

**Tata Motors (NYSE : TTM)****Q2 FY11 Review****Snapshot****Standalone Q2 FY11 Financials (Indian GAAP)**

	Q2 FY11	Q2 FY10	Change	Q2 FY11 (*)	Q2 FY10 (**)
	(Rs mn)	(Rs mn)	(%)	(US\$ mn)	(US\$ mn)
Revenue (Net of excise)	115,041	79,778	44.2%	2474	1648
EBITDA	11,176	10,657	4.9%	240	220
EBITDA %	9.7%	13.4%	(370 bps)	9.7%	11.3%
Profit before Tax	5,372	9,069	NM	116	187
Net Profit	4,327	7,291	NM	93	151
Basic EPS – Ordinary Shares	7.53	14.12		0.16	0.29
Basic EPS - 'A' Ordinary shares	8.03	14.62		0.17	0.30

(\*)Average Conversion rate for Q2 FY11: 1US\$ = Rs 46.5060

(\*\*) Average conversion rate for Q2 FY10: 1US\$ = Rs 48.4141

**Standalone H1 FY11 Financials (Indian GAAP)**

	H1 FY11	H1 FY10	Change	H1 FY11 (*)	H1 FY10 (**)
	(Rs mn)	(Rs mn)	(%)	(US\$ mn)	(US\$ mn)
Revenue (Net of excise)	219,203	143,818	52.4%	4,755	2,962
EBITDA	22,923	17,937	27.8%	497	369
EBITDA %	10.5%	12.5%	(200 bps)	10.5%	12.5%
Profit before Tax	10,748	14,549	NM	233	300
Net Profit	8,284	12,429	NM	180	256
Basic EPS – Ordinary Shares	14.46	24.12		0.31	0.50
Basic EPS - 'A' Ordinary shares	14.96	24.62		0.32	0.51

(\*)Average Conversion rate for H1 FY11: 1US\$ = Rs 46.0976

(\*\*) Average conversion rate for H1 FY10: 1US\$ = Rs 48.5586

**Consolidated Q2 FY11 Financials (Indian GAAP)**

	Q2 FY11	Q2 FY10	Change	Q2 FY11 (*)	Q2 FY10 (**)
	(Rs mn)	(Rs mn)	(%)	(US\$ mn)	(US\$ mn)
Revenue (Net of excise)	287,820	210,885	36.5%	6,189	4,356
EBITDA	41,839	15,916	162.9%	900	329
EBITDA %	14.5%	7.5%	700 bps	14.5%	7.5%
Profit before Tax	25,227	2,873	778.2%	542	59
Net Profit	22,230	218	NM	478	5
Basic EPS – Ordinary Shares	38.91	0.36		0.84	0.01
Basic EPS - 'A' Ordinary shares	39.41	0.86		0.85	0.02

(\*)Average Conversion rate for Q2 FY11: 1US\$ = Rs 46.5060

(\*\*) Average conversion rate for Q2 FY10: 1US\$ = Rs 48.4141

## Consolidated H1 FY11 Financials (Indian GAAP)

	H1 FY11 (Rs mn)	H1 FY10 (Rs mn)	Change (%)	H1 FY11 (*) (US\$ mn)	H1 FY10 (**) (US\$ mn)
Revenue (Net of excise)	558,376	375,614	48.7%	12,113	7,735
EBITDA	81,372	21,876	272.0%	1,765	451
EBITDA %	14.60%	5.80%	880 bps	14.60%	5.80%
Profit before Tax	47,981	174	NM	1,041	4
Net Profit	42,117	(3,070)	NM	914	(63)
Basic EPS – Ordinary Shares	73.76	(5.97)		1.60	(0.12)
Basic EPS - 'A' Ordinary shares	74.26	(5.97)		1.61	(0.12)

(\*)Average Conversion rate for H1 FY11: 1US\$ = Rs 46.0976

(\*\*) Average conversion rate for H1 FY10: 1US\$ = Rs 48.5586

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

*EPS is not annualized*

This document is also available on [www.tatamotors.com](http://www.tatamotors.com)

## Business Review

### Standalone Q2FY11 Financials (Audited)

- Tata Motor's Net Revenue for Q2FY11 was Rs. 115 bn; increase of 44% Y-o-Y.
- Y-o-Y EBITDA margin stood at 9.70%;
- PBT for the quarter was Rs 5.4 bn. The Company posted a PAT of Rs 4.3 bn in Q2 FY11, up 21% y-o-y (excluding the profit on sale of investments of Rs 3.7 bn included in the corresponding quarter of the previous year i.e. Q2FY10, which were not liable for tax).

**Table 1: Volume Summary**

	Q2FY10	Q2FY11	Y-o-Y change over corresponding quarter of previous year
Total CVs	89,655	110,630	23%
Total PVs*	60,917	82,564	36%
<b>Total domestic Sales</b>	<b>150,572</b>	<b>193,194</b>	28%
Exports	8,003	14,451	81%
<b>Total Volumes</b>	<b>158,575</b>	<b>207,645</b>	31%

\* include sales of FIAT vehicles and JLR vehicles

- Volume growth of the Company in the domestic market was influenced by:
  - ~38% growth in the MHCV vehicles segment, driven mainly by improved macroeconomic condition and availability of financing.
  - 92% growth in Entry Midsize segment due to strong volume sales posted by Indigo Manza, and a 53% growth in the Nano volumes over prior quarter.
  
- TML CV average H1 FY 2011 market share stood at 61.1 %.TML PV average H1 FY 2011 market share grew y-o-y to 14.06% on the back of continued overwhelming response for Indigo Manza and deliveries of Nano.
  
- The export volumes of the Company registered substantial increase by 81.00% during Q2FY11, mainly on revived conditions in the prime exports market.

## Economic Scenario

### Key Highlights of Q2 FY11

#### 1. GDP Growth

Quarters	% GDP Growth
Q1 2010-11	8.8
Q4 2009-10	8.6
Q3 2009-10	6.5
Q2 2009-10	8.6

The Indian economy has somewhat maintained consistency in growth for the past four quarters. The basic economic indicators are quite robust and are expected to continue to be steady in the near to medium term. Inflation has been an area of concern. In the past

six months, its average growth rate has been 9.8% which prompted RBI to take measures that led to firming up of interest rates.

Current macro economic indicators point to the sustainability of economic growth in fiscal year 2010-11. Better performance of agriculture on account of good monsoons coupled with higher growth in industry and service sectors are expected to buttress the economic performance. GDP is expected to post 8.5% growth in the fiscal 2010-11. Growth of individual sectors according to DES is given below:

Sectors	% Growth
Agriculture	4.0
Industry	8.5
Services	9.5
<b>GDP</b>	<b>8.5</b>

Source: Tata Services Ltd – Department of Economics and Statistics

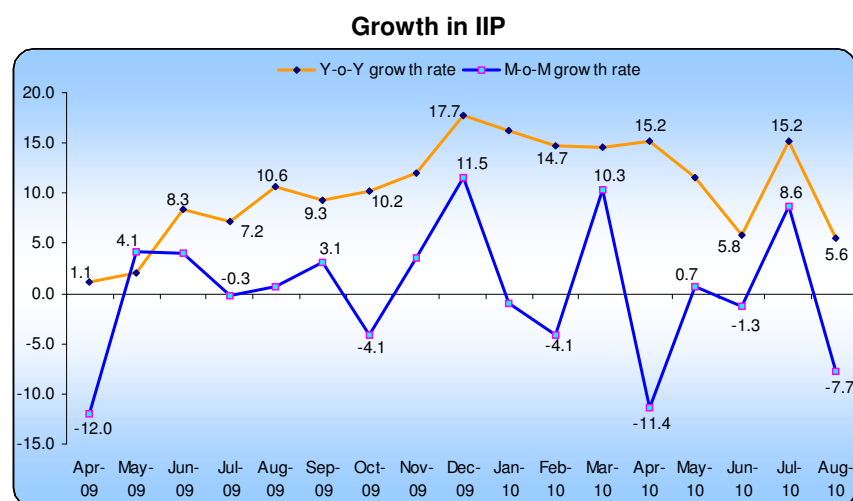
## 2. Industrial Growth

1993-94 Base

Categories		Aug '10	Aug '09	April - Aug '10	April-Aug '09
<b>IIP</b>	General	5.6	10.6	10.6	5.9
<b>Sectoral</b>	Mining	7.0	11.0	9.4	8.0
	Manufacturing	5.9	10.6	11.3	5.6
	Electricity	1.0	10.6	4.3	6.5
<b>Use-based</b>	Basic	3.7	7.7	5.9	6.2
	Capital	-2.6	9.2	29.0	3.4
	Intermediate	10.0	14.4	9.8	9.3
	Consumer Durables	26.5	24.7	27.0	18.8
	Consumer Non- Durables	-1.2	6.1	1.6	-1.1

Source: CSO

On the **industrial front**, the general Index of Industrial Production (IIP) registered 10.6% growth during the first five months (April-August) of 2010-11 as compared to 5.9% during the same period last year. Manufacturing sector which accounts for nearly 4/5th of the weightage grew by 11.3% as compared to 5.6% during the same period last year.



In August 2010, Y-o-Y growth in IIP slowed to 5.6% from 15.2% in the previous month. Industrial output continues to be volatile.

In August '10 Mining, Manufacturing and Electricity sectors grew at 7.0%, 5.9% and 1.0%,

respectively. Lower growth in manufacturing and electricity pulled down the IIP growth in August 2010.

### Industry Groups that posted double-digit growth rate

Industry	Aug 2010	Apr-Aug 2010-11
Food Products	16.8	13.5
Jute and other Vegetable fibre textiles (except cotton)	7.0	15.3
Rubber, plastic, petroleum and coal products	12.2	15.9
Metal products and parts, except machinery and equipment	33.4	35.3
machinery and equipment other than transport equipment	0.4	24.1
Transport equipment and Parts	22.8	25.5
Other manufacturing industries	27.9	27.4

The industrial growth seems to be broad based as indicated by the number of growing industries. 14 out of 17 industry groups have shown positive growth in August 2010 as compared to the corresponding month of the previous year. What is more interesting is that out of the 14 industry groups, 7 groups witnessed double-digit growth rates. Double-digit growth has taken place in

industries like transport equipments, metal products & parts and machinery and equipment. These are the industries having backward and forward linkages. Their growth is linked to the growth of sectors like automobile and steel which have also shown a much better performance as compared to the previous fiscal. It is noteworthy that most of the growth has taken place in the capital intensive sectors. Labour-intensive sectors like textiles and wood posted a flat or even negative growth rate. Wood and wood products industry grew at a negative rate of 10.6% during April to August period of 2010-11.

On M-o-M basis, IIP growth has been highly volatile. It declined to as low as negative 11.4% in April 2010.

	Apr-Aug 2009-10	Apr-Aug 2010-11
IIP	5.9	10.6
Basic Goods	6.3	5.9
Capital Goods	3.0	9.9
Intermediate Goods	9.3	9.9
Consumer durables	18.7	27.2
Consumer non-durables	-0.8	1.6

Performance of use-based industry is encouraging. Growth in the case of capital goods and consumer durables is a low base effect.

Overall growth has been encouraging although sustainability of such a high growth is

questionable amidst increasing interest costs.

Source: Tata Services Ltd – Department of Economics and Statistics

### **3. Infrastructure Index**

The Index of Six core industries having a combined weight of 26.7 per cent in the Index of Industrial Production (IIP) registered a lower growth of 2.5% in September 2010 as compared to 4.3% registered in September 2009. This growth was also lower as compared to 3.9% recorded in the just preceding month of August '10 and the lowest in the first six months of the current fiscal. During April-September 2010-11, the six core industries registered a growth of 4% as against 4.5% registered during the corresponding period of the previous year.

The key energy sectors comprising of coal, electricity and petroleum refinery products recorded an abysmal growth of -2%, 1.3% and -10.2% respectively which pulled down the growth of the overall infrastructure index. Lower growth in the key energy sectors is an area of concern. However, the key infrastructure segments comprising of cement (+5.2%) and steel (+5.8%) recorded better growth as compared to the growth recorded in the last three months. This is because the infrastructure development has picked up post the monsoons.

With high weightage sectors like electricity (10.2% weight in IIP) showing lower growth for the second straight month, IIP for September 2010 is expected to remain subdued and may even record a low single digit growth.

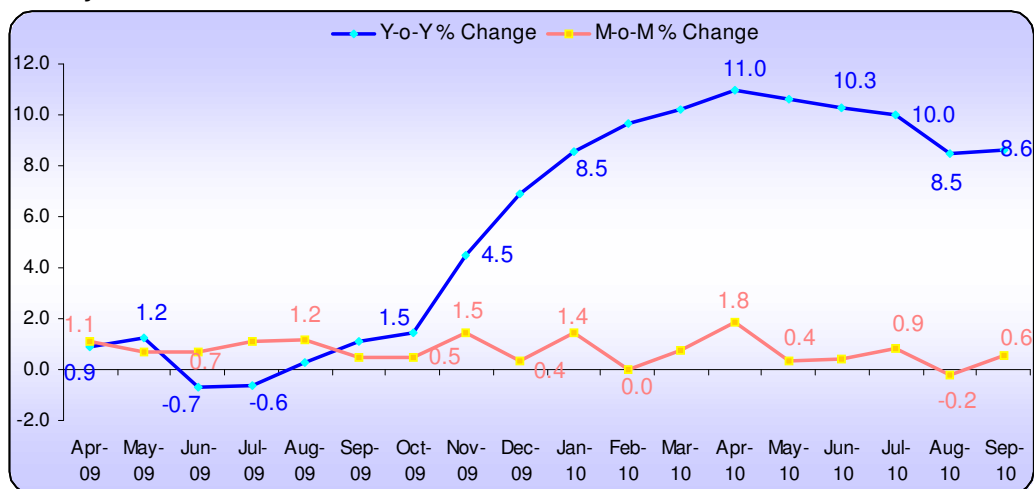
PERFORMANCE OF SIX CORE INDUSTRIES SEPTEMBER 2010 (Weight in IIP: 26.68 %) Base Year: 1993-94					
Sector	Weight in (%)	Sep-10	Sep-09	April-Sep 10-11	April-Sep 09-10
Crude Oil	4.2%	12.5%	(0.5%)	10.2%	(1.2%)
Refinery Products	2.0%	(10.2%)	3.4%	2.6%	(3.6%)
Coal	3.2%	(2.0%)	6.5%	0.3%	11.7%
Electricity	10.2%	1.3%	7.4%	4.0%	6.4%
Cement	2.0%	5.2%	6.5%	4.7%	12.3%
Finished Steel	5.1%	5.8%	0.8%	3.9%	1.7%
<b>Total</b>	<b>26.7%</b>	<b>2.5%</b>	<b>4.3%</b>	<b>4.0%</b>	<b>4.5%</b>

Source : Concerned Ministries/Departments/Organization(s)

#### 4. Inflation

After peaking in the first month of the current fiscal, April 2010-11 to 11.0% on a Y-o-Y basis, Headline inflation eased in the consecutive months. In September 2010, WPI witnessed only a marginal increase of 8.6% (Y-o-Y) from 8.5% in the previous month. However, on M-o-M basis, it firmed up to 0.6% from (-) 0.2% in the previous month. This increase is mainly due to higher inflation in primary group during the month, both in food and non-food.

#### Monthly Inflation



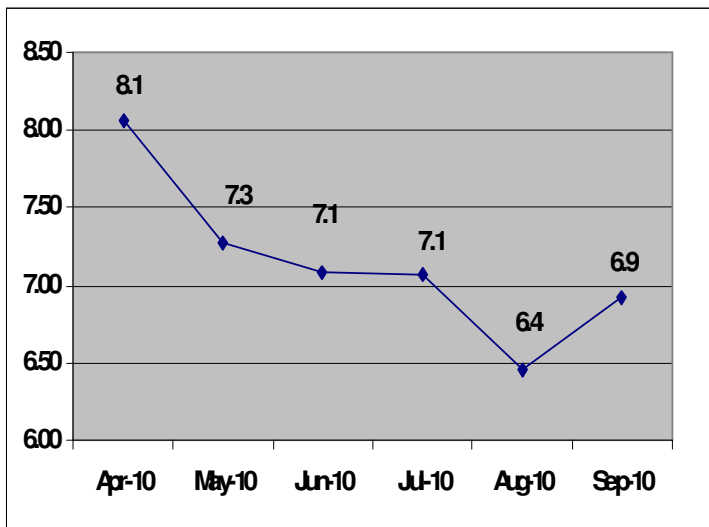
Primary group inflation accelerated by 17.5% (Y-o-Y) in September 2010 from 15.8 (Y-o-Y) in August 2010. In the same month, it posted an increase of 1.5% (M-o-M) from (-) 0.4% in August 2010.

Fuel inflation in September 2010 softened to 11.1% (Y-o-Y) from 12.5% in the previous month. This is on account of coal, petrol, diesel and LPG prices remaining unchanged. In addition to this, lower prices of Aviation Turbine Fuel, naphtha and bitumen also lowered the inflation in fuel category.

Manufacturing inflation moderated in September 2010 to 4.6% (Y-o-Y) from 4.8% (Y-o-Y) in August 2010. This is on account of decline in non-food manufacturing inflation to 4.6% (Y-o-Y) from 4.5% in the previous month.

Current inflation has largely been driven from the supply side developments. The food inflation has started moderating too. In order to bring about some parity between crude prices and the price charged to customers of petroleum products, government also raised the price of administered fuel prices.

**Core Inflation**



However, in core inflation, which is a measure of inflation rate, excluding food and fuel has started coming down (see aligned graph). Secondly, RBI has taken the key policy rate up five times since March 2010. This has little impact on inflationary expectations as it emanated from the supply side and not from the demand side. With a likelihood of a higher kharif output, food inflation is expected to come down by

December 2010. We expect food inflation to stabilize in the last quarter of the fiscal 2010-11, i.e. January 2011 to March 2011 and overall inflation will be around 5.5% to 6.0%.

Source: Tata Services Ltd – Department of Economics and Statistics

**5. Interest rates**

In its mid-quarter policy review on 16th September 2010, the Reserve Bank of India (RBI) hiked the key 'Repo' rate by 25 bps from 5.75% earlier to 6% and the 'Reverse Repo' rate by 50 bps from 4.5% earlier to 5%. With these hikes, the RBI has raised, in total, the 'Repo' rate to the tune of 125 bps and the 'Reverse Repo' rate by 175 bps since March this year when it began the tightening process. In the previous as well as the current policy review, the hike in Reverse Repo rate was more than that in the Repo rate. This move reduced the gap between the 2 rates (from 150 bps to 100 bps) aiming at stability in the short term rates and strengthening the transmission of the policy rates to market rates.

In the second quarter policy review on 02<sup>nd</sup> November 2010, the RBI further increased the policy rates, Repo Rate and Reverse Repo Rate by 25 basis points with immediate effect. The cash reserve ratio (CRR) has been left unchanged at 6%. It is noteworthy that RBI has increased the policy rates six times so far since it started with the monetary tightening process in March 2010. With this increase, the repo rate has increased by 150 basis points and the reverse repo by 200 basis points. The current rates are:

- (i) the Repo Rate (the rate at which the RBI lends to banks) 6.25%
- (ii) the Reverse Repo rate (The rate at which liquidity is made available) 5.25%

With the above monetary measures the RBI hopes to contain inflation and anchor inflationary expectations going forward without hurting the recovery process.

In a tight liquidity situation, hike in the policy rates will eventually get transmitted to the market rates going forward, albeit with a lag. This will have an impact on sectors like automobile and housing. Higher interest cost will lead to the higher cost of auto loans and coupled with rising fuel prices will impact the demand of automobiles.

## **6. Freight Rates**

As on 25<sup>th</sup> September 2010, freight rates stood at 174.31. On an average, the freight rates in the second quarter were higher than the previous quarter by 0.5%. Freight rates in September 2010 increased by 1.76% as compared to last year. Effective September 8<sup>th</sup> 2010, diesel prices (in Mumbai) stands at Rs. 42.06 /litre, higher by 14.60% over last year. Increasing diesel prices and freight rates will lead to a rise in operating costs of the transporters and reduce profits.

## **7. National Highway Development Project (NHDP)**

The NHDP projects are divided into seven phases. However the ones being implemented are in four phases, i.e. I, II, III and V. Projects implemented in phase IV and VII are only a small percentage of the total length in respective phases. There has been no progress on projects in phase VI. (Phases IV, VI and VII are excluded from the table below)

43.6% of the national highway development and other road projects under NHAI were completed as on 30<sup>th</sup> September 2010. In NHDP, 168 kms of 4-laned roads were added and the projects under implementation increased by 190 kms in the period July- September 2010. During the same period, 7 kms were added in the port connectivity and other projects of NHAI. The GQ is almost complete while Port Connectivity and other projects of NHAI are also very close to completion.

Status of NHDP as on 30<sup>th</sup> September 2010:

	Total length (kms)	Completed	Under implementation	Balance to be awarded
<b>GQ</b>	5846	99.2%	0.8%	0%
<b>NS - EW Ph I &amp; II</b>	7300	72.0%	20.0%	5.8%
<b>NHDP Phase III</b>	12109	15.3%	43.6%	41.1%
<b>NHDP Phase V</b>	6500	4.6%	30.7%	64.6%
<b>Port Connectivity &amp; Others</b>	1345	90.2%	7.9%	1.9%
<b>Total</b>	<b>33100</b>	<b>43.6%</b>	<b>26.8%</b>	<b>29.1%</b>

Source- NHAI

## Commercial Vehicle Segment

### Highlights

- CV domestic sales volumes increased by 23% y-o-y; 110,630 units in Q2 FY11 as compared to 89,655 units in Q2 FY10.
- CV market share stood at 61.1% for H1FY11.

### Company Performance in Domestic CV Segment

**Table 4: CV Domestic Sales Volumes**

	Q2 FY11	Q2 FY10	Y-o-Y change over corresponding quarter of previous year
M/HCVs	48,106	34,782	38%
LCVs	62,524	54,873	14%
<b>Total CVs</b>	<b>110,630</b>	<b>89,655</b>	<b>23%</b>

**Table 5: CV Market Shares**

	Q2FY11	Q2 FY10
M/HCVs	59.1%	63.6%
LCVs	62.9%	66.8%
<b>Total CVs</b>	<b>61.2%</b>	<b>65.6%</b>

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

- The CV industry registered a volume growth of ~ 32% during Q2 FY11 y-o-y on the back of improved macro economic conditions and availability of financing. Growth in CV industry was led by MHCV & LCV segment which posted a robust growth of 48.8% y-o-y & 21% y-o-y respectively.
- MHCV and Small commercial vehicles drive volumes with polarization of hub & spoke model. The demand in both passenger and haulage segment appears strong. Some pre-buying was visible, but mainly at the end of September
- We took price increases of ~ 2.5% in H1 FY11 along with increased cost reduction initiatives to manage increases in costs due to higher commodity prices.
- Demand fulfillment across all segments was affected by supply chain bottlenecks. Power outages at Uttarakhand affected SCVs. Ended H1 with low vehicle inventory at company & dealerships.

### Passenger Vehicle Segment

#### Highlights

- Domestic passenger vehicle sales stood at 82,564 (including 5,430 Fiat vehicles) during Q2FY11; an increase of 35.5% y-o-y.
- Market share of Tata Motors (including Fiat & JLR) vehicles stood at 14.06% in H1FY11.
- The Company remains among the top 3 players in the domestic PV market.

**Table 7: PV Domestic Sales Volumes**

	<b>Q2FY11</b>	<b>Q2 FY10</b>	<b>Y-o-Y change over corresponding quarter of previous year</b>
Small Car	48,235	40,336	19.6%
Mid-size Car	24,875	12,950	92.1%
UV	9,454	7631	23.9%
<b>Total PV</b>	<b>82,564</b>	<b>60,917</b>	<b>35.5%</b>

- ▶ Passenger vehicle industry registered growth of 32.2%, while TML outperformed industry and grew at 35.5% with continuing overwhelming response to Indigo Manza.
- ▶ TML Market-share in the entry-Midsize segment increased substantially from 24.5% in H1 FY 10 to 39.2% in H1FY11, driven by overwhelming response to Indigo Manza.
- ▶ Utility Vehicles continue to face considerable competition from segment leader however Tata Aria launched in the month of October, 10 is expected to boost volume growth.

## **International Business**

### Highlights

- The Company's export volumes increased substantially by ~81.0% y-o-y during Q2FY11.

### Company Performance in International Business

**Table 10: Exports Volumes**

<b>Business Unit</b>	<b>Q2FY11</b>	<b>Q2FY10</b>	<b>Change</b>
Commercial Vehicles	11,948	6,265	90.7%
Passenger Vehicles	2,503	1,738	44.0%
Total Exports	14,451	8,003	81.0%

- Exports volume increased by ~81% during the quarter, due to revival of economy in prime markets coupled with low base effect.
- Commercial vehicles increase in volumes is driven by increase in sales in its prime markets like Bangladesh, Sri Lanka and South Africa.
- Passenger vehicles increase in volumes is driven by increase in sales in markets like Poland and South Africa.

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

- The company registered consolidated revenue (net of excise) of Rs. 288 bn, posting a growth of 37% over Rs. 211 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 cost reduction measures undertaken by the company, product mix & market mix have yielded reduction in cost.
- Consequently, Company's operating profit (EBITDA) on consolidated basis improved substantially by 163% to Rs.42 bn. Operating margin stood at 14.5% (Q2FY09: 7.5%)
- On the back of continued investments towards various product development programs and capacities, depreciation and product development expenditure for the quarter continues to increase on a y-o-y basis and grew by 27% to Rs. 13 bn
- Profit before tax for the quarter was Rs. 25 bn, as compared to Rs 3 bn in Q2FY10.
- As on 30<sup>th</sup> Sep'10, the balance sheet size of the Company was Rs. 512 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 433 bn as on 30<sup>th</sup> Sep'10 against Rs.377 bn as on 31<sup>st</sup> March'10.
- The Gross total debt (inc. FCCNs) stood Rs 366 bn as on 30<sup>th</sup> Sep'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 277 bn as on 30<sup>th</sup> Sep'10. The company remains committed to reduce the leverage through divestment of investments and internal accruals.
- The Company's Balance Sheet includes vehicle loans of Rs.79 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 of Sales</b>	<b>30<sup>th</sup> Sept'10</b>	<b>31<sup>st</sup> March'10</b>
Inventory	33	30
Receivables	21	25

**Performance of Key subsidiaries****Table 12: Key Subsidiary Financials**

<b>Subsidiary</b>	<b>Net Revenue</b>		<b>Change (%)</b>	<b>PAT</b>		<b>Change (%)</b>
	<b>Q2FY11</b>	<b>Q2FY10</b>		<b>Q2FY11</b>	<b>Q2FY10</b>	
<b>Jaguar LandRover Ltd (GBP Million)</b>	2247	1425	57.7%	238	(60)	NM
<b>Tata Daewoo CV Ltd.,Korea (TDCV) (Rs mn)</b>	5874	6695	(12.3)%	77	187	(58.8)%
<b>Tata Motors Finance Limited (TMFL) (Rs mn)</b>	3414	2799	22.0%	449	210	113.8%
<b>Tata Technologies Ltd consolidated (TTL) (Rs mn)</b>	2951	2691	9.7%	366	252	45.2%
<b>HV Axles Ltd (HVAL) (Rs mn)</b>	760	543	40.0%	226	129	75.2%
<b>HV Transmissions Ltd (HVTL) (Rs mn)</b>	697	490	42.2%	202	109	85.3%

<b>Subsidiary</b>	<b>Net Revenue</b>		<b>Change (%)</b>	<b>PAT</b>		<b>Change (%)</b>
	<b>H1FY11</b>	<b>H1FY10</b>		<b>H1FY11</b>	<b>H1FY10</b>	
<b>Jaguar LandRover Ltd (GBP Million)</b>	4509	2550	76.8%	459	(124)	NM
<b>Tata Daewoo CV Ltd.,Korea (TDCV) (Rs mn)</b>	14618	13354	9.5%	434	369	17.6%
<b>Tata Motors Finance Limited (TMFL) (Rs mn)</b>	6615	4901	35.0%	684	(158)	NM
<b>Tata Technologies Ltd consolidated (TTL) (Rs mn)</b>	5928	5154	15.0%	633	300	111%
<b>HV Axles Ltd (HVAL) (Rs mn)</b>	1459	979	49.0%	449	226	98.7%
<b>HV Transmissions Ltd (HVTL) (Rs mn)</b>	1307	876	49.2%	372	179	107.8%

## **Highlights of Key Subsidiaries**

### **Jaguar Land Rover**

#### **FINANCIAL HIGHLIGHTS**

<b>GBP Mn</b>	<b>Q2 FY11</b>	<b>Q2 FY10</b>
<b>Revenue</b>	2,247.15	1,425.09
<b>EBIDTA</b>	372.60	41.30
<b>Profit Before Tax</b>	259.20	(51.70)
<b>Profit After Tax</b>	238.10	(60.40)

Financial highlights for the quarter ending September 2010 include:

- Fourth successive quarter of positive profit after tax
- Fourth successive quarter of positive cash flow
- Per unit revenue improvements compared to the same period last year

The financial results for the period ending September 2010 summarized above illustrate a significant improvement over the same period last year. This is in part due continuing demand for the 10MY product portfolio and XJ being in dealerships, but also reflects improvements in the general economic conditions. In the quarter Sterling was weaker against the US dollar and stronger against the Euro, resulting in considerable improvement in revenue and margins; this may not necessarily be continued. Economic recovery remains fragile and the company will continue to focus on managing costs and reducing the breakeven point going forward to protect against future downturns.

## VOLUME SUMMARY

	<b>Current year July 2010 - September 2010</b>	<b>Prior year July 2009 - September 2009</b>	<b>% Change</b>
Retail volumes			
Jaguar	14,118	12,075	17%
Land Rover	42,302	34,718	22%
Total	56,420	46,793	21%
Regional volumes			
North America	12,068	9,535	27%
Europe excl. Russia	11,833	10,388	14%
UK	14,806	14,373	3%
Russia	3,170	2,087	52%
China	5,801	3,369	72%
RoW	8,742	7,041	24%

Jaguar Land Rover global retail volumes for the three month period ending September 30, 2010 have shown a 21% 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 72%.

Jaguar global retail volumes have increased by 17% during the three month period ending September 30, 2010 compared to the same period last year. Volume growth at Jaguar was driven by the introduction of the new XJ and 16% volume growth on the XF. Demand for the XK remained constant.

Land Rover global retail volumes have increased by 22% 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 Discovery which experienced sales growth of 43%. The Freelander and Range Rover Sport also experienced significant growth compared to the same period last year; 24% and 25% respectively.

### Regional performance

#### **North America**

Jaguar retail volume for the quarter ending September 2010 was up 49% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 22% compared to the same period in 2009. This corresponds to a market share of

7.1% (premium cars >\$50k) a 0.5% increase compared to the same period in 2009. The key contributor to the growth in market share was the introduction of the new XJ which increased its market share by 6.5%.

Land Rover retail volume for the quarter ending September 2010 was up 17% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 26% compared to the same period in 2009. This corresponded to a market share of 5.8%, a decrease of 0.3% compared to the same period in 2009. Range Rover and Discover have both performed well increasing their market share by 1.6% and 2.1% respectively, but the Range Rover Sport has reduced its market share by 4.4%.

## **UK**

Jaguar retail volume for the quarter ending September 2010 was down 3% compared to the same period in 2009. Retail volume for the six months ending September 2010 was down 5% compared to the same period in 2009. This corresponded to market share of 19.2%, a rise of 3.0% compared to the same period last year. The key contributor to the growth in market share was the introduction of the new XJ which increased its market share by 17%.

Land Rover retail volume for the quarter ending September 2010 was up 6% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 22% compared to the same period in 2009. This corresponded to a market share of 15.2%, a decrease of 0.5% compared to the same period in the prior year. Range Rover Sport has performed well increasing its market share by 2.4% but Range Rover has seen a reduction in market share by 1.6%.

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

Jaguar retail volume for the quarter ending September 2010 was up 17% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 3% compared to the same period in 2009.

Land Rover retail volume for the quarter ending September 2010 was up 13% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 20% compared to the same period in 2009.

## **Russia**

Jaguar retail volume for the quarter ending September 2010 was up 37% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 33% compared to the same period in 2009. This corresponded to market share of 4.6%, a rise of 0.4% compared to the same period last year. Although the XF lost

market share compared to the same period last year this was more than offset by strong market share growth of the XJ which increased its market share by 4.9%.

Land Rover retail volume for the quarter ending September 2010 was up 53% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 33% compared to the same period in 2009. This corresponded to a market share of 3.2%, a decrease of 0.2% 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 3.7%.

### **China**

Jaguar retail volume for the quarter ending September 2010 was up 25% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 72% compared to the same period in 2009. This corresponds to a market share for the period April to September 2010 of 1.8%.

Land Rover retail volume for the quarter ending September 2010 was up 81% compared to the same period in 2009. Retail volume for the six months ending September 2010 was up 90% compared to the same period in 2009. This corresponds to a market share for the period April to September 2010 of 12%.

## **BUSINESS REVIEW**

### External environment

The pound:euro exchange rate remained at a relatively favourable level for most of Q2 as sovereign debt fears continued to weigh on the Euro zone. Fears over the health of the US economy increased during the quarter with market expectations of quantitative easing leading to the US dollar weakening against most currencies including the pound.

### Company overview

Based on continued positive trading, JLR tactically reduced the level of financing drawn from one of its factoring facilities during the quarter, though this can be redrawn as required.

Over recent months Jaguar Land Rover has announced the following executive personnel changes:

- Frank Klaas was appointed Global Head of Communications for Jaguar Land Rover on August 16, 2010. He has joined Jaguar Land Rover from General Motors Europe, where he was most recently General Director, Opel Communications.
- Dr Peter Mertens was appointed Director, Jaguar Land Rover Quality and Automotive Safety Office, on 4th October 2010. He has more than 20 years of experience in the automotive industry including: product development and after sales engineering at Mercedes Benz and more recently as Global Vehicle Line Executive at General Motors.
- On 11<sup>th</sup> October 2010, Mike O'Driscoll, Managing Director Jaguar Cars, announced his intention to retire as Managing Director Jaguar Cars at the end of March 2011, to return to his home in the US and continue his association with the Jaguar brand in his role as Chairman of Jaguar Heritage and in other areas.
- Announced on 18th October 2010 effective from 1<sup>st</sup> December, Phil Popham, currently Land Rover Managing Director, will be appointed Director, Global Sales and Service Operations, Jaguar Land Rover. Phil will have responsibility for the global sales and after sales operations of both brands, overseeing the company's national and regional business units and the dealer network worldwide.
- At the same time John Edwards, currently Managing Director, Land Rover UK and Central Europe, will be appointed Global Brand Director, Land Rover. John will assume global responsibility for the Land Rover brand.
- At the same time Mike Wright, currently Director, Customer Services, Jaguar Land Rover, will be appointed to the new role of Executive Director, Jaguar Land Rover. Mike will continue to focus on the development of financial services globally and special vehicle operations (ETO) for both brands and will take on additional responsibilities relating to the development of corporate strategies.
- Also on 18<sup>th</sup> October 2010 effective from 1<sup>st</sup> December, it was announced that Adrian Hallmark, will join the company as Global Brand Director, Jaguar. Adrian, will have global responsibility for the Jaguar brand, joins Jaguar Land Rover from Saab Automobile, where he was Executive Sales Director; prior to this he held senior management positions at Porsche, Bentley and Volkswagen.

### Jaguar overview

2010 marks the 75<sup>th</sup> anniversary of Jaguar Cars and to celebrate the occasion Jaguar has celebrated its past and future through a variety of events around the world.

- Between August 14<sup>th</sup> and 15<sup>th</sup>, Jaguar displayed the XJ Platinum Concept, a one-of-a-kind design project demonstrating the design customization potential of the XJ at the Pebble Beach Concourse D'Elegance Concept Car Lawn.
- On 18<sup>th</sup>/19<sup>th</sup> September, 75 classic and current Jaguars drove from Coventry to the Goodwood Revival Heritage Motor Festival via London.

- On 30<sup>th</sup> September, Jaguar unveiled the C-X75 concept car at the Paris Motor Show. The C-X75, a range extended electric supercar concept, was designed to celebrate the history of the marquee as well as highlight the brands commitment to producing fast cars powered by sustainable means.

At the Moscow Motor Show (August 24<sup>th</sup> – 28<sup>th</sup>) Jaguar launched the XJ Sentinel, the armoured version of the new XJ. Virtually indistinguishable from the standard XJ model, the vehicle offers state-of-the-art armouring providing the occupants with up to B7 levels of ballistic potential.

Jaguar models continue to win awards, those particularly worthy of note include:

- XJ – Professional Driver Magazine – "Car of the Year Award" (UK)

### Land Rover overview

The 11MY Freelander 2 saw the introduction of an all new 2.2L turbo diesel engine. The new engine is quieter, more efficient and offers 20Nm more torque than the outgoing engine. The diesel engine is available in two models; one delivering 150PS and the other 190PS both offering reduced CO2 emissions (165g/km and 185g/km) respectively. The reductions in emissions have been achieved with no reduction in performance. The flagship 190PS Freelander accelerate from rest to 60mph in 8.7 seconds with an increased top speed of 118mph. The diesel engines can be run on up to 10% bio-diesel.

On September 30<sup>th</sup> the Range Rover Evoque made its public debut at the 2010 Paris Motor Show. 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 CO<sub>2</sub>.

On November 4<sup>th</sup> Land Rover celebrated the production of its one millionth Range Rover by donating the vehicle to 'Help the Heroes' charity in the UK.

The Land Rover range of models continues to receive accolades from around the world. Highlights include:

- Range Rover – Auto Pacific's Awards – "Ideal Vehicle Award" (USA)
- Freelander 2 – Auto Express New Car Awards – "Best Compact SUV" (UK)
- Discovery 4 – Auto Express New Car Awards – "Best Large SUV" (UK)

## **Environmental performance and sustainably development**

In September 2010, the UK transport secretary Philip Hammond announced £24m worth of funding for six projects that aim to support UK's developing Ultra Low Carbon Vehicles industry. Jaguar Land Rover is at the heart of four of the six consortium projects which focus on range extender technology, lightweight composite materials and energy recovery systems. This funding is part of the Government supported Technology Strategy Board's (TSB) programme which in association with the Department for Business Innovation and Skills (BIS) and the cross-governmental Office for Low Emission Vehicles (OLEV) aims to drive innovation and optimize and improve opportunities for companies that manufacture components and systems as part of the automotive supply chain. The announcement came during the 2010 Low Carbon Vehicles Event, at which Jaguar Land Rover showcased its other TSB projects including 'Limo Green' - a 'series hybrid', featuring an all-new range extender powertrain and the 'Flywheel Hybrid Research Project Vehicle' - a feasibility study investigating how the flywheel hybrid system behaves when integrated into a premium passenger vehicle - in this case the donor vehicle is a Jaguar XF.

Land Rover, together with the International Federation of the Red Cross and Red Crescent Societies, has launched a new global initiative aimed at intensifying relief in priority areas. In addition Land Rover donated six Defender 110 station wagons to the Pakistan Red Crescent Society to help with the disaster relief operations in Pakistan.

## **Other including Operating strategy**

In September 2010 the Jaguar Land Rover purchasing team, with the support of the engineering and manufacturing planning and logistics teams, won the award for "International Purchasing Project of the Year" at the Purchase and Supply (CIPS) annual awards event. The entry related to a L359 glass resource project and beat competition including entries by AXA UK and Unilever.

Jaguar Land Rover is delighted to announce that it has entered the Times Top 100 Graduate Employers - the list of Britain's most respected and sought-after graduate employers in 2010.

Jaguar Land Rover ranks as the highest performing automotive manufacturer in the index, which was compiled from research of over 16,000 graduates who left university this summer and were asked "*Which employer do you think offers the best opportunities for graduates?*"

This is the first time Jaguar Land Rover has entered the list reflecting its continued commitment to developing the next generation of innovators, engineers, and marketers needed to fuel its expansion in to new and emerging markets, respond to the increasing demands of our consumers and legislators and meet the challenges of climate change.

## **TDCV**

- Volumes in Q2FY11 shrink mainly on account of lower exports and ramp up state of operations in newly formed distribution company.
- Prudent cost control measures support EBITDA margins which otherwise could have been severely impacted with lower volumes
- MHCV Market share in Q2 FY 11 stood at 22.6% vs 27.6% in Q2 FY 10
- New distribution company (100% subsidiary of TDCV) launched in July 2010 and operations are growing
- Net Revenue for H1FY11 increased (y-o-y) by 9.5% from Rs 13,354 mn to Rs 14,618 mn while Net Profit for H1FY11 increased (y-o-y) by 17.6% from Rs 369 mn to Rs 434 mn.

## **TMFL**

- Total vehicle financing disbursements (TMF) for Q2FY11 were Rs. 17,660 mn an increase of 14% from Rs 15,500 mn in Q2FY10
- The book size at the end of Sep. '10 for TMFL and TML (Vehicle Financing) stood at Rs 75,660 mn and Rs. 4,150 mn respectively.
- TMF market-share for H1FY11 stood at 20.7%. NIM of vehicle financing business (TMF ) for Q2FY11 was 10.9%.
- Net Revenue for Q2FY11 increased (y-o-y) by 22% from Rs 2,799 mn to Rs 3,414 mn while Net Profit for Q2FY11 increased (y-o-y) by 113.8% from Rs 210 mn to Rs 449 mn.
- Net Revenue for H1FY11 increased (y-o-y) by 35.0% from Rs 4,901 mn to Rs 6,615 mn while Net Profit for H1FY11 increased (y-o-y) from Rs (158) mn to Rs 684 mn.

## **TTL**

- Increased operational efficiency and cost reduction measures continue to improve EBITDA margins (Q1 FY11 EBITDA margins at ~ 14%)
- Business traction and subsidiaries profitability led to best H1 performance of the Company from PAT perspective
- Company possess diversified customer base and key marquee clients in automotive & aerospace businesses
- All three regions viz NA, Europe and APAC continue to show strong growth
- Net Revenue for Q2FY11 increased (y-o-y) by 9.7% from Rs 2,691 mn to Rs 2,951 mn while Net Profit for Q2FY11 increased (y-o-y) by 45.2% from Rs 252 mn to Rs 366 mn.
- Net Revenue for H1FY11 increased (y-o-y) by 15.0% from Rs 5,154 mn to Rs 5,928 mn while Net Profit for H1FY11 increased (y-o-y) by 111.0% from Rs 300 mn to Rs 633 mn.

## **HVAL and HVTL**

- HVAL Q2FY11 Sales Revenue increased 40.0% (y-o-y) to Rs. 760 mn and H1FY11 Sales Revenue increased 49.0% (y-o-y) to Rs. 1459 mn on the back of growth in domestic CV market. The HVAL Net Profit for Q2FY11 grew by 75.2% (y-o-y) and stood at Rs. 226 mn while the net profit for the H1FY11 stood Rs. 449 mn which is a growth of 98.7% (y-o-y).
- HVTL Q2FY11 Sales Revenue increased 42.2% (y-o-y) to Rs. 697 mn and H1FY11 Sales Revenue increased 49.2% (y-o-y) to Rs. 1307 mn on the back of growth in domestic CV market. The HVTL Net Profit for Q2FY11 grew by 85.3% (y-o-y) and stood at Rs. 202 mn while the net profit for the H1FY11 stood Rs. 372 mn which is a growth of 107.8% (y-o-y).
- While overall cost pressures increased, EBITDA margins were supported by cost control initiatives in the subsidiaries.

## Shareholding Pattern

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

Ordinary Shares	%
Tata Companies	37.02
Indian Financial Institutions / MFs / Banks	15.34
ADR/GDR Holders / Foreign holders-DR	11.82
Foreign Institutional Investors	23.59
Others	12.23
Total	100.0

'A' Ordinary Shares	%
Tata Companies	36.25
Indian Financial Institutions / MFs / Banks	22.78
Foreign Institutional Investors	24.59
Others	16.38
Total	100.0

## Investor Relations Contacts

### Vijay B Somaiya

3rd Floor, Nanavati Mahalaya  
18, Homi Mody Street,  
Fort,  
Mumbai – 400 001  
India  
Phone: 91-22-6665 7217  
Fax: 91-22-6665 7788  
Email: IR\_TML@tatamotors.com

### Namrata Divekar

3rd Floor, Nanavati Mahalaya  
18, Homi Mody Street,  
Fort,  
Mumbai – 400 001  
India  
Phone: 91-22-6665 7817  
Fax: 91-22-6665 7788  
Email: IR\_TML@tatamotors.com

**Prakash Pandey**

3rd Floor, Nanavati Mahalaya  
18, Homi Mody Street,  
Fort,  
Mumbai – 400 001  
India  
Phone: 91-22-6665 7908  
Fax: 91-22-6665 7788  
Email: IR\_TML@tatamotors.com

**Bikash Dugar**

3rd Floor, Nanavati Mahalaya  
18, Homi Mody Street,  
Fort,  
Mumbai – 400 001  
India  
Phone: 91-22-6665 7241  
Fax: 91-22-6665 7788  
Email: IR\_TML@tatamotors.com

**Ashwini Menon**

3rd Floor, Nanavati Mahalaya  
18, Homi Mody Street,  
Fort,  
Mumbai – 400 001  
India  
Phone: 91-22-6665 7322  
Fax: 91-22-6665 7788  
Email: IR\_TML@tatamotors.com

**Disclaimer**

Statements in this presentation describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes and incidental factors.