TATA MOTORS

Leading the Future

Investor Presentation
February, 2005

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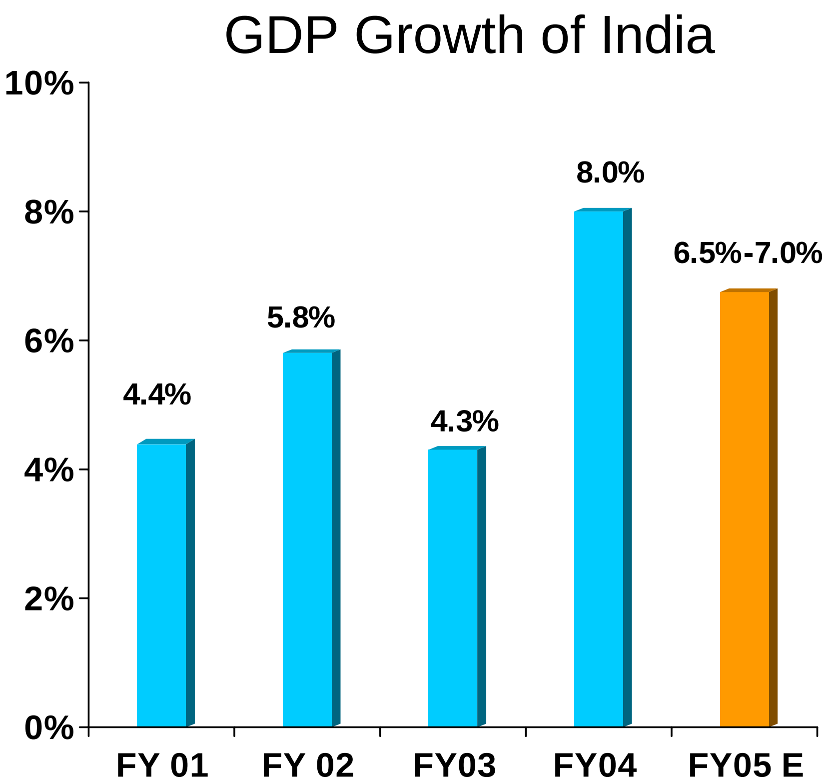
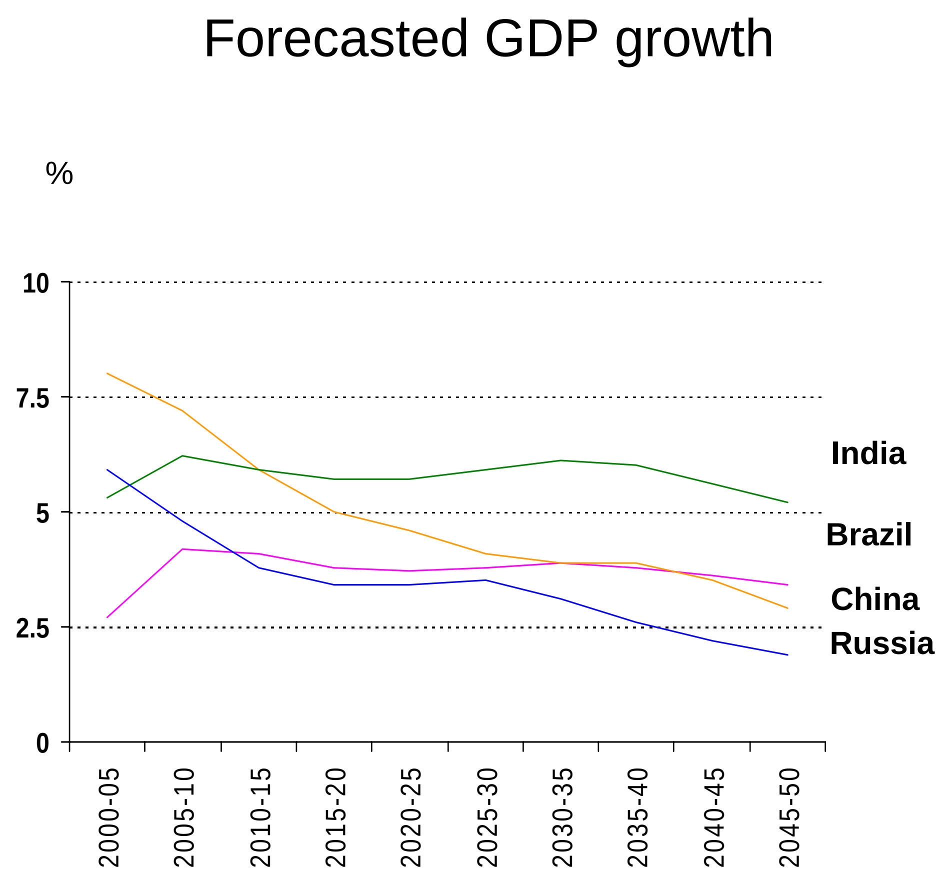
Presentation Outline

- Indian Auto Industry – At Inflection Point
- Introduction to Tata Motors
- Tata Motors' Performance
- Tata Motors' Future Strategy
  - Growth in Automotive Business
  - Opportunities in Non-Automotive Business

Indian Economy – Emerging from the shadows



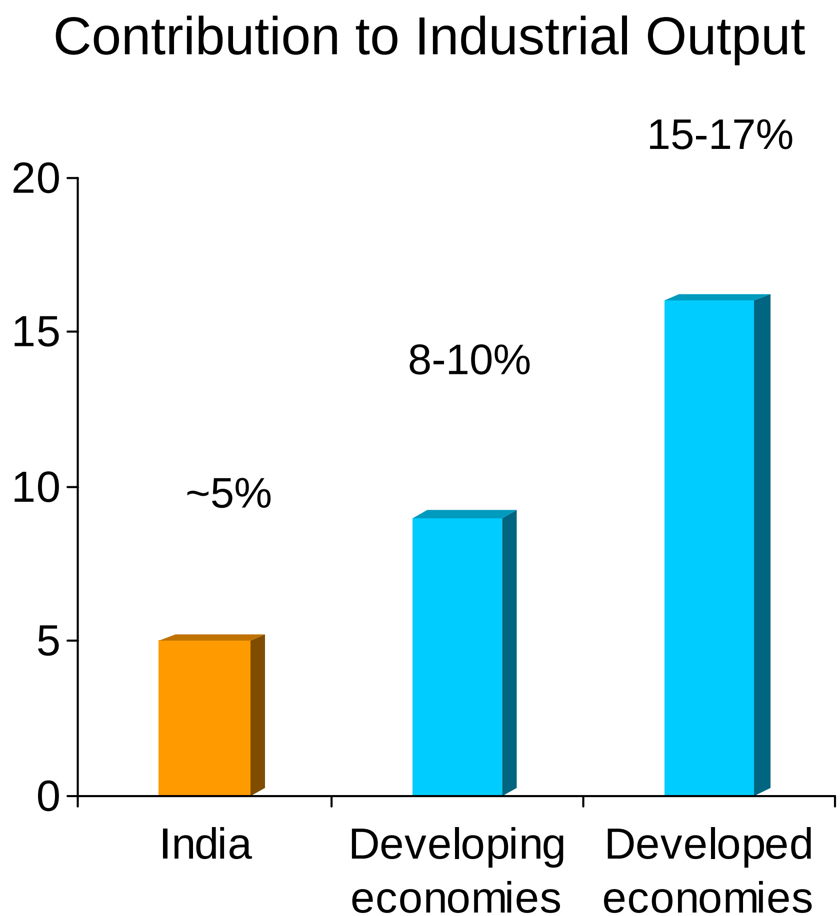
Source : CSO , RBI



Source : Goldman Sachs

India Economy - highest growth potential among the emerging economies

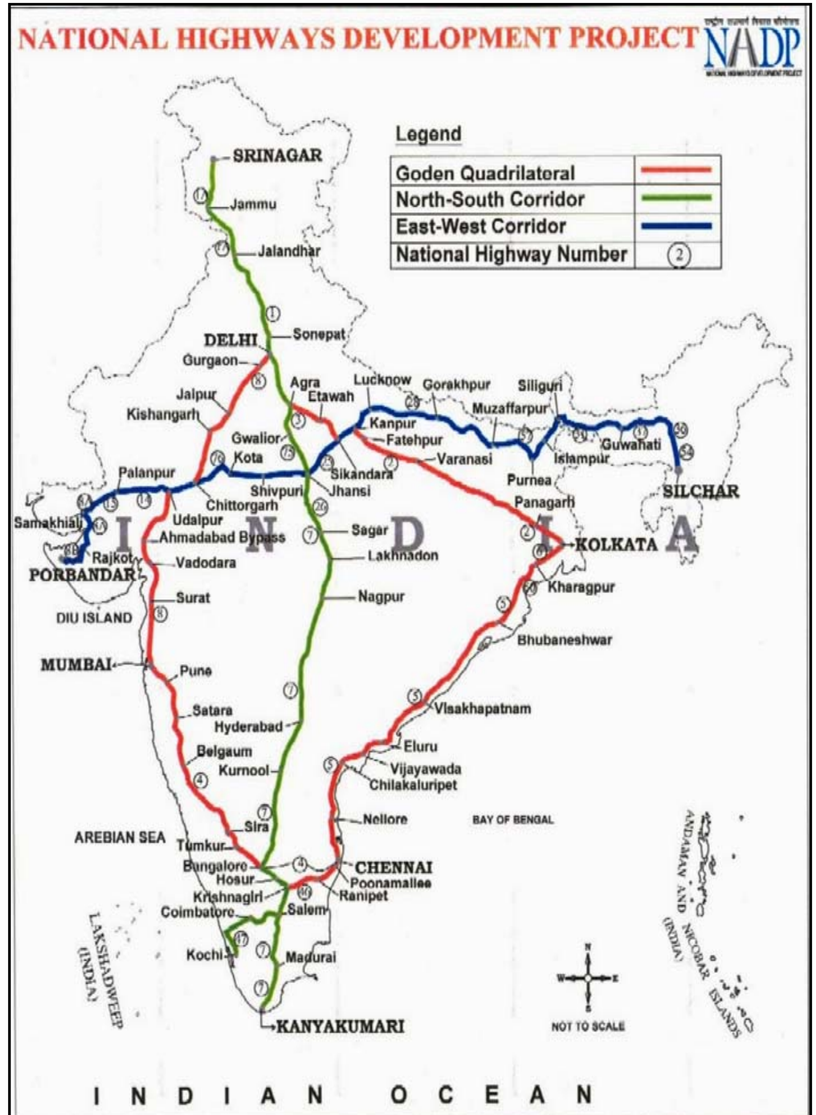
Implications for Indian Auto industry



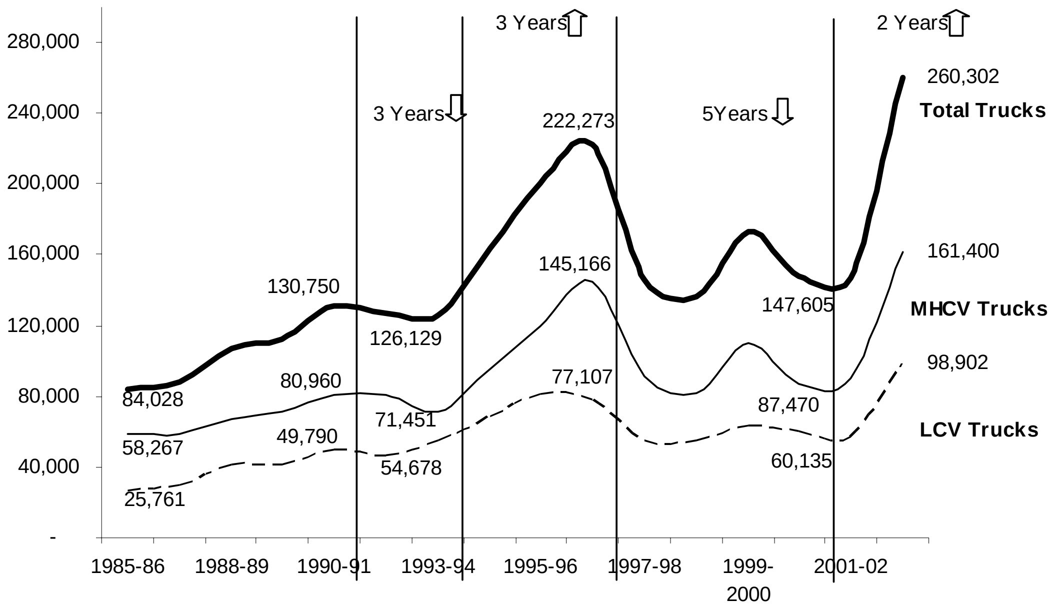
Economic Development offers a great growth opportunity for India Auto & Related activities

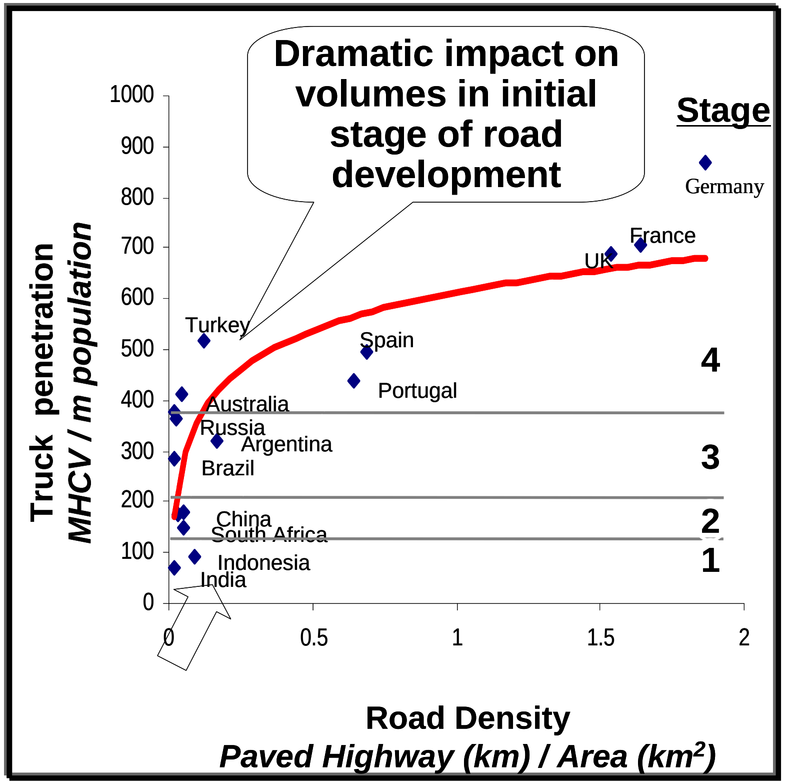
Road Development in India – a structural change

- Proposed strengthening and four- laning of high-density corridors.
  - Golden Quadrilateral - 5,846 Kms
  - NSEW Corridor - 7,300 Kms
- Road connectivity to major Ports.
- Funding primarily from Fuel Cess and External Multilateral Agencies
- Private sector participation in financing the construction and maintenance.
- Improvement, maintenance and augmentation of the existing National Highways network.



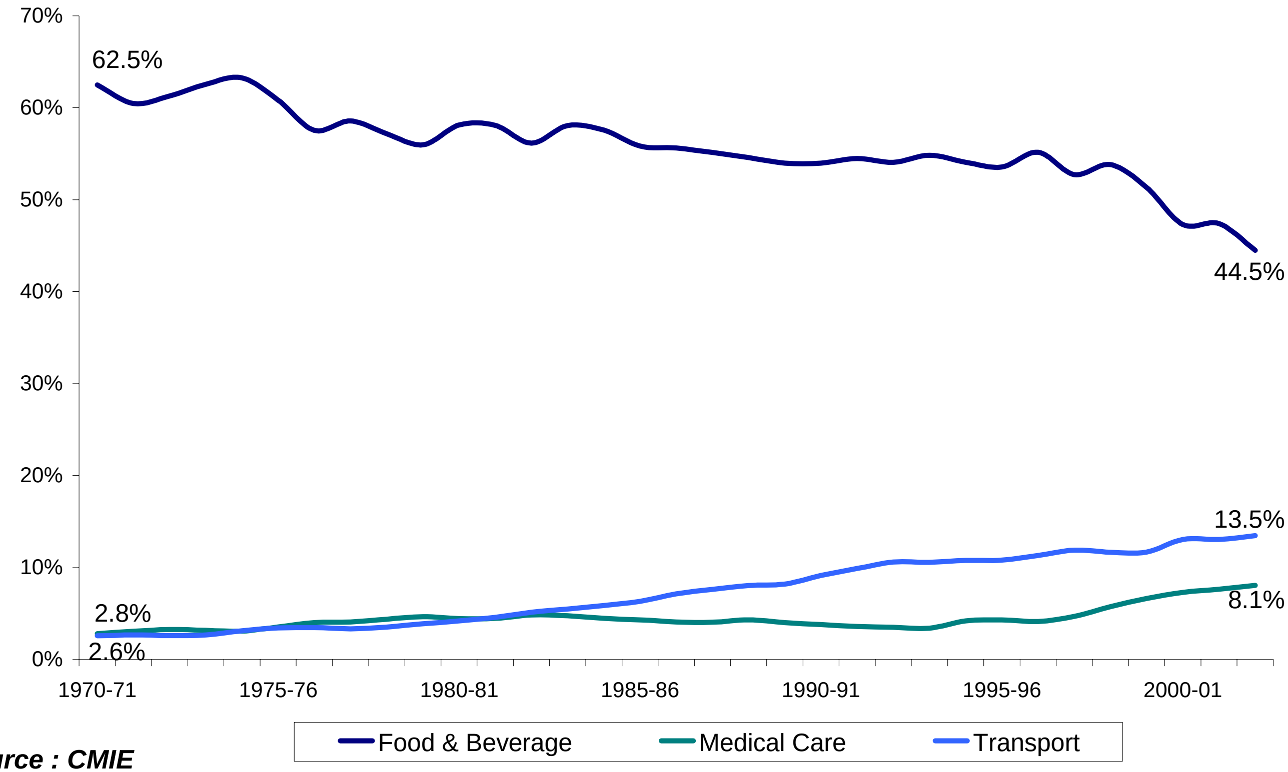
Commercial Vehicle Cycle





Cycle expected to be elongated in this move driven by structural changes

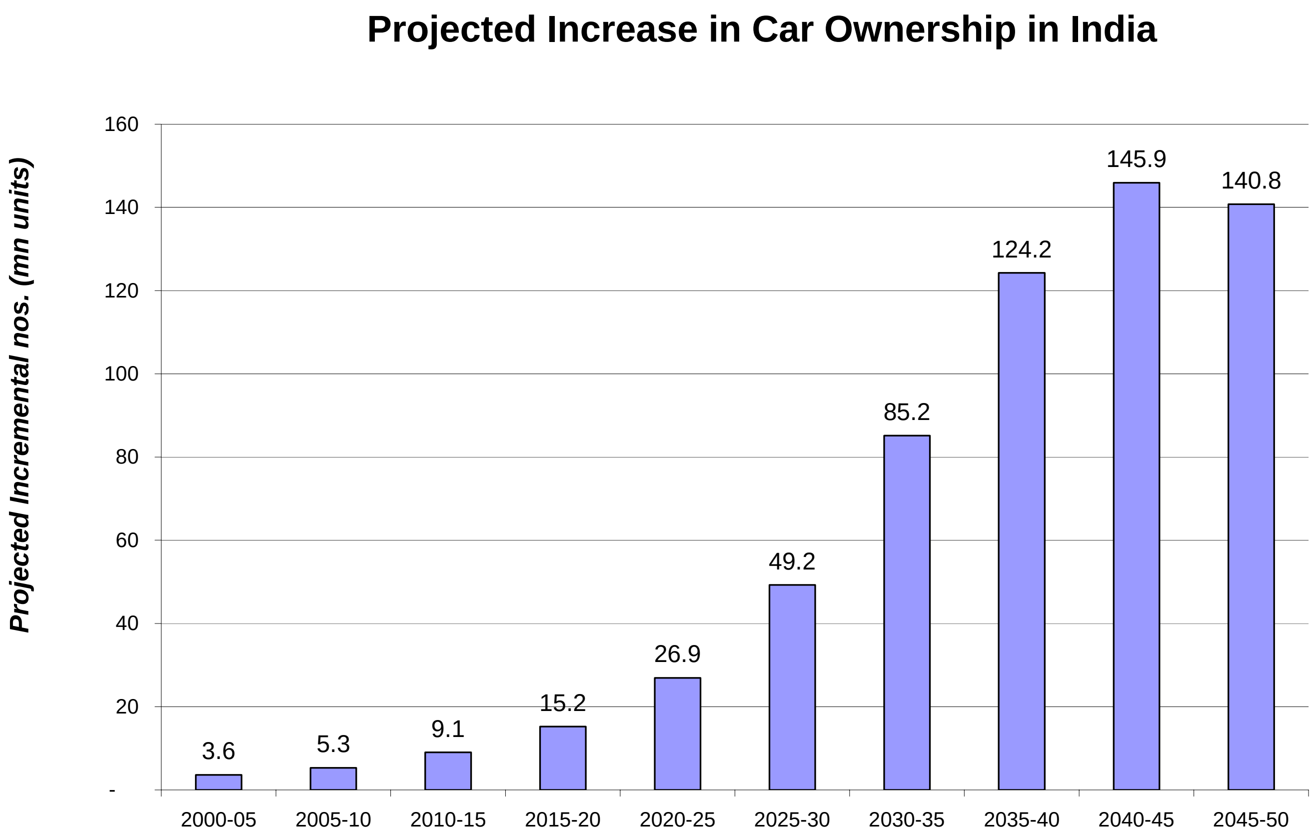
Changing patterns of Private Final Consumption Exp. in India



Source : CMIE

- Increasing per capita Disposable Income is leading to
  - Secular decline in proportion spend on basic necessities
  - Increasing spend on Transport & Comm. and Medical Care
    - Transport expenses is now the second largest spend category

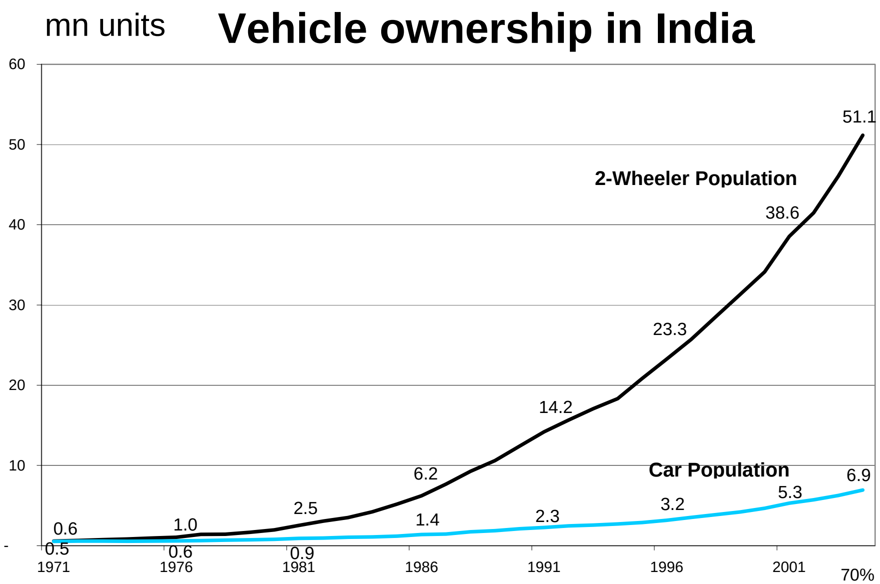
Potential in Indian Car Market



Source ; Goldman Sachs – The BRICs and Global Markets – Crude, Cars and Capital

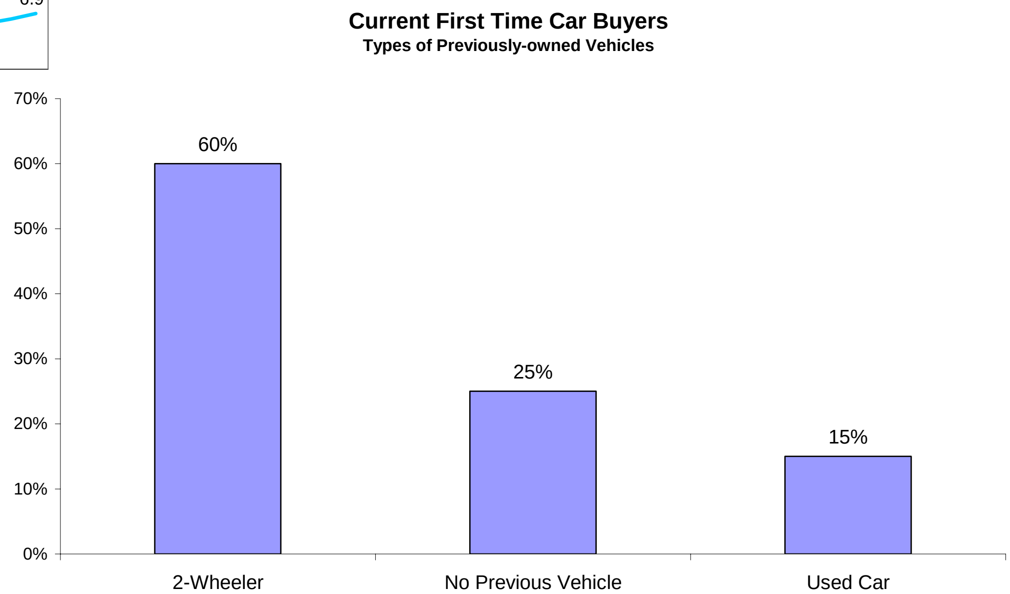
- Goldman Sachs BRIC Team predicts a significant increase in middle class population in India, coupled with per Capita GDP (in PPP terms)
- The Team expects India to hit the “sweet spot of car ownership” between 2015 and 2025

Car growth to follow 2-Wheeler growth



Source : CMIE, SIAM

- Increasingly 2-wheeler owners are upgrading to cars



Source : TNS Automotive Survey 2004

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Tata Motors – An Introduction

- India's largest Automotive company in revenue terms
- Strong R&D skill sets
  - Capability to develop vehicle platforms indigenously at a relatively low cost
- Began manufacturing Commercial vehicles in 1954
- Currently has four manufacturing plants at Jamshedpur, Pune, Lucknow and Gunsan (S. Korea)
- Widest range of product offerings in Indian market
  - Medium & Heavy Commercial vehicles, Light Commercial Vehicles including Pick -ups, Multi-Utility vehicles and Passenger cars
- Domestic market leader in Commercial Vehicles and second-largest player in Passenger Vehicles
- Listed on NYSE on Sep. 27, 2004 through conversion of GDRs

Comprehensive Product range

Trucks (2MT– 40 MT GVW)

Buses (12 -60 seater)

Passenger Vehicles

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Tata Motors - Portfolio of Businesses

Tata Motors

FY 04 US GAAP Revenue – Rs 140 bn

- ***Automotive***
  - FY 04 US GAAP Revenue – Rs 128 bn
  - ***Commercial Vehicles***
  - ***Passenger Vehicles***
- ***Non Automotive***
  - FY 04 US GAAP Revenue – Rs 12 bn
  - ***Auto Components***
  - ***Cons. Equipment***
  - ***Customer Financing***
  - ***Engg. Tech. Services***

92% of TML FY04 Revenues
US GAAP as on March 31,2004

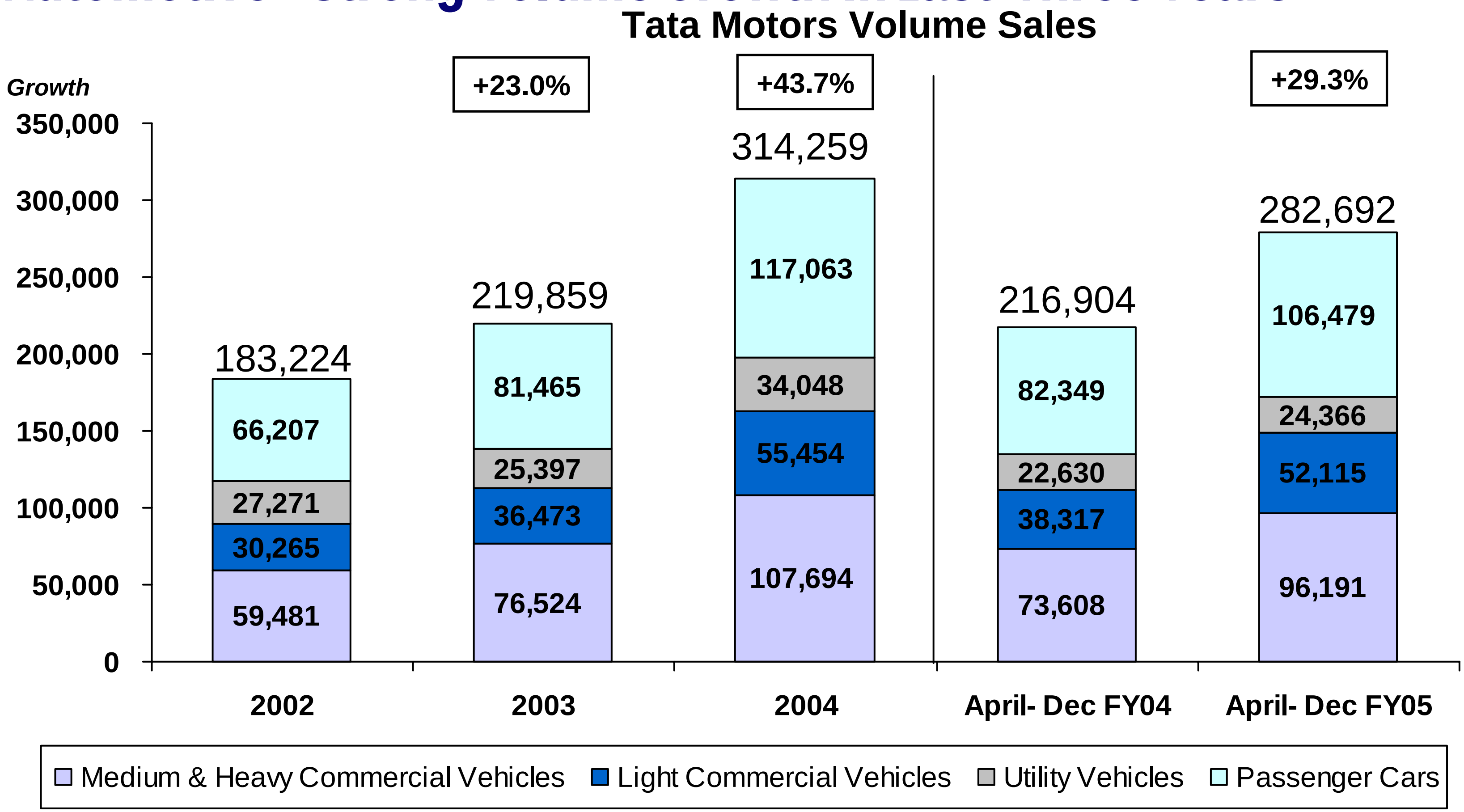
8% of TML FY04 Revenues
US GAAP as on March 31,2004

Segment-wise Details (US GAAP)

Rs bn

	2002	2003	2004
Net Revenue			
Automotive	72.6	89.7	128.2
% of Net Revenue	94.7%	93.7%	91.7%
Others	4.1	6.1	11.5
% of Net Revenue	5.3%	6.3%	8.3%
Net Income			
Automotive	(2.5)	2.5	7.5
% of Segment Revenue	-3.1%	2.7%	5.9%
Others	(0.6)	0.1	0.8
% of Segment Revenue	-12.4%	1.4%	7.0%
Operating Income			
Automotive	(0.9)	5.7	11.8
% of Segment Revenue	-1.2%	6.3%	9.2%
Others	0.1	0.7	1.6
% of Segment Revenue	1.3%	12.3%	13.9%

Automotive - Strong Volume Growth in Last Three Years

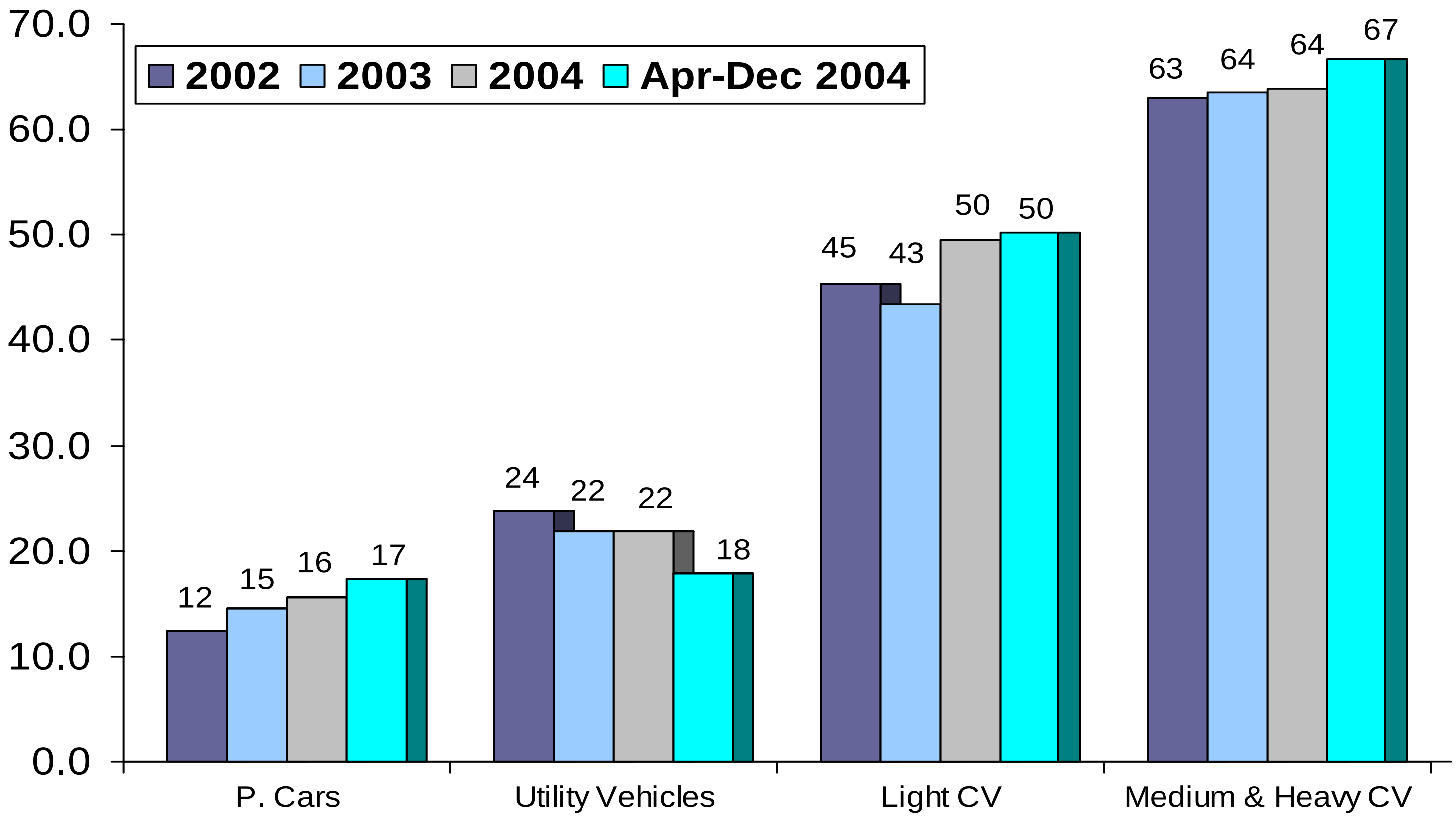


	2002	2003	2004	April- Dec FY04	April- Dec FY05
Industry Growth		***+9.2%***	***+ 29.3%***		***+22.3%***
Market Share	***20.6%***	***23.4%***	***25.2%***	***25.0%***	***26.3%***

Note – These volumes do not include TDCV sales volumes

Significant presence in all vehicle product lines

Tata Motors' Market Shares in different product lines in India



Source : SIAM

Gaining market share in key product lines

Financial Performance (Indian GAAP Unconsolidated)

Rs mn	Apr-Dec			Full Year
	FY04	FY05	Change	FY04
Net Revenue	90,798	120,861	33.1%	132,232
EBITDA	12,606	15,305	21.4%	18,818
EBITDA Margin	*13.9%*	*12.7%*		*14.2%*
Other Income	499	1,365		589
Net Interest	1,272	1,228		1,613
Dep. & Amortisation	2,839	3,059		3,826
Prod. Dev. Exp.	200	486		516
PBT before Extra-ord. Items	8,795	11,897	35.3%	13,452
Extra-ord. Items	(256)	(31)		(529)
PBT	8,539	11,866	39.0%	12,923
Tax	3,361	3,378		4,820
Net Profit	5,179	8,488	63.9%	8,103
Basic EPS (Rs) (non-annualised)	16.1	23.6	46.9%	22.7

EBITDA = Earnings before Other Income, Interest, Dep./ Amortisation, Prod. Dev. Exp. , Tax and Extra-ord. Items

YTD FY05 Financial Performance (Indian GAAP Consolidated)

Rs mn	Apr-Dec FY05	Full Year FY04
Net Revenue	136,143	139,247
EBITDA	17,489	20,783
EBITDA Margin	*12.8%*	*14.9%*
Other Income	1,011	562
Net Interest	1,357	1,938
Dep. & Amortisation	3,724	4,372
Prod. Dev. Exp.	486	516
PBT before Extra-ord. Items	12,933	14,518
Extra-ord. Items	(40)	(70)
PBT	12,893	14,449
Tax	3,931	5,308
Profit after Tax	8,962	9,141
Share in Profit of Associates	270	181
Minority Interest	(50)	(44)
Other Adjustments		(124)
Net Profit	9,183	9,153
Basic EPS (Rs) (non-annualised)	25.6	27.9

Note : These two periods are not comparable

EBITDA = Earnings before Other Income, Interest, Dep. / Amortisation, Prod. Dev. Exp. , Tax and Extra-ord. Items

Cost Pressures & Cost Reduction

- **Cost Pressures arising primarily from**
  - Hardening of steel and other commodity prices
  - Increase in prices of engineering plastics resulting from hike in crude oil prices.
  - Cost of technology up-gradation to meet emission, safety and noise norms.

Cost Reduction Programme

FY05 – FY07

Direct Material Cost
- New Technology & Processes
- Design Changes
- Low Cost Sourcing
- Vendor-related Programmes

Direct Costs
- Consistent Quality
- Productivity
- Production Flexibility
- Optimum Plant Utilisation

Indirect Costs
- Outsourcing
- Shared Services
- Rationalisation

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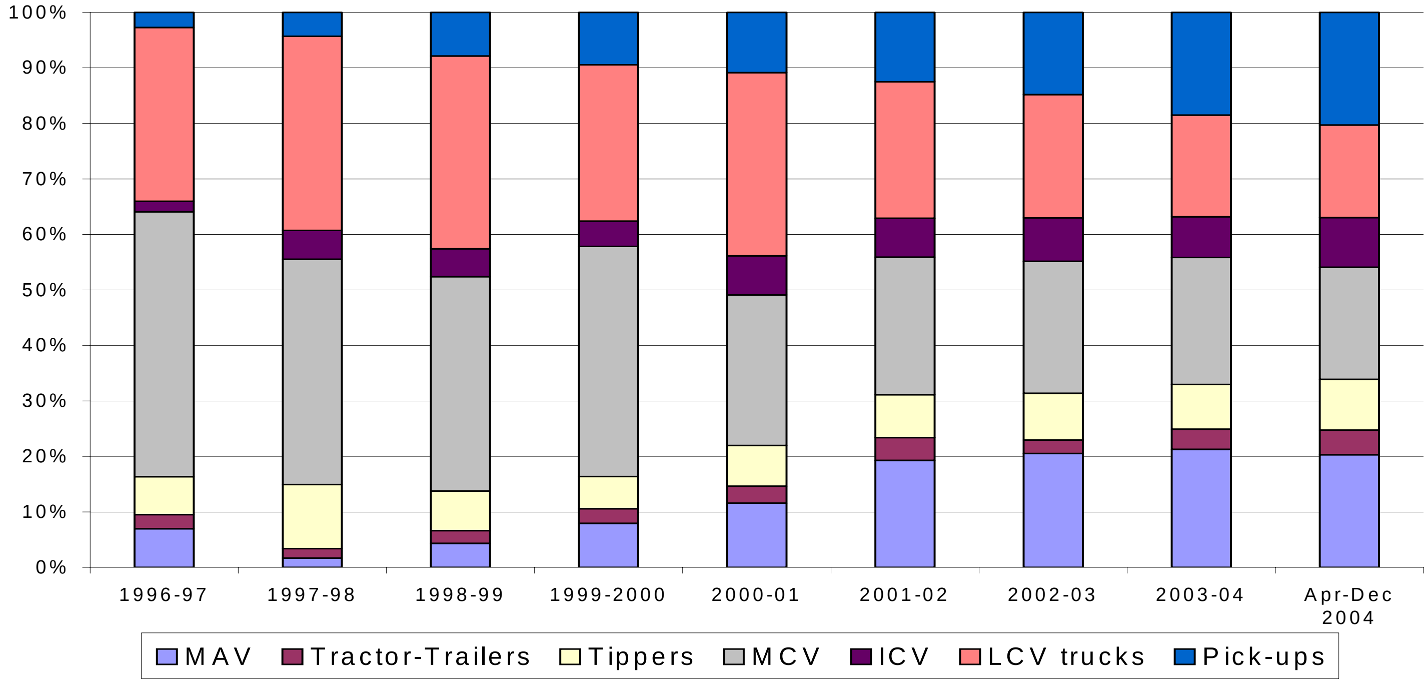
Tata Motors' future growth

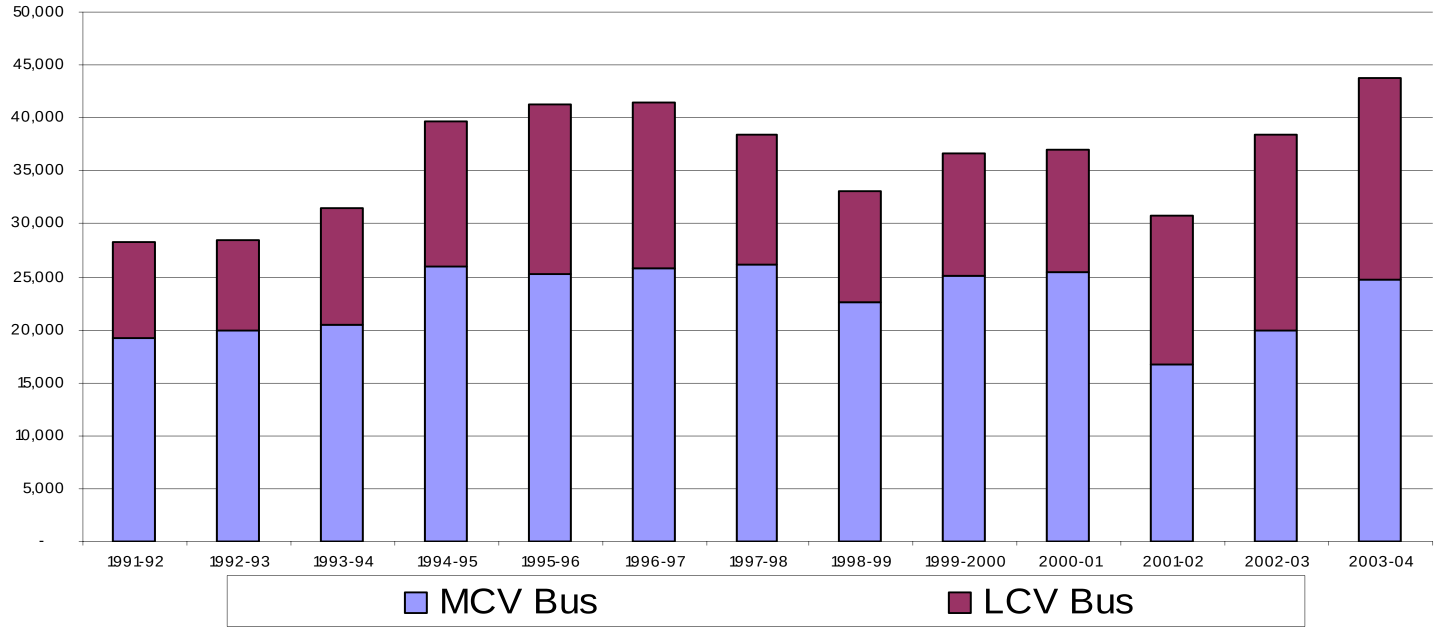
- Key elements of growth
  - Opportunities in the domestic market resulting from structural changes
    - TML – strong competitive position
    - Growing in existing and new markets
  - International business opportunities
    - Product & market expansion
  - Focus on non-cyclical revenue streams
- Strategy execution
  - Organic - Capacities & Products
  - Inorganic

Opportunity in Truck market



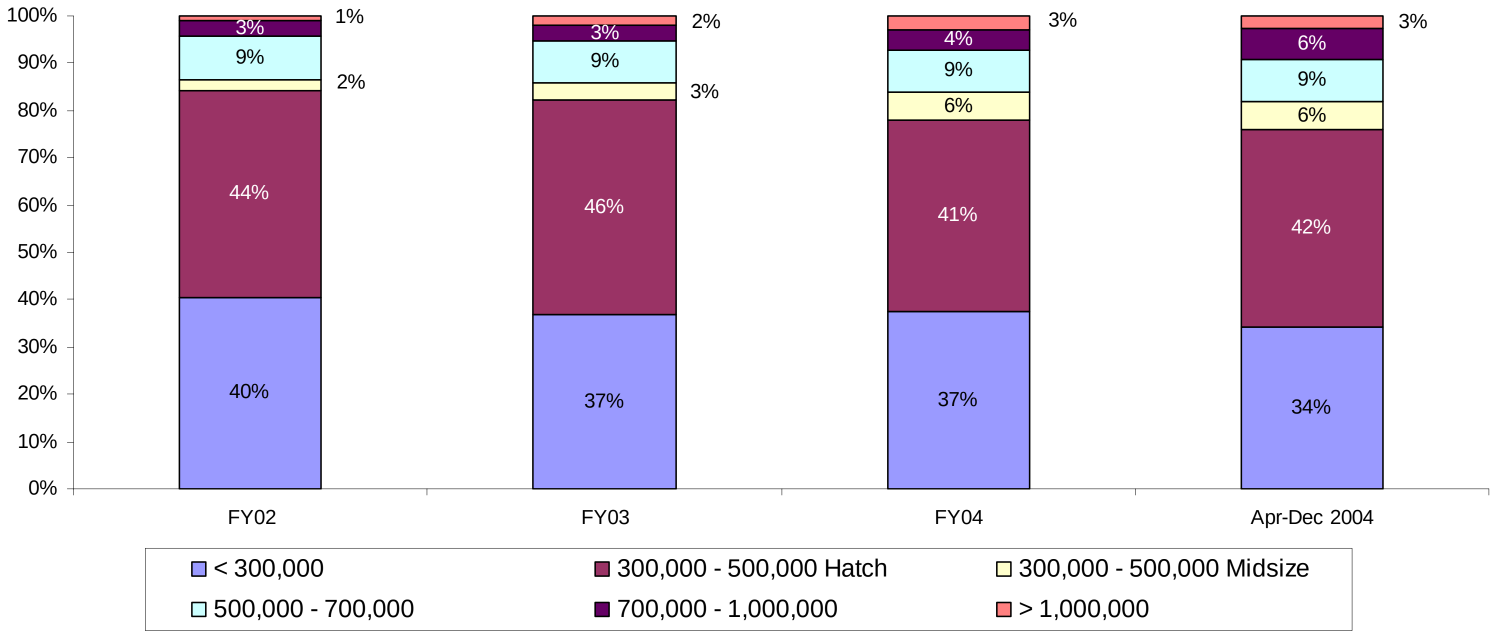
- Structural shift towards HCV
  - TML current market share of 65.7% (+480 bps)
- Growth in pick up demand
  - Entered the market in Aug 2002 with 207 DI
  - Current market share of 38%
- Introduction of small pick-up vehicle by TML in FY06 – an alternative to 3-wheeler cargo

Opportunity in Bus market



- Besides GQ and NSEW corridor , the current road programme also involves connecting habitations with more than 500 population
- Mobility needs of the people expected to increase
- In the past, bus demand has been stagnant due to significant reliance upon State Transport Undertakings and local governments' pvt. operator licence policies
- Launching full range of 16-67 seater buses in the near-term

Passenger Car classification and demand drivers



- Key drivers for car demand
  - Increasing affordability
  - Growing aspirations
  - Lack of adequate public transport services
- Proportion of segment < Rs 300,000 has come down due to lack of new models in that segment
- TML with low-cost product development capabilities and good customer understanding has substantial competitive advantage to address the volume market

People's Car – The Innovation Challenge

- **Concept**

  A Five-seater car with on-Road Price between two-wheelers & current lowest priced car in India.

- **Models**

  Three trim levels – Base, Middle, High (buyer would have the flexibility to upgrade from one level to another).

- **Safety**

  In compliance with all domestic safety standards.

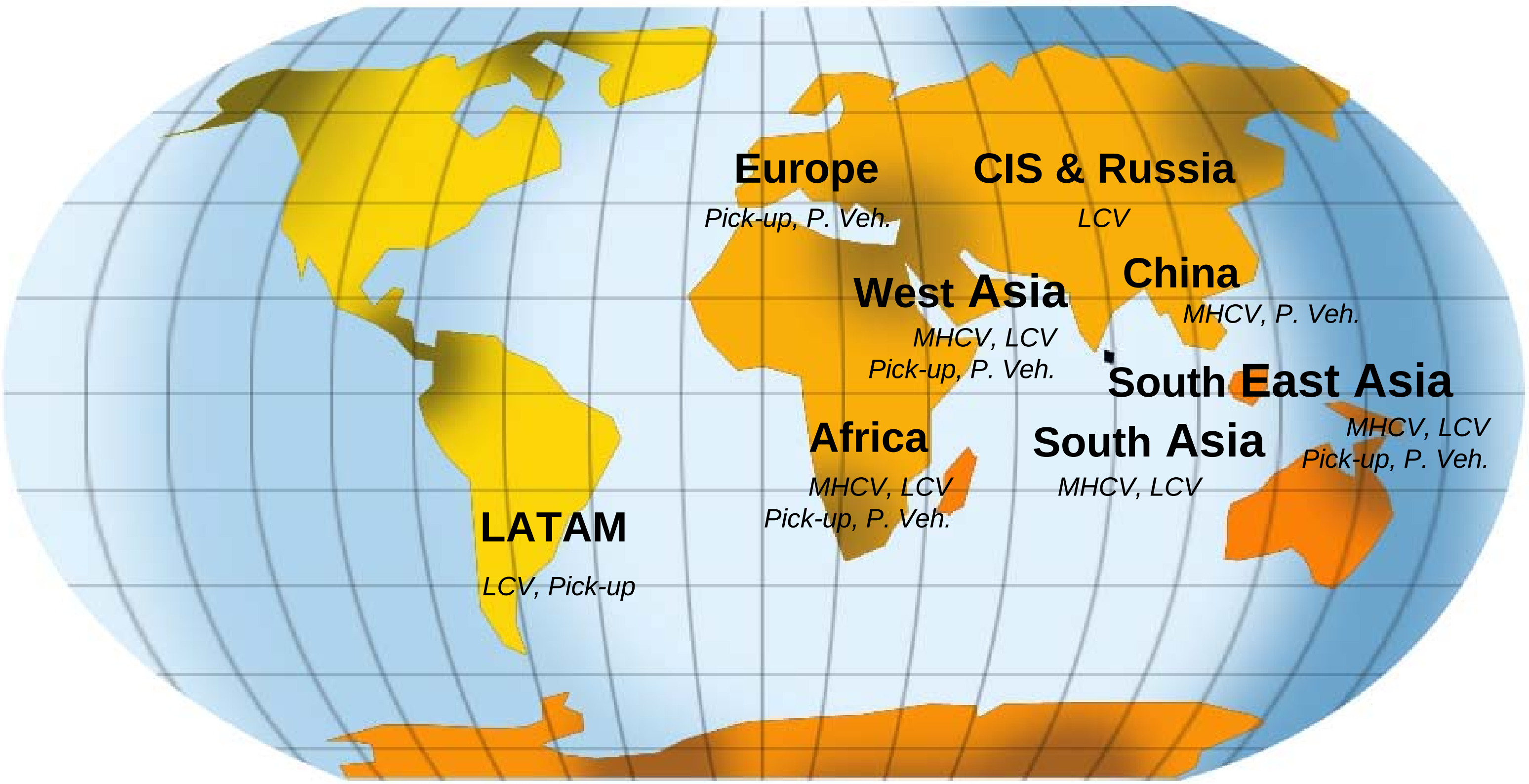
- **Progress**

  Finalizing building blocks like structure, material & power train (diesel / petrol).

- **Launch date**

  Roughly 3 years from now.

Current and potential international markets



International Revenues, including TDCV, form 15% of TML revenues.
Target to increase this to 20% by FY06.

International Business Initiatives

- Focused positioning & marketing in selective countries

  E.g.

  - S Africa
    - Industry Vol. - 360,000 units – primarily comprising of P. Cars and Pick-ups
    - TML products positioned as "Value for Money"
    - Despatches started in 2Q FY05 and total volumes have crossed 2,000+ for 3Q FY05
  - Sri Lanka
    - CV Industry Vol. - 13,800 – primarily MHCV & LCV
    - Positioned against second-hand imports of Japanese vehicles
    - CV exports of around 700 vehicles in 3Q FY05 and around 1,800 units YTD
  - Russia & East Europe
    - Targeting the LCV Truck market in Russia
    - Operations already started in Ukraine through CKD Bus assembly

- The strategy is being replicated in other key markets of South-East & South Asia, Southern Europe, Middle East and Africa regions

Organic Growth Elements

- Capacity expansion
  - Current utilisation around 75% for CVs and UVs and 100% for Indica plant
  - Indica capacity being expanded by 50% by end FY05
  - CV capacity being addressed with demand expansion.
  - New Products
- Product pipeline
  - 2005
    - Small Pick – up
    - Intra-city & Inter-city buses
  - Beyond 2005
    - Global truck
    - New UV platform
    - New Compact Size car platform
    - People’s Car
    - New engine offerings
    - R&D capability expansion
- Expansion into new markets and product categories – in domestic and international businesses

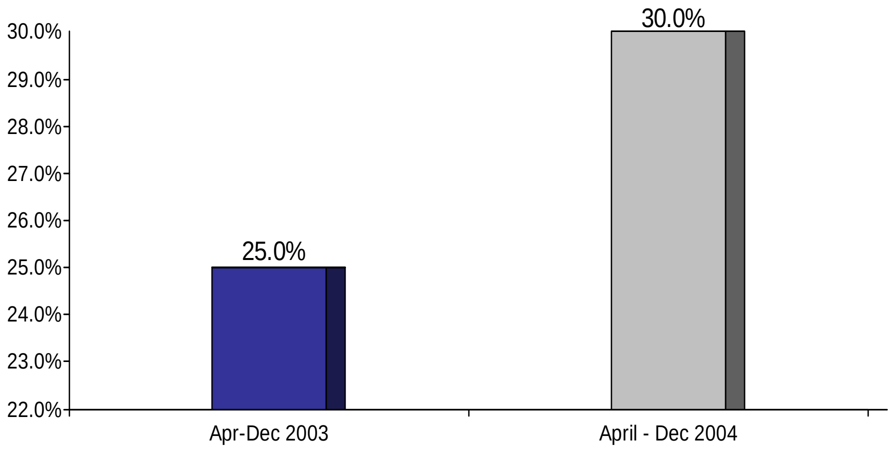
Elements of Inorganic Growth Strategy

- Acquiring an international company
  - Access to markets
  - Access to new technology and R&D capability
  - Growth in International business
- Marketing tie-ups
  - Distribution
  - Co-branding
- Asset purchase
  - New product
  - New technology
  - New capacities
- Strategic alliances
  - Product swaps
  - R&D alliances

Exploratory stage

Integration of Tata Daewoo Commercial Vehicle Co.

TDCV share in S. Korean HCV market



Financial Performance

(Rs mn)	April-Dec 2003	April-Dec 2004	Change
Revenue	7,695	9,235	10.2%
PAT	144	161	11.8%

Note : KRW 1=INR 0.03824 as on Dec. 31, 2003
KRW 1=INR 0.04164 as on Dec. 31, 2004

Way Forward

- Debt to reduce from the year-beginning level of US$ 51 mn to around US$ 30 mn by March 2005.
- Plans to launch Novus in certain international markets and India.
- TDCV Design and technology capabilities to significantly reduce cost and time to market for Global Truck platform.

Auto Components – HVAL & HVTL

- 100% subsidiaries in Axles and Gear Boxes manufacturing for Medium & Heavy Commercial Vehicles

- Performance Drivers
  - Growth in M/HCV demand
  - Significant increase in profitability due to operational efficiencies
  - Strong cash flows – expected to be debt-free by March 2005

- Opportunities to induct strategic partners

Auto Components - Tata Auto Components (TACO)

- Objective of global footprint in Auto Comp. manufacturing and engineering services
- Currently, 12 JVs and 2 wholly-owned companies
  - JV route for accessing technology for domestic market
  - Offering access to Indian market and production base in India to global OEM Auto suppliers
  - Provide engg. services for the JV partners' global requirements
- Association with key global OEM suppliers as JV partners
  - Johnson Control
  - Yazaki Corp.
  - Owens Corning
  - Toyo Radiator
  - Ficosa
  - Knorr Bremse
  - Faurecia, France (Product Licence Agreement)
- 54% equity ownership with TML

Construction Equipment - Telco Construction Equipment Co. Ltd

- 80:20 JV between TML and Hitachi Construction Machinery Co.

- Market leader in excavators with 55% market share in India

- Performance Drivers
  - Large project investment line-up
  - Significant improvement in operating and financial leverage.
  - Increased co-operation with Hitachi

- Way Forward :
  - New Product Introduction (back-hoe loaders)
  - Increasing participation in export markets

Customer Financing

- Strengthening the captive Customer Financing business through proposed merger of Tata Finance with TML
  - Appointed date of merger : 1st April, 2005
  - Swap Ratio : 8 equity shares of Tata Motors for 100 equity shares of Tata Finance
  - Complementary to TML in-house Dealer-driven vehicle business division

- Merger will lead to captive financing accounting for 17% of TML domestic retail sales volume
  - Efforts to take this closer to 30-40% global benchmark in near future

- Adding non-cyclical revenue and profit stream

Engineering and Technical Services – TTL & TAL

Tata Technologies (TTIL)

- 95% subsidiary - provides wide ranging services e.g., IT services, BPO, infrastructure and E&D services
- Global OEM clients
  - General Motors, Ford, DaimlerChrysler, Toyota, Volkswagen, Honda, Nissan, Fiat, Boeing and Airbus
- Non-TML business contributes to 40% of revenues

TAL Manufacturing Solutions

- 100% subsidiary in the business of factory automation equipments and services
- Turnaround performance through the following performance drivers
  - Improved order position
  - Improved Working Capital Management
  - Manpower right sizing

Challenges Affecting Performance

- Input cost pressures
  - Steel, engineering plastics, aluminium, copper etc.
- Impact of Emission compliance measures
  - From April 2005, 11 cities will migrate to Euro III while the rest of the country will migrate to Euro II emission norms.
  - Cost implications of this may lead to advancement of demand in FY05 leading to sluggish demand conditions in FY06
- Fuel price increases

Conclusion

- Tata Motors well positioned to capture the Automotive growth in India
- Tata Motors to grow significantly through international business
  - Consolidation in the existing markets
  - Organic growth with new markets and products
  - Inorganic growth
- Focus on expanding non-automotive business by tapping domestic and international growth opportunities.
- Sustained profitable growth

Thank You

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