Tata Motors (NYSE : TTM)

Q3 FY11 Review

SNAPSHOT

Standalone Q3 FY11 Financials (Indian GAAP)

	Q3 FY11	**Q3 FY10**	**Change**	**Q3 FY11 (*)**	**Q3 FY10 (**)**
	(Rs mn)	**(Rs mn)**	**(%)**	**(US$ mn)**	**(US$ mn)**
Revenue (Net of excise)	115,196	89,741	28.4%	2568	1924
EBITDA	11,960	11,519	3.8%	267	247
EBITDA %	10.4%	12.8%	(240 bps)	10.4%	12.8%
Profit before Tax	5,312	5,550	(4.3)%	118	119
Net Profit	4,101	4,001	2.5%	91	86
Basic EPS – Ordinary Shares	6.60	7.36		0.15	0.16
Basic EPS - 'A' Ordinary shares	7.10	7.86		0.16	0.17

(*)Average Conversion rate for Q3 FY11: 1US$ = Rs 44.8575

(**) Average conversion rate for Q3 FY10: 1US$ = Rs 46.6453

Standalone 9 M FY11 Financials (Indian GAAP)

	9M FY11	**9M FY10**	**Change**	**9M FY11 (*)**	**9M FY10 (**)**
	(Rs mn)	**(Rs mn)**	**(%)**	**(US$ mn)**	**(US$ mn)**
Revenue (Net of excise)	334,399	233,559	43.2%	7,321	4,875
EBITDA	34,883	29,456	18.4%	764	615
EBITDA %	10.4%	12.6%	(220 bps)	10.4%	12.6%
Profit before Tax @	16,060	20,099	(20.1)%	352	420
Net Profit @	12,385	16,430	(24.6)%	271	343
Basic EPS – Ordinary Shares	21.10	31.39		0.46	0.66
Basic EPS - 'A' Ordinary shares	21.60	31.89		0.47	0.67

(*)Average Conversion rate for 9M FY11: 1US$ = Rs 45.6798

(**) Average conversion rate for 9M FY10: 1US$ = Rs 47.9089

@ The profit for the nine months ended December 31, 2009 included profit of Rs 6890 mn on sale of investments not liable to tax.

Consolidated Q3 FY11Financials (Indian GAAP)

	Q3 FY11 (Rs mn)	Q3 FY10 (Rs mn)	Change (%)	Q3 FY11 (*) (US$ mn)	Q3 FY10 (**) (US$ mn)
Revenue (Net of excise)	316,852	259,742	22.0%	7,064	5,568
EBITDA	48,223	30,575	57.7%	1,075	655
EBITDA %	15.2%	11.8%	340 bps	15.2%	11.8%
Profit before Tax	27,277	8,893	206.7%	608	191
Net Profit	24,244	6,503	272.8%	540	139
Basic EPS – Ordinary Shares	39.39	12.00		0.88	0.26
Basic EPS - 'A' Ordinary shares	39.89	12.50		0.89	0.27

(*)Average Conversion rate for Q3 FY11: 1US$ = Rs 44.8575

(**) Average conversion rate for Q3 FY10: 1US$ = Rs 46.6453

Consolidated 9 M FY11 Financials (Indian GAAP)

	9M FY11 (Rs mn)	9M FY10 (Rs mn)	Change (%)	9M FY11 (*) (US$ mn)	9M FY10 (**) (US$ mn)
Revenue (Net of excise)	875,228	635,357	37.8%	19,160	13,262
EBITDA	129,595	52,450	147.1%	2,837	1,095
EBITDA %	14.8%	8.3%	650 bps	14.8%	8.3%
Profit before Tax@	75,259	9,067	NM	1,648	189
Net Profit@	66,361	3,433	NM	1,453	72
Basic EPS – Ordinary Shares	113.34	6.51		2.48	0.14
Basic EPS - 'A' Ordinary shares	113.84	7.01		2.49	0.15

(*)Average Conversion rate for 9M FY11: 1US$ = Rs 45.6798 ;

(**) Average conversion rate for 9M FY10: 1US$ = Rs 47.9089

@ The profit for the nine months ended December 31, 2009 included profit of Rs 6941 mn on sale of investments not liable to tax.

Note: Revenue and EBITDA in above tables exclude Other Income; EPS is not annualized

This document is also available on www.tatamotors.com

ECONOMIC SCENARIO

Key Highlights of Q3 FY11

1. GDP Growth

Quarters	% GDP Growth
Q2 2010-11	8.9
Q1 2010-11	8.9
Q4 2009-10	8.6
Q3 2009-10	6.5

Sectors	% Growth in '10- '11
Agriculture	4.0
Industry	8.5
Services	9.5
GDP	**8.5+**

Source: Tata Services Ltd – Department of Economics and Statistics

Indian economy growth for the fiscal 2009-10 has been revised upwards from 7.4% to 8.0%. Gross Domestic Product (GDP) growth of 8.9% in both Q1 and Q2 of 2010-11 suggests that the economy is on a high growth trajectory and is likely to achieve a growth of 8.5%+ in FY 2010-11. In Q2 2010-11 Agriculture, Industries and Services grew at 4.4%, 8.9% and 9.8 % respectively.

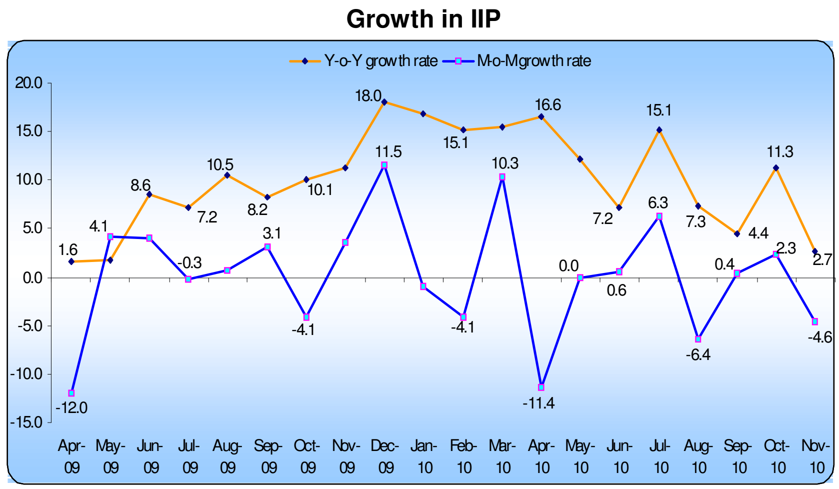
With all the sectors contributing, the growth is getting broad based. Inflation has been an area of concern. After some moderation between August and November 2010, inflation rose again in December 2010 on the back of sharp increase in the prices of primary food articles and commodity prices. RBI has shown anti-inflationary stance by increasing policy rates 7 times since March 2010 when it started tightening process. Going forward, high interest rate can affect investments.
Current macro economic indicators point to the sustainability of economic growth in fiscal year '10-'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 on the backdrop of high domestic demand and investments backed by high domestic savings. Growth of individual sectors according to DES is given below:

2. Industrial Growth

1993-94 Base

Categories		**Nov '10**	**Nov '09**	**April-Nov '10**	**April-Nov '09**
IIP	General	2.7	11.3	9.5	7.4
Sectoral	Mining	6.0	10.7	8.0	8.4
	Manufacturing	2.3	12.3	10.0	7.5
	Electricity	4.6	1.8	4.5	5.7
Use-based	Basic	4.5	6.0	5.8	5.8
	Capital	12.6	11.0	22.5	6.6
	Intermediate	2.4	19.4	9.6	11.2
	Consumer Durables	4.3	36.3	21.7	20.6
	Consumer Non-Durables	-6.0	2.3	0.7	1.2

Source: CSO



On a cumulative basis, the IIP grew by 9.5% during April-November 2010. It has been volatile in the current financial year with growth rates ranging between 2.7% and 16.6%.

IIP growth for November 2010 stood at 2.71% (down from 11.29% in October 2010), with growth in manufacturing sector at an 18-month low of 2.32%. The low growth in November was due to a decline in consumer non-durables(- 6.0%), as well as low growth rates in basic goods (4.5%) and intermediate goods (2.4%) production, while capital goods production exhibited growth of 12.6%.

In terms of industries, nine (9) out of (17) industry groups have shown positive growth during the month of November 2010 as compared to corresponding month of previous year. The industry group 'Transport Equipment and Parts' has shown the highest growth of 15.6% followed by 12.6% in 'Leather and Leather & Fur products' and 9.6% in 'Other Manufacturing Industries'. On the other hand, the industry group 'Wood and Wood Products; Furniture and Fixtures' have shown a negative growth of 27.4% followed by 17.5% in 'Jute and other vegetable fibre textiles (except cotton)'. **The industries like 'Transport Equipment and Parts' have backward and forward linkages. Their growth is linked to the growth of sectors like automobile.** 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.

Source: Tata Services Ltd – Department of Economics and Statistics

Growth Rates by Industry

Industry	Nov 2010	Apr-Nov 2010-11
Food Products	-0.7	10.4
Leather and Leather & Fur products	12.6	10.2
Rubber, plastic, petroleum and coal products	-7.1	10.9
Metal products and parts, except machinery and equipment	-0.8	22.1
Machinery and equipment other than transport equipment	5.8	16.8
Transport equipment and Parts	15.6	27.3
Other manufacturing industries	9.6	22.2

3. Infrastructure Index

PERFORMANCE OF SIX CORE INDUSTRIES DECEMBER 2010 (Weight in IIP: 26.68 %) Base Year: 1993-94					
Sector	**Weight in (%)**	**Dec-10**	**Dec-09**	**April-Dec. 10-11**	**April-Dec. 09-10**
Crude Oil	4.17%	15.8%	1.1 %	12.0%	(-1.1%)
Refinery Products	2.00%	8.3%	0.9%	1.6%	(-1.0%)
Coal	3.22%	3.0%	1.2%	1.0%	8.4%
Electricity	10.17%	4.3%	6.6%	4.5%	5.9%
Cement	1.99%	(-2.2) %	11.0%	4.4%	11.0%
Finished Steel	5.13%	11.2 %	9.6%	7.3%	3.6%
Total	**26.68%**	**6.6 %**	**6.2%**	**5.3%**	**4.7%**

The Index of Six core industries having a combined weight of 26.7% in the Index of Industrial Production (IIP) registered a growth of 6.6% in December 2010 as compared to 6.2% registered in December 2009. During April- December 2010-11, the six core industries registered a growth of 5.3% as against 4.7% during the corresponding period of the previous year.

The key energy sectors comprising of crude oil, electricity and petroleum refinery products recorded growth of 15.8%, 4.3% and 8.3% respectively in the month of December 2010. The key infrastructure segments such as steel posted the growth of 11.2 % while growth in cement sector declined to 2.2% in the month of December 2010. **Cement prices continue to be lower due to increased supply and slow pick up in the demand.**

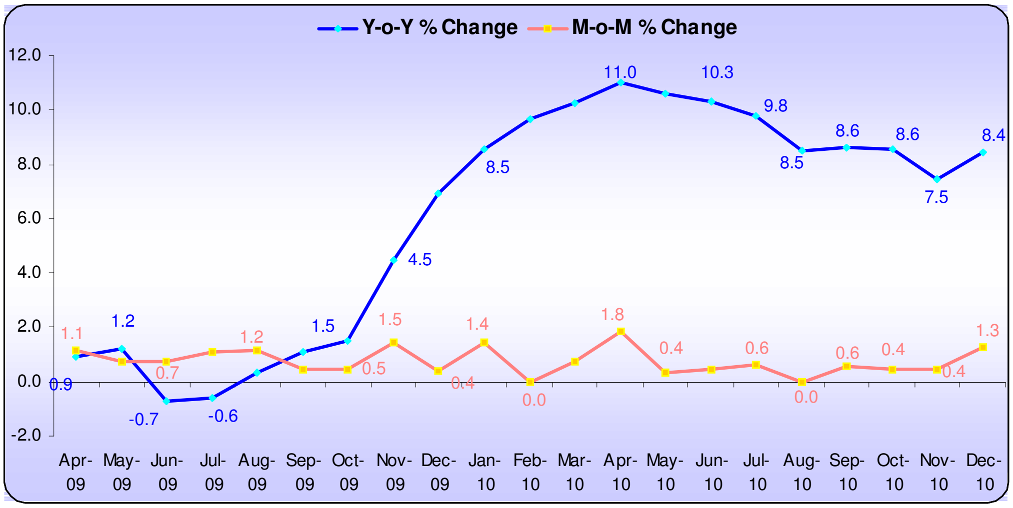
High weightage sectors like electricity (10.2% weight in IIP) has shown lower growth both on the monthly basis as well as cumulative basis as compared to the corresponding period of previous year, Growth in Coal sector is also lower on cumulative basis (April-December 2010-11). *(See above table).*

Growth in Infrastructure index after having declined to 2.3% in November 2010 improved to 6.6% in December 2010. IIP for the month of December 2010 is also expected to improve owing to the improved infrastructure index. Growth in IIP had fallen to 2.7% in the month of November 2010.
Source: Concerned Ministries/Departments/Organization(s)

4. Inflation

Wholesale price index (WPI) inflation for the period April – December 2010 remains high at 9.23%, and rose to 8.43% in December 2010 from 7.43% in November 2010 due to a sharp rise in primary commodity prices (16.46%), especially fruits & vegetables (22.77%), and fuel & power (11.19%).

Monthly Inflation



Food inflation continues to remain a significant challenge for policy makers. One of the causes of the sharp rise in prices of perishable food items amongst others was the unseasonal rains received in some parts of the country. *(From October 2010 to mid December 2010 the rainfall was 23% in excess of the season's long term average)*

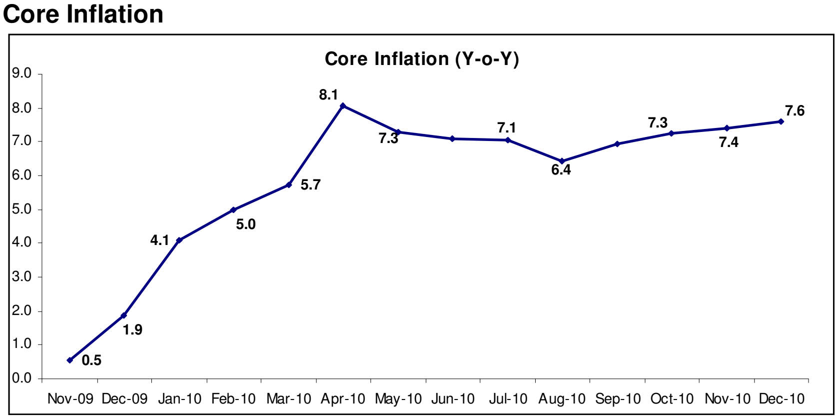
Primary articles inflation accelerated to 16.5% (Y-o-Y) in December 2010 from 12.9% (Y-o-Y) in November 2010.

Fuel inflation in December 2010 accelerated to 11.19% (Y-o-Y) from 10.32 % in the previous month. International crude oil prices have firmed up in recent months in line with rising global commodity prices because of the Quantitative Easing by advanced economies like US which has led to the flow of funds to commodities. This has led to an increase in petrol prices resulting into an increase in fuel inflation.

Manufacturing inflation moderated slightly in December 2010 to 4.5% (Y-o-Y) from 4.6% (Y-o-Y) in November 2010.

A significant part of the recent increase in food price inflation is due to structural constraints. This is reflected in the less than expected moderation in food price inflation even in a normal monsoon year. Importantly, non-food manufacturing inflation has remained sticky

Core Inflation



However, core inflation, which is a measure of inflation rate, excluding food and fuel has started firming up (see aligned graph) once again. The RBI has increased its policy rates 7 times since March 2010 (reverse repo rate by 225 bps & repo rate by 175 bps) in order to rein in inflationary expectations.

Monetary policy has not been able to fully tackle the problem of high inflation as some of the causes of inflation are structural (e.g. high demand for protein rich foods as a result of changing patterns of food consumption which accompany rising incomes) or external shocks to the economy (e.g. behavior of the monsoon or global commodity prices).
Source: Tata Services Ltd – Department of Economics and Statistics

5. Interest rates

In its third-quarter policy review on 25th January 2011, the Reserve Bank of India (RBI) hiked the key 'Repo' rate by 25 bps from 6.25 % earlier to 6.50 % and the 'Reverse Repo' rate by 25 bps from 5.25 % earlier to 5.5 %. With these hikes, the RBI has raised, in total, the 'Repo' rate to the tune of 175 bps and the 'Reverse Repo' rate by 225 bps since March 2010 when it began the tightening process.
The cash reserve ratio (CRR) has been left unchanged at 6%. It is noteworthy that RBI has increased the policy rates seven times so far since it started with the monetary tightening process in March 2010. The current rates are:

(i) the Repo Rate (the rate at which the RBI lends to banks) 6.50 %

(ii) the Reverse Repo rate (The rate at which liquidity is made available) 5.50 %

RBI has shown anti-inflationary stance in its latest review of monetary policy in order to contain the spill-over of high food and fuel inflation into generalized inflation and anchor inflationary expectations. Monetary policy is also intended to maintain an interest rate regime consistent with price, output and financial stability.
Liquidity conditions in the system remain tight on account of the 3G allocations in Q2 2010-11, high advance tax collections in Q3 2010-11, and low deposit growth. Due to the various measures taken by RBI such as OMOs (Open Market Operation), reduction in SLR (Statutory Liquid Ratio) and opening up of second LAF (Liquid Adjustment Facility), liquidity situation improved marginally in the month of January, 2011 but it is still a concern as deposit mobilization has not kept pace with the credit growth. Deposit growth in the month of December stood at 16.5 % (y-o-y) as against credit growth of 24.4 % (y-o-y). Deposit growth, however, is expected to improve in the coming months as the government is expected to spend its cash balance which it has collected both from tax and non-tax sources. The recent hike in deposit rates by major banks will also help in deposit growth.

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 interest rate sensitive sectors like automobile, banking 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

Risk Factors:

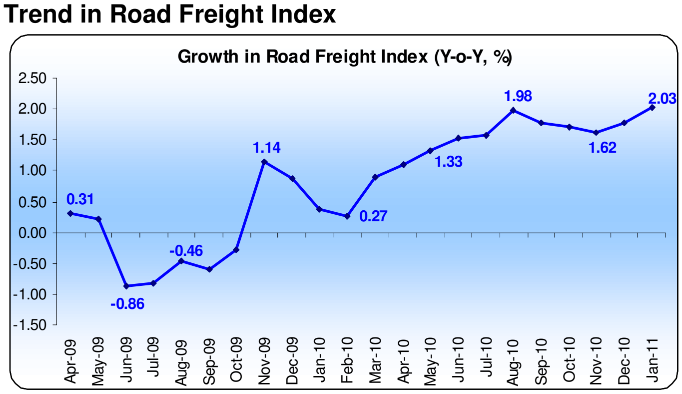
The inflation rates for primary articles and fuel items have risen sharply. Inflationary expectations remain at elevated levels. As high food inflation persists, the prospect of it spilling over to the general inflation process is rapidly becoming a reality.

Current Account Deficit (as % of GDP) widened during the first half of 2010-11 reflecting higher trade deficit. Burgeoning Current Account Deficit is a major issue faced by India right now and going forward it is expected to widen further due to soaring international commodity prices. High Current Account Deficit puts a downward pressure on domestic currency while the capital inflows lead to an appreciation of the domestic currency resulting into exchange rate fluctuations in the market. **However, in January 2011, foreign inflows have slowed down which may put downward pressure on the currency.**

The recent improvement in the fiscal situation has been mainly the result of one-off revenue generated from spectrum auctions. The Government also had the benefit of disinvestment proceeds, which may continue to occur for some more time. However, fiscal consolidation based on one-off receipts is not sustainable. **Thus, the combined risks from inflation, the CAD and fiscal situation contributes to an increase in uncertainty about economic stability that consumers and investors will have to deal with.**

6. Freight Rates

Trend in Road Freight Index



As on 29th January 2011, freight rate index stood at 174.60. On an average, freight rate index in the third quarter was higher by 1.7% than in the same quarter of previous year. In Q3 2010-11, petrol prices were raised 4 times and the diesel prices which were hiked in September 2010 came into effect from the month of November 2010. This led to the hardening of freight rates. In January 2011, freight rate index rose by 2.03% as compared to last year following two hikes in fuel prices in January 2011.

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).

44.4% of the national highway development and other road projects under NHAI were completed as on 31st December 2010. In NHDP, 457 kms of 4-laned roads were added and the projects under implementation increased by 348 kms in the period October- December '10. In other words, only 5.1 kms of roads per day were added in Q3 of 2010-11 as against the target of 20 kms a day. During Q3 2010-11, 7 kms were added in the port connectivity and other projects of NHAI. The GQ is almost complete while the completion rate of Port Connectivity and other projects of NHAI have deteriorated by 21.0%.

Status of NHDP as on 31st December 2010

	Total length (kms)	**Completed**	**Under implementation**	**Balance to be awarded**
GQ	5846	99.4%	0.6%	0%
NS – EW Ph I & II	7300	74.6%	17.4%	5.8%
NHDP Phase III	12109	16.3%	44.4%	39.4%
NHDP Phase V	6500	6.8%	28.6%	64.6%
Port Connectivity & Others	1763	69.2%	29.7%	1.1%
Total	**33518**	**44.4%**	**27.0%**	**28.1%**

Source- NHAI

BUSINESS REVIEW

Standalone Q3FY11 Financials (Audited)

- Tata Motor's Net Revenue for Q3FY11 was Rs. 115 bn; increase of 28.4% Y-o-Y.
- Y-o-Y EBITDA margin stood at 10.4%;
- PBT for the quarter was Rs 5.3 bn. The Company posted a PAT of Rs 4.1 bn in Q3 FY11, up 2.5% y-o-y
- During the quarter ended December 31, '10, the Company issued shares aggregating US$ 750 Million, comprising 'A' Ordinary Shares aggregating US$ 550 million and Ordinary Shares aggregating US$ 200 million through Qualified Institutional Placement (QIP). Consequently, the Company has allotted 32,165,000 'A' Ordinary Shares at a price of Rs. 764 per 'A' Ordinary Shares (including a premium of Rs.754 per 'A' Ordinary Shares) and 8,320,300 Ordinary Shares at a price of Rs.1,074 per Ordinary Share (Including premium of Rs. 1064 per Ordinary Shares) aggregating to a total issue size of Rs. 3,351.01 Cr.
- During the quarter ended December 2010, 46,313 notes of 1% FCCN due 2011 and 2,555 notes of 4% FCCN due 2014 have been converted into 27,56,571 and 1,92,65,389 Ordinary shares respectively.

Current Assets (Standalone)

No. of Days of Sales	31st Dec '10	30th Sep '10
Inventory	33	32
Receivables	20	20

Volume Summary

	Q3FY11	Q3FY10	Y-o-Y change over corresponding quarter of previous year
Total CVs	113,622	93,520	21.5%
Total PVs*	64,501	61,596	4.7%
Total domestic Sales	**178,123**	**155,116**	**14.8%**
Exports	15,962	10,300	55.0%
Total Volumes	**194,085**	**165,416**	**17.3%**

** Includes sales of FIAT vehicles and JLR vehicles*

- The Company gained market share in CV segment Q-0-Q. The 9m FY 2011 market share for commercial vehicles stood at 62.1%. The 9M FY 2011 market share for passenger vehicles stood at 12.7%.

- The export volumes of the Company registered an increase of 55.0% during Q3FY11 as compared to the same quarter in the previous year. This was mainly due to strong growth in the export of commercial vehicles driven by increase in sales in its prime markets of SAARC & South African countries

Commercial Vehicle Segment

The CV industry registered a volume growth of ~ 20% y-o-y in Q3 FY11 y-o-y Improving macroeconomic condition, healthy freights and steady availability of finance also contributed to the growth in CV volumes.

CV Domestic Sales Volumes

	Q3 FY11 Volumes	Q3 FY10 Volumes	Change in volumes over corresponding quarter of previous year	Q3 FY11 Market share	Q3 FY10 Market share
M/HCVs	46,675	39,730	17.5%	63.9%	63.3%
LCVs	66,947	53,790	24.5%	64.2%	65.1%
Total CVs	113,622	93,520	21.5%	**64.1%**	**64.3%**

Source: SIAM Industry Data and Company analysis

- Volumes in the CV segment grew 21.5% Y-o-Y for Q3 FY11.
- This was supported by growth in across MHCV as well as LCV segments.
- ACE family drives volume growth. Expected to continue to add volumes as a result of shifting NANO to Sanand.
- Growth in the bus segment is lower with bunching up of orders in the JNNURM scheme.
- We took average price increases of ~ 1.2% in Q3 FY11 along with increased cost reduction initiatives to counter increases in costs due to higher commodity prices.
- Supply constraints in the early part of the quarter dampened volumes mainly in MHCVs.

Launches in Q3 FY 11 - CV

Tata Winger Platinum - a new offering in the Winger range. It is a luxurious 7 seater, designed to provide an enhanced on-road experience with a perfect blend of comfort and space. The Tata Winger Platinum has been specifically designed to fulfill the needs of passengers who look for carriers but have to depend on Utility vehicles. The Tata Winger Platinum comes in two colour options – Pearl White and Cycus Grey. It is backed with a 1.5 lakh km / 18-month warranty. The Tata Winger Platinum BS IV would be available at a price of Rs. 739724 lakhs (ex-showroom, Mumbai without Octroi). It was launched on 8th December 2010.

Passenger Vehicle Segment

The PV industry registered a volume growth of ~ 31% y-o-y in Q3 FY11 y-o-y driven by positive consumer sentiment & favorable financing scenario.

PV Domestic Sales Volumes

	Q3 FY11 Volumes	**Q3 FY10 Volumes**	**Change in volumes over corresponding quarter of previous year**	**Q3 FY11 Market share**	**Q3 FY10 Market share**
Small Car	33,481	36,466	-8.2%	8.5%	12.2%
Mid-size Car	21,497	18,692	15.0%	22.6%	24.4%
UV	9,255	6,375	45.2%	11.9%	9.9%
Total PV*	**64,501**	**61,596**	**4.7%**	**10.2%**	**12.9%**

*Inclusive of JLR

Source: SIAM Industry Data and Company analysis

- Domestic passenger vehicle sales stood at 64,501 (including 4,724 Fiat vehicles) in Q3FY11; an increase of 4.7% over the same quarter last year.

- Market share of Tata Motors (including Fiat & JLR) vehicles stood at 12.7% in 9m FY11.

- TML Market-share in the entry-Midsize segment increased substantially from 28.7% in 9m FY 10 to 37.5% in 9m FY11, driven by good response to Indigo Manza and Indigo eCS.

- Utility Vehicles segment showed a healthy growth of 45.2% in Q3FY11 as compared to Q3FY10 with growth in volumes of the Tata Safari.

- Prices increases of 1 to 1.5% % wef Oct 1, 2010 for passenger vehicles.

- Nano updates:

  - Price increases were effected to neutralize the steep increases in input costs
  - Easy financing options & fast track loan schemes introduced for Nano customers
  - Open Sales in 12 states by December end
  - Special Nano Access Points for customers in the hinterlands
  - The Tata Nano has received the world's oldest and most coveted GOOD DESIGN™ Award for 2010, which is conferred annually by The Chicago Athenaeum: Museum of Architecture and Design together with The European Centre for Architecture Art Design and Urban Studies. The award for the Tata Nano has come in the category of transportation.

Launches in Q3 FY 11 - PV

Tata Aria, the first Indian four-wheel drive Crossover - a luxurious creation with the finesse of a sedan and the muscle of an SUV all blended in one car was launched on 11th October 2010. The Aria's stylish design is inlaid with the DNA of an SUV, manifested in its stance, power, driveability and safety. Its 2.2 litre Direct Injection Common Rail (DICOR) engine, with variable turbine technology and 32-bit ECU delivers 140 PS power and 320 Nm torque. The Tata Aria was launched in three trim levels, all with 4x4 – the Aria Pride at the top end, the Aria Prestige and the Aria Pleasure, each in eight colour options. While the Aria Pride is fully loaded, features will vary in the Aria Prestige and the Aria Pleasure (details in www.tataaria.com). The Tata Aria is being made available, to begin with, in 25 cities through 69 dealerships.

International Business

Highlights

- The Company's export volumes increased substantially by ~81.0% y-o-y during Q3FY11.

Company Performance in International Business

Exports Volumes

Business Unit	Q3FY11	Q3FY10	Change
Commercial Vehicles	14,166	8,364	69.4%
Passenger Vehicles	1,796	1,936	-7.2%
Total Exports	15,962	10,300	55.0%

- Exports volume increased by 55.0% during the quarter as compared to the same quarter last year, due to increase in Commercial Vehicle sales in its prime markets of SAARC & South African countries

Other Updates

Tata Motors acquires 80% stake in Trilix Srl., Italy

Tata Motors has acquired 80% stake in Trilix Srl., Turin (Italy), a design and engineering company, for a consideration of €1.85 million. The remaining 20% stake is equally held by its promoters, Mr. Bryn Jones, Mr. Federico Muzio and Mr. Justyn Norek. The acquisition is in line with the company's objective to enhance its styling/design capabilities to global standards.

Trilix offers design and engineering services in the automotive sector, specifically styling, architecture, packaging, surfacing, macro and micro feasibility, detailed engineering development. Other services include physical models (styling, surface sign-off, etc.), CAE and manufacturing process feasibility. Trilix has over the years developed a strong understanding of the Tata brand and excellent working relationships with the company in several projects. In 2009, Trilix had a turnover of € 4 million with an EBITDA of € 540,000 and PAT of € 250,000.

Consolidated Q3FY11 Financials (Unaudited)

- The company registered consolidated revenue (net of excise) of Rs. 317 bn, posting a growth of 22% over Rs. 260 bn in the corresponding quarter of the previous year on account of strong volume and mix growth.

- Consequently, Company's operating profit (EBITDA) on consolidated basis improved substantially by 57.7% to Rs.48 bn. Operating margin stood at 15.2% (Q3FY10: 11.8%)

- 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 13% to Rs. 16 bn

- Profit before tax for the quarter was Rs. 27 bn, as compared to Rs 9 bn in Q3FY10.

- The Gross total debt (inc. FCCNs) stood Rs 347 bn as on 31st Dec' 10 as compared to Rs. 354 bn as on 30th Sep '10. The Company's Net Debt (Net of the surplus investible funds) stood at Rs 214 bn as on 31st Dec'10 as compared to Rs. 275 bn as on 30th Sep '10.

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

Current Assets (Consolidated)

No. of Days of Sales	31st Dec'10	31st Sep '10
Inventory	39	42
Receivables	20	21

Key Subsidiary Financials

Subsidiary	Net Revenue		Change	PAT		Change
	Q3FY11	Q3FY10	(%)	Q3FY11	Q3FY10	(%)
Jaguar LandRover Ltd (GBP Million)	2660	1961	35.6%	275	55	NM
Tata Daewoo CV Ltd.,Korea (TDCV) (Rs mn)	6582	5860	12.3%	(44)	(19)	NM
Tata Motors Finance Limited (TMFL) (Rs mn)	3318	3446	(3.7)%	328	390	(16)%
Tata Technologies Ltd consolidated (TTL) (Rs mn)	3133	2790	12.3%	283	218	29.5%
HV Axles Ltd (HVAL) (Rs mn)	726	607	19.7%	200	162	23.4%
HV Transmissions Ltd (HVTL) (Rs mn)	734	543	35.1%	215	144	49.3%

Subsidiary	Net Revenue		Change (%)	PAT		Change (%)
	9M FY11	9M FY10		9M FY11	9M FY10	
Jaguar LandRover Ltd (GBP Million)	7169	4511	58.9%	733	(70)	NM
Tata Daewoo CV Ltd.,Korea (TDCV) (Rs mn)	21245	19234	10.5%	389	349	11.4%
Tata Motors Finance Limited (TMFL) (Rs mn)	9934	8346	19.0%	1012	233	334.6%
Tata Technologies Ltd consolidated (TTL) (Rs mn)	9061	7944	14.1%	915	518	76.6%
HV Axles Ltd (HVAL) (Rs mn)	2206	1593	38.5%	649	388	67.2%
HV Transmissions Ltd (HVTL) (Rs mn)	2054	1425	44.3%	587	323	81.4%

<u>Highlights of Key Subsidiaries</u>

Jaguar Land Rover

FINANCIAL HIGHLIGHTS

In GBP mio

	Q3FY11	Q3FY10
Revenues	2,660	1,961
EBITDA	461	192
Profit before tax	295	57
Profit after tax	275	55

Financial highlights for the quarter ending December 2010 include:

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

The financial results for the period ending December 2010 summarized above illustrate a significant improvement over the same period last year. This is in part due to continuing stronger 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 stronger against the US dollar and there was some fluctuation against the Euro with a weakening towards the end of the quarter, resulting in some improvement in revenue and margins as compared to corresponding quarter last year; this may not necessarily continue. Economic recovery remains fragile and inconsistent worldwide; the company will continue to focus on managing costs and reducing the breakeven point going forward to protect against future downturns.

VOLUME SUMMARY - RETAILS

Retail volumes	Q3 FY11	Q3 FY10	% Change
Jaguar	11,924	13,363	(10.8)%
Land Rover	46,444	41,932	10.8%
Total	58,368	55,295	5.6%

Jaguar Land Rover global retail volumes for the three month period ending December 31, 2010 have shown a 6% improvement over the same period last year. Growth in sales was particularly marked in China where volumes grew 72%, with further growth in Russia up 24% and North America up 16%. However, reductions in volume were witnessed in UK down 13% and Europe excluding Russia down 12%. The reduction is partly due to the cessation of Jaguar X-Type volume at December 2009.

Jaguar global retail volumes have decreased by 11% during the three month period ending December 31, 2010 compared to the same period last year. Volume decrease at Jaguar was driven by the softening of XF volume, component supply issues including engines and the ongoing effect of a delay in XJ availability for all markets. Additionally 2009/10 volumes included the Jaguar X-Type which ceased in December 2009.

Land Rover global retail volumes have increased by 11% 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. Freelander, Range Rover Sport and Discovery models experienced growth during the period of 18%, 17% and 16% respectively compared to the same period last year.

Regional performance

North America

Jaguar retail volume for the quarter ending December 2010 was up 8% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 17% compared to the same period in 2009. This corresponds to a market share of 6.7% (premium cars >$50k) a 0.4% 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 7.4% to 9.7%. XK also saw an increase in market share to 6.9%; however there was a slight weakening in XF volume resulted in a 2.5% reduction in market share at 5.3%.

Land Rover retail volume for the quarter ending December 2010 was up 19% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 23% compared to the same period in 2009. This corresponded to maintenance of market share at 6.0%, equal to the same period in 2009. Discovery (LR4) increased significantly from prior year growing market share; Range Rover Sport continued strong demand and Range Rover maintained market share. Freelander (LR2) sales declined slowly during the period despite a 20% increase in the small SUV segment due to new entrants.

UK

With the X-TYPE model no longer available, Jaguar retail sales for the quarter ending December 2010 were down compared to the same period in 2009. The 25% difference between the retail performance quarter-over-quarter was equivalent to the X-TYPE volume in the period October-December 2009. The combined retail volume of Jaguar's existing carlines – XF, XJ and XK – grew by 28% during Apr'10-Dec'10 compared to the same period last year. During this period, the new XJ achieved a leadership position in its sub-segment with a 28% market share. The XF witnessed a 14% growth in its sales and had a 17% share in its segment. XK sales increased by 10.5% and the carline had a 21% share in its segment. The cessation of X-Type during this year led to a 12% fall in overall brand retail volume as compared to the same period previous year.

Land Rover retail volume for the quarter ending December 2010 was down 7% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 12% compared to the same period in 2009. This corresponded to a market share of 18.0%, a decrease of 2.0% compared to the same period in the prior year. Defender model saw its share of the segment increase by 11% year over year. Range Rover Sport and Discovery suffered due to supply constraints which have been addressed. Growth was witnessed in the Freelander segment due to low priced products and the increased penetration of 2WD competitors generally prices at the sub £20k bracket where Land Rover does not compete; however Freelander has seen a 19% increase in share year over year.

Europe (excl. Russia)

Jaguar retail volume for the quarter ending December 2010 was down 21% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was down 5% compared to the same period in 2009.

Land Rover retail volume for the quarter ending December 2010 was down 10% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 8% compared to the same period in 2009.

Russia

Jaguar retail volume for the quarter ending December 2010 was up 7% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 24% compared to the same period in 2009. This corresponded to market share of 4.2%, a rise of 0.4% compared to the same period last year. The improvement has been due to strong growth in XF volumes together with the availability of the new XJ which now has a market share of 6%.

Land Rover retail volume for the quarter ending December 2010 was up 26% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 30% compared to the same period in 2009. This corresponded to a market share of 3.0%, a decrease of 1.0% compared to the same period in the prior year due to increases in the segment size. Increases in market share for the Range Rover and Freelander were offset by a fall in the market share of the Discovery due to supply constraints (which are being addressed) and the introduction of refreshed competition with a new lower sized engine and lower price point.

China

Jaguar retail volume for the quarter ending December 2010 was down 7% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 42% compared to the same period in 2009. This corresponds to a market share for the period October to December 2010 of 1.7%.

Land Rover retail volume for the quarter ending December 2010 was up 82% compared to the same period in 2009. Retail volume for the nine months ending December 2010 was up 87% compared to the same period in 2009. This corresponds to a market share for the period October to December 2010 of 12%.

BUSINESS REVIEW

Company overview

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

Jaguar Land Rover also completed the sale of the Veneer Manufacturing Centre (VMC) to Lawrence Automotive Interiors Limited on 5th November 2010.

The company also won the following awards during the quarter:-

Jaguar Land Rover and DHL – Chartered Institute of Logistics and Transport (CILT) – "Safety Award" (UK)

Jaguar Land Rover Castle Bromwich Plant – Institution of Occupational Safety and Health (ISOH) – "Best Achievement in Manufacturing Award" (UK) .Jaguar Land Rover is the first car manufacturer to achieve the highly regarded CommunityMark. The achievement is recognition for Jaguar Land Rover's considerable investment in community programmes, including five Education Business Partnership Centres, employee volunteering programmes, national educational initiatives and a wide range of community partnerships.

Jaguar Land Rover Halewood Plant – Knowsley Council Business Awards – "Knowsley Business of the Year" and "Investment Business of the Year"

Jaguar overview

The Jaguar C-X75 had its North American debut at the LA Motor Show in November; following its global debut at the Paris motor show in October. The range-extended electric supercar concept was unveiled by Jaguar Managing Director Mike O'Driscoll.

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

- XJ – Top Gear – "Luxury Car of the Year" (UK)
- XJ – Scottish Car of the Year Award– " Best Luxury Car " (UK)
- XF – What Car? – "Best Executive Car" (UK) – fourth successive year
- XF – Auto Zietung – "Favourite Car – Import Premium Saloon category" (Germany) – second successive year
- Jaguar – Top in 2010 Sales Satisfaction Index (SSI) Study (Luxury Brands) – J.D. Power and Associates (US)

Land Rover overview

The all new Range Rover Evoque five door made its global public debut at the LA Motor Show and was unveiled by the former Land Rover Managing Director Phil Popham, now Director of Global Sales and Service Operations and Land Rover Design Director Gerry McGovern.

In November Land Rover announced the introduction of the Discovery 4 "Landmark" limited editions available from January 2011 featuring unique Black and White colour themes. The Landmark is powered by Land Rover's highly efficient 3.0 litre SDV6 twin turbo diesel engine that offers a nine percent fuel economy improvement (EU combined cycle), compared to 2.7 litre engine it replaced and ten percent less CO_2, re-affirming the brand's ongoing commitment to environmental sustainability. All variants come with Land Rover's award-winning Terrain ResponseTM system, which optimises the vehicle set-up for virtually all on-road or off-road driving situations, with five different settings to suit different terrains.

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

- Discovery 4 – What Car? – "4 x 4 of the Year" (UK) – seventh successive year

And the first award for the new Range Rover Evoque:

- Range Rover Evoque – What Car? Reader award – "Most exciting Car of 2011" (UK)

Strategy and future plans

Jaguar Land Rover signs Memorandum of Understanding on Vehicle Exports to China

Jaguar Land Rover has signed a Memorandum of Understanding that details its intention to sell some 40,000 new Jaguar and Land Rover vehicles in China. The MoU, which was signed in London in the presence of Chinese Vice-Premier, Li Keqiang and UK Deputy Prime Minister, Nick Clegg, reiterates and supports Jaguar Land Rover's long-term commitment to the Chinese market. With the vehicles generating revenue in excess of £1 billion, this agreement also demonstrates the company's importance to the UK economy from an export perspective: Recognised by the UK Government as one of the leading contributors to the exports between UK and China, Jaguar Land Rover is committed to strengthening the trade relationship between the two countries.

China is Jaguar Land Rover's fastest-growing volume market and the third largest globally. Sales in 2010 exceeded 26,000 – an increase of 95% over the previous year – and growth will continue in 2011. The success in the Chinese market in 2010 was a significant contribution to Jaguar Land Rover's strong sales performance for the year, which saw global sales totalling more than 232,000, an increase of 19% over 2009.

TDCV

- Net Revenue for Q3FY11 increased (y-o-y) by 12.3% from Rs 5,860 mn to Rs 6,582 mn while Net Profit for Q3FY11 decreased (y-o-y) from Rs (19) mn to Rs (44) mn.
- Net Revenue for 9M FY11 increased (y-o-y) by 10.5% from Rs 19,234 mn to Rs 21,245 mn while Net Profit for 9m FY11 increased (y-o-y) by 11.4% from Rs 349 mn to Rs 389 mn.
- Volumes in Q3FY11 shrink mainly on account of lower sales in domestic market
- TDSC, the new distribution company (100% subsidiary of TDCV) was launched in July 2010 and is now fully operational. TDSC is now the sole distribution company for TDCV in domestic market after termination of vehicle sales agreement with DMSC with effect from 1st November 2010.
- Prudent cost control measures and sales effected though own distribution channel support EBITDA margins which otherwise could have been impacted with lower volumes
- MHCV Market share in Q3 FY 11 stood at 25.5% vs. 27.8% in Q3 FY 10

TMFL

- Total vehicle financing disbursals (TMF) for Q3FY11 were Rs. 1,855 Cr, an increase of 17.6% from Rs 1,577 Cr in Q3FY10
- The book size at the end of Dec. '10 for TMFL and TML (Vehicle Financing) stood at Rs 8,294 Cr and Rs. 331 Cr respectively.
- TMF market-share for 9m FY11 stood at 19.5%. NIM of vehicle financing business (TMF) for 9m FY11 was 10.3%.

TTL

- Increased operational efficiency and cost reduction measures continue to improve EBITDA margins (Q3 FY11 EBITDA margins at 12.5%)

- Company possess diversified customer base and key marquee clients in automotive & aerospace businesses

HVAL and HVTL

- While overall cost pressures increased, EBITDA margins were supported by cost control initiatives in the subsidiaries.

SHAREHOLDING PATTERN

Shareholding Pattern as on December 31st, 2010

Ordinary Shares	%
Tata Companies	34.93
Indian Financial Institutions / MFs / Banks	11.57
ADR/GDR Holders / Foreign holders–DR status	18.23
Foreign Institutional Investors	24.22
Others	11.05
Total	100.0

‘A’ Ordinary Shares	%
Tata Companies	19.10
Indian Financial Institutions / MFs / Banks	25.28
Foreign Institutional Investors	41.36
Others	14.26
Total	100.0

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