Tata Motors (NYSE: TTM)
FY08 Review

Snapshot

Standalone Financial s (Audited Indian GAAP) for April- March 2008

	FY08 (Rs mn)	FY07 (Rs mn)	Change %	FY08 ^^ (US$ mn)	FY07 ^ (US$ mn)
Revenue (Net of excise)	287308.2	274700.3	4.6%	7131.71	6070.19
EBITDA	30923.2	33123.7	-6.6%	767.59	731.95
EBITDA %	10.76%	12.06%	(130 bps)	10.76%	12.06%
Profit before Tax	25764.7	25731.8	0.1%	639.54	568.61
Profit after Tax	20289.2	19134.6	6.0%	503.63	422.83
Basic EPS (Non-annualised)	52.64	49.76	5.8%	1.31	1.10

Consolidated Financials (Audited Indian GAAP) for April- March 2008

Rs mn	FY08 (Rs mn)	FY07 (Rs mn)	Change %	FY08 ^^ (US$ mn)	FY07 ^ (US$ mn)
Net Revenue	356514.8	323600.8	10.2%	8849.60	7150.8
EBITDA	44108.5	41147.2	7.2%	1094.88	909.3
EBITDA Margin	12.72%	12.37%	(34 bps)	12.72%	12.37%
PBT	30863.5	30881.4	-0.1%	766.11	682.4
Net Profit	21677.1	21699.9	-0.1%	538.08	479.5
Basic EPS (non-annualised)	56.24	56.43	-0.3%	1.40	1.20

(^^) Average Conversion Rate for April- Mar'08 : 1US$ = Rs.40.29
(^) Average Conversion Rate for April- Mar'07: 1US$ = Rs.45.25

This document is also available on www.tatamotors.com

TATA MOTORS

Business Review

FY08 Financials (Audited)

- The consolidated revenues (net of excise) at Rs. 356.51 bn posted a growth of 10.2% over Rs. 323.61 bn in the previous year. The Consolidated Profit after tax (PAT) for the year was Rs. 21.67 bn, a marginal decrease over Rs. 21.69 bn in the previous year.
- Tata Motors Standalone Net Revenue increased by 4.6% Y-o-Y to Rs.287.30 bn in FY08 from Rs. 274.70 bn in FY07.
- Sales volumes increased 0.6% in FY08. Details are given in the table below.
- Standalone EBITDA impacted by 6.6% to Rs.30.92 bn in FY08 from Rs 33.12 bn in FY07; EBITDA margin stood at 10.76% in FY08 as compared to 12.06% in the previous financial year.
- Standalone PBT for the full year FY08 was Rs. 25.76 bn up by 0.1% from Rs 25.73 bn in FY07.
- The Company posted PAT of Rs. 20.29 bn in FY08, a 6.0% y-o-y increase compared to Rs.19.13 bn in FY07 on a Standalone basis.

Table 1: Volume Summary

	Apr-Mar'08	Apr-Mar'07	Change
Total CVs	312,935	298,586	4.8%
Total PVs	214,758	226,892	(5.3%)
Total Domestic Sales	**527,693**	**525,478**	**0.4%**
Exports	**54,659**	**53,474**	**2.2%**
Total Volumes	**582,352**	**578,952**	**0.6%**

Note: Excludes Fiat sales volume of 3,297 units in FY08 and 1,328 units in FY08

- In line with our earlier highlights, the volume growth in the domestic market continues to be impacted by :
    - High interest rate regime
    - High base effect
    - Lower industrial growth
- In the period Apr-March'08, Export volumes witnessed a modest growth of over 2% combating currency volatility.
- During the year, Tata Motors bagged a prestigious order from the Delhi Transport Corporation (DTC) for 500 non-AC state-of-the-art low-floor, CNG propelled buses, participating in a global tender floated by DTC.
- Tata Motors introduced its new range of Medium and Heavy Commercial Vehicles in the Auto Expo 2008, which included new concepts such as 49 ton tractor trailer, 49 ton Novus tractor, 31 ton truck with lift-axle.
- In the Commercial Vehicle segment, the company introduced Magic and Winger, which created new segments in urban and rural passenger transportation.
- Tata Motors launched Xenon pickup in Thailand, with the latest 2.2-litre common-rail engine, to an encouraging response.
- During the year, Tata Motors launched Indigo sedan and Indica with the common rail diesel engine (DICOR) and Sumo Grande to an encouraging response.
- The company rolled out the one millionth passenger car off the Indica platform at its Car Plant in Pune, in its ninth year since the commencement of production in January, 1999
- The People's car from Tata Motors – The Tata Nano – was unveiled at the recent Auto expo to rave reviews.
- The Company entered into a definitive agreement with Ford Motor Company for the purchase of Jaguar Land Rover, comprising brands, plants and Intellectual Property Rights. The total amount to be paid by the Company will be approximately US $2.3 billion (approx 9319.6 Crores as of March 31, 2008). The transfer of ownership is expected to close in the near future, subject to applicable regulatory approvals.
- On 2nd Aug, Tata Motors was ranked as the 5th most valuable ''company brand'' in the study conducted by The Economic Times and Brand Finance, an agency which specializes in such evaluations.

Economic Scenario

Key Highlights of Q4 FY08

1. **GDP Growth**

Encouraged by the continuing thrust in investments which grew by 31.6%, the GDP growth in the third quarter of fiscal 2008 came in at 8.4% compared to 9.1% in the same quarter last year. A good kharif season supported growth of 3.2% in agriculture while Industry and services grew at a moderated level of 8.4% and 10.5% respectively. CSO's advance estimates projects the overall GDP at 8.7% in the full year 2008.

While the sequential decline in the GDP growth (9.3% and 8.9% in the first two quarters of the current year) indicates moderation of growth, it is expected that the growth momentum would continue, led by investments. Risk to growth going forward is expected to come from worsening inflation, increasing interest rates and weak global cues.

*Source: CMIE, CSO

2. **Infrastructure Index**

The growth in the infrastructure industries for the period Apr – Feb'08 was subdued with all sectors, except coal , witnessed a lower growth on a y-o-y basis. Crude oil saw the least growth of 0.4% followed by Finished steel (5%), Coal (5.6%), Petroleum products (7.2%) and cement(7.5%) during this period.

3. **Index of Industrial Production**

IIP growth for the period Apr-Mar'08 is 8.1% over the corresponding period of last year. On a sectoral basis, manufacturing showed the largest decline in growth from 12.5% to 8.6% followed by electricity (7.2% to 6.4%) and mining (5.4% to 5%). A look at the use-based data indicates that while capital goods have shown a robust growth at 16.5%, consumer goods decelerated mainly due to decline of 1% in consumer durables.

Table 2: IIP

	Categories	Apr-Mar'08	Apr-Mar'07	Growth (%)
IIP	General	267.2	247.1	8.1%
Sectoral	Mining	171.3	163.2	5.0%
	Mfg.	286.2	263.5	8.6%
	Electricity	217.7	204.7	6.4%
Use-based	Basic	223.8	209.3	6.9%
	Capital	366.2	314.2	16.5%
	Intermediate	263.5	242.4	8.7%
	Consumer	292.7	276.8	5.7%
	- Consumer Durables	378.0	382.0	(1.0%)
	- Consumer Non-Durables	273.1	252.6	8.1%

Source: CSO

4. **Inflation**

The headline inflation, which declined from 6.4% at the beginning of the fiscal year to a low of 3.1% on October 13, 2007, has seen significant increase in the later half of fiscal year 2008. For the week ended may 10th, the headline inflation had moved to 7.82%,largely due to the rising global food and oil prices. This has instigated government to take stringent measures such as restricting exports of select products, lowering of excise duties and dissuading domestic manufacturers such as steel and cement companies from undertaking price increases.

Prices of key raw materials used in the auto industry have also increased significantly. This is exerting pressure on the input costs of the auto manufacturers.

5. **Interest rates**

In response to the high inflation, RBI increased the Cash Reserve Ratio (CRR) by 50 bps to 8% before the scheduled policy meeting and further by 25 bps at the policy meeting on April 29th 2008. With high global commodity prices and ample liquidity in the system indicating significant risk to inflation, it may be expected that RBI will continue to take stringent steps to check the inflationary pressures in the economy. Any move to increase the interest rate would further impact industrial growth and investment momentum in the economy.

6. Freight Rates

The benchmark freight rate index registered a moderate 1.1% y-o-y increase over the last one year while the diesel price index has increased by 3.2% over the same period. The financing costs also increased during the year, putting up moderate pressure on the truck operators' profitability position.

The Government raised the prices of most widely used automotive fuel products, petrol and diesel, by Rs 2 per litre and Re 1 per litre respectively on February 14, 2008. Since then the global oil prices have moved up significantly crossing $135 per barrel, hence further fuel price hike cannot be ruled out, despite ongoing inflationary pressures on the economy.

7. National Highway Development Project (NHDP)

With substantial portion of the GQ having been completed and a significant portion of the NSEW corridor under implementation, the focus is now moved to Phase IIIA and Phase V.

Table 3: Status of the NHDP as at April 2008

	Total Length (in Kms)	Completed	Under Implementation	Balance to be Awarded
GQ	5,846	97%	3%	0%
NS-EW	7,300	30%	56%	13%
Port Connectivity & others	380	46%	52%	1.6%
Phase III	12,109	4%	14%	83%
Phase V	6,500	-	16%	84%
Total	33,097	27%	23%	49%

(Source: NHAI, *CrisInfac)

In the Union Budget 2008-2009, Allocation for NHDP enhanced to Rs.12,966 crore in 2008-09 from Rs.10,867 crore in 2007-08.

8. Railways

The freight earnings of Indian Railways increased 13.86% and freight traffic increased 8.98% to Rs. 47,559 cr and 794.21 million tonnes respectively in FY08. For FY09, the Railways have set the target at 850 million tonnes of freight in 2008-09. The Indian Railways also indicated that the work on Eastern freight corridor from Ludhiana to Dankuni (Kolkata) and Western freight corridor from Delhi to JNPT will start in 2008-09. The Road Transport still dominates the freight transport in the economy and accounts for approximately 70% of the freight transport.

Outlook

- The Central Bank has projected an overall real GDP growth rate for 2008-09 in the range of 8.0-8.5% in its Credit Policy Statement for 2008-09
- The IMF in its World Economic Outlook (April '08) has moderated 2008 GDP growth forecast to 7.9% from its earlier forecast of 8.4%, citing financial market turmoil in US. For 2009, IMF has forecasted a real GDP growth rate of 8.0%.
- The continued uncertainty of oil and other commodity prices pose threat to stability of inflation.
- The central bank continues to place greater emphasis on price stability and well-anchored inflation expectations while ensuring a monetary and interest rate environment that supports growth momentum (Crisil)
- Despite recent moderation in the IIP growth, robust growth performance of the Capital Goods segment provides some optimism regarding the future prospects of industrial growth. The recent depreciation of Rupee against major global currencies may also provide an incentive to Exports, affected to some extent due to sharp appreciation in the previous year.
- The prices of commodities such as steel are expected to continue exerting pressure on the input cost. While there are several challenges in the near term, continued thrust on infrastructure and economic activity imply positive outlook over the medium term.

Commercial Vehicle Segment

Highlights

- CV domestic sales volumes grew by 4.7% y-o-y; sold 312,935 units in FY08 against 298,586 units sold in FY07
- CV market share stood at 62.7% for the year FY08 ;

Company Performance in Domestic CV Segment

Table 4: CV Domestic Sales Volumes

	FY08	FY07	Change
M/HCVs	165,249	172,842	-4.4%
LCVs*	147,686	125,744	17.4%
Total CVs	312,935	298,586	4.7%

Table 5: CV Market Shares

	FY08	FY07
M/HCVs	61.3%	62.9%
LCVs*	64.3%	65.4%
Total CVs	62.7%	64.0%

Source : SIAM
* includes Ace Magic & Winger

- The commercial vehicle industry has witnessed significant deceleration of growth this year compared to last fiscal due to both macro-economic and structural factors. CV industry registered a volume growth of 6.9% in FY08 mainly driven by passenger carriers (including new products such as Ace Magic and Winger) and mini trucks. Overall market size during 2007-08 is the second highest ever – next only to 2006-07.

- Among various segments of truck market, the HCV segment has recorded the highest decline, followed closely by MCV truck segment while the industry sales in ICV segment have risen marginally and those in the tipper segment have recorded a healthy growth of about 18%. Tata Motors consolidated its market position in the HCV truck segment with a gain of 80 bps to 64.4% while ICV truck segment saw a marginal loss of 20 bps and MCV market share witnessed decline to 75.4% from 76.9%.

- The MHCV bus market has recorded a robust market growth in 2007-08, and industry sales during the year are by far the highest ever. Growth has been strong in both the STU and private operator categories with the sales in both being the highest ever for any year in a historical perspective. Tata Motors' market share while lower than 2006-07 on a cumulative basis, was gradually strengthened in H2, following the launch of a 9 ton bus and removal of availability constraints of the MCV bus segment, as also depletion of the bunched up orders of competition.

- The LCV passenger carrier segment growth was particularly aided by 2 new products - Ace Magic and Tata Winger - that enabled to address the hitherto untapped segments. The full potential of the two products is expected to be realized following the Pan-India penetration in the following year.

- The LCV truck segment also witnessed a healthy growth of 11.7% over last fiscal year driven solely by the mini truck segment which accounts for more than half the segment. The Tata Ace sold about 90,000 units in FY08 and had a strong market share of 90% against competitive launches from Piaggio and Force motors.

- Prevailing market conditions – overall macro-environment and measures to control inflation – do not augur well for commercial vehicle market in the near term, as they have the potential of slowing down growth in industrial sector, while the infrastructure growth would impact the demand positively. Going forward the shift in relative market size of medium & heavy trucks would depend on comparative increase in diesel price and interest rates.

- To cater to the emerging requirements of sector such as mining, construction, logistics, road-works and many more Tata Motors introduced a new range of Medium and Heavy commercial vehicles in Dec'07 which includes multi-axle trucks, heavy-duty trucks, tractor- trailers and tippers and fully-built solutions like tip-trailers, load bodies, etc

Passenger Vehicle Segment

Highlights

- The company crossed 1.4 million passenger vehicle cumulative sales during Fiscal 2008
- Domestic PV sales declined 5.3% y-o-y during FY08, owing to a mature product portfolio.
- Market share for FY08 was 14%; a decline of 240 bps from FY07.
- Indica continues to be second highest selling brand for the year in Indian passenger car industry and the Indigo family continues to be highest selling brand in entry mid size segment for the year.
- Fiat vehicles distributed by Tata Motors in FY08 was 3,297; up 148% from 1,328 units in FY07

Company Performance in Domestic PV Segment

Table 7: PV Domestic Sales Volumes

	FY08	FY07	Change
Indica	135,642	144,690	-6.3%
Indigo family	31,416	34,317	-8.5%
Sumo/Safari	47,740	47,917	-0.4%
Total PV	214,798	226,924	-5.3%

(Does not include Fiat cars)

Table 8: PV Market Shares

	FY08	FY07
Small Car	14.6%	17.4%
Entry-level Mid-size Car	32.4%	39.0%
UV	19.8%	21.8%
Total PV	14.0%	16.4%

Source: SIAM/Company data

- The industry grew by 11.2% during the period FY08 primarily driven by New Product launches. The growth was lower than the 20% growth witnessed in FY07 primarily due to high interest rate environment and lower consumer confidence. Without these new products, the industry would have seen a decline of 4.4%
- In the wake of a challenging market environment and a mature product portfolio in comparison to competition, the Company's efforts have been to maintain the sales levels. Towards this end several new product variants were launched throughout the year.
- The month of February'08 saw reduction in Excise Duty for small cars with various OEMs announcing price reductions across various models to prop up flagging demand. The Indica and the Indigo CS benefited from excise duty cuts, in the Company's car portfolio.
- The Small car segment, which till last fiscal comprised of primarily eight models, has seen several new model entries this fiscal while about half of the existing models of the last fiscal have seen major product interventions. Indica being in the mature phase of its life cycle and market expectation of launch of New Indica, sales for FY08 dropped to 1,35,642 nos. vis-à-vis 1,44,690 nos. for FY07. [y-o-y at -6.3. Even so Indica held its position at the second best seller in the industry behind a relatively low priced competitive product.
- In the Entry mid-size category, the Indigo has gained market share in H2 sequentially compared to H1FY08 against a new competitive product and remained the leader in its segment in the sixth year of launch. The Indigo CS, world's first sub 4 meter version (on a lower price range owing to benefit of lower excise duty as a small car) has been received well in the market and is aiding market share increase.
- Outstanding Customer acceptability of the new improved Safari launched in Oct'07, enabled the brand to achieve the highest ever sales of 19078 nos.
- The supplies of the new Sumo Grande, are being stepped up to meet the demand in line with the encouraging response.

- The company rolled out the one millionth passenger car off the Indica platform at its Car Plant in Pune, in its ninth year since the commencement of production in January, 1999

- Tata Motors unveiled the much awaited Tata Nano at the Autoexpo and later at the Geneva Motor show to an exciting reaction. The construction activity of the plant for Tata Nano at Singur, West Bengal in India is accelerated to meet the scheduled commercial launch in later in 2008.

- Fiat volumes saw a growth of over 148% on a y-o-y basis with sale of 3,297 units in FY08. The new Palio Stile with the new 1.3 multi jet diesel engine was launched in March'08 and aid further volume growth.

MARKETING AWARDS

- Tata Motors was chosen as India's Most Trusted Brand in cars for the second consecutive year, in a Readers Digest/AC Neilsen consumer survey.

- The Sumo and the Indica were once again adjudged among the ''Most Trusted Brands'' of India in the annual ''Most Trusted Brands'' survey conducted by ''Brand Equity'', the marketing and advertising supplement of ''The Economic Times''.

International Business

Table 6: Exports Volumes

Business Unit	**FY08**	**FY07**	**Change**
Commercial Vehicles	39,850	35,652	11.8%
Passenger Vehicles	14,809	17,822	-16.9%
Total Exports	54,659	53,474	2.2%

- Export volumes from India witnessed moderation largely on account of currency volatility.
- Additionally exports to South Africa were impacted during the year due to the adverse impact of the macro economic factors in that market. Even so, South Africa remains the largest export market for Tata Motors with about 14.5% share of the total exports.
- Company' focused efforts has enabled growth in other key markets such as SAARC, West Africa and Russia.
- Consolidating presence in select markets through focused initiatives
    - Largest Player in 8 ton segment in South Africa
    - Largest Player in SCV segment in Sri Lanka
    - Consolidated market presence to become top 2 player in the Ukraine light bus market
    - 2nd largest player in the 2-4 ton payload segment in South Africa
- Revenues from international business formed around 18% of the consolidated revenues of the company during April – March'08.
- The recent depreciation of Rupee against major global currencies may also provide an incentive to Exports, affected to some extent due to sharp appreciation in the previous year.

Finance

- On the back of a nominal 0.6% volume growth, the company registered 4.6% growth in net revenue to Rs.287.31 bn during fiscal 2008.

- EBIDTA which came in at Rs.30.92 mn suffered mainly on account of cost pressures and higher marketing support. The EBITDA margin came in at 10.76%.

- The pressure on account of rising input cost is evident from the raw material cost as percentage of net revenues of the Company which increased to 70.4% in fiscal 2008 compared to 69.3% in the previous year.

- Following the commercialization of some of the new products and commissioning of new capacities during the fiscal, depreciation saw an increase of about 11% compared to fiscal 2007.

- Despite increase in interest rates in the economy and significantly higher capital expenditure, the Company has retained its net interest to net revenue ratio at 1% for period ending Apr-Mar'08 largely on account of reduced vehicle financing portfolio, better working capital management and interest earnings/capitalization.

- The Company registered a forex gain of Rs 1376.1 mn during FY08 on account of revaluation of foreign currency borrowings, deposits & loans given as against a gain of Rs.652.1 mn in FY07.

- In line with the Management's guidance to unlock value in major subsidiaries at appropriate time, 15% holding in the 100% subsidiaries HVAL and HVTL was sold by the Company during the current year bringing the ownership to 85%. Profit on the sale was Rs.1387.5 Mn.

- As on 31st March 2008 the total number of outstanding shares of Tata Motors stood at 385.54 mn (Face value Rs.10).

- The Company had an investible surplus of around Rs. 21.79 bn as on 31st March 2008.

- The Gross total debt (inc. FCCNs) stood Rs 62.8 bn as on 31st Mar'08 as compared to Rs.69.65 bn as on 31th Dec'07. The Company's Net Debt (Net of the surplus investible funds) stood at Rs 41 bn as at year ended Mar'08 as against 35.25 bn as on 31st December'07. The Company's net debt to equity ratio stood at 0.48: 1.

- Upto Mar 31st, 2008, 99.94% of the 1% convertible Notes(due 2008) and 95.59% of the Zero coupon Convertible Notes (due 2009) have been converted into Ordinary Shares. There have been no conversions of the other FCCNs issued by the Company.

- Receivables and loans on account of vehicle financing business on the Tata Motors' Balance Sheet was Rs 24.37 Bn as on Mar 31st 2008 compared to Rs 42.93 bn as on 31st March 2007 .

- To support the growing vehicle financing business at TMFL, the 100% subsidiary of Tata Motors, additional equity of Rs 6 Bn has been invested during fiscal 2008.

- An equity investment of Rs.6.02 bn has been made in the JV with Fiat while investment in the JVs with Marcopolo and Thonburi stand at Rs.306 mn and Rs.454.7 mn respectively.

- The board of directors have recommended a dividend of 150% for fiscal 2008 which is Rs.15 per equity share.

- The following table shows the days of sales of inventory and receivables of the company.

  Table 7: Current Assets

No. of Days	Mar'08	Dec'07	Sep'07	Mar'07
Inventory	22	30	32	29
Receivables (non-HP)	11	11	10	9

- The Company has incurred capital expenditure of around Rs 48.3 bn till 31st Mar'08.

- The board of the Company has approved to raise an amount of about Rs 72 bn through 3 simultaneous but unlinked Rights Issues of the following securities:
  1. A Rights Issue of Equity shares upto Rs 22 bn
  2. A Rights Issue of ' A' Equity Shares carrying differential voting rights (1 vote for every 10 'A' Equity Shares) upto Rs.2,000 crores;

3. A Rights Issue of 5-year 0.5% Convertible Preference Shares (CCPs) upto Rs.3000 crores, optionally convertible into 'A' Equity Shares after 3 years but before 5 years from the date of allotment.
   The price and terms of the Issues are to be decided in due course

In addition to the above Issues about USD 500/600 million is proposed to be raised through an appropriate Issue of securities in the foreign markets. The terms of the Issue are to be decided in due course.

It is estimated that the above Issues would increase the Equity Capital by about 30 to 35% in FY09; also in the event of CCP's conversion between 2011-2013 an additional 12% increase in Equity capital is estimated.

The above funds are expected to be mainly used to refinance the Bridge loan availed for Jaguar Land Rover acquisition.

Performance of Key subsidiaries

Table 8: Key Subsidiary Financials

Subsidiary	Turnover (Rs mn)		Change (%)	PBT (Rs mn)		Change (%)	PAT (Rs mn)		Change (%)
	Apr-Mar'08	Apr-Mar'07		Apr-Mar'08	Apr-Mar'07		Apr-Mar'08	Apr-Mar'07	
Tata Daewoo CV Ltd., Korea (TDCV) #	30752.1	23336.1	31.8%	2194.9	1132.7	93.8%	1584.8	829.6	91.0%
Telco Construction Equipment Co. Ltd (Telcon)	27179.9	18141.6	49.8%	4909.4	2804	75.1%	3236.2	1838.6	76.0%
Tata Technologies Ltd consolidated (TTL)	11002.5	9573.9	14.9%	513.7	246.6	108.3%	299.9	162.8	84.2%
HV Transmissions Ltd (HVTL)	1922.9	1755.9	9.5%	724.6	735.8	-1.5%	474.4	449.6	5.5%
HV Axles Ltd (HVAL)	2032.4	1966.7	3.3%	861.5	963.2	-10.6%	634.1	579.0	9.4%
Tata Motors Finance Limited (TMFL)	8369.4	1600.3**	423.0%	502.6	201.1**	149.9%	447.7	127.9**	250.0%

Indian GAAP
** Data for period June – December'06

Operational Highlights of Key Subsidiaries

Tata Daewoo

- TDCV registered total sales volume of 11,899 units during April - Mar'08 against 8,588 units during April – Mar'07, up 38.6% y-o-y.
- While advancement of purchase due to change in emission effective Jan'08 provided support for industry growth, TDCV through its aggressive sales efforts and success of the Novus medium duty truck witnessed growth significantly higher than the industry thereby improving market share in the MHCVs by 740 bps (from 26.1% in FY07 to 33.5% in FY08)
- The capacity utilization increased to 59.1% in FY08 compared to 42.7% in FY07
- Operating margins are expected to be under pressure due to the recent steep increases witnessed in global commodity prices of major inputs such as steel, rubber etc. Cost reduction efforts have been planned to minimize the impact.

Tata Technologies Ltd

- America remains the largest geographical segment with over 50% share of revenue, followed by Asia Pacific and Europe.
- INCAT acquisition has provided traction to gain access to various international clients for both onsite business and opportunity to offshore.
- Major new offshore projects started in Q4; better utilization of resources expected going ahead.
- Diversified clientele base is indicated by the fact that the top customer constitutes only 15% of business, while top 10 customers constitute less than half of total revenue. This diversification provides protection in the event of a slowdown.
- The organization has an employee strength of over 3,800 persons.

TATA

TELCON

- Telcon currently ranks among the top 40 Global Construction Equipment OEMs at the 38th position. It was at the 47th position last year.
- Telcon volume sales registered 44% growth; from 5,360 units in FY07 to 7,698 units in FY08.
- Telcon continues to be the market leader in excavator segment with a share of 53%. Market share in wheel loaders and backhoe loaders improved from 10% to 11.5%.
- Several new products were launched by Telcon during the year such as Hitachi's ZAXIS 50U, a 5 Tonne Mini Excavator which is India's first zero tail swing Excavator, Hitachi ZW 220 Wheel Loader, which has many path breaking features that are set to redefine customer expectations from wheel loaders.
- TELCON is setting up a new State-of-the-Art Manufacturing Facility, Research and Development Centre and a Training School at Kharagpur in India .
- TELCON acquires 2 Spanish companies to strengthen its product offerings
  - Acquisition of 79% controlling stake in SERVIPLEM S.A, an European Construction Equipment Company based in Zaragoza, Spain. SERVIPLEM ranks amongst global top six in transit mixers, dry bulk tankers and pumps. Acquisition provides TELCON opportunity to enter the concrete value chain and play in two important growth economies – India and China.
  - Acquisition of 60% controlling stake in COMOPLESA LEBRERO S.A., an European Construction Equipment Company based in Zaragoza, Spain. This acquisition will give Telcon access to Compaction Equipment technology. TELCON, HITACHI and LEBRERO will work together to identify opportunities and leverage their presence in the global market.

HVAL & HVTL

- During the year, IPRs were transferred by Tata Motors to the two companies to enable development of business capabilities
- In line with Management's guidance to unlock value in some of the major subsidiaries at appropriate time, 15% stake in each of the two companies was sold during the quarter.
- Technological capabilities under development to meet the New Platform requirements of Tata Motors

Vehicle Financing

- Tata Motors undertakes its Vehicle Financing business through its 100% subsidiary TMFL and TML (Vehicle Financing), under the common brand Tata Motor Finance (TMF).
- During the year, the construction equipment portfolio of TMF was sold to Tata Capital, a new Financial Services company formed by the Tata Group. It is intended that TMF would hence forth focus on Tata Motors products.
- The vehicle financing disbursal of the on-going business during the fiscal is Rs 93.9 bn. The book size of the vehicle financing entity was 87.21 Bn as on March 31st, 2008 of which about Rs.25.87 Bn was on Tata Motors' balance sheet while the rest is based on the subsidiary TMFL's books.
- TMF increased its market share in Tata Motors vehicles from 31.4% in Apr-Mar'07 to 33.6% in Apr-Mar'08.
- Till date an equity investment of Rs.1.15 bn has been made by Tata Motors in the subsidiary.
- With the formation of Tata Capital, which is also exploring to conduct the vehicle financing business, 3 tier financing support available to Tata Motors' products going forward: Tata Motors, TMFL (100% held NBFC of Tata Motors) and Tata Capital.

Shareholding Pattern

Table 9 : Shareholding Pattern as on March 31, 2008

	%
Tata Companies	33.42%
Daimler Chrysler	6.64%
Indian Financial Institutions / MFs / Banks	15.97%
ADR/GDR Holders / Foreign holders–DR status	12.72%
Foreign Institutional Investors	16.96%
Others	14.08%
Total	100.00%

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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.