

**Tata Motors (NYSE : TTM)**

**Q1 FY11 Review**

**Snapshot**

**Standalone Q1 FY11 Financials (Indian GAAP)**

	<b>Q1 FY10</b>	<b>Q1 FY11</b>	<b>Change</b>	<b>Q1 FY10</b>	<b>Q1 FY11</b>
				<b>(*)</b>	<b>(**)</b>
	(Rs mn)	(Rs mn)	(%)	(US\$ mn)	(US\$ mn)
<b>Revenue (Net of excise)</b>	64,040	104,163	62.7	1316	2280
<b>EBITDA</b>	7,280	11,747	61.3	150	257
<b>EBITDA %</b>	11.4%	11.3%	(10) bps	11.4%	11.3%
<b>Profit before Tax</b>	5,480	5,377	(1.9)	113	118
<b>Net Profit</b>	5,138	3,957	(22.9)	106	87
<b>Basic EPS – Ordinary Shares</b>	9.93	6.88	(30.72)	0.20	0.15
<b>Basic EPS - 'A' Ordinary shares</b>	10.43	7.38	(29.24)	0.21	0.16

(\*)Average Conversion rate for Q1 FY11: 1US\$ = 45.6759 Rs

(\*\*) Average conversion rate for Q1 FY10: 1US\$ = 48.6478 Rs

**Consolidated Q1 FY11 Financials (Indian GAAP)**

	<b>Q1 FY10</b>	<b>Q1 FY11</b>	<b>Change</b>	<b>Q1 FY10</b>	<b>Q1 FY11</b>
				<b>(*)</b>	<b>(**)</b>
	(Rs mn)	(Rs mn)	(%)	(US\$ mn)	(US\$ mn)
<b>Revenue (Net of excise)</b>	164,730	270,556	64.2	3386	5923
<b>EBITDA</b>	5959	39,533	563.4	122	866
<b>EBITDA %</b>	3.6%	14.6%	1100 bps	3.6%	14.6%
<b>Profit before Tax</b>	(2,699)	22,754	NM	(55)	498
<b>Net Profit</b>	(3,288)	19,887	NM	(69)	433
<b>Basic EPS – Ordinary Shares</b>	(6.40)	34.80	NM	(0.13)	0.76
<b>Basic EPS - 'A' Ordinary shares</b>	(6.40)	35.30	NM	(0.13)	0.77

(\*)Average Conversion rate for Q1 FY11: 1US\$ = 45.6759 Rs

(\*\*) Average conversion rate for Q1 FY10: 1US\$ = 48.6478 Rs

*Note: Revenue and EBITDA in above tables exclude Other Income*

*EPS is not annualized*

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## Business Review

### Standalone Q1FY11 Financials (Audited)

- Tata Motor's Net Revenue for Q1FY11 was Rs. 104 bn; increase of 63% Y-o-Y.
- Y-o-Y EBITDA margin stood at 11.3%;
- PBT for the quarter was Rs 5.4 bn. The Company posted a PAT of Rs 3.9 bn in Q1 FY11, down 23% y-o-y. The corresponding quarter of the previous year ie Q1FY10 included a profit of Rs 3.2 bn on sale of investments, which were not liable for tax.

**Table 1: Volume Summary**

	Q1 FY10	Q4 FY10	Q1 FY11	Y-o-Y change over corresponding quarter of previous year
Total CVs	72,216	118,451	100,186	38.7%
Total PVs*	49,904	87,607	77,858	56.0%
<b>Total domestic Sales</b>	<b>122,120</b>	<b>206,058</b>	<b>178,044</b>	45.8%
Exports	5,220	10,588	12,260	134.9%
<b>Total Volumes</b>	<b>127,340</b>	<b>216,646</b>	<b>190,304</b>	49.4%

\* include sales of FIAT vehicles and JLR vehicles

- Volume growth of the Company in the domestic market was influenced by:
  - 62.4% growth in the MHCV vehicles segment, driven mainly by strong economic growth and availability of financing.
  - 139% growth in Entry Midsize segment due to strong volume sales posted by Indigo Manza, and a 43% growth in the small car segment as the Nano dispatches have gathered momentum.
- TML PV substantially outperformed the industry and grew at 56% Y-o-Y. This was on the back of continued overwhelming response for Indigo Manza.

- The export volumes of the Company registered a increased substantially by 134.9% during Q1FY11, mainly on revived conditions in the prime exports market coupled with lower base effect.
  
- **Significant events:**
  - On 2<sup>nd</sup> June 2010 Tata Motors' brand new plant for the Tata Nano at Sanand, in Ahmedabad district of Gujarat, was inaugurated. The capacity of the plant, to begin with, will be 250,000 cars per year to be achieved in phases, and with some balancing it is expandable up to 350,000 cars per year. Further capacity expansion has also been provided for in this location.
  
  - On 28<sup>th</sup> June 2010, At the Board Meeting of the Company held, the Board, inter alia, decided to seek Shareholders' approval through a Postal Ballot for raising funds equivalent to about Rs.4,700 crores through a combination of issue of Ordinary Shares, 'A' Ordinary Shares, Convertible Bonds, Debentures, Warrants or other equity linked instruments in the domestic and/or international markets in one or more tranches.

The above fund raising proposals will be for meeting the Company's growth plans as well as for reducing the debt on its balance sheet.

The timing and structure of the issues will be decided depending upon market conditions post Shareholders' and other approvals. The Board also considered to seek Shareholders' approval for raising the limits for borrowings and for creation of security on the Company's properties from Rs.20,000 crores to Rs.30,000 crores.

## Economic Scenario

### Key Highlights of Q1 FY11

#### 1. GDP Growth

Despite being affected by global financial turmoil, Indian economy managed to grow at 8.6% in the last quarter of FY10, & 7.4% on an average for FY10 (6.7% in FY09) on the back of unprecedented growth witnessed in industrial & service sector. Indeed, a better than expected performance of Indian economy in the last few quarters of 2009-10 was significantly driven by fiscal stimulus and indulgent monetary policy. Tightening too much or too early is likely to squeeze credit availability and weight on growth. However, stimulus spending had led to expansion in fiscal deficit from 2.6% of GDP in 2007-08 to 10% in 2009-10. In the union budget of 2010-11 the Government has proposed to bring down the fiscal deficit to 5.5%.

It is estimated that growth will accelerate to 8.0 per cent in 2010-11 if the monsoons stay normal. The partial withdrawal of fiscal stimulus will not derail the economy. We are surrounded by ample good news as we step into the fiscal year 2010-11. Industry has rebounded sharply and exports have turned positive. Private consumption is picking up and more importantly investment is showing signs of resurgence. The global environment has improved beyond initial expectations with Asia leading the rebound also the most talked about European sovereign crisis as somewhat seems to have become dormant after successful clearance of the stress test by most of the banks where only 7 banks out of total 71 banks failed to pass it. The optimism is evident in budgetary expectation of 8.5 per cent GDP growth in 2010-11. The most worrying aspect of this otherwise fast improving economic outlook is faster than expected pick up in inflation which is now a serious concern.

**Table 1:** Annual Trend in GDP Growth (%)

<b>Components</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11( Est)</b>
<b>Agriculture</b>	4.9	1.6	0.2	4.5
<b>Industry</b>	8.1	3.9	9.3	9.7
<b>Service</b>	10.9	9.7	8.5	8.9
<b>Total GDP</b>	9.0	6.7	7.4	8.5

(Source :Crisil,RBI)

## 2. Industrial Growth

The cumulative growth during April,2010-11 over the corresponding period of 2009-10 in the three sectors viz Mining, Manufacturing and Electricity have been 11.36%, 19.36% and 6.01% respectively, which fuelled the overall growth in the General Index to 17.60%. The performance of the manufacturing sector has become better than the past levels. The growth rates of capital, basic, consumer, intermediary industries have increased significantly

**Table 2: Macro Economic Indicators**

	Categories	Apr'09	Apr'10	Growth (%)
IIP	General	269.3	316.7	17.60
Sectoral	Mining	176.9	197.0	11.36
	Mfg.	286.1	341.5	19.36
	Electricity	232.9	246.9	6.01
Use-based	Basic	231.1	251.5	8.83
	Capital	294.4	508.8	72.83
	Intermediate	277.2	307.1	10.79
	Consumer	301.0	344.5	14.45
	- Consumer Durables	415.0	568.4	16.96
	- Consumer Non-Durables	274.8	292.9	6.59

Source: CSO

### 3. Infrastructure Index

Sector-wise Growth Rate (%) in Production					
Sector	Weight (%)	June 2009	June 2010	April-June 2009-10	April-June 2010-11
Crude Oil	4.17	4.0	6.8	-1.3	5.9
Petroleum Refinery Products	2.00	-3.8	2.9	-4.2	5.3
Coal	3.22	15.2	0.9	13.0	-0.4
Electricity	10.17	7.7	3.4	5.8	5.6
Cement	1.99	12.7	3.6	12.1	7.0
Finished steel (carbon)	5.13	3.6	3.5	1.7	3.6
Overall	26.68	6.3	3.4	4.3	4.6

(Source: GOI- MINISTRY OF COMMERCE INDUSTRY)

### 4. Inflation

Annual headline inflation remained above 10% for the fifth straight month in June, The wholesale price index rose 10.55% from a year earlier, Manufacturing inflation in India picked up to 6.66% in June from 6.41% in May, while fuel inflation accelerated to 14.32% in June from 13.05% in the previous month.

Headline inflation is expected to stay elevated at least in the first half of FY11, due to the agricultural price shock, rising commodity prices and recent petrol and diesel price hike. However, in the latter half of the fiscal, the year-on-year inflation is expected to come down due to high base of FY10 and the prospect of favourable rabi crop. Overall, WPI inflation is expected to be around 6.5-7.0 per cent for 2010-11. Given the high base, CPI inflation, which was at an unprecedented high of 16.2 per cent in January 2010 as per the latest data, should settle between 6.3-6.8.

## **5. Interest rates**

During the RBI policy meet on 27<sup>th</sup> July 2010, focus shifted to fighting inflation from growth, and consequently hiked Repo rate by 25 bps and Reverse Repo by 50 bps; Repo rate up by 25 bps to 5.75% from 5.5% earlier with immediate effect, Reverse Repo rate was increased by 50 bps to 4.5% from 4% earlier with immediate effect, However CRR was kept unchanged. With these hikes, the RBI, in total, has raised the repo rates by 100 bps, reverse repo rates by 125 bps and CRR by 100 bps since the beginning of the normalization of the monetary policy which began in October, 2009.

RBI's reversal of the expansionary policy began with 75 bps hike in CRR in January'10 which was followed by 25 bps hikes each in Repo and Reverse repo rates in March, April and twice in July '10. In total, the CRR is hiked by 100 bps; Repo rate is up by 100 bps and Reverse repo is up by 125 bps since the reversal of the policy stance.

### **Expected outcomes**

As per RBI, the monetary policy actions are expected to:

- a. Moderate inflation by reining in demand pressures and inflationary expectations
- b. Maintain financial conditions conducive to sustaining growth
- c. Generate liquidity conditions consistent with more effective transmission of policy actions
- d. Reduce the volatility of short term rates in a narrower corridor – attempted to achieve this through reducing the gap between repo and reverse repo rates.

## **6. Freight Rates**

As on 26<sup>th</sup> of June 2010 Freight rates stood at 173.43, an increase of 0.27% over the previous quarter (Jan-Mar'10). On a y-o-y basis, freight rates have increased by 1.53%. As on 26<sup>th</sup> June 2010 Diesel prices stood at 41.98 Rs / Litre a 14% increase over previous year. The fuel cost forms more than 60% of the operating cost of transporters. Rise in Diesel prices and fall in the freight rates will impact Truckers profitability adversely.

## 7. National Highway Development Project (NHDP)

As elucidated in the below table, 33.1% of the national highway development and other road projects under NHA I was completed as on 30<sup>th</sup> June 2010. Substantial amount of work was completed on NS-EW corridor, where up to 47.0% of work was completed as of 30<sup>th</sup> June 2009 compared to 51.5% completed as of 30<sup>th</sup> June 2010.

**Table 3:** Status of the NHDP as on 30th June 2010

	<b>Total Length (in Kms)</b>	<b>Completed</b>	<b>Under Implementati on</b>	<b>Balance to be Awarded</b>
<b>GQ</b>	5,846	98.0%	2.0%	0%
<b>NS-EW</b>	7,300	51.5%	36.3%	10.0%
<b>Port Connectivity &amp; others</b>	1,342	78.7%	19.4%	1.9%
<b>NHDP Phase III</b>	12,109	7.3%	16.8%	75.8%
<b>NHDP Phase V</b>	6,500	2.0%	13.9%	84.1%
<b>Total</b>	31775	33.1%	18.0%	48.4%

(Source: NHA I)

## Commercial Vehicle Segment

### Highlights

- CV domestic sales volumes increased by 38.7% y-o-y; 100,185 units in Q1 FY11 as compared to 72,216 units in Q1 FY10.
- CV market share stood at 61.0% for the quarter.

### Company Performance in Domestic CV Segment

**Table 4: CV Domestic Sales Volumes**

	<b>Q1 FY10</b>	<b>Q4FY10</b>	<b>Q1 FY11</b>	<b>Y-o-Y change over corresponding quarter of previous year</b>
M/HCVs	26,633	53,997	43,250	62.4%
LCVs	45,583	64,454	56,936	24.9%
<b>Total CVs</b>	<b>72,216</b>	<b>118,451</b>	<b>100,186</b>	38.7%

**Table 5: CV Market Shares**

	<b>Q1 FY10</b>	<b>Q1 FY11</b>
M/HCVs	68.5%	59.8%
LCVs	66.7%	61.9%
<b>Total CVs</b>	<b>67.3%</b>	<b>61.0%</b>

**Source: SIAM Industry Data and Company analysis**

- The CV industry registered a volume growth of 50.7% during Q1 FY11 on the back of strong economic activities and growth in IIP. Growth in CV industry was led by MHCV segment which posted a robust growth of 83.1% y-o-y,
- MHCV truck market grew substantially at 89.9% in Q1FY11 over corresponding period of last year. The industry volumes in the MHCV bus segment grew at a

slower pace than the MHCV Truck at 54.7% y-o-y, industry volumes in the LCV truck segment grew by 54.4% y-o-y during Q1FY10, mainly led by ACE magic and Truck.

- Recovery by competition to normative levels as compared to previous year has led to normalized market share scenario vs corresponding quarter in the previous year.
- TML market-share in the CV segment has shown m-o-m increase; market-share for the month of April'10, May'10, June'10 stood at 59.5%, 60.0% & 61.2% resp.
- Small commercial vehicles like ACE Truck, ACE magic and Winger continue to post robust growth.

## Passenger Vehicle Segment

### Highlights

- Domestic passenger vehicle sales stood at 77,751 (including 5,514 Fiat vehicles) during Q1FY11; an increase of 55.8% y-o-y.
- Market share of Tata Motors (including Fiat & JLR) vehicles stood at 14.3% in Q1FY11.
- The Company remains among the top 3 players in the domestic PV market.

**Table 7: PV Domestic Sales Volumes**

	Q1 FY10	Q4 FY10	Q1 FY11	Y-o-Y change over corresponding quarter of previous year
Small Car	28,858	47,383	41,289	43.1%
Mid-size Car	8,923	22,163	21,299	138.7%
UV	8,065	11,436	9,649	19.6%
Fiat	4,058	6,492	5,514	35.9%
<b>Total PV</b>	<b>49,904</b>	<b>87,474</b>	<b>77,751*</b>	55.8%

\*-Does not include JLR cars sold in India

**Table 8: PV Market Shares**

	Q1 FY10	Q1 FY11
Small Car	11.8%	13.0%
Entry Mid-size Car	25.2%	39.5%
UV	13.3%	12.7%
Total PV	12.3%	14.3%

**Source: SIAM Industry Data and Company analysis**

- ▶ Passenger vehicle industry registered growth of 33.2%, while TML outperformed industry and grew at 56%. Overwhelming response to Indigo Manza facilitated TML to outperform the industry.
- ▶ TML increased market share in small car segment from 11.8% in Q1FY10 to 13.0%. Exit market-share of 17.2% in June'10
- ▶ TML Market-share in the entry-Midsize segment increased substantially from 25.2% to 39.5% in Q1FY11 driven by overwhelming response to newly launched Indigo Manza.
- ▶ Utility Vehicles continue to face considerable competition from segment leader however launch of Tata Aria is expected to boost volume growth.

## **International Business**

### Highlights

- The Company's export volumes increased substantially by 134.9% y-o-y during Q1FY11.

### Company Performance in International Business

**Table 10: Exports Volumes**

<b>Business Unit</b>	<b>Q1FY10</b>	<b>Q1FY11</b>	<b>Change</b>
Commercial Vehicles	4,267	9,725	127.9%
Passenger Vehicles	953	2,535	166.0%
Total Exports	5,220	12,260	134.9%

- Exports volume increased by 134.9% during the quarter, due to revival of economy in prime markets coupled with low base effect.
- Sales increased 166%% in the passenger vehicles driven by increase in sales in markets such as South Africa, Poland. However sales in Italy decreased.
- Commercial vehicles saw a 134.9% increase in volumes driven by increase in sales in its prime markets like Bangladesh, Sri Lanka and South Africa.

## **Finance (based on consolidated financial limited review)**

- The company registered a consolidated revenues (net of excise) of Rs. 270 bn, posting a growth of 64.2% over Rs. 164 bn in the corresponding quarter of the previous year on account of strong volume and mix growth in Tata Motors and Jaguar Land Rover.
- Benefits of lower raw material prices, cost reduction measures undertaken by the company and favourable exchange rates in the past year have yielded reduction in cost. Significant favorable impact is witnessed in raw material consumption which declined to 63.0% of Net revenue during the quarter compared with 68.3% in the corresponding quarter of previous year.
- Consequently, Company's operating profit (EBITDA) on consolidated basis improved substantially by 563% to Rs.39 bn. Operating margin stood at 14.6% and was one of the highest in recent times ( Q1FY09 : 3.6% )
- On the back of continued investments towards various product development programs and capacities, depreciation and product development expenditure continues to increase on a y-o-y basis and grew by 18% to Rs. 1,109 mn.
- Profit before tax for the quarter was Rs. 23 bn, from a loss of Rs 3 bn in Q1FY10.
- As on 30<sup>th</sup> June'10, the balance sheet size of the Company was Rs. 476 bn as compared to Rs 454 bn as on 31<sup>st</sup> March'10. Net of vehicle financing loans and receivables the Company's capital employed was Rs 396 bn as on 30<sup>th</sup> June'10 against Rs.274 bn as on 30<sup>th</sup> June'09.
- The Gross total debt (inc. FCCNs) stood Rs 354 bn as on 30<sup>th</sup> June'10 as compared to Rs. 351 bn as on 31<sup>st</sup> March'10. The Company's Net Debt (Net of the surplus investible funds) stood at Rs 269 bn as on 30<sup>th</sup> June'10. The company remains committed to reduce the leverage through divestment of investments, internal accruals and capital raising at appropriate time.
- The Company's Balance Sheet includes vehicle loans of Rs.81 bn on account of vehicle financing business.

- The following table shows the days of sales of inventory and receivables of the standalone business of the Company.

**Table 11: Current Assets (Standalone)**

<b>No. of Days</b>	<b>30<sup>th</sup> June'10</b>	<b>31<sup>st</sup> March'10</b>	<b>30<sup>th</sup> June'09</b>
Inventory	29	28	32
Receivables (excl vehicle financing)	20	23	23

## Performance of Key subsidiaries

**Table 12: Key Subsidiary Financials**

Subsidiary	Net Revenue		Change (%)	PAT		Change (%)
	Q1FY10	Q1FY11		Q1FY10	Q1FY11	
<b>Jaguar LandRover Ltd (GBP Million)</b>	1,125	2,262	101.1%	(64)	221	NM
<b>Tata Daewoo CV Ltd.,Korea (TDCV) (Rs mn)</b>	6,668	8,527	27.9%	182	356	95.6%
<b>Tata Motors Finance Limited (TMFL) (Rs mn)</b>	2,101	3,201	52.4%	(368)	235	NM
<b>Tata Technologies Ltd consolidated (TTL) (Rs mn)</b>	2,463	2,977	20.9%	48	267	456.3%
<b>HV Axles Ltd (HVAL) (Rs mn)</b>	442	731	65.4%	97	224	130.9%
<b>HV Transmissions Ltd (HVTL) (Rs mn)</b>	389	623	60.2%	71	170	139.4%

**Table 13: Key Associates and Joint Ventures Financials**

Associates and Joint Ventures	Net Revenue		Change (%)	PAT		Change (%)
	Q1FY10	Q1FY11		Q1FY10	Q1FY11	
<b>Telcon (Rs mn)</b>	3,898	5,239	34.4%	(4)	(57)	NM
<b>FIAT (Rs mn)</b>	4,725	9,669	104.6%	(1,664)	224	NM
<b>Tata Marcopolo (Rs mn)</b>	526	1502	185.6%	(69)	(95)	37.7%
<b>Tata Cummins (Rs mn)</b>	3458	4992	44.36%	202	317	56.9%

## **Highlights of Key Subsidiaries**

### **Jaguar Land Rover**

#### **FINANCIAL HIGHLIGHTS**

Financial highlights for the quarter ending June 2010 include:

- Per unit revenue improvements compared to the same period last year
- Favourable exchange rates improve profitability
- Third successive quarter of positive profit after tax and cash profit
- Fourth successive quarter of EBITDA growth

The financial results for the period ending June 2010 summarized above illustrate a significant improvement over the same period last year. This improvement is due the launch of new products including the introduction of 10MY products together with the new Jaguar XJ, but also reflects improvements in the general economic conditions. Given economic conditions remain volatile it is imperative that Jaguar Land Rover continue to focus on managing costs and reducing the breakeven point for the business to protect against future down turns. Exchange rate volatility over the past year has been particularly marked as economies emerged from the global financial crisis, Jaguar Land Rover has benefited from this and the profits for the quarter include the impact of a favorable currency movement.

## VOLUME SUMMARY

	<u>Current year April 2010 - June 2010</u>	<u>Prior year April 2009 - June 2009</u>	<u>% Change</u>
Retail volumes			
Jaguar	13,894	14,074	(1)%
Land Rover	45,194	33,072	37%
Total	<u>59,088</u>	<u>47,146</u>	<u>25%</u>
Regional volumes			
North America	12,636	10,302	23%
Europe excl. Russia	14,861	12,633	18%
UK	13,228	10,711	23%
Russia	2,323	2,057	13%
China	6,717	3,299	104%
RoW	9,323	8,144	14%

Jaguar Land Rover global retail volumes for the three month period ending June 30, 2010 have shown a 25% improvement over the same period last year. All major regions experienced a growth in sales but this was particularly marked in China where volumes grew 104%.

Jaguar global retail volumes have decreased by 1% during the three month period ending June 30, 2010 compared to the same period last year. This was driven by the limited availability of the X-Type (production ceased in December 2009) and a fall in the demand for the XK. Sales in the XF grew by 15% versus the same period last year and the launch of the XJ represented significant volume growth over the same period last year when the old XJ was being run out.

Land Rover global retail volumes have increased by 37% over the reported period compared to the previous year. Except for the Defender all of the Land Rover carlines experienced volume growth during this period compared to the same period last year. This growth was particularly marked on the Range Rover and Discovery which experienced sales growth of 83% and 64% respectively.

### Regional performance

#### North America

Jaguar retail volume for the quarter ending June 2010 was up 2% compared to the same period in 2009. This corresponded to a market share of 6.8% (premium cars >\$50k) a 0.5% fall compared to the same period in 2009. One contributing factor was XF which

experienced a 1.9% fall in market share. This was partially offset by the launch of the new XJ.

Land Rover retail volume for the quarter ending June 2010 was up 34% compared to the same period in 2009. This corresponded to a market share of 6.4%, an increase of 0.1% compared to the same period in 2009. Range Rover and Range Rover Sport have both performed well increasing their market share by 5.0% and 2.9% respectively.

## **UK**

Jaguar retail volume for the quarter ending June 2010 was down 7% compared to the same period in 2009. This corresponded to market share of 19.9%, a rise of 3.9% compared to the same period last year. All model lines experienced increases in market share: XJ increased by 12% to 25% market share, XF increased by 3% to 19% market share, and XK increased by 1% to 19 % market share % also.

Land Rover retail volume for the quarter ending June 2010 was up 46% compared to the same period in 2009. This corresponded to a market share of 20.5%, an increase of 3.3% compared to the same period in the prior year. Range Rover and Range Rover Sport have both performed well increasing their market share by 6% and 5% respectively.

## **Europe (excl. Russia)**

Jaguar retail volume for the quarter ending June 2010 was down 6% compared to the same period in 2009.

Land Rover retail volume for the quarter ending June 2010 was up 27% compared to the same period in 2009.

## **Russia**

Jaguar retail volume for the quarter ending June 2010 was up 29% compared to the same period in 2009. This corresponded to market share of 4.4%, a rise of 0.2% compared to the same period last year. Although the XF lost market share compared to the same period last year this was offset by strong market share growth of the XJ.

Land Rover retail volume for the quarter ending June 2010 was up 11% compared to the same period in 2009. This corresponded to a market share of 4.5%, a decrease of 0.4% compared to the same period in the prior year. Modest increases in market share for the Range Rover and Range Rover Sport were offset by a fall in the market share of the Discovery by 6.1%.

## **China**

Jaguar retail volume for the quarter ending June 2010 was up 131% compared to the same period in 2009. Market share increased 0.6% to 4.9% following the introduction of XJ.

Land Rover retail volume for the quarter ending June 2010 was up 100% compared to the same period in 2009. Despite this increase market share decreased by 2% as local manufacture in this segment increased.

## **BUSINESS REVIEW**

### **External environment**

Exchange rates remained volatile in Europe due to concerns over sovereign debt in Greece, Spain, Portugal and Ireland. JLR benefited from favourable exchange rate movements in the US Dollar and Euro. The UK also experienced some volatility with the formation of the new government and the subsequent spending cuts implemented in the emergency budget.

### **Company overview**

JLR has repaid £110m of committed facilities which can be redrawn if required. The company has also initiated a currency hedging.

### **Jaguar overview**

To celebrate Jaguar's 75th anniversary, Jaguar announced a limited edition XKR; XKR 75. Only 75 units will be produced making it one of the most exclusive XKRs. The vehicle will have higher performance than a standard XKR with a top speed of 174mph and a 0-60 time of 4.4 seconds. The power and torque have been increased to 530PS and 655Nm respectively and the handling and suspension have been improved to increase precision and agility.

### **Land Rover overview**

17th June 2010 marked the 40th anniversary of the introduction of the Range Rover. The original Range Rover was the world's first fully capable luxury 4x4 and was a milestone in the development of the SUV. Since 1970 there have been three generations of Range Rover each building on the success of its predecessor.

To coincide with the 40th anniversary celebrations Land Rover revealed the Range Rover Evoque. This all-new coupe will join Range Rover and Range Rover Sport in the product line-up during the summary of 2011. The Range Rover Evoque will be the smallest, lightest and most fuel efficient Range Rover ever produced. Customers will have a choice of both 4WD and 2WD versions, with sub 130g/km CO2. The Range Rover Evoque will be built at our Halewood plant. In addition the appointment of Victoria Beckham as Creative Design Executive was announced; she will be collaborating on future special edition Range Rover design projects, starting with a Special Edition Range Rover Evoque.

### **TDCV**

- Q1FY11 volumes increased by 21% mainly on account of strong exports on the back of global recovery
- In line with the new emission norms coming into effect from 1st October 2010, TDCV will launch vehicles compliant with Euro V emission norms from 1st October 2010.
- Margin expand on account of better realizations and prudent cost control measures effected.
- Net Revenue for Q1FY11 increased by 30.70% from Rs 6,524 mn to Rs 8,527 mn; Net Profit for Q1FY11 increased from Rs 182 mn to Rs 356 mn .

### **TTL**

- Improved operational efficiency and cost reduction measures implemented last year resulted in expansion of margins. EBITDA margin increased by 800 bps.
- All three regions viz NA, Europe and APAC continue to show strong growth
- Focus on addition of new marquee customers in automotive and aerospace business
- Net Revenue for Q1FY11 increased by 21% from Rs 2,463 mn to Rs 2,977 mn; Net Profit for the year increased from Rs 48 mn to Rs 267 mn.

**TMFL**

- Total vehicle financing disbursements (TMF) for Q1FY11 were Rs. 1630 an increase of 18% from Rs 1,382 Cr in Q1FY10, mainly on account of substantial volume traction in the domestic 4-wheel industry.
- The book size at the end of June'10 for TMFL and TML (Vehicle Financing) stood at Rs 7,436 Cr and Rs.554 Cr respectively.
- TMF market-share for Q1FY11 stood at 20.68% (excl Nano)
- Net Revenue for Q1FY11 increased by 52% from Rs 2,102 mn to Rs 3,201 mn; Net Profit for the year increased from Rs (368) mn to Rs 235 mn.
- NIM of vehicle financing business (TMF ) for Q1FY11 was 10.0%.

**HVAL and HVTL**

- HVAL Sales Revenue increased 66% to 731 mn on the back of growth in domestic CV market.
- HVTL Sales Revenue increased 59% to 624 mn on the back of growth in domestic CV market.
- Increased profitability on account of cost reduction initiatives and high level of operating leverage

**Highlights of Key Associates and Joint Ventures****Telcon:**

- Telcon Sales Revenue increased 34% to Rs 5,239 mn. However, the company reported a loss of Rs 43 million.

**FIAT:**

- The FIAT JV revenue increased substantially and stood at Rs 9,669 Million compared to 4725 million last year. Also the Profit after tax increase to Rs 224 million compared to a loss of Rs 1664 million reported in the previous year same period.

### **Tata Marcopolo:**

- The Tata Marcopolo JV registered a 186% growth in revenue which stood at Rs 1,502 million as compared to Rs 526 million in the Q1FY10. However the loss after tax increased from Rs 69 million last year to Rs 95 million in Q1FY11.

### **Tata Cummins**

- Tata cummins posted a revenue growth of 1865 and stood at 4992 million. Consequently, the Profit after tax increased to Rs 317 million compared to Rs 202 million in Q1FY10.

### **Shareholding Pattern**

**Table 13: Shareholding Pattern as on June 30<sup>th</sup>, 2010**

	%
Tata Companies	37.02
Indian Financial Institutions / MFs / Banks	13.21
ADR/GDR Holders / Foreign holders-DR	11.82
Foreign Institutional Investors	22.38
Others	12.85
Total	100.0

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