

profile 1-429-174
April 28, 2011

Tata Motors: A Profile of the Tata Nano

Introduction

In March 2009, the Tata Nano was formally launched in India as the world's most inexpensive car. Meeting its pledge from six years earlier at the Geneva Auto Show, Tata Motors introduced the base model at the "Rs 1 lakh" price point. In the Indian number system, a "lakh" equaled 100,000 units. At the time, the exchange rate between the Indian Rupee (Rs) and US dollar was about 50 rupees to 1 dollar, so the "Rs 1-lakh" price point was approximately \$2000 (US). The Nano had been the dream of Tata group's chairman, Ratan Tata. Indeed, some referred to it as the "chairman's car," as Tata, who had been chairman since 1991, himself had been heavily involved in the design process.¹

Tata Group and Tata Motors

The Tata Group was founded in India in 1868. By 2010, it had 90 operating companies with approximately \$70 billion in revenues, 57% of that from outside India. Among the major companies in the group were Tata Steel, the world's tenth largest steel company, Tata Power, India's largest private power utility, and Tata Consultancy Services (TCS). With 130,000 IT consultants in 42 countries, TCS generated almost \$6 billion in revenues in the year ending March 2008.²

Tata Group's product scope extended to the Taj Hotel Resort and Palace, with 93 hotels, including the world famous Taj Palace in Mumbai, and the recently acquired New York 5th Avenue landmark, the Pierre.

The Tata Group was a values-driven company that articulated its guiding principles, as follows: "Company Purpose: At the Tata group, we are committed to improving the quality of life of the communities we serve."

One of its core values was, "always ensuring that what comes from the people goes back to the people many times over."³

Tata Motors (originally known as Tata Engineering and Locomotive Company) began manufacturing commercial vehicles in 1954. As measured by dollar sales volume, at \$20 billion annually, it was the largest



Published by GloboLens, a division of The William Davidson Institute at The University of Michigan.

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