Tata Motors (NYSE: TTM)
2Q FY07 Review

Snapshot

Standalone 2Q FY07 Financials (Indian GAAP)

	2Q FY07 (Rs mn)	2Q FY06 (Rs mn)	Change %	2Q FY07** (US$ mn)	2Q FY06 * (US$ mn)
Revenue (Net of excise)	65,718	47,813	37%	1416	1094
EBITDA	7,583	5,750	32%	163	132
EBITDA %	11.54%	12.05%	-51bps	11.54%	12.05%
Extra-ordinary Items	-2	-	n.m.	-0.04	-0.2
Profit before Tax	5,864	4,540	29%	126	104
Profit after Tax	4417.2	3379	31%	95	77
Basic EPS (Non-annualised)	Rs.11.48	Rs.8.98	28%	US$ 0.25	US$0.20

(**) Avg Rate of exchange for July – Sept'06: 1US$ = Rs. 46.41

(*) Avg Rate of exchange for July – Sept'05: 1US$ = Rs. 43.71

Standalone1H FY07 Financials (Indian GAAP)

	1H FY07 (Rs mn)	1H FY06 (Rs mn)	Change %	1H FY07 ** (US$ mn)	1H FY06 * (US$ mn)
Revenue (Net of excise)	123,552	86,449	43%	2690	1979
EBITDA	13,950	10,638	31%	304	244
EBITDA %	11.29%	12.23%	-94bps	11.29%	12.23%
Extra-ordinary Items	-6	-	n.m.	-0.12	-0.5
Profit before Tax	10,846	8,140	33%	236	186
Profit after Tax	8235.7	6105	35%	179	140
Basic EPS (Non-annualised)	Rs.21.46	Rs 16.23	32%	US$ 0.47	US$0.37

(**) Avg Rate of exchange for April - Sept 30'06: 1US$ = Rs. 45.93

(*) Avg Rate of exchange for April – Sept'05: 1US$ = Rs. 43.68

Consolidated 2Q and 1H FY07 Financials (Audited)

Rs million	2Q FY07	2Q FY06	% change	1H FY07	1HFY06	% change
Net Revenue	77,027	54,289	42%	144,736	99069	46%
EBITDA	9,222	6,806	35%	16,962	12387	37%
EBITDA Margin	11.97%	12.54%	-56 bps	11.72%	12.5%	-78 bps
Other Income	951	593	60%	1,124	695	62%
Net Interest	1,009	495	104%	1,793	1,033	74%
Dep. & Amortisation	1693	1489.6	14%	3,348	2,971	13%
Prod. Dev. Exp.	175.2	58.1	202%	278.4	131.7	111%
PBT	7293.2	5355.7	36%	12,658.7	8,946.6	41%
Net Profit	5364.4	3933.1	36%	9,181.1	6,548.2	40%
Basic EPS (Rs) (Non Annualised)	14.0	10.5	33%	23.9	17.4	37%

This document is also available on www.tatamotors.com

Business Review

Unconsolidated 2Q FY07 Financials (Audited)

- Tata Motors Net Revenue increased by 42.0% Y-o-Y from Rs 47.8 bn in 2QFY06 to Rs. 65.7 bn in 2QFY07.
- 30% growth in sales volumes during 2QFY07. Details are given in the table below.
- EBITDA up 32% to Rs. 7.6 bn from Rs. 5.8 bn; EBITDA margins at 11.54% compared to 12.05% in the corresponding quarter.
- The operating margin during the quarter declined because of continued pressures on the input cost, partially offset by the on-going cost reduction program, price increase and volume growth.
- PBT for the quarter was Rs 5.9 bn, up 29% Y-o-Y from Rs. 4.5 bn.
- The Company posted a PAT of Rs 4.4 bn in 2Q FY07, a 31% increase compared to Rs 3.4 bn in 2Q FY06.
- As on 30th September, 2006, the share capital of the Company stood at 3.85 bn compared to Rs. 3.83 bn as on 30th June, 2006. This is on account of redemption of FCCNs during the second quarter of this fiscal.

Table 1: Volume Summary

	2Q FY06	2Q FY07	Change	1H FY06	1H FY07	Change
Commercial Vehs (Dom)	50,115	70,811	41%	87,343	133,891	53%
Passenger Vehs (Dom)**	42,957	54,386	26%	84,148	104,293	24%
Total Domestic Sales	**93,072**	**125,195**	**34%**	**171,491**	**238,184**	**39%**
Exports	13,994	14,063	1%	23,067	27,224	18%
Total Volumes	**107,066**	**139,258**	**30%**	**194,558**	**265,408**	**36%**

** *Does not include sale of FIAT vehicles*

- Domestic sales of both commercial vehicles and passenger vehicles have significantly contributed to growth of 30% in volumes during 2Q FY07. While both cars and Utility vehicles posted robust growth, in the commercial vehicle category growth has been largely driven by Heavy trucks and the small commercial vehicle. Overall growth for the Half-year 2007 is at a robust 36%.
- During the quarter Tata Motors launched the new face lifted Indigo and Indigo Marina range with many premium features. Both the sedan and estate versions of the Indigo range became best sellers soon after their launch in 2002 and 2004 respectively and have remained in a leadership position in their segments ever since. The quarter also witnessed the launch of the Bharat Stage III compliant CNG versions of the Indica and the Indigo Marina, which is available as an after market fitment.
- Tata Motors and Fiat Group have announced the signing of a Memorandum of Understanding to establish an industrial joint-venture in India to manufacture passenger vehicles, engines and transmissions for the Indian and overseas markets. Both Fiat and Tata vehicles are expected to be manufactured in the same industrial facility.

Economic Scenario

Key Highlights of 2Q FY07

1. GDP Growth

As per the latest released estimates of the CSO, GDP of the country grew by 8.9% during April-June 2006 compared to the same period in the previous year. Growth of Industry and Services sectors at 9.7% and 10.6% respectively continue to overshadow the agriculture sector which recorded a growth of 3.4% during the first quarter of fiscal 2007.

2. Infrastructure Index

The first 5 months of this fiscal year witnessed a 6.7% growth in the infrastructure index as against a growth of 6.1% in April – Aug 2005. All the sectors witnessed positive growth, with petroleum refinery product and crude petroleum sectors indicating significant change in trend with growth of 12.1% and 3.1% as against the decline of -1.8% and -4.5% respectively in this period last year. Coal and Electricity have maintained their growth levels at 6.3% and 5.7% while growth in cement and finished steel sectors at 9% and 7% are below last year's levels.

3. Index of Industrial Production

The cumulative growth in the IIP for the period April-August 2006 stands at 10.6% over the corresponding period of the pervious year. While manufacturing sector, with a growth of 11.8%,led the growth on a sectoral basis, use - based classification data indicates that capital goods and consumer goods categories registered the highest growth in the first five months of this fiscal.

Table 2: IIP

	Categories	Apr-Aug'06	Apr-Aug'05	Growth (%)
IIP	General	232.8	210.5	10.6%
Sectoral	Mining	152.9	148.3	3.1%
	Mfg.	247.5	221.3	11.8%
	Electricity	200.9	190.1	5.7%
Use-based	Basic	197.7	182.5	8.3%
	Capital	273.9	231	18.6%
	Intermediate	236.7	216.2	9.5%
	Consumer	259.9	233.5	11.3%
	- Consumer Durables	372.3	319.4	16.6%
	- Consumer Non-Durables	234	213.7	9.5%

Source: CSO

4. Inflation

During the period July – September 2006, the average inflation in the country was 4.8% and the average WPI index during April- September, 2006 grew 4.7%.

5. Interest rates

Despite central bank's increase of the repo and the reverse repo rates by 25 bps each during the quarter with a view to cool the economy and check inflation, the surging credit demand and low deposit rates has resulted in about 50 bps increase in yields of the banking sector.

Sustained growth in credit demand and trends in international interest rates would persist to provide the force for a possible upward movement in interest rates in the country.

6. Freight Rates

As on 30th September, 2006, the benchmark freight rate index showed an increase of 18.9% over the last 12 months reflecting the continued freight demand in the economy and the resultant ability of the truck operators to pass on the costs to the consumers. The buoyant freight rates have also been impacted by continuing implementation of the Supreme Court's ban on overloading. However the diesel price index as on 30th September 2005 was up by only by 6% Y-o-Y.

7. National Highway Development Project (NHDP)

As of 30th September'06 25% of the targeted road length was completed. In addition, work has commenced on NHDP Phase V project, which includes road length of 6500 kms.

Table 3: Status of the NHDP as on August 31, 2006

	Total Length (in Kms)	Planned date of completion	Completed	Under Implementation	Balance to be Awarded
GQ	5,846	Dec-06	93%	7%	0%
NS-EW	7,300	Dec-07	12%	69%	19%
Port Connectivity & others	1,325	Dec-07	30%	67%	3%
Phase IIIA	5,498	Dec-09	1%	19%	80%
Phase V	6,500	Dec-12	-	2%	98%
Total	26,469		25%	29%	46%

(Source: NHAI)

8. Railways

Indian Railways have carried 344.57 million tonnes of freight during April - Sep 2006, an increase of 9.9% over 313.49 mt carried during the corresponding period last year.

Foundation stones have been laid for two corridors under the freight corridor project that is purported to connect the four metros -- Delhi, Mumbai, Kolkata and Chennai as also their diagonals – that is expected to increase speed of goods trains and create capacities to meet the expected demand.

The railway minister has invited the private sector to invest and participate in non-core activities of Indian Railways and a High Level Committee has been set up to oversee effective and quick implementation of PPP projects in identified areas.

Outlook

- The buoyant domestic growth and increased raw material costs will continue to maintain an upward pressure on inflation. The average inflation for the year is expected to remain at 5-5.5 per cent as per the RBI.

- Overall commodity prices are expected to remain high due to continued demand – supply gap. Despite increased capacity in China, healthy demand for steel for automobile, consumer durables and other segments is expected to restrain further decline in steel prices.

- Infrastructure development and growth in Industrial production are likely to be the key drivers for Commercial Vehicle demand in the country. However growth rate is expected to be moderate in the second-half of the fiscal year due the base-effect.

- Increasing choice for the customer and easy availability of financing would serve as significant driver of passenger vehicle growth.

- The direction of crude oil price warrants a close watch following OPEC's declaration of production cut and the effect of hurricane over the Gulf of Mexico among other factors.

- Initiatives of Indian Railways to boost the freight transport expected to have a marginal impact on freight transport by road.

Commercial Vehicles

- Company’s CV domestic sales volumes of 70,811 units as compared to 50,117 units : y-o-y growth of 41% in 2Q FY07
- CV market share stands at 64.5% for the quarter

CV Domestic Business

Table 4: CV Domestic Sales Volumes

	2Q FY07	2Q FY06	Change	1H FY07	1H FY06	Change
M/HCVs	40,387	29,053	39%	76,950	52,046	48%
LCVs	30,422	21,064	44%	56,941	35,299	61%
Total CVs	**70,809**	**50,117**	**41%**	**133,891**	**87,345**	**53%**

Table 5: CV Market Shares

	2Q FY07	2Q FY06	1H FY07	1H FY06
M/HCVs	61.9%	61.0%	63.2%	59.5%
LCVs	67.3%	59.4%	68.0%	56.0%
Total CVs	**64.5%**	**60.3%**	**65.2%**	**58.0%**

- During the 2nd quarter of Fiscal 2007, the CV industry volumes grew by 38% Y-o-Y reflecting the continuing buoyancy in the truck market largely supported by the ongoing implementation of the overloading restriction and infrastructure projects. The growth was driven by both M/HCV and the LCV categories which grew 37% and 33% Y-o-Y respectively.

- Highest growth in the industry was seen in the HCV goods carrier (87%) and pickup (67%) categories while the M/HCV passenger carriers (-6%) and LCV goods carrier – excluding pickups (-10%) posted decline in volumes during the quarter.

- With an above industry growth of 39%, TATA Motors increased its market share to 62% in the M/HCV category during the quarter. The Company’s market share in the category for 1H F07 stands at 63% - about 350 bps higher than the market share in the same period last year.

- Although the MCV goods carrier volumes of the company saw a decline of 2% during the quarter, the above industry growth in all other M/HCV segments drove the Company’s overall growth while also increasing the market share in each of those categories. Thus the Company continued to be the market leader in all the categories of M/HCV truck segment in 2QFY07.

- Continued enthusiastic customer response to the Tata Ace has enabled the volumes in the pick-up segment of Tata Motors to increase 136% y-o-y during 2QFY06. The capacity having increased to 60,000 units for ace, an average number of 5,800 Tata Ace vehicles were sold during the quarter. The Company remains the market leader in the LCV category with a market share of 67% during 2QFY07.

Passenger Vehicles

- Domestic Passenger Vehicle sales grew 27% with volume of 54,386 units during the quarter compared to 42,957 units in the corresponding period in the previous year.
- 2Q FY06 PV market share at 16.3% - up from 15.6% of the corresponding period last year.

PV Domestic Business

The Company retains its #2 position in the domestic PV market.

Table 7: PV Domestic Sales Volumes

	2Q FY07	2Q FY06	Change	1H FY07	1H FY06	Change
Compact	34,555	25,090	38%	67,728	50,090	35%
Entry-level Mid-size	8,327	9,621	-13%	16,643	18,468	-10%
UV	11,504	8,247	40%	19,922	15,590	28%
Total PV	**54,386**	**42,958**	**27%**	**104,293**	**84,148**	**24%**

Table 8: PV Market Shares

	2Q FY07	2Q FY06	1H FY07	1H FY06
Compact	19.5%	18.2%	19.7%	18.9%
Entry-level Mid-size	37.4%	30.5%	34.9%	30.4%
UV	21.7%	18.3%	19.8%	17.5%
Total PV	16.3%	15.8%	16.3%	15.6%

- The Total passenger vehicle industry grew by about 21% largely driven by growth in the Compact car (28%), Multi-utility vehicles(18%) and the Executive car segments (49%) in July-Sep '06.

- TATA Motors' Passenger Vehicle sales registered a growth of 27% in 2QFY07. Average Monthly sales volumes of the Company's Compact car increased from about 8300 units to around 11500 during the quarter while Utility Vehicle segment increased by about 40%.

- The Entry mid-size segment has witnessed a YTD decline of over -21% largely due to increased choices to consumers in the adjacent car segments. However TATA Motors has increased its market share in this segment to about 35%(up 350 bps y-o-y) by containing the decline in its sales volume to around -10%.

- The TATA Safari Dicor, supported by the enthusiastic market response to the value proposition offered, has clocked over 1000 units average sales per month during the quarter.

- The Tata Indica has been ranked as one of India's top 10 Power Brands and 'Tata' as one of India's 100 most valuable brands for the year 2006, by the '4Ps' magazine, a journal devoted to marketing and business.

International Business

- With volumes of 14,063 units during 2Q FY07, the Company's exports growth remained rather flat at 1% compared to 13,994 units registered in 2QFY06. YTD export volumes of 27,224 units up by 18% compared to 23,067 units of the previous year.
- While the exports volumes of Commercial vehicles increased to 9,103 units from 7,856 units, up 16% during the quarter, export volumes of Passenger vehicles witnessed a decline of 19% y-o-y.

Table 6: Exports Volumes

	2Q FY07	2Q FY06	Change	1H FY07	1H FY06	Change
Commercial Vehicles	9,103	7,856	16%	16,895	13,570	25%
Passenger Vehicles	4,960	6,138	-19%	10,329	9,497	9%
Total Export Sales	**14,063**	**13,994**	**1%**	**27,224**	**23,067**	**18%**

- Tata Motors crossed a significant milestone in its International Business with the company having crossed the three lakh exports mark in July 2006, since the first vehicle export in 1961.
- The key export destinations during 2QFY07 are South Africa, Turkey, Venezuela, South East Asia, Middle East and Europe.
- Revenues from international business formed around 16% of the total revenues of the company during 2QFY06.

Finance

- The net revenues of the Company increased by 37.4% to Rs 65.7 bn during 2QFY07 from Rs 47.8 bn in 2QFY06. Operating profit (EBITDA) grew 31.6% y-o-y from Rs 5.8 bn in 2QFY06 to Rs 7.6 bn in 2QFY07. The net revenue for H1 FY07 stood at Rs 123.6 bn, an increase of 42% against Rs 86.9 bn of the corresponding period last year.

- EBITDA grew by 31.6% to Rs 7.6 bn during the quarter compared to 2QFY06. Although the EBITDA margin for the quarter at 11.5% was higher than 11.01% of 1QFY07, it declined compared to 12.05% in the corresponding period of the previous fiscal largely affected by input cost pressures. YTD margin stands at 11.29%.

- The raw material cost as percentage of net revenues of the Company was 68.9% in 2QFY07;up 7 bps from 68.2% in 2QFY06.

- Average vehicle realisation of the Company increased by 5.7% during the quarter. However, the margins were under pressure on account of increase in commodity prices and the domestic fuel prices, partially offset by the positive impact of the ongoing cost reduction programme (saving of Rs 508 mn).

- The Company registered a forex gain of Rs 254 mn during 2QFY07 as compared to forex loss of Rs 196 mn recorded in 2QFY06.

- The Net Interest cost in 2QFY07 increased to Rs. 956 mn from Rs. 461 mn in 2QFY06, an increase of around 1.5% y-o-y. This increase is largely attributable to increase in working capital requirements on account of manufacturing operations and vehicle financing business during the quarter.

- As on 30th September'06, the balance sheet size of the Company was Rs 117.3 bn as compared to Rs. 103.1 bn as on 30th June'06. Net of vehicle financing loans and receivables the Company's capital employed was Rs 66 bn as on 30th September'06 against Rs 52.7 bn as on 30th June'06.

- As on 30th September'06, 385.21 mn shares (Face value Rs.10) were outstanding on the balance sheet of Tata Motors.

- The Gross total debt (inc. FCCNs) stood at Rs 46.1 bn as on 30th September as compared to Rs 37.9 bn as on 30th June'06. The Company's Net Debt (Net of the surplus investible funds) was Rs 41.36 bn as on 30th September and the Company's net debt to equity ratio was 0.64:1.

- The increase in debt is mainly on account of the increase in working capital requirements of the company during the quarter.

- As on 30th Sep'06, 99.94% of the FCCBs issued in July 2003 and 91.07% of those issued in April 2004 ($100 million Zero coupon tranch) were converted into ADRs or ordinary shares as applicable.

- The Company's Balance Sheet includes Receivables and loans of Rs. 51.3 bn on account of vehicle financing business as on 30th Sep, 2006.

- The Company had an investible surplus of around Rs. 4.8 bn as on 30th September'06. The reduction in the total Investible surplus is mainly due to deployment of the FCCN borrowings towards the Company's capex.

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

Table 7: Current Assets

No. of Days	30th Sept'05	30th June'06	30th Sept'06
Inventory	40	38	35
Receivables (non-HP)	8	8	7

- Tata Motors Finance (TMF) disbursed Rs 20.9 bn during 2QFY07, up 78% from Rs. 11.8 bn in 2QFY06. Total disbursals YTD is Rs 41.8 bn a growth of about 96% y-o-y. During 2QFY07, TMF financed 36,279 units of vehicles, which is 93% higher than 38,305 units financed in 2QFY06. As at 30th September'06, the market share of TMF stood at 30.97% with financing of 73905 vehicles compared to 22.34% as on 30th September'05.

- In September'06, the Company set up a new subsidiary for its vehicle financing operations. The new entity, TML Financial Services Ltd. (TMLFSL), is a 100% subsidiary and will function as an NBFC.

Performance of Key subsidiaries

Table 8: Key Subsidiary Financials

Subsidiary	Turnover (Rs mn)		Change (%)	PBT (Rs mn)		Change (%)	PAT (Rs mn)		Change (%)
	2QFY07	2QFY06		2QFY07	2QFY06		2QFY07	2QFY06	
Tata Daewoo CV Ltd., Korea (TDCV)	5,655.1	3,514.4	61%	329.7	210.8	56%	239.5	157.6	52%
Telco Construction Equipment Co. Ltd (Telcon)	3,522.3	2,833.1	24%	565.7	282.3	100%	370.7	181.0	105%
Tata Technologies Ltd (TTL)	2,425.4	592.3	309%	34.3	38.3	-10%	31.1	25.5	22%
HV Transmissions Ltd (HVTL)	405.0	312.1	30%	149.5	110.7	35%	96.2	72.5	33%
HV Axles Ltd (HVAL)	442.8	347.1	28%	177.6	157.9	12%	124.5	105.7	18%

Operational Highlights of Key Subsidiaries

TDCV

- Despite adverse domestic market conditions TDCV was able to improve its performance mainly because of MCV range of vehicles which were launched in FY 2005-06 and by further increasing its exports.
- TDCV registered total sales volume of 2,141 units during 2QFY07 against 1,256 units in 2QFY06, up 70% y-o-y.
- In Medium Commercial Vehicle Segment, Company gained a market share of 25%, within 9 months of its launch.
- The exports increased by 175%, from 282 units in the second quarter of 2QFY06 to 777 units during 2QFY07.
- TDCV has developed South Korea's first Liquefied Natural Gas (LNG) powered heavy tractor-trailer, an environment friendly commercial vehicle under an arrangement sponsored by the Korea Gas Corporation which will now put the vehicle on test drive with a view to introducing it to the industry at large in 2007.
- During 2QFY07, TDCV repaid USD 5 million of its External Commercial Borrowings from its cash flows.

TTL

- TTL has increased its global share of revenues with 50% revenues coming from US, 24% from Europe and 27% from Asia Pacific.
- New customer acquisitions during the second quarter of FY07.

TELCON

- Registered 41% growth in volume sales from 846 in 2QFY06 to 1189 in 2QFY07.
- Increased market share in excavators to 53% during the first half of FY07 against 52% in H1FY06.
- Market share in wheel loaders stood at 18% during H1FY07
- Increased market share in back hoe loaders to 10% during H1FY07 against 9% in H1FY06.
- Debtors stood at 44 days of sale as on 30th Sept 2006 as against 42 days of sale as on 30th Sept'05, 2005.

HVAL & HVTL

- HVAL reported 28% increase in revenues and 18% increase in profitability during 2QFY07
- HVTL reported 30% increase in revenues and 33% increase in net profits during 2QFY07.
- Continued efforts towards improving productivity in both these subsidiaries.

Shareholding Pattern

Table 9 : Shareholding Pattern as on Sep. 30, 2006

Tata Group	33.5%
Daimler Chrysler	6.7%
Indian Financial Institutions / MFs / Banks	14.3%
ADR/GDR Holders / Foreign holders–DR status	9.0%
Foreign Institutional Investors	23.7%
Others	12.8%
Total	100.0%

Investor Relations Contacts

Savitha Balachandran
3rd Floor, Nanavati Mahalaya,
Homi Mody Street,
Fort,
Mumbai – 400 001
India

Phone: 91-22-6665 7237
Fax: 91-22-6665 7788
Email: savitha.balachandran@tatamotors.com

Mona Bahl
3rd Floor, Nanavati Mahalaya,
Homi Mody Street,
Fort,
Mumbai – 400 001
India

Phone: 91-22-6665 7230
Fax: 91-22-6665 7788
Email: mona@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.