

TATA MOTORS

Annual Analyst Meet

18th May 2007

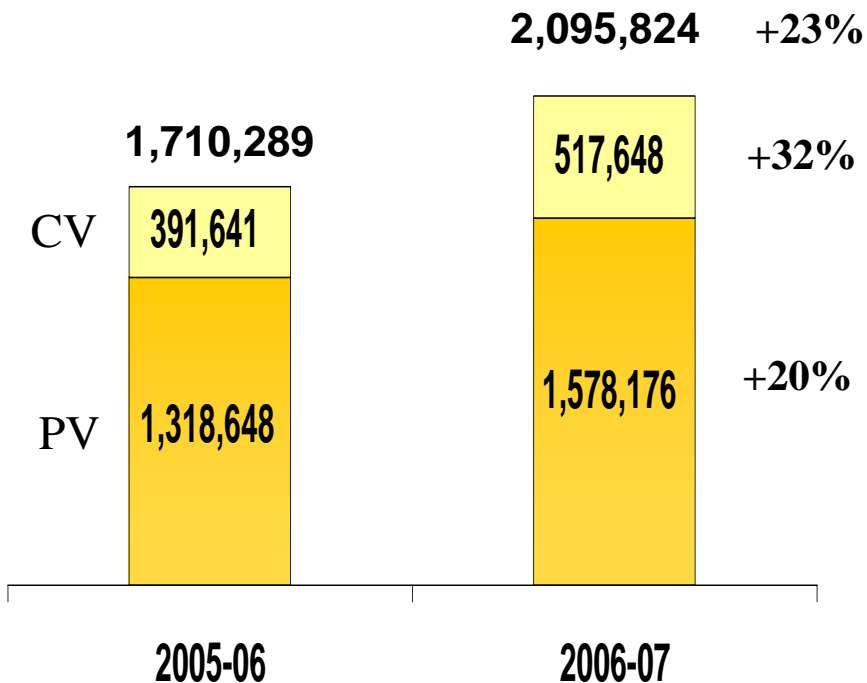
Business
Overview

Financial
Performance

Outlook

FY07 - Fifth consecutive year of healthy growth in 4 wheel auto industry

Industry Volume Sales (including Exports)



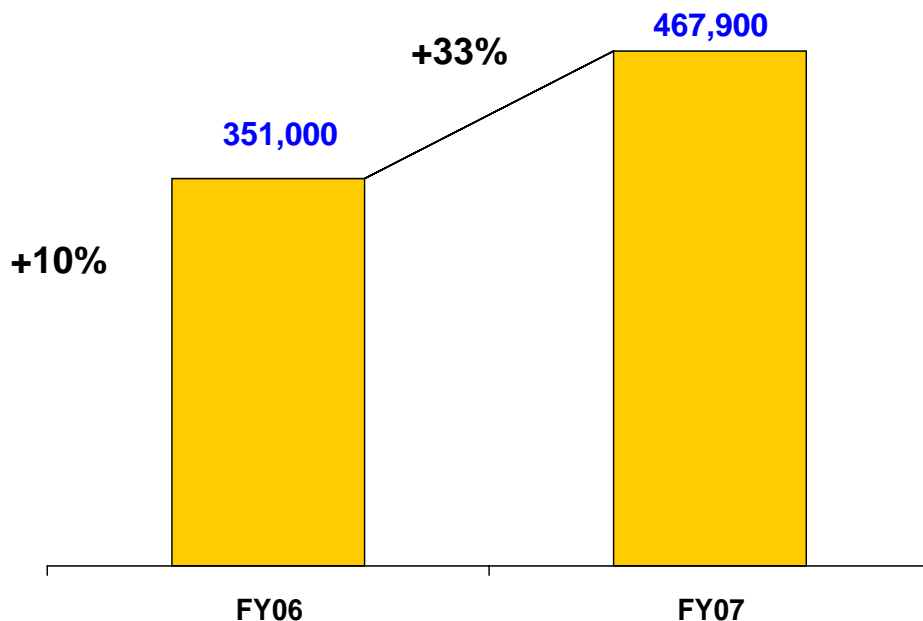
Growth Enablers :

- ▶ Robust GDP and IIP growth
- ▶ Strict implementation of the Overloading ban
- ▶ Reduction in excise duties favoring 'Small car' segment

Growth Impediments :

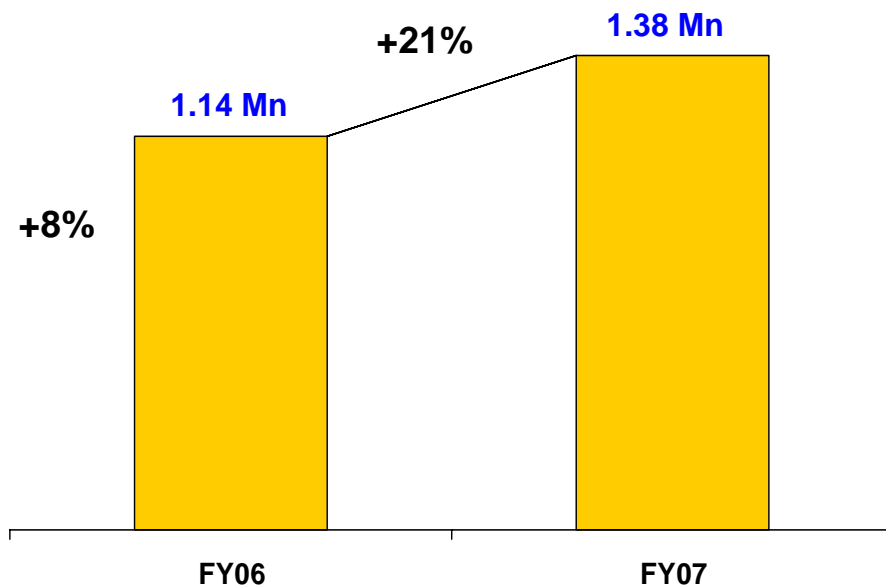
- ▶ Sharp Interest rate hike in the last four months of the fiscal
- ▶ Significant inflationary pressures

Domestic Commercial Vehicle Industry



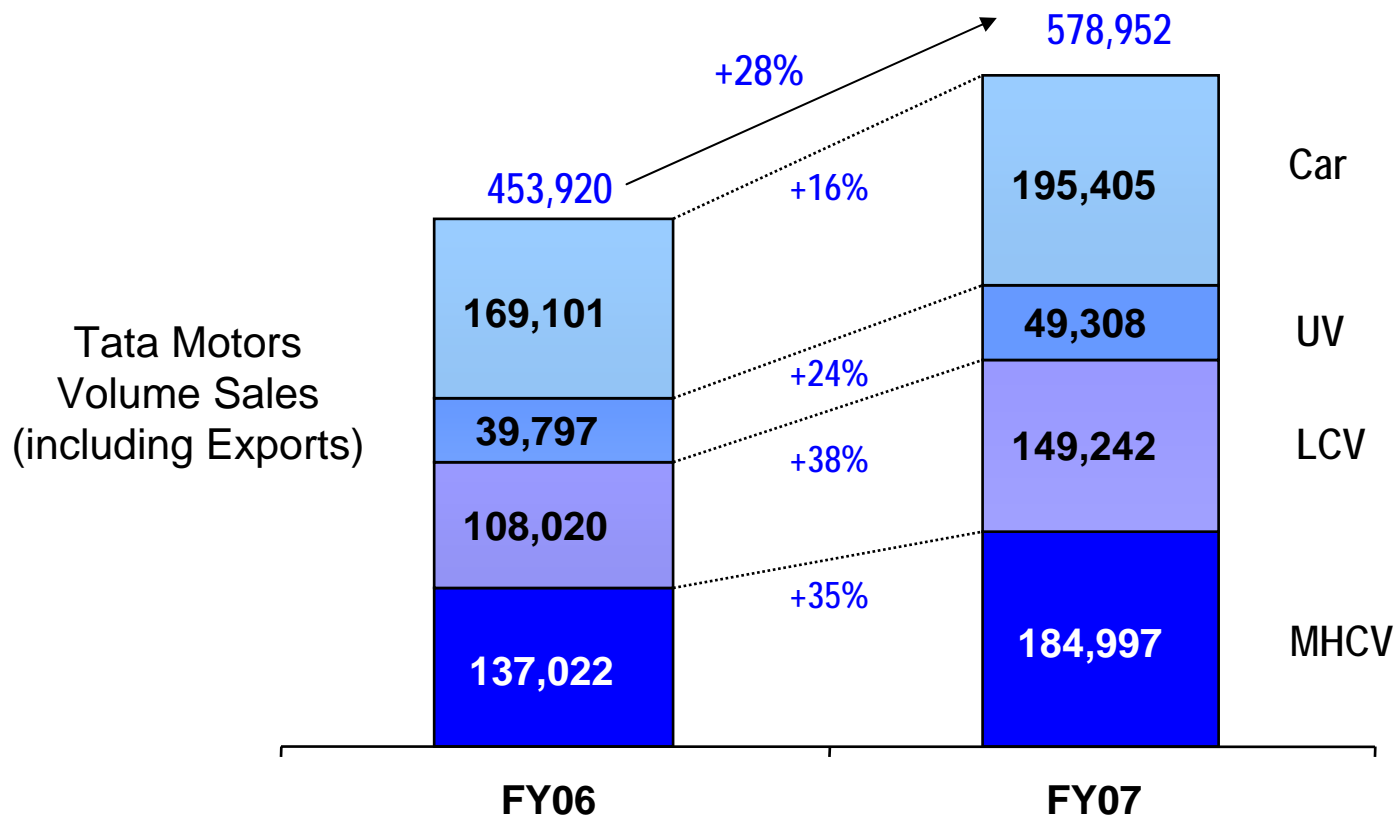
- ▶ 38% growth in MHCV Trucks
- ▶ HCVs contributing to ~60% of total MHCV truck sales
- ▶ MHCV Bus - A modest growth of 2%
- ▶ 34% growth in LCVs, mainly due to India's largest selling mini truck - TATA ACE

Domestic Passenger Vehicle Industry



- ▶ Small Cars (Mini +Compact) continue to dominate the PV industry with 60% share.
- ▶ 31% growth in Compact car segment
- ▶ UVs register growth of 13%
- ▶ Midsize cars decline 4% - impacted by negative growth of Entry midsize car segment
- ▶ Over 30 new variants / facelifts introduced

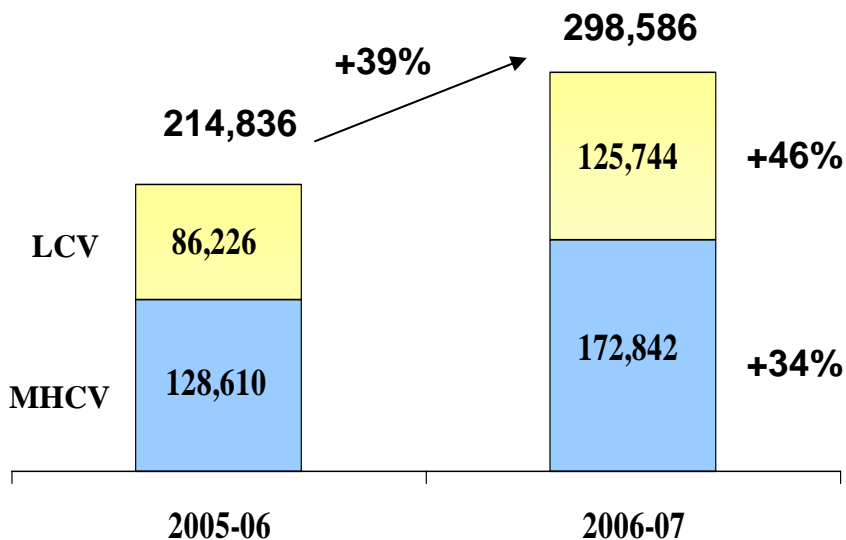
TATA Motors increased its share in overall 4 wheel vehicle sales from 27% to 28.5%



- ▶ **TML continues to be the largest auto company in the country**
- ▶ **Both, commercial and passenger vehicle segments contributed towards volume growth of TML in the domestic market**
- ▶ **Export growth positive despite challenging environment**

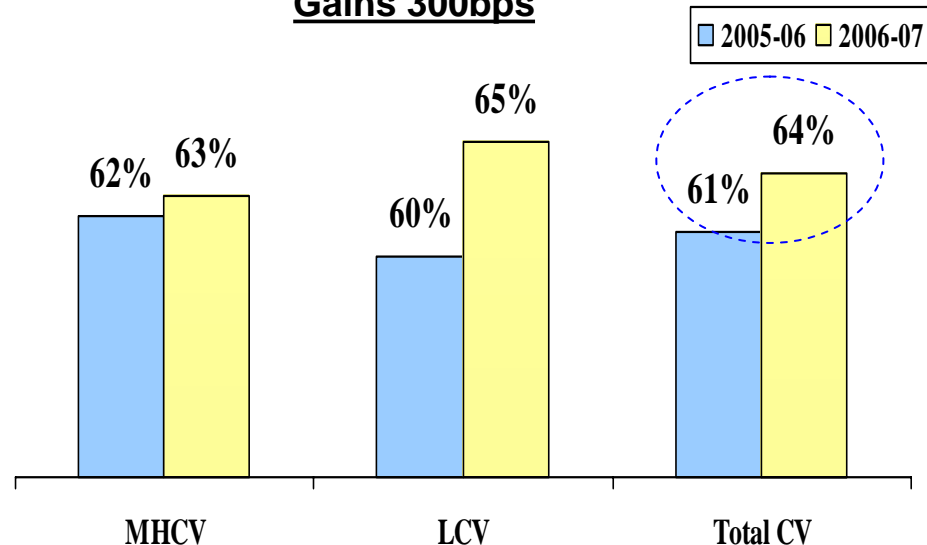
Tata Motors with Domestic CV sales growth of 39% Outperforms the Industry growth of 33%

Tata Motors Domestic Sales



Tata Motors maintains Market Leadership

Gains 300bps



▶ **TML has outperformed the industry**

- MHCV : 34% against Industry growth of 33%
- LCV : 46% against 34%

▶ Robust economic growth, regulatory changes and strong demand for Tata Ace were the key drivers of volume growth in the CV segment.

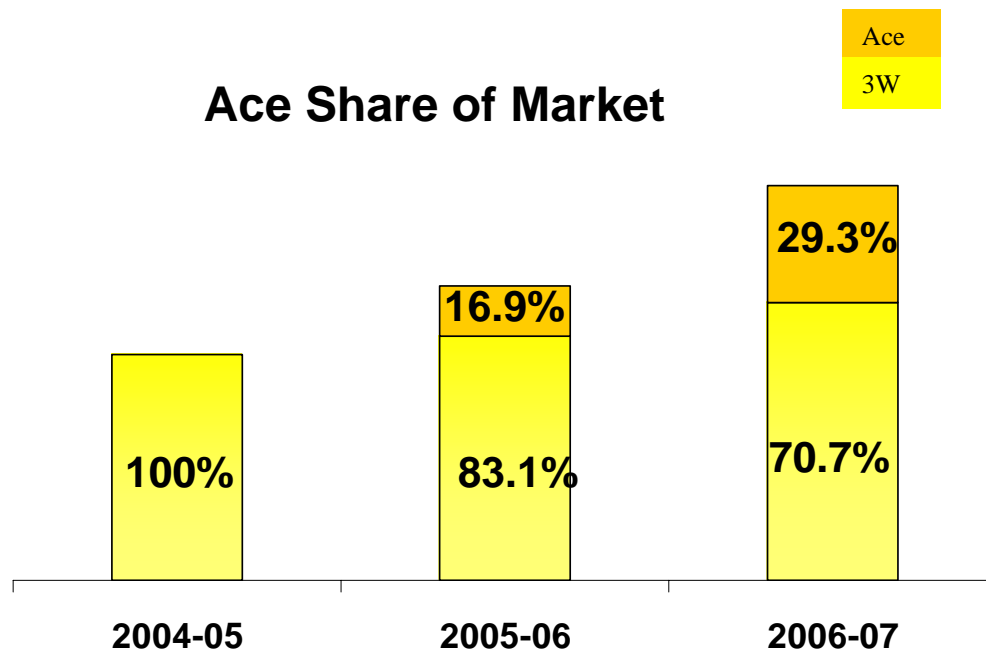
▶ Total Bus segment registered 10% growth in FY07 against industry growth of 4%

Tata Ace has expanded opportunities in the last mile distribution in the country



Tata Ace takes away market share from 3 - Wheelers

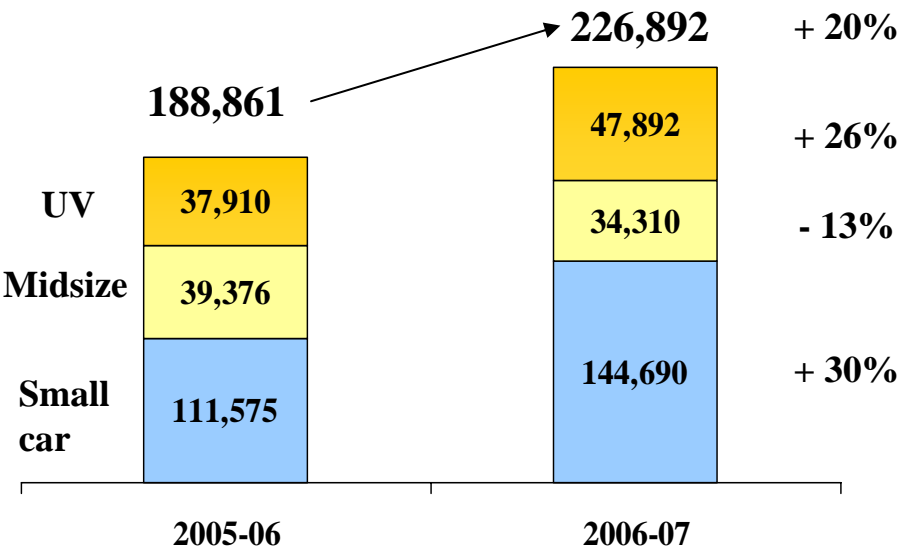
Ace Share of Market



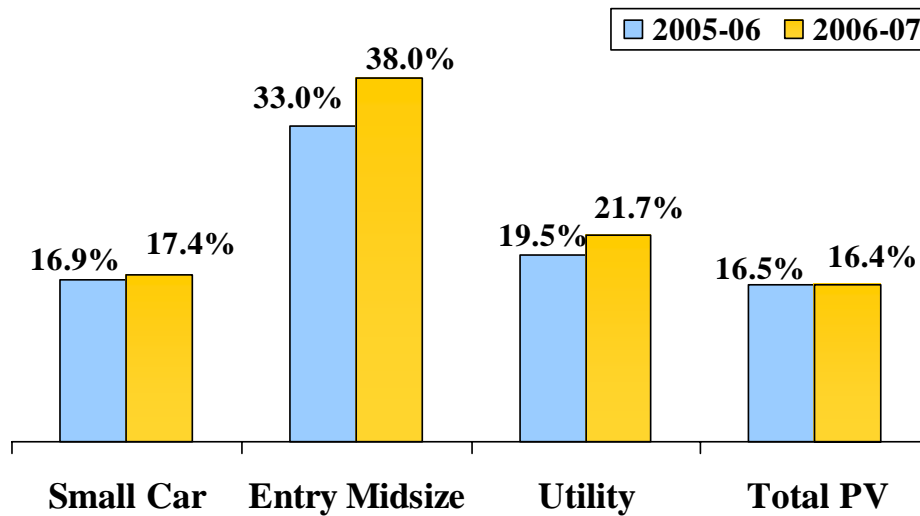
- 100,000th unit of Tata Ace rolled out during the year
- Commercial production of Tata Ace started in green field facility at Pantnagar in April 2007

TATA Motors maintains Market Position in PV Industry Despite Production Loss Due to Fire at Car Plant

Tata Motors Domestic Sales



Tata Motors' Market Share



- ▶ Tata Motors continues to be the 2nd largest player in the passenger vehicle segment
- ▶ Launches during the year
 - Indica V2 facelift
 - Indica Xeta with 1.2 Ltr petrol engine
 - Indigo facelift with 1.4 Ltr 70 PS Common Rail Diesel (DICOR) & 101 PS petrol engine
 - Indigo XL – A Premium stretch sedan
- ▶ Over 1300 units of Fiat vehicles sold

Significant Developments of FY07

- ▶ **JV with Fiat to manufacture Passenger cars, Engines & Transmissions**
 - **Access to World Class Car Engine Technology**
 - **Supplement Company's Manufacturing capacity**

- ▶ **Feasibility MoU signed with Iveco for joint co-operation in CV business**
 - **Possible Areas of Collaboration : Engineering, Manufacturing, Sourcing & Distribution**

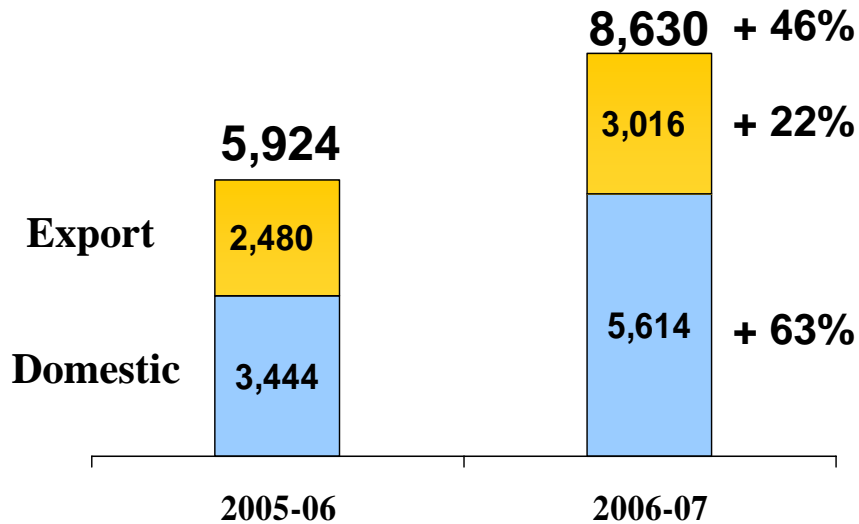
- ▶ **JV in Thailand for Manufacture & Marketing of pickup trucks**
 - **Opportunity to Participate in the World's Second Largest Pick up Market**

- ▶ **JV with Marcopolo for manufacture of fully-built buses / coaches**
 - **Develop Product Development Capabilities in Fully Built Buses & Coaches**
 - **Participate in Mass Transport Opportunities in India & International Markets**

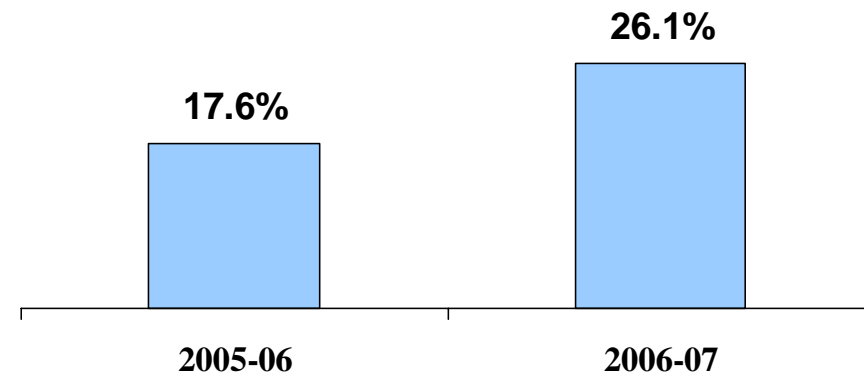
- ▶ **License to Fiat to build and sell Pick-up vehicle in Latin American market**
 - **Facilitate Wider Product Reach in International Market**

Tata Daewoo Commercial Vehicles

Total Volume Sales

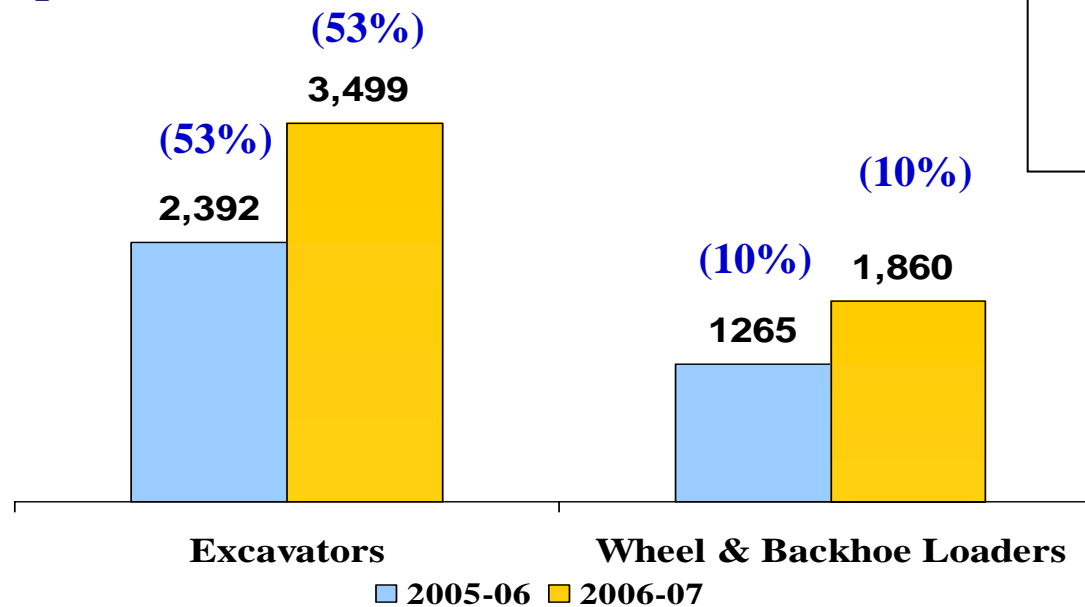


Total CV Market Shares



- HCV Industry in S Korea almost stagnant with 0.8% growth registered in FY07
- Capacity Utilisation improved from 28.2% in FY06 to 42.7% in FY07
- TDCV exports 2/3rd of S. Korea's total HCV export volumes
- LNG tractor trailers developed during FY07
- Assembly operations set up in Pakistan during the year

Construction Equipment Business



(Mkt Shares)
&
Volume

Co-operation with Hitachi

New Products launched in Indian Market

- Large Zaxis Hydraulic Excavators (e.g ZX 370, ZX 470)
- Hitachi Sumitomo Cranes

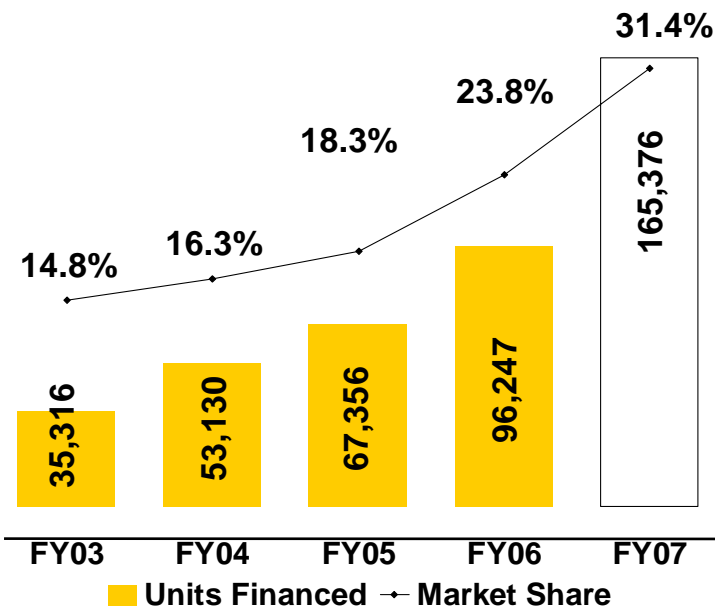
Joint Development teams formed for various business initiatives

- Establishing an R&D Center in India
- Deployment of Telcon Service Engineers in Hitachi's International Support Network
- Sourcing of Components & Machines for Hitachi's International Network
- Commitment to make Kharagpur Plant a world class facility

Vehicle Financing Business

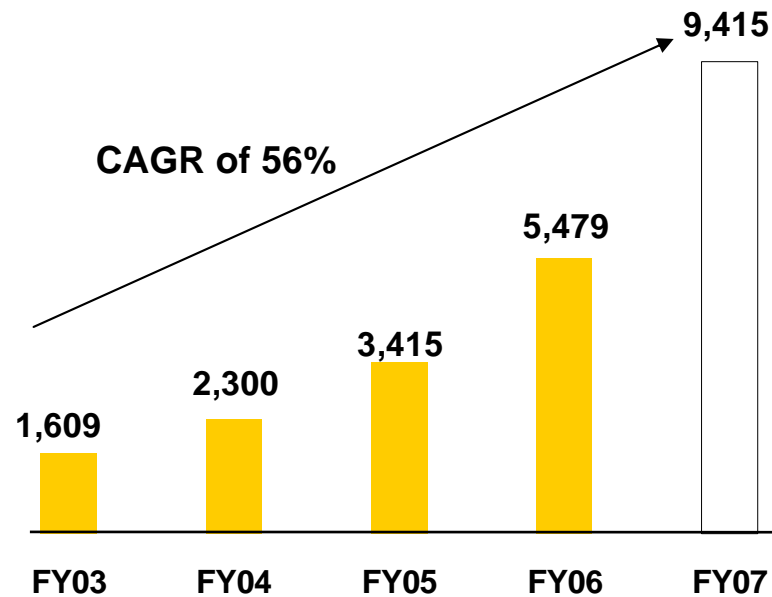
- TMF – 2nd largest player in the Indian auto financing market
- TMLFSL created as subsidiary in Sept'06
- Average book size of Rs.85.5 Bn as on 31st March'07
- NIM of vehicle financing business was in the range of 5.5 - 6.5%

Units Financed and Market Share - TMF



Disbursals – TMF

Rs cr



TATA Technologies, HAVL & HVTL

TTL

- ▶ Revenue of Rs 960.53 crs in FY07 (Rs 545 crs in FY06); up 76%
- ▶ Integration of TTL with INCAT extended beyond the scheduled deadline
- ▶ Business structuring initiated during the year to facilitate leveraging of offshore capabilities
 - ▶ IKS brand to be leveraged for Product Marketing
 - ▶ Services to be marketed under INCAT brand

HVAL & HVTL

- ▶ 120,575 units of axle sets processed by HVAL during the year ; growth of 55%
- ▶ 125,556 units of gearboxes processed by HVTL during the year ; growth of 47%
- ▶ Capacity expansion initiated in line with market opportunities

Business
Overview

Financial
Performance

Outlook

Continued Improvement in Consolidated Financial Performance of TATA Motors

Rs crores	FY06	FY07
Net Revenue	23,769	32,426
EBITDA	3,048	4,116
EBITDA Margin	12.8%	12.7%
PBT	2,349	3,088
Tax	640	883
Net Profit	1,728	2,170
Basic EPS (Rs)	45.86	56.43

- Net Revenues ↑ 36 %
- EBITDA ↑ 35 %
- PBT ↑ 31.5%
- Net profit ↑ 26%
- Basic EPS ↑ 23%

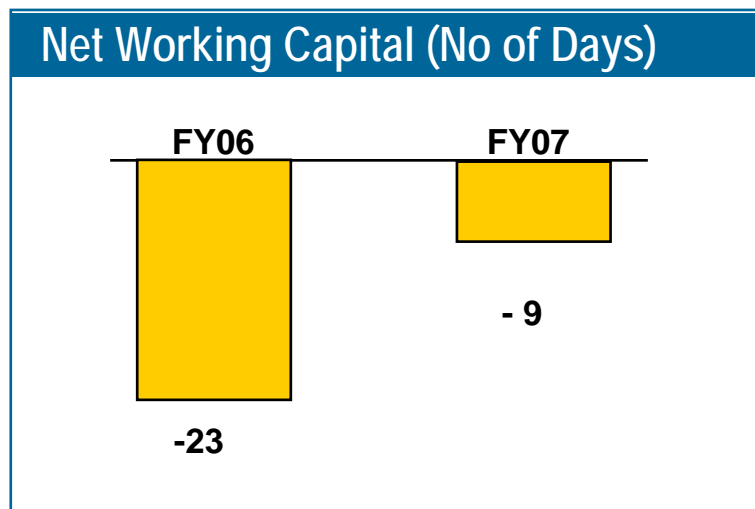
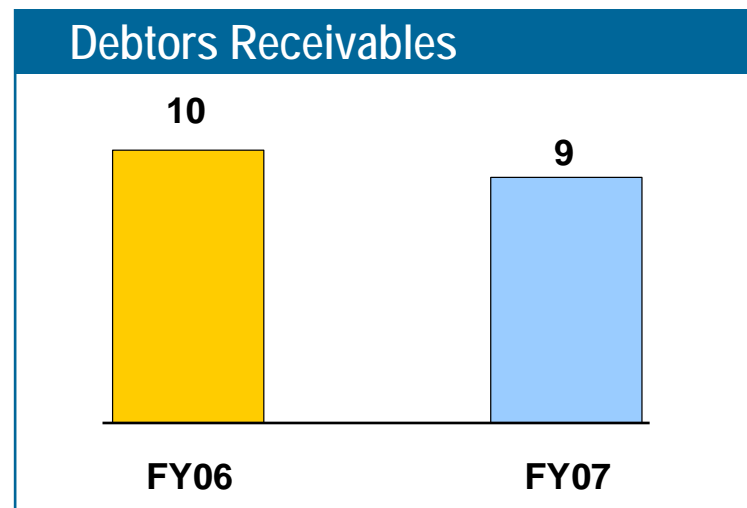
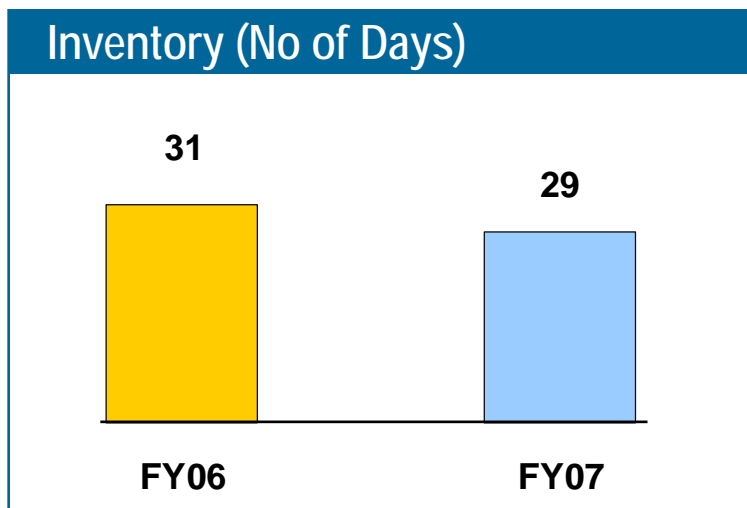
Continued Improvement in Standalone Financial Performance of TATA Motors

EBIDTA margin at 12% despite Input cost pressure

Rs crores	FY06	FY07
Net Revenue	20,653	27,535
EBITDA	2,576	3,314
EBITDA Margin	12.5%	12.0%
PBT	2,053	2,573
Tax	525	660
Profit after Tax	1,529	1,913
Basic EPS (Rs)	40.57	49.76

- Net Revenues ↑ 33%
- EBITDA ↑ 29%
- PBT ↑ 25%
- PAT ↑ 25%
- Basic EPS ↑ 23%
- Dividend of Rs 15 per share

Successfully Managed to Maintain Negative Working Capital

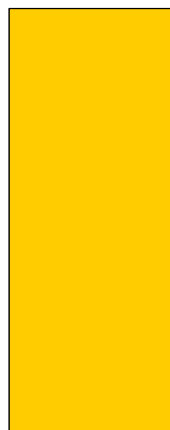


(Net Working Capital is net of vehicle financing business)

Optimizing Returns on Capital

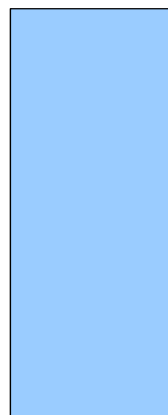
ROCE

28%



FY06

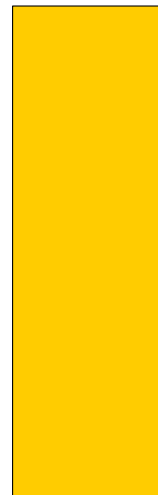
27%



FY07

ROE

32%



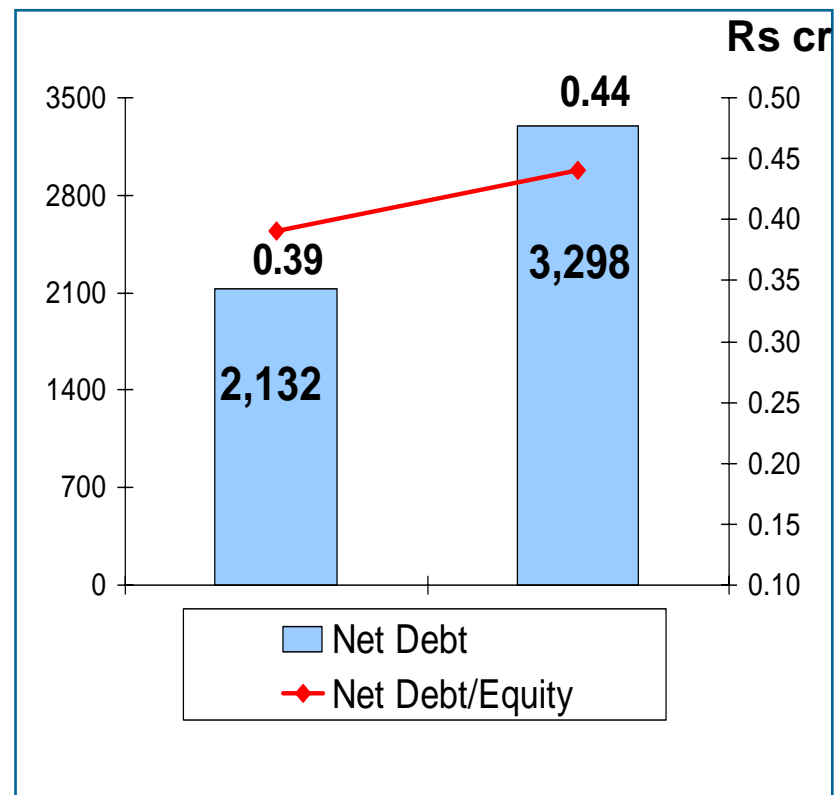
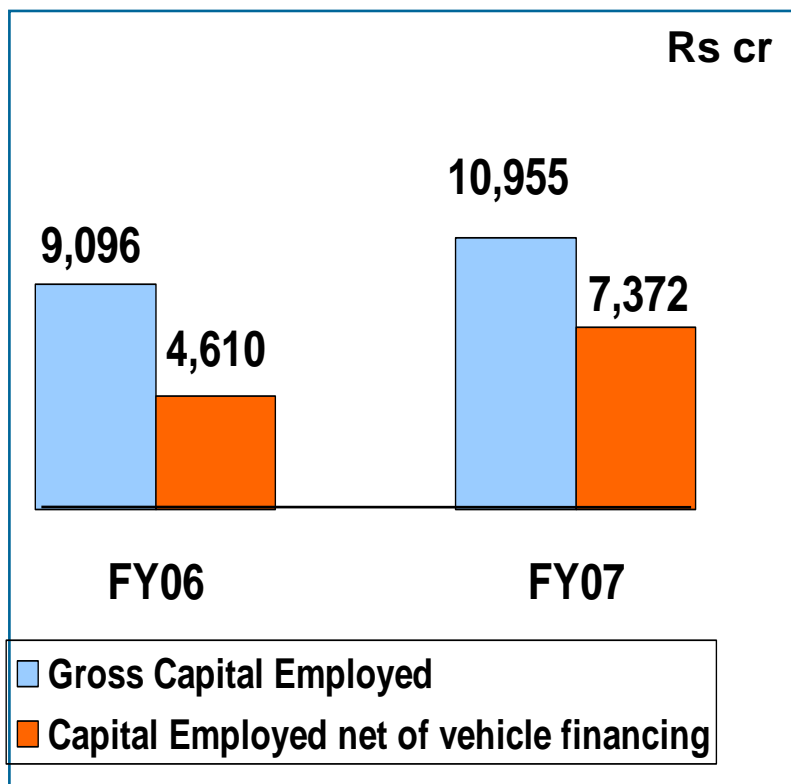
FY06

29%



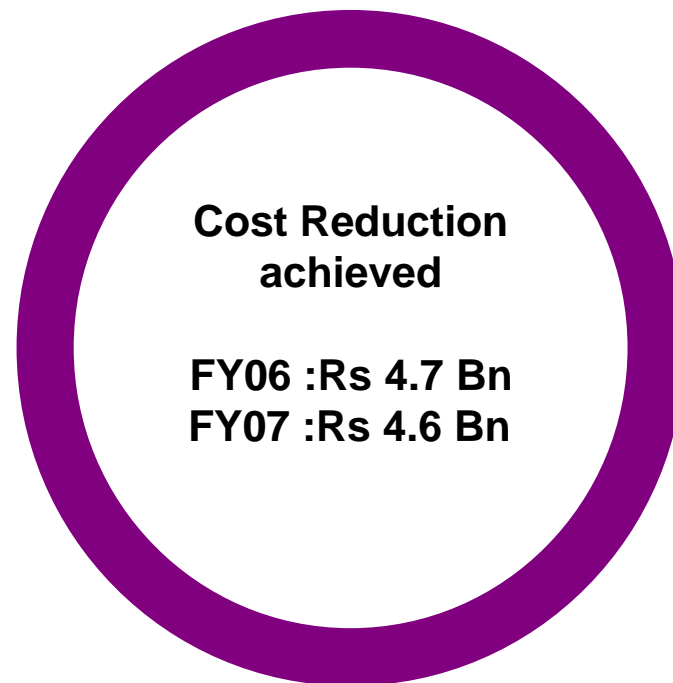
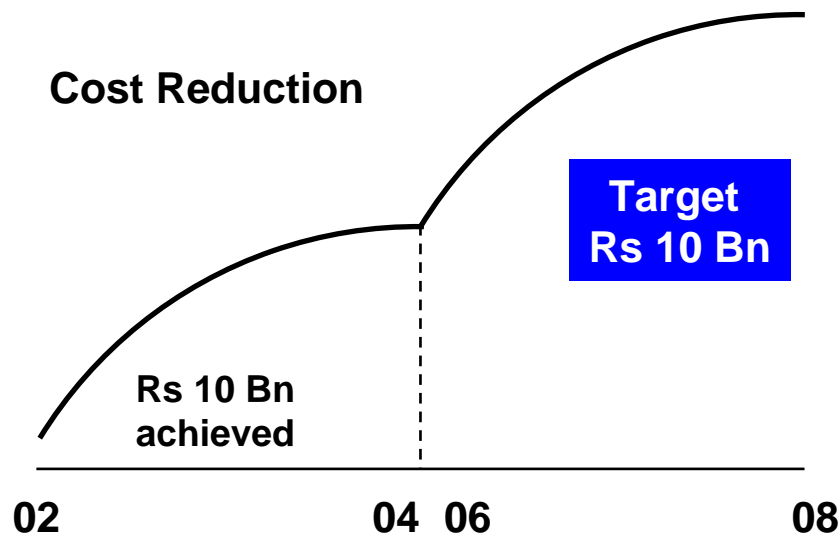
FY07

Balance Sheet Size



Rs 4,009 crs of TML gross debt supports Rs 4,294 crs of vehicle financing portfolio

TATA Motors aggressively pursuing its Cost reduction efforts



Outsourcing

Value Engineering

Target Costing

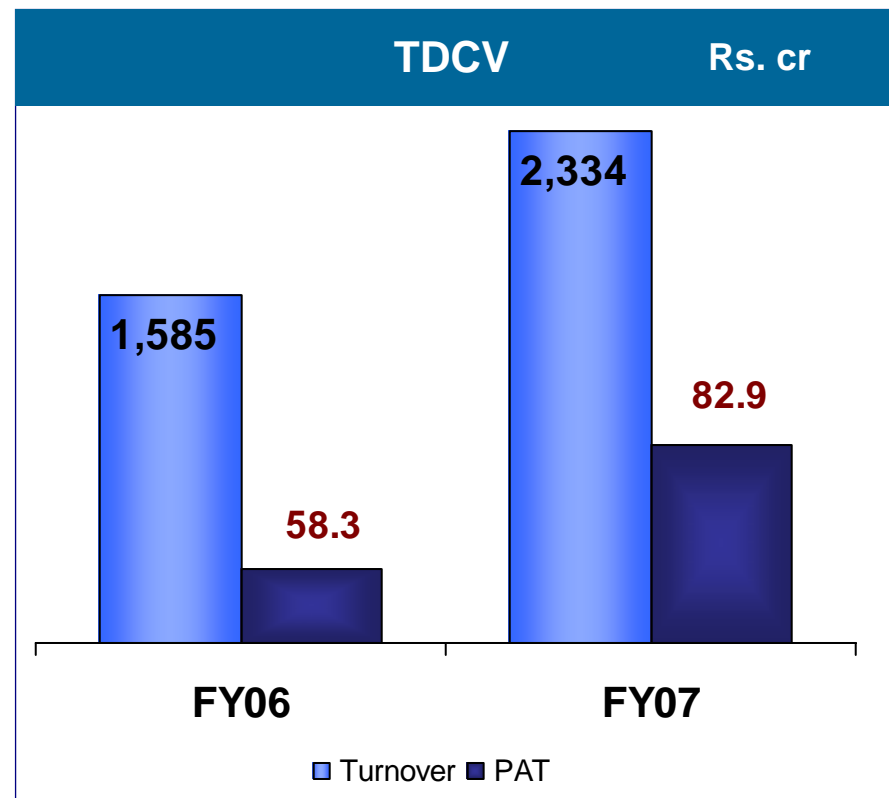
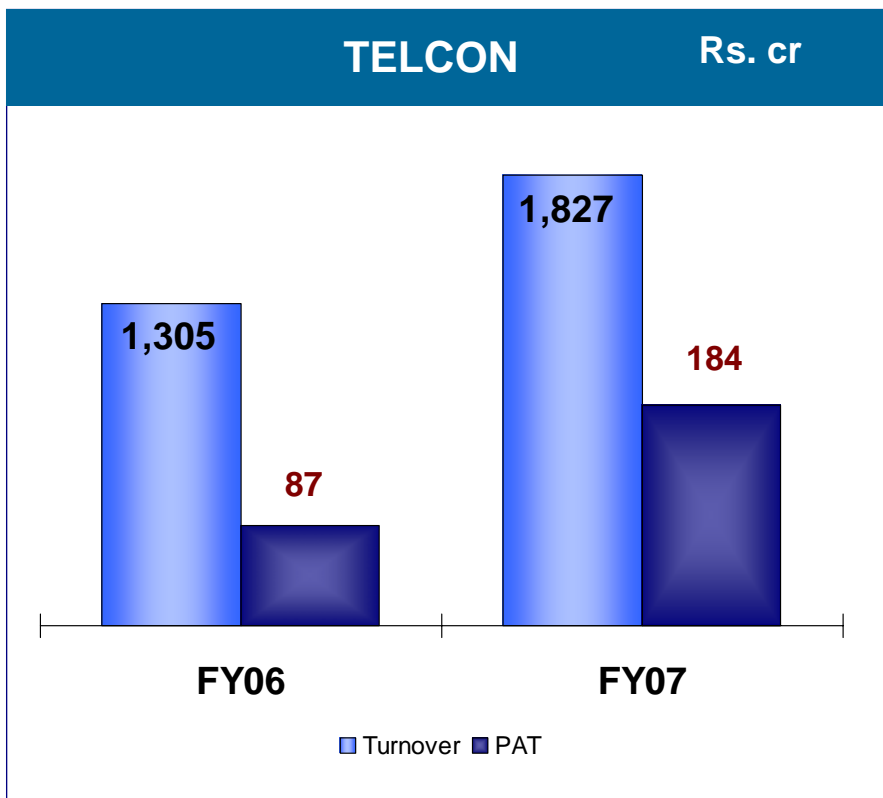
E sourcing and Global Sourcing

Productivity Improvement

Process Improvement

Supplier base Rationalization

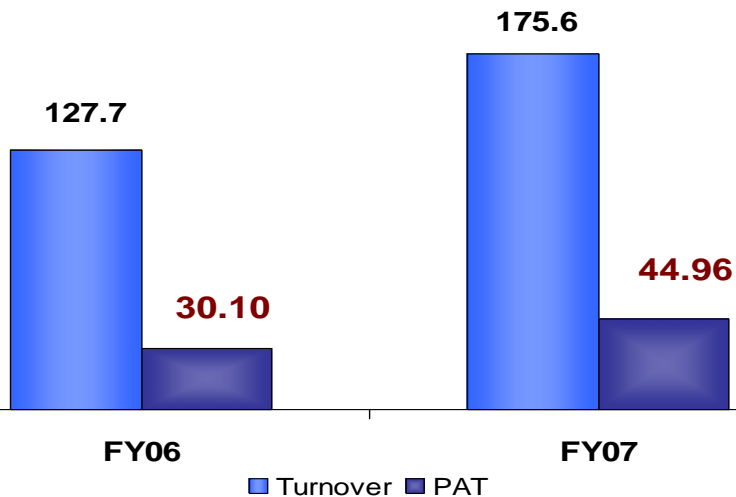
Subsidiary Annual Performance



Subsidiary Annual Performance

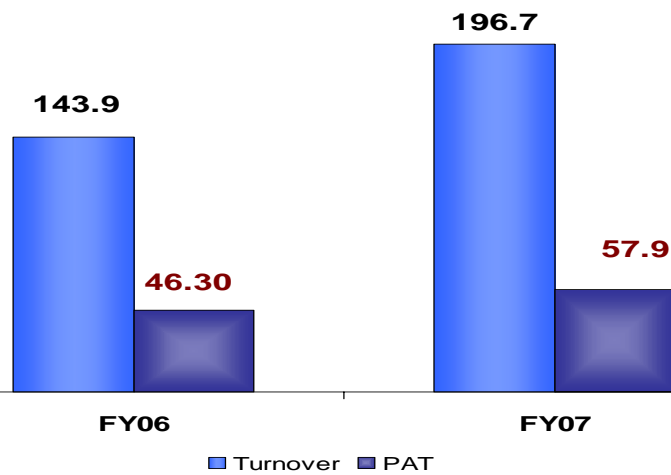
HVTL

Rs. cr



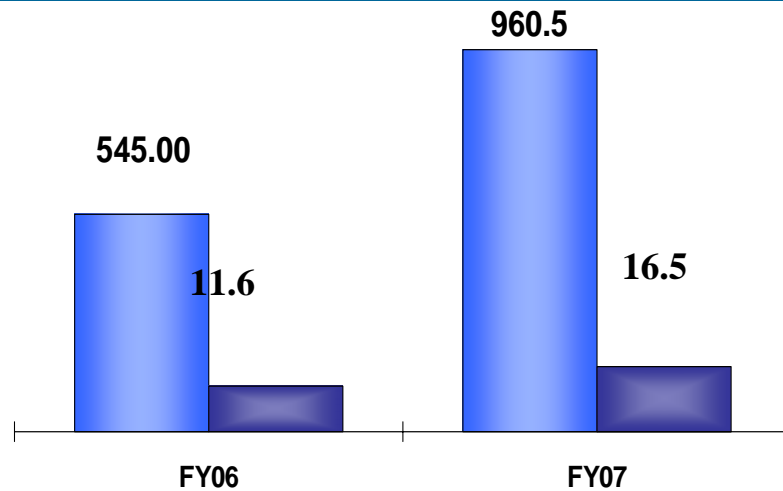
HVAL

Rs. cr

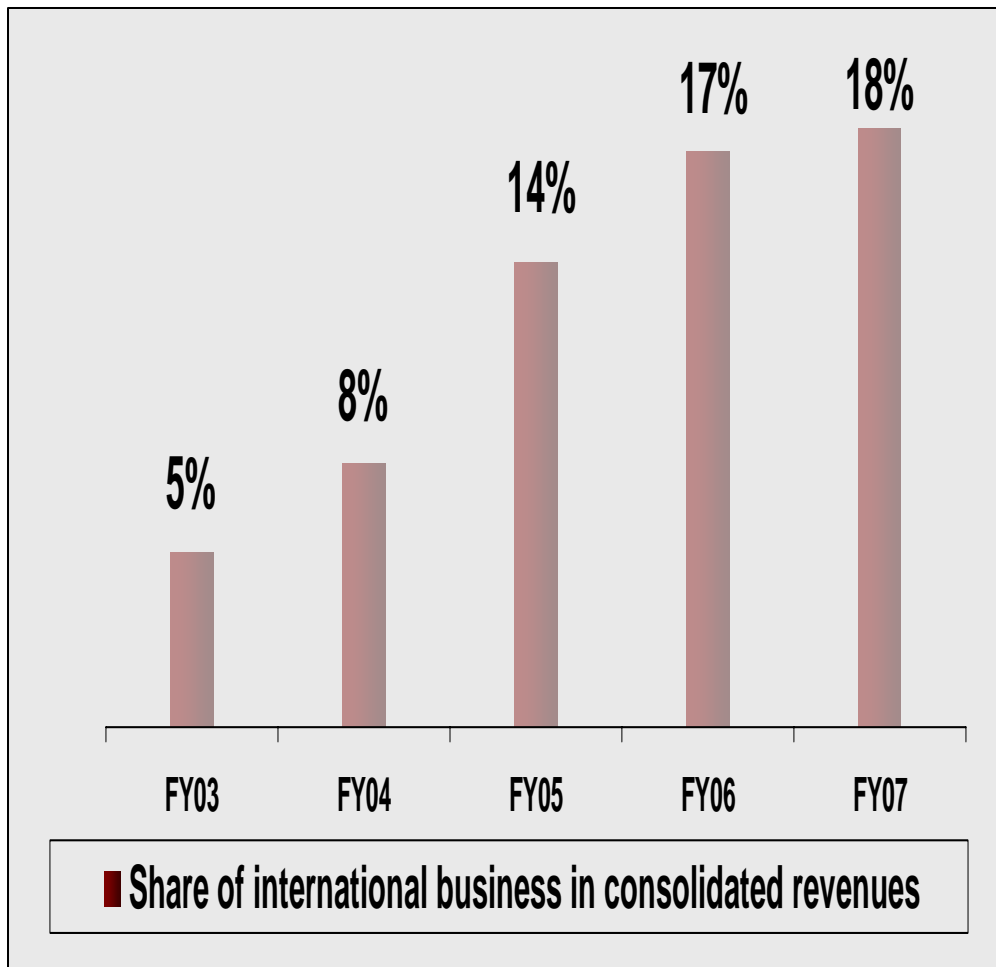


TATA Technologies

Rs. cr



International Business continues to make strides



Strengthening position in existing Markets

- *New Products*
- *Deeper penetration*

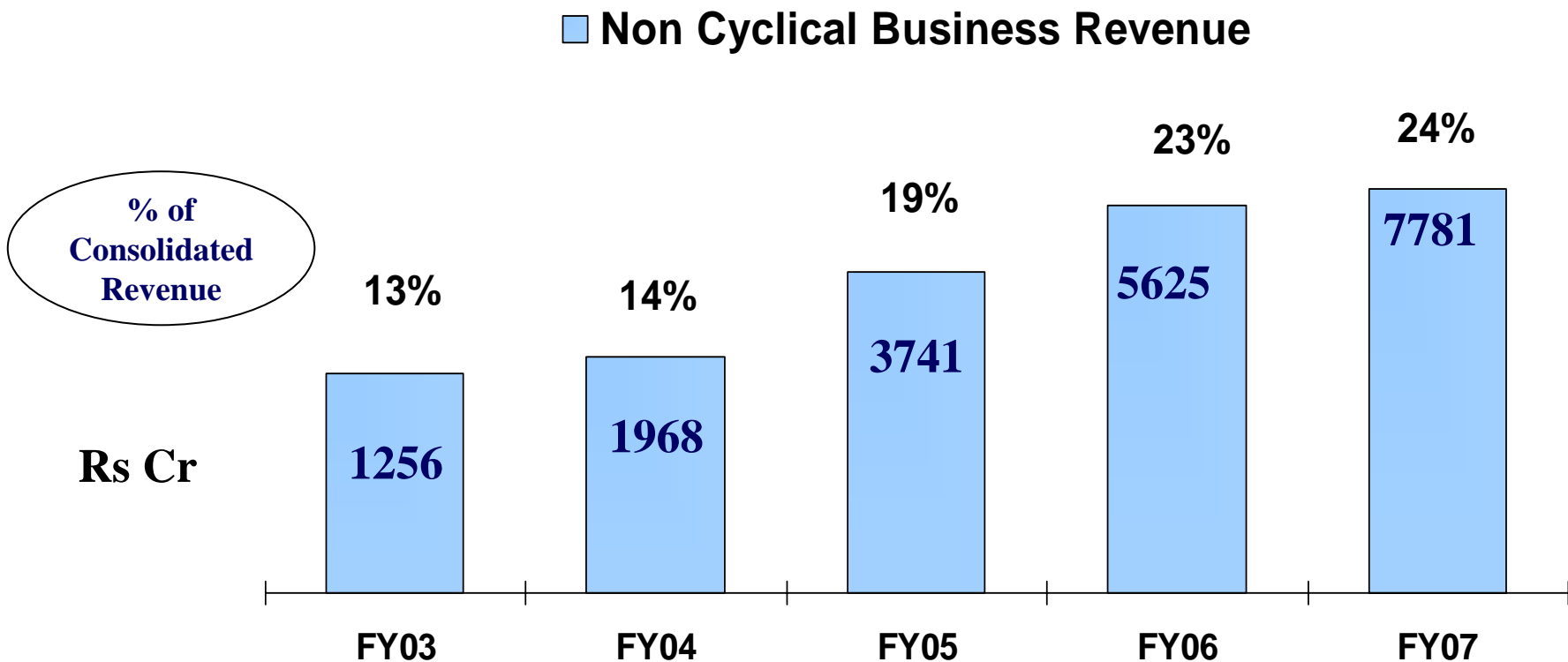
Exploring New Geographies

- *LATAM*
- *Russia*
- *Thailand*

International Alliances

- *Thonburi JV in Thailand*
- *Licencing of Pick up technology to Fiat*
- *Marcopolo JV in India*
- *Stake in Hispano Carrocera, Spain*
- *Acquisition of INCAT, UK*
- *Acquisition of TDCV, Daewoo*

Growing Non-Cyclical Business



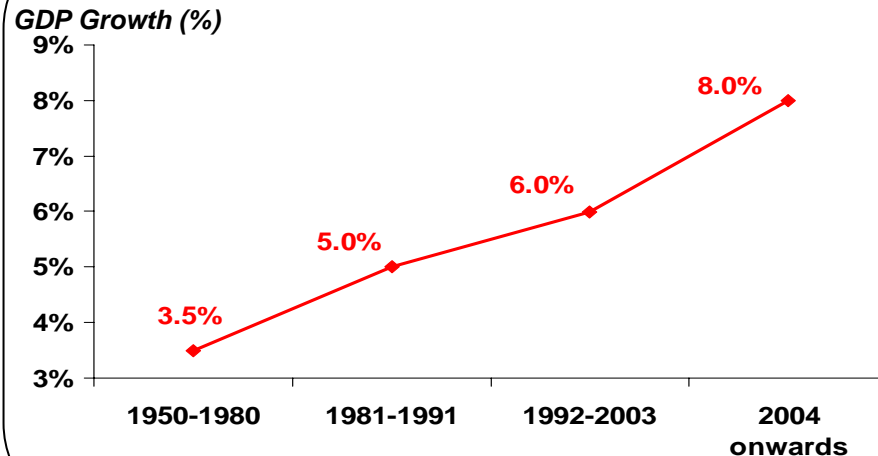
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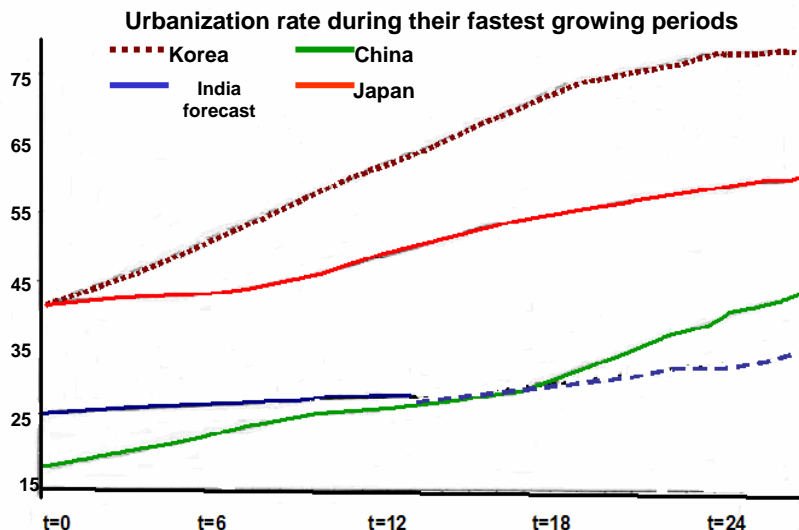
In coming years, Indian Automobile Industry has Tremendous Potential to Grow Influenced by Many Demand Drivers

Robust Economic Growth



Source: Central Statistical Organization (CSO)

India's Urbanization still in initial stages

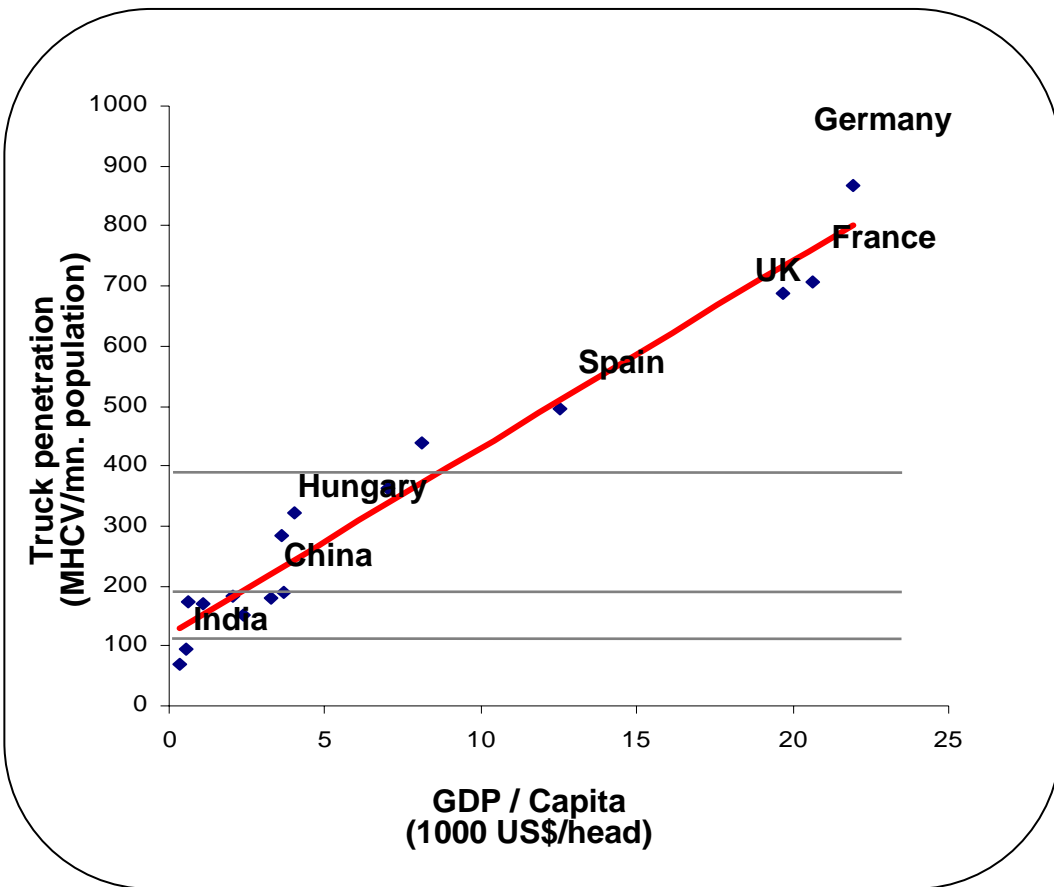


Source: Goldman Sachs

On Going Massive Road Network Development

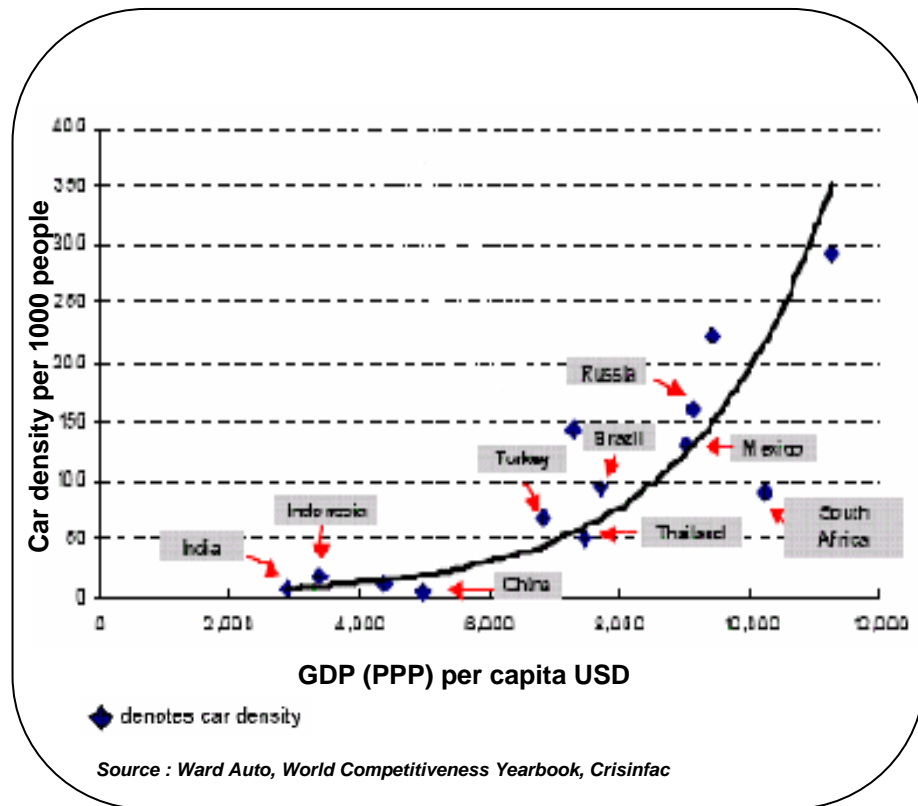
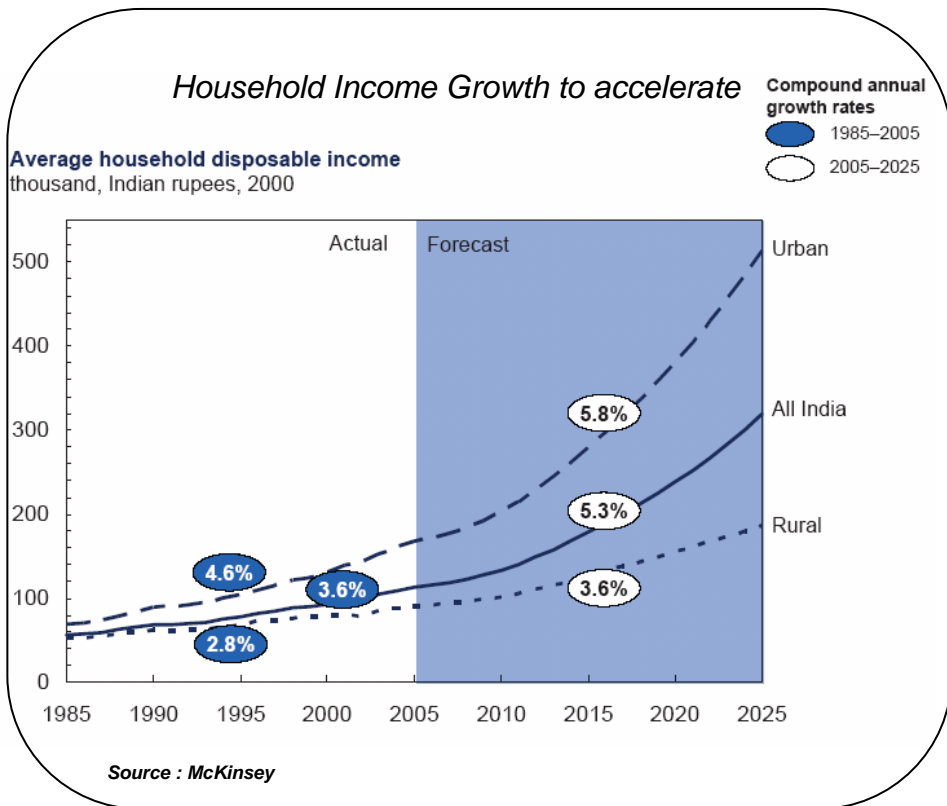
- **USD 40 bn earmarked for development of 51,000 kms of roads by NHAI**
- **In addition, USD 30 bn Rural connectivity program called Pradhan Mantri Gram Sadak Yojana (PMGSY) is also underway**

High GDP growth and Road Development activities to accelerate Hub and Spoke model of transportation



- ***CV growth to be driven by high tonnage and last mile distribution vehicles***
- ***Profitable growth prospects attracts New Players***
- ***Passenger Transportation is also expected to benefit significantly from Expansion in Road Network in the Country***

Increasing income, urbanization and wider product choice to drive growth in Indian P V Industry

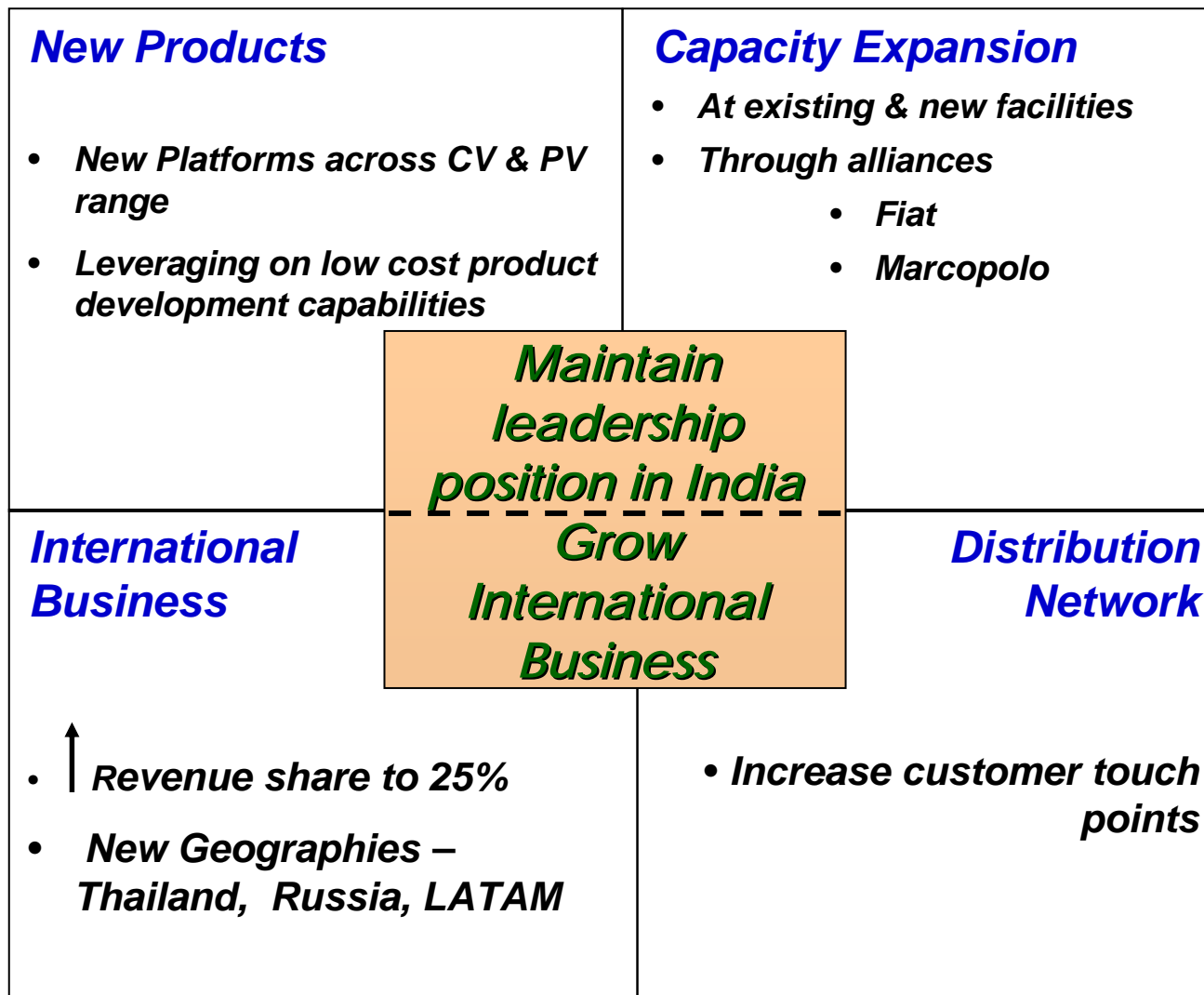


- India expected to emerge as a hub for small car manufacturing
- New entrants to increase competition
- Industry capacity to expand

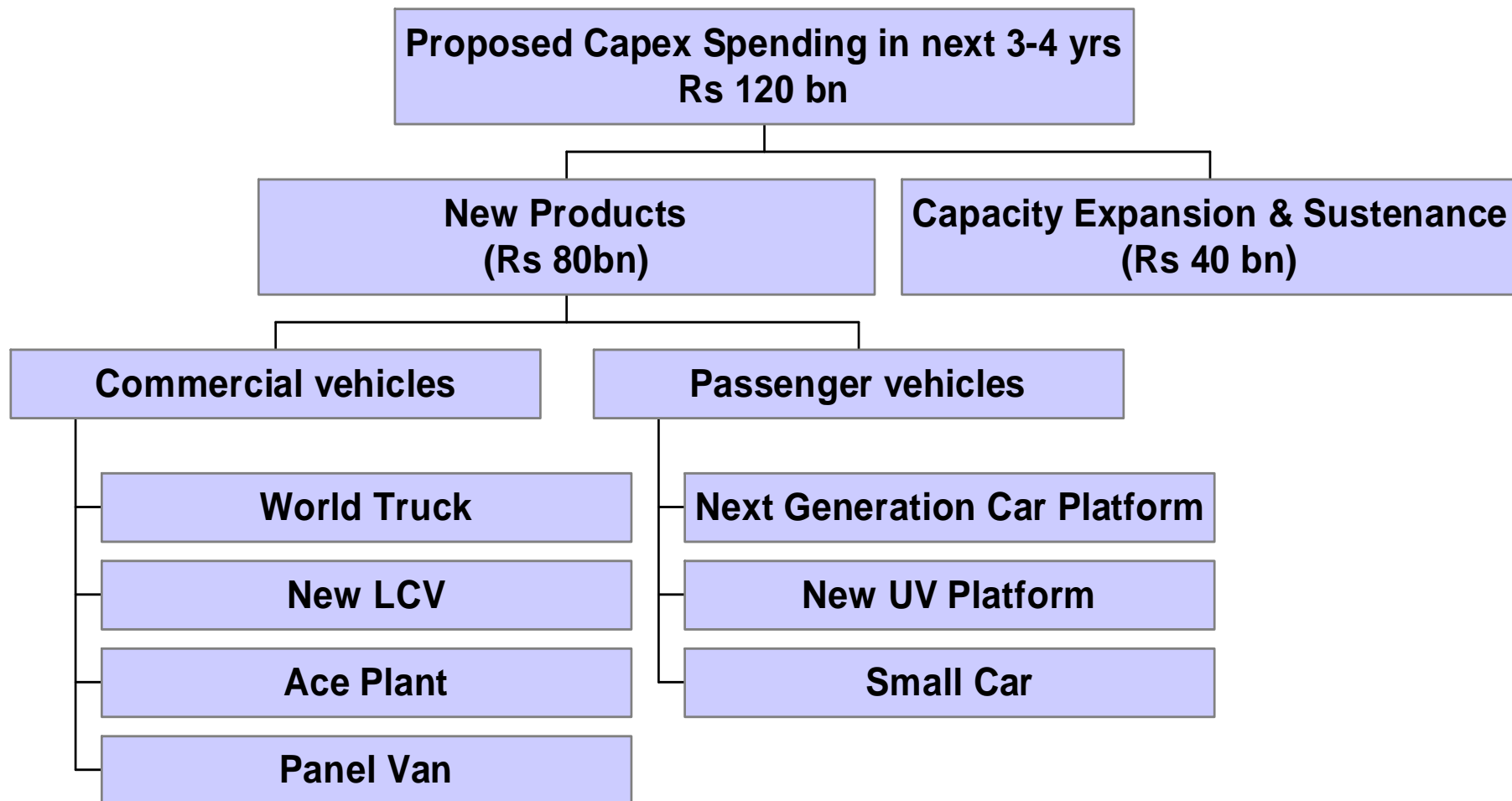
TATA Motors : Well Poised to Exploit Opportunities

- ▶ **Low Cost Product Development capabilities**
- ▶ **Access to Strong R&D**
- ▶ **Access to Technology & New Markets through Strategic Collaborations**
- ▶ **Fully integrated player**
- ▶ **Largest Distribution and Service Network**
- ▶ **Expanding International Business**
- ▶ **Well Diversified Revenue base**

TATA Motors' Strategic Goal



New Product Introduction Plan



*Challenging
Market
Environment for
Auto OEMs*

- ☛ *Growing Customer Awareness*
- ☛ *Increased Competition*
- ☛ *Shorter product life-cycle*
- ☛ *Cost Pressures*
- ☛ *Increasing interest rate scenario*
- ☛ *Tightening Regulations*

Thank You