiative to cater to every class, be it the elite with its Jaguar Land Rover brand, the middle class with the Tata Indica, or its new car owners who may not be well off, but can afford more than a 2 wheeled motorcycle with the Nano. So the question remains, is Tata's efforts toward innovation in an 'end justifies the means' rationale or is it taking the route of social justice and making sure its impact is not hurting the community, if not benefiting it?

Corporate social responsibility

It turns out that the path to success is not based purely on profit for Tata's own company, and not just profit that is based on monetary gain. As India's largest emerging market it has been able to sustain itself a leading player in the auto market but has also, unlike other emerging market multinationals, tried to contribute to the bettering of society. Tata Group laid its focus on the green revolution that is becoming a more serious and dire issue today.

Tata's first focus lies in using technology that keeps the environment and cost effectiveness in check. Some examples would be its reduction of hazardous waste in extended life lubricants, fluids, vehicle components, as well as the use of ozone friendly refrigerators. Soil and water conservation programs as well as tree plantation programs, recycling, and conserving resources are important to Tata Motors in preserving environmental balance.

Tata Motors has actually initiated treatment facilities in its plants in order to precaution against polluted water in the ecosystem. The water which is treated attracts a variety of species of birds from all over the world. Besides tree replanting, Tata has packaged their products in other materials besides wood to support ecology protection and preservation.

Tata Motors has also upgraded the performance of its entire range of four and six cylinder engines to meet international emission standards. This has been accomplished with the help of renowned engine consultants like AVL and are used both in the Indian market and in over 70 export markets.

One exemplary example of Tata's successful social and corporate philanthropy has been in Africa. Tata sponsored young South Africans to train in jewelry design at Tata Titan Industries, the watch and jewelry making company from the Tata stable. Also it has linked its adult literacy program that Tata Consultancy Services first pioneered in India to Africa and its local languages in collaboration with World Development Bank Trust. This has already proved to be helping women's empowerment movements in South Africa. Schemes for recognizing outstanding college students with the award of Tata scholarships are also the first of its kind for emerging market multinationals.

CHAPTER III

TATA MOTORS AND ITS IMPACT

Tata motors became the first of its kind in India's engineering sector to be listed on the New York Stock Exchange in the year 2004. As the world's fourth largest truck manufacturer and second largest bus manufacturer, Tata Motors has been involved in a number of mergers and acquisitions that have been both advantageous and disadvantageous to its market internationally. Mergers and Acquisitions are a good way to measure progress and growth of a company.

Mergers and acquisitions

The trend of mergers began with Tata Motors' acquisition of South Korean automaker, Daewoo Commercial Vehicles Company, its second largest truck maker. Next in 2005, Tata leaped into a 21% stake in the Hispanic company, Hisapana Carocera. Later in the year, it also began a strategic alliance with Fiat. Then, in 2006, by entering into a joint venture with Thonburi Automotive Assembly Plant Company of Thailand, Tata Motors has begun manufacturing and marketing the company's pickup vehicles in Thailand. Not only are mergers and acquisitions an expensive process, they cause a higher financial leverage on Tata Motors, and increase its debt to asset ratio. The best way to see whether or not these deals were the best for TTM, financial ratios must be computed.

The first ratio that is important to be computed is debt-to-equity ratio. This measures the amount of money a company can safely borrow over long periods of time. Using

Appendix 1 that lists the balance sheet and income statement of TTM from 2005 through 2008, we can measure the percentage of the company that is indebted or leveraged:

Note: All numbers are in Millions of Indian Rupees.

2005 Debt/ Equity = 26,233.33/44,441.7= 0.590

2008 Debt/Equity= 63345.5/88367.1 = 0.717

So there has been a sharp increase in the percent of the company that is indebted. Though it is more profitable and seen as financially beneficial for companies to be financed by debt, there are tradeofffs involved. Sometimes such a dramatic increase in debt can cause liquidity problems. So to check how its ability to pay off short term debt after the series of m&a it encountered, we can use the current ratio formula:

Current Ratio= Current Assets/ Current Liabilities:

2005 : 82266.7/ 73817.2=1.11

2008 :192727.3/189051.9=1.01

So its Current Ratio has actually decreased, meaning its ability to pay short term liabilities from assets has dropped, but since it is a minimal decrease, this may not have a drastic impact and can be seen as feasible.

Profitability Ratios that would measure how Tata Motors has done include the Profit Margin and Return on Equity. Profit Margin here is calculated as :

Profit Margin = Net Income / sales

2005: 13524.1/196052.4 = 6.898%

2008: 21607.6/356514.8= 6.061%

While this may seen as a decrease in profit margin, to confirm this we need to take into account return on equity or ROE, due to the drastic increase in equity, as well as gross margin.

ROE = Net Income / Stockholder’s Equity

2005: 13524.1/44441.7 = 0.3043

2008: 21607.6/88367.2 = 0.2445

So this confirms a decrease in income on the rate of return on the book value of the stockholders' investment.

Gross margin = (Sales – Cost of Goods sold)/Net Sales

2005: 39944/196052.4=0.2037 or 20.37%

2008: 70175/ 356514.8=0.1968 or 19.68%

So we can conclude that the particular mergers and acquisitions that Tata Motors under took both leveraged the company dramatically, as well left the company less profitable than where it was in 2005. So its tradeoff for merging with international companies in seeking a better known reputation, competitive advantage and more efficient resources and technology has actually been lowered returns. Before we come to a conclusion about the company as a whole, we must make domestic comparisons to see how other auto companies in the same industries were impacted during 2008.

Domestic and international comparisons

By taking a look at its domestic and then international performance in the past decade, it is an indicator of what is to be expected from it in the future. The essential question that is to be answered is “Should investors place more time, money, and energy into investments and interest in Tata Motors, or should Tata Motors invest more in Multinationals worldwide?

Table 1: Tata Motors Versus Other Domestic Industries

Company	ROA	ROE
Tata Motors Ltd.	7.03%	24.45%
Isuzu Motors Ltd.	5.56%	21.65%
Mahindra & Mahindra	5.38%	28.52%
Maruti Suzuki.	10.70%	22.90%
Premier Ltd.	4.54%	14.87%
Scania AB	8.47%	33.59%

So from Table 1, by comparison domestically, Tata Motors ranges amongst the top ROAs and ROEs for 2008, even though it dropped from the period of 2005- 2008 from the previous analysis of its ROE during which it underwent a series of mergers and acquisitions.

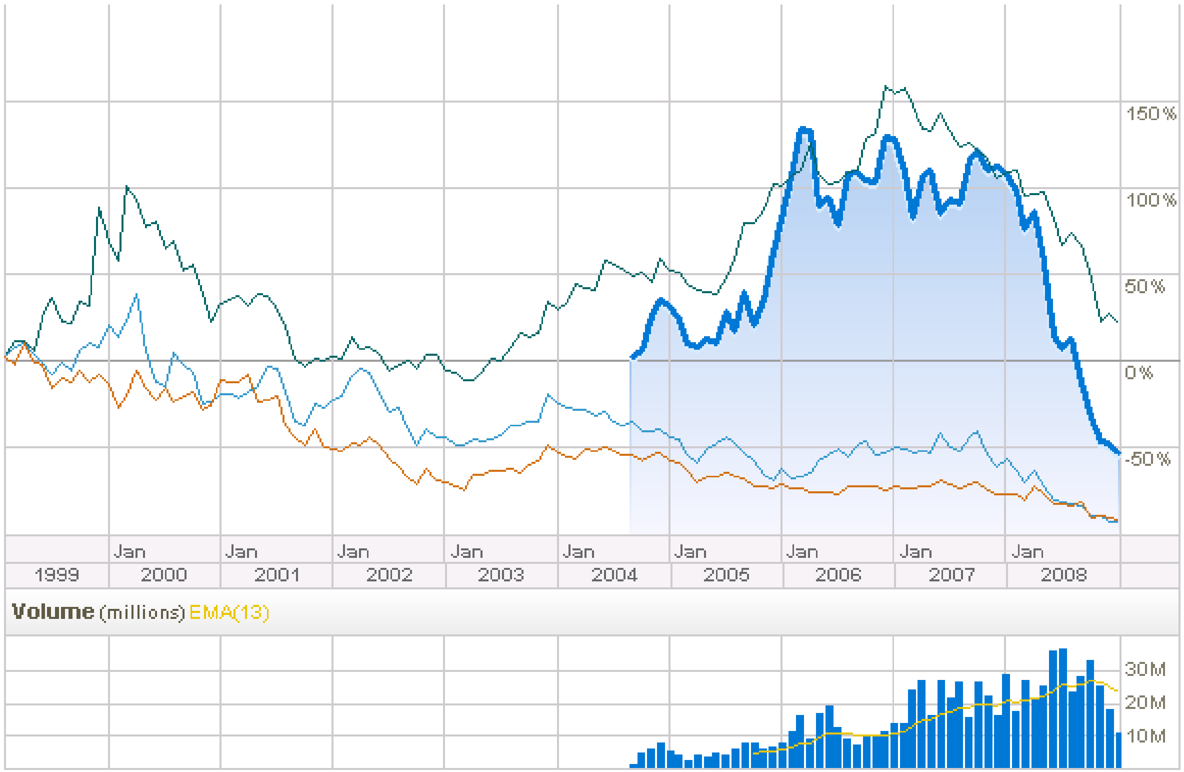

Figure 1 International 10 year Growth Comparison

Key:

-----------------Toyota Motor Company   -----------------Ford Motor Co.

-----------------Tata Motors Ltd   -----------------General Motors Corp

From Figure 1, it can be seen that during the last five years, TTM has actually done better than both GM and Ford, and only second best to Toyota, though it had peaks where it outperformed Toyota as well. For its recent emergence in the NYSE, it can be seen that invest in Tata Motors is less volatile than GM or Ford, but its recent investment in Ford's

Jaguar Land Rover has left it moving into a decline. On the other side of the spectrum, Tata should not invest in American Ford or GM, as they have done poorly, with GM losing its top spot in 2008 to Toyota after nearly 11% losses versus Toyota's 4%. Figure 2 is an in-depth financial comparison of Tata's abilities.

TABLE 2: INTERNATIONAL COMPETITOR FINANCIAL COMPARISON FOR 2008

	TTM	FORD	GM	Industry
Market Cap:	1.55B	4.30B	2.13B	2.03B
Employees:	33,202	246,000	252,000	178.96K
Qtrly Rev Growth (yoy):	8.90%	-22.00%	-13.20%	11.90%
Revenue (ttm):	7.27B	161.20B	166.10B	131.89B
Gross Margin (ttm):	19.68%	11.73%	6.09%	16.39%
EBITDA (ttm):	859.26M	10.70B	-1.41B	859.35M
Oper Margins (ttm):	9.61%	-2.12%	-6.05%	2.84%
Net Income (ttm):	441.93M	-11.52B	-22.79B	N/A
EPS (ttm):	1.04	-5.214	-38.742	-0.11
P/E (ttm):	3.86	N/A	N/A	6.96
PEG (5 yr expected):	1.05	N/A	N/A	1.07
P/S (ttm):	0.22	0.03	0.01	0.34

According to Table 2, Gross margin was highest for Tata Motors, higher than the industry average. Earnings per share and net income were both much better than those of Ford and GM during this time period. So this shows potential for Tata Motors to gain strength during a time of turmoil for the world auto industry, but it must be careful in its endeavors of making multinational acquisitions.

CHAPTER IV

SUMMARY AND CONCLUSIONS

Summary

While emerging multinationals currently have potential to become some of the most influential powerhouses of the world, they have characteristics that set them apart and may also be holding them back. By properly analyzing typical examples of emerging multinationals and their impact, current leaders such as the US can take advantage of their knowledge of emerging markets. Important characteristics to analyze are R&D, corporate philanthropy and most importantly, corporate strategy. My research was based on a well known and successful multinational Tata Motors, from the developing country, India and its impact on the auto industry. Based on its recent change to a mergers and acquisitions strategy, I analyzed its abilities based primarily on this strategy and computed the effect of it on the auto industry, domestically and internationally.

Tata Motor's competitive advantage arises from its distinct R&D, talented engineers and employees. Once they make these competitive advantages sustainable, success and dominant market share is guaranteed. At the same time, as a multinational, it must be careful in its choice of corporate strategy. In the recent history, its use of a merger and acquisition strategies primarily in foreign markets has shown some weakness and may deter the progress it has made.

In Tata Motors' case, it seems that mergers and acquisitions didn't have the intended success that it should have had abroad. While emerging multinationals gain advantages by investing in foreign markets, it may leave them too highly leveraged and lower their return on equity as well as return on assets. Growth has been stymied directly due to its latest mergers and acquisitions, but it has rankings that are higher than companies such as Ford and GM, so it has enough factors in its favor for it to be sustaining its place in the international markets, but it may want to focus on a different strategy besides mergers and acquisitions or evaluate more closely which acquisitions it wants to conduct. This could be detrimental if this three year period from 2005 – 2008 that was analyzed continues into a longer duration.

Conclusion

Going further, Tata Motors may want to engage in less mergers and acquisitions, especially of that of high end brand corporations. In order to increase its profits it should continue a more aggressive unrelated diversification of its products as it caters to all income levels. As developing countries such as India and China have large middle classes that are moving abroad, the new focus for Tata Motors should be the middle class and what products would best be marketed toward them. If it indeed wants to continue the m&a strategy, the best focus would be to merge with middle income brand name companies that will neither involve too great a risk nor too high a debt. But on the whole, the recommendation would be to continue with an "organic growth" or possibly a "core growth" strategy.

Organic growth in corporate terms is progress made by a company internally based on existing businesses, with little, if any focus on mergers, acquisitions, and foreign impact.

Core growth includes foreign impact. A combination of organic and core growth could bolster emerging markets at a time such as now when it on its way from the expansion stage to reaching the peak stage of its business cycle. Organic growth also places focus on management and how it has made efforts to build a successful future for the company as well as a direction toward reaching new heights. As management is significant in its contributions to Tata Group as a whole, and more specifically, Tata Motors' development, this has come to be the torch that bestows light when the path is shaky and the future dark. A recent example of such organic growth would be by India's Tata Motors with its "Nano car." This has been a step in the right direction, moving away from focus on just cost and production toward innovation and enthusiasm for catering to customers' unique preferences.

Attributes of successful acquisitions vary for each multinational, but common examples are faster and more effective integration, greater probability of synergy, maintaining competitive through advantages gained from the acquisition, easier and cheaper financing, and lower risk based on the acquisition. Tata Motors accomplished goals of better integration and possibility for growth, but some disadvantages of its strategy in the past years have crossed out its advantages. In order to maintain a long-term competitive advantage in the markets, its strategy will have to focus on increasing its profits through a more internally generated financial and economic success, that are not linked to other nations or a great amount of high net worth investment abroad.

By taking close looks at examples of what emerging multinationals have done to gain productivity, effectiveness and efficiency at such a fast pace, this research found fundamental flaws in one particular multinationals' strategy. Using an analysis of the strengths and weaknesses of multinationals of LDCs, developed countries such as America can learn to ward off the impending threat of new world players dominating the global spectrum.

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APPENDIX

TTM: NYSE

Income Statement (2005-2008)

Currency in Millions of Indian Rupees	As of: Apr 02 2005 Restated	Apr 02 2006 Restated	Apr 02 2007 Restated	Apr 02 2008 Restated
Revenues	196,052.4	237,916.2	323,612.0	356,514.8
TOTAL REVENUES	196,052.4	237,916.2	323,612.0	356,514.8
Cost of Goods Sold	156,108.4	189,227.8	258,967.4	286,339.8
GROSS PROFIT	39,944.0	48,688.4	64,644.6	70,175.0
Selling General & Admin Expenses, Total	14,376.5	17,831.2	24,157.9	27,451.6
R&D Expenses	671.2	717.7	850.2	659.5
Depreciation & Amortization, Total	5,310.1	6,233.1	6,880.9	7,820.7
OTHER OPERATING EXPENSES, TOTAL	20,357.8	24,782.0	31,889.0	35,931.8
OPERATING INCOME	19,586.2	23,906.4	32,755.6	34,243.2
Interest Expense	-2,391.2	-3,126.4	-4,864.1	-10,335.2
Interest and Investment Income	1,495.5	1,336.8	1,888.8	4,138.2
NET INTEREST EXPENSE	-895.7	-1,789.6	-2,975.3	-6,197.0
Income (Loss) on Equity Investments	401.3	439.3	394.2	652.0
Currency Exchange Gains (Loss)	-748.1	-391.7	652.1	1,376.1
Other Non-Operating Income (Expenses)	-37.8	60.9	18.2	46.0

EBT, EXCLUDING UNUSUAL ITEMS	18,305.9	22,225.3	30,844.8	30,120.3	
Gain (Loss) on Sale of Investments	538.5	137.3	429.4	291.0	
Gain (Loss) on Sale of Assets	--	1,541.2	--	1,103.6	
EBT, INCLUDING UNUSUAL ITEMS	18,844.4	23,903.8	31,274.2	31,514.9	
Income Tax Expense	4,906.2	6,400.0	8,832.1	8,515.4	
Minority Interest in Earnings	-84.8	-222.9	-742.2	-1,322.5	
Earnings from Continuing Operations	13,853.4	17,280.9	21,699.9	21,677.0	
Extraordinary Item & Accounting Change	-329.3	160.7	272.9	-69.4	
NET INCOME	13,524.1	17,441.6	21,972.8	21,607.6	
NET INCOME TO COMMON INCLUDING EXTRA ITEMS	13,524.1	17,441.6	21,972.8	21,607.6	
NET INCOME TO COMMON EXCLUDING EXTRA ITEMS	13,853.4	17,280.9	21,699.9	21,677.0	

TTM BALANCE SHEET (2005-2008)

Currency in Millions of Indian Rupees As of:	Apr 02 2005 Restated	Apr 02 2006 Restated	Apr 02 2007 Restated	Apr 02 2008 Restated	4-Year Trend
Assets					
Cash and Equivalents	20,973.2	13,864.4	11,542.7	38,331.7	
TOTAL CASH AND SHORT TERM INVESTMENTS	20,973.2	13,864.4	11,542.7	38,331.7	
Accounts Receivable	12,414.0	13,544.8	17,022.2	20,605.1	
Notes Receivable	21,886.1	46,835.0	84,553.6	76,938.9	
Other Receivables	3,296.7	5,783.7	9,564.9	9,266.0	
TOTAL RECEIVABLES	37,596.8	66,163.5	111,140.7	106,810.0	
Inventory	20,736.3	24,810.4	31,669.0	32,946.4	
Prepaid Expenses	305.5	617.5	1,247.3	3,334.8	
Other Current Assets	2,654.9	6,692.9	7,101.2	11,304.4	
TOTAL CURRENT ASSETS	82,266.7	112,148.7	162,700.9	192,727.3	
Gross Property Plant and Equipment	83,416.1	103,058.9	129,865.7	189,692.3	
Accumulated Depreciation	-37,573.8	-48,311.8	-53,988.9	-60,456.1	
NET PROPERTY PLANT AND EQUIPMENT	45,842.3	54,747.1	75,876.8	129,236.2	
Goodwill	516.2	4,122.1	4,430.1	5,661.6	
Long-Term Investments	21,263.6	12,615.0	11,745.9	26,658.3	
Deferred Charges, Long Term	216.9	139.1	119.3	69.3	

TOTAL ASSETS	150,105.7	183,772.0	254,873.0	354,352.7
LIABILITIES & EQUITY				
Accounts Payable	26,694.9	32,266.4	48,723.3	67,935.9
Accrued Expenses	3,159.2	3,723.6	4,738.3	5,389.3
Short-Term Borrowings	908.7	6,685.4	34,325.4	52,503.2
Other Current Liabilities, Total	43,054.4	44,479.7	39,873.4	63,005.5
Unearned Revenue, Current	--	2.1	6.7	218.0
TOTAL CURRENT LIABILITIES	73,817.2	87,157.2	127,667.1	189,051.9
Long-Term Debt	26,233.3	27,106.0	38,693.6	63,345.5
Minority Interest	630.5	1,739.3	2,499.6	4,683.1
Deferred Tax Liability Non-Current	4,983.0	5,558.1	7,288.6	8,905.1
TOTAL LIABILITIES	105,664.0	121,560.6	176,148.9	265,985.6
Common Stock	3,617.9	3,828.7	3,854.1	3,855.4
Comprehensive Income and Other	40,823.8	58,382.7	74,870.0	84,511.7
TOTAL COMMON EQUITY	44,441.7	62,211.4	78,724.1	88,367.1
TOTAL EQUITY	44,441.7	62,211.4	78,724.1	88,367.1
TOTAL LIABILITIES AND EQUITY	150,105.7	183,772.0	254,873.0	354,352.7

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