



TATA MOTORS

**Leading
The
Future**

Sep. - Oct., 2003

TATA MOTORS



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



Presentation Outline

- ▶ Introduction to Tata Group & Tata Motors
- ▶ Growth Strategy
- ▶ De-risking The Business
- ▶ The Way Forward



Tata Group – Leading Business Group in India

- ▶ Among the prominent industrial houses of India, with a pioneering track record of more than 125 years
- ▶ Over 80 companies with dominant presence in a wide range of businesses such as Materials, Chemicals, Energy, Engineering, Communications & Information Systems, Services and Consumer Goods
- ▶ Turnover : Rs 542 bn (US\$ 11.2 bn) in FY03 (equivalent to 2.4% of India's GDP at current prices)
- ▶ Net Profit : Rs 39 bn (US\$ 805 mn) in FY03
- ▶ Strong Brand Equity
- ▶ Good Business Ethics

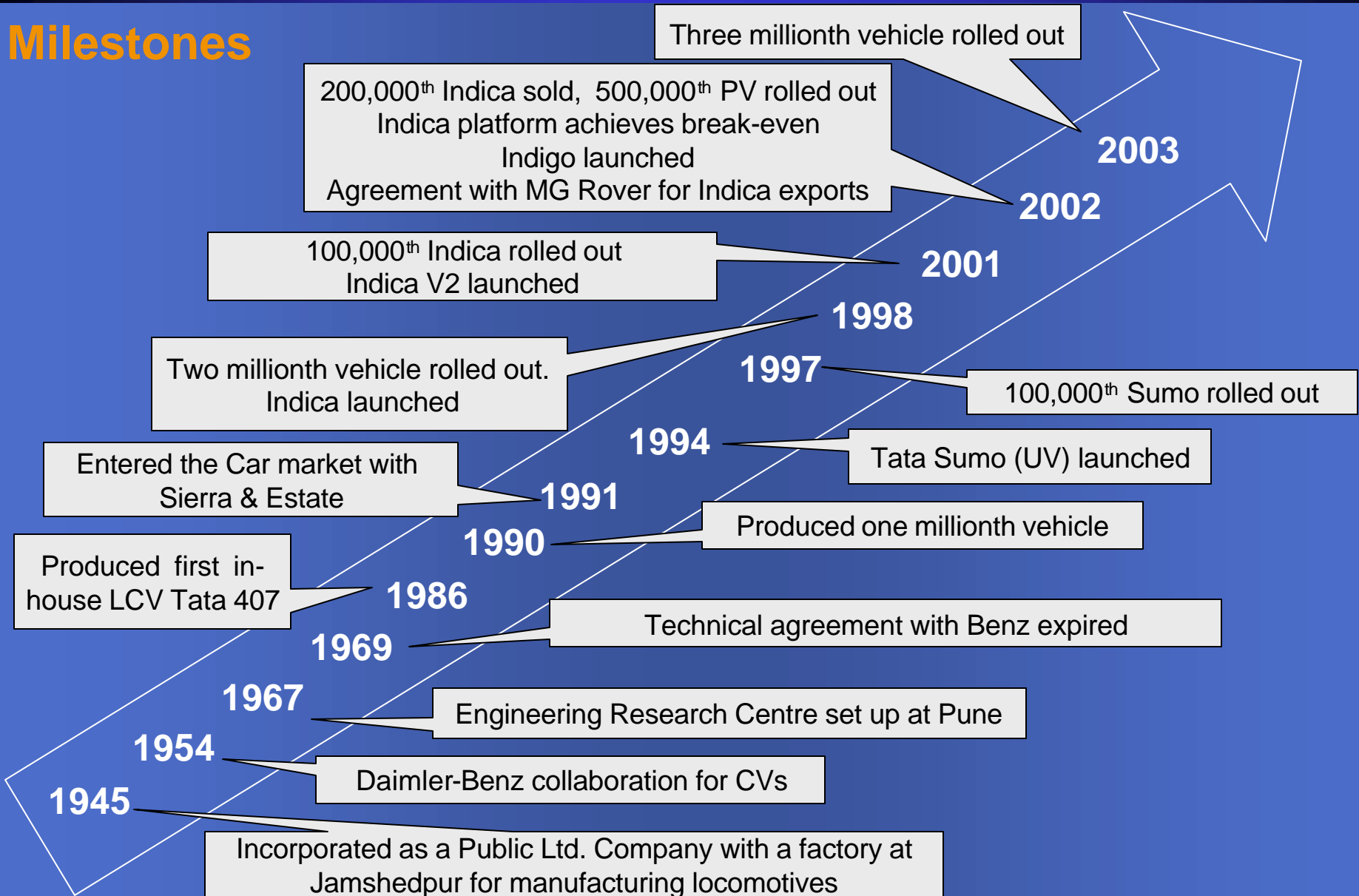


Tata Motors – India's Largest Automotive Company

- ▶ India's first and only fully integrated Automobile manufacturer, with a significant presence in Commercial and Passenger vehicle markets
- ▶ Commenced operations in 1945
- ▶ Indigenous technology development for all its products
- ▶ FY03 Financial Overview
 - Highest ever Net Revenues (unconsolidated) of Rs 91 bn (US\$ 1.9 bn)
 - PAT (unconsolidated) of Rs 3 bn (US\$ 63 mn)
 - Operating EVA positive - Operating ROIC of 13.6%
 - Dividend of 40%
 - Asset base of Rs 41.6 bn (US\$ 877 mn)



Milestones





Wide Product Range

Trucks (2MT– 40 MT GVW)



Buses (12 -60 seater)

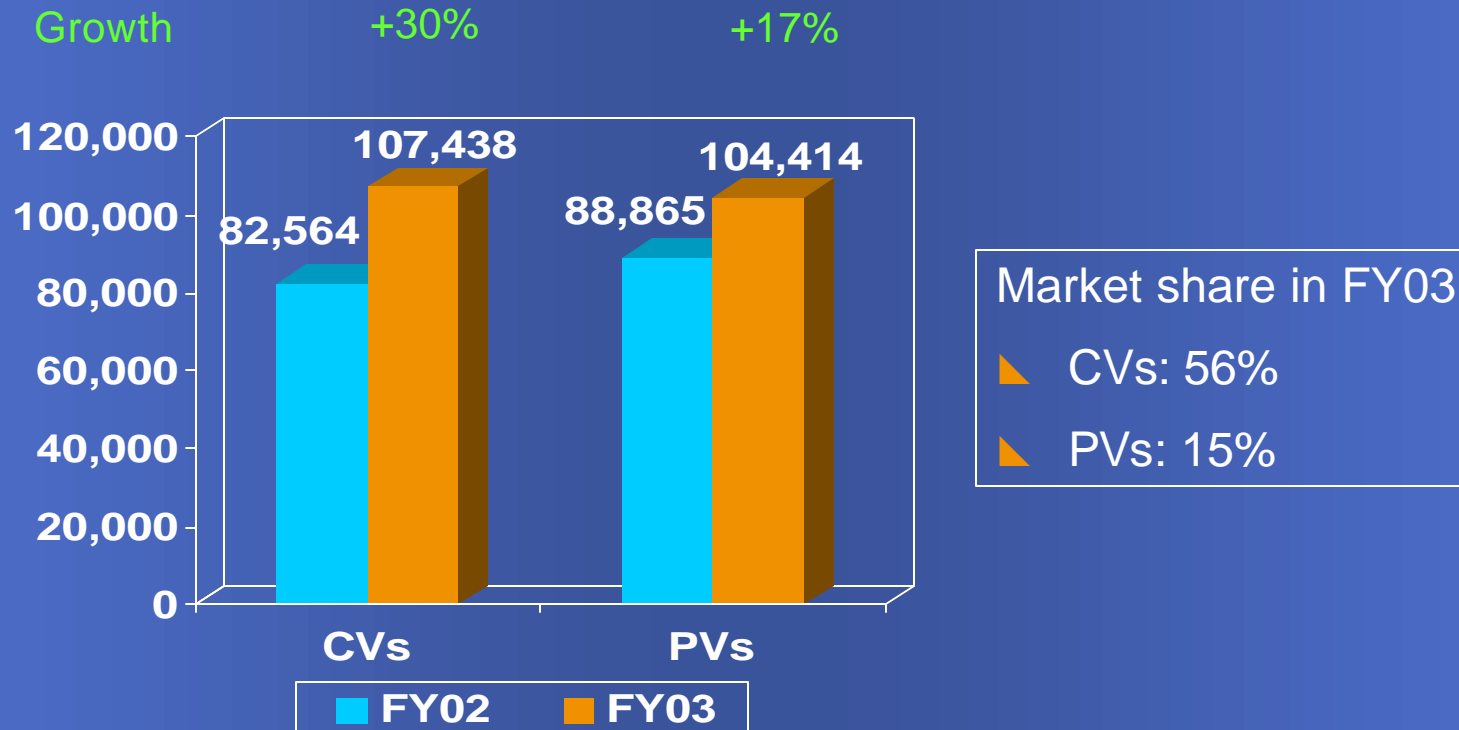


Passenger Vehicles





Maintaining Leadership In Domestic Market



April-August, 2003

CVs: Volumes +39%

Market share: 58% (+410 bps)

PVs: Volumes +45%

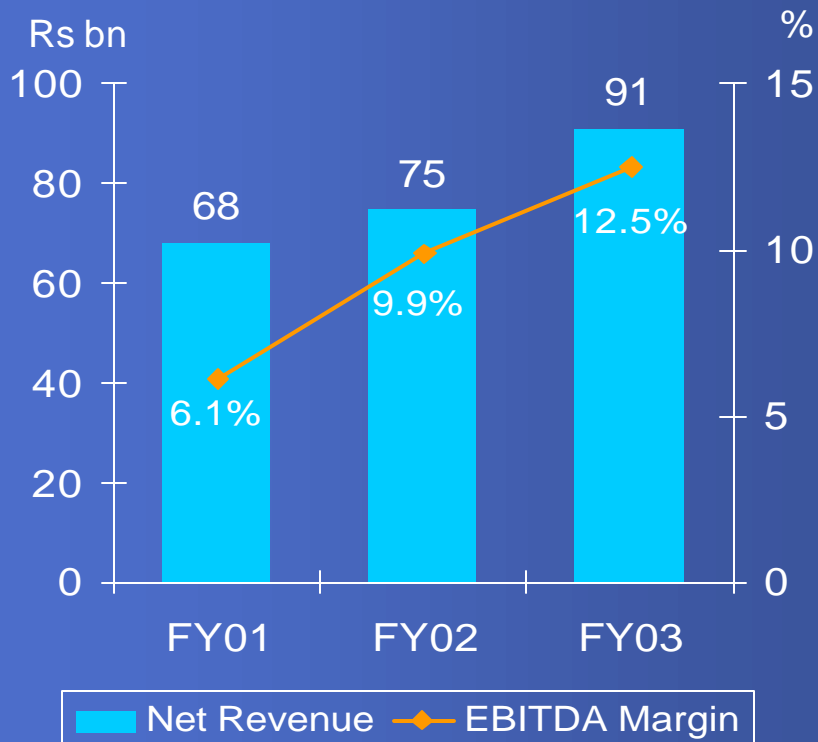
Market share: 16% (+220 bps)



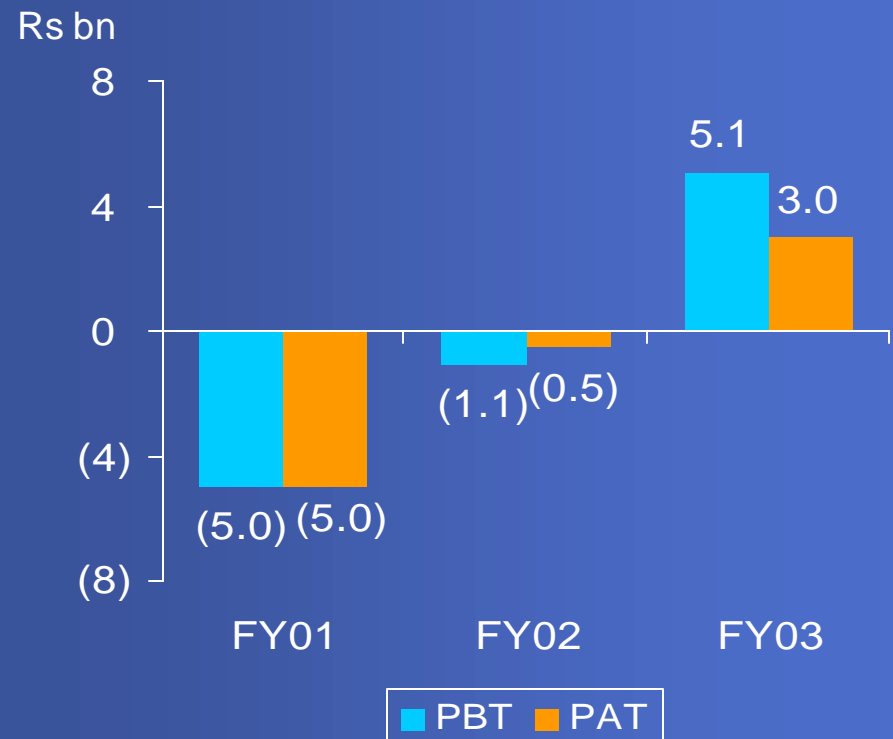
Financial Snapshot

Last 2 years
Revenue CAGR of 16% & PBT swing of Rs 10 bn

Net Revenue and EBITDA Margin



PBT and PAT



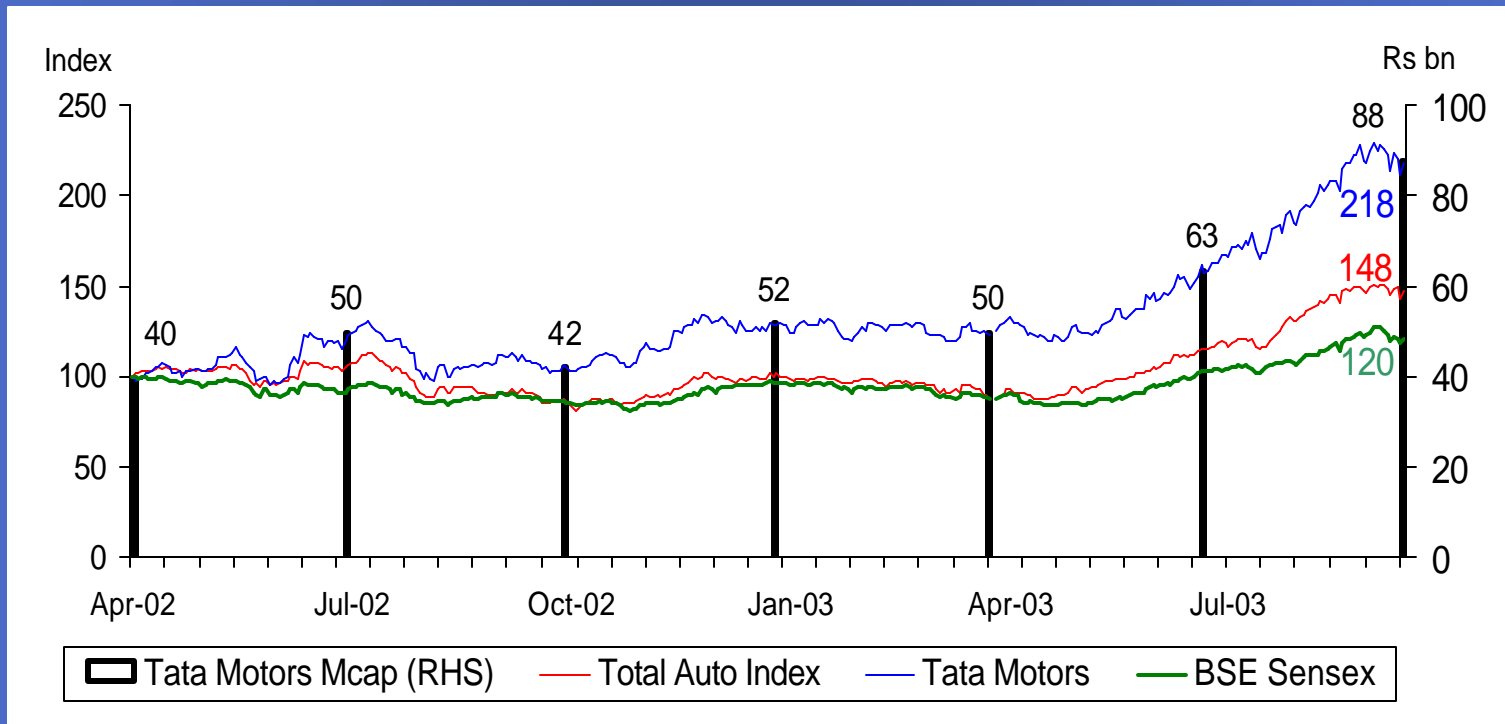


Financial Performance – 1Q FY04

- ▲ Net Revenues of Rs 25 bn (up 43% YoY)
- ▲ ***EBITDA margin of 13.3% - highest in last 21 quarters***
- ▲ Pre-tax Cash Profit of Rs 2.9 bn (up 125% YoY)
- ▲ PBT of Rs 1.6 bn against Rs 0.4 bn in 1Q FY03
- ▲ ***PAT of Rs 1 bn - highest since April 1998***



Stock Price Performance



	Apr 1, 2002	Sep 19, 2003	% change
BSE Sensex	3,500	4,217	+20%
Auto Index (April 1, 2002=100)	100	148	+48%
Tata Motors Stock Price (Rs)	126	275	+118%
Tata Motors Market Cap (Rs bn)	40	88	+118%



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Strategy Ladder - Turnaround

*Turnaround (FY01-03)
Improving Internal Efficiencies*

Further BE point reduction
Platform strategy
Customer-centric activities
Positive PBT in Car Project

Aggressive Cost reduction
Re-engineered processes
Market share gains
Organisational
transformation



Strategy Ladder – Growth Phase

*Turnaround (FY01-03)
Improving Internal Efficiencies*

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Platform strategy
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Positive PBT in Car Project

Aggressive Cost reduction
Re-engineered processes
Market share gains
Organisational
transformation

New Generation Products
Capitalise on prod. dev. skills
and costs globally

Revenue growth through
- Consolidation in domestic
market
- Significant presence
in international markets
New business activities
ROIC improvement

*Profitable Growth (FY04-06)
Leveraging Strengths*



Economic Recovery

Economic Growth

- ▶ Industrial recovery
- ▶ Improvements in Capital Equipment industry
- ▶ Normal monsoon

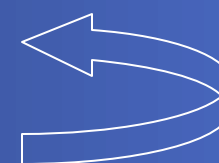


Indian Economy



Infrastructure

- ▶ Strong construction activity
- ▶ Road Projects



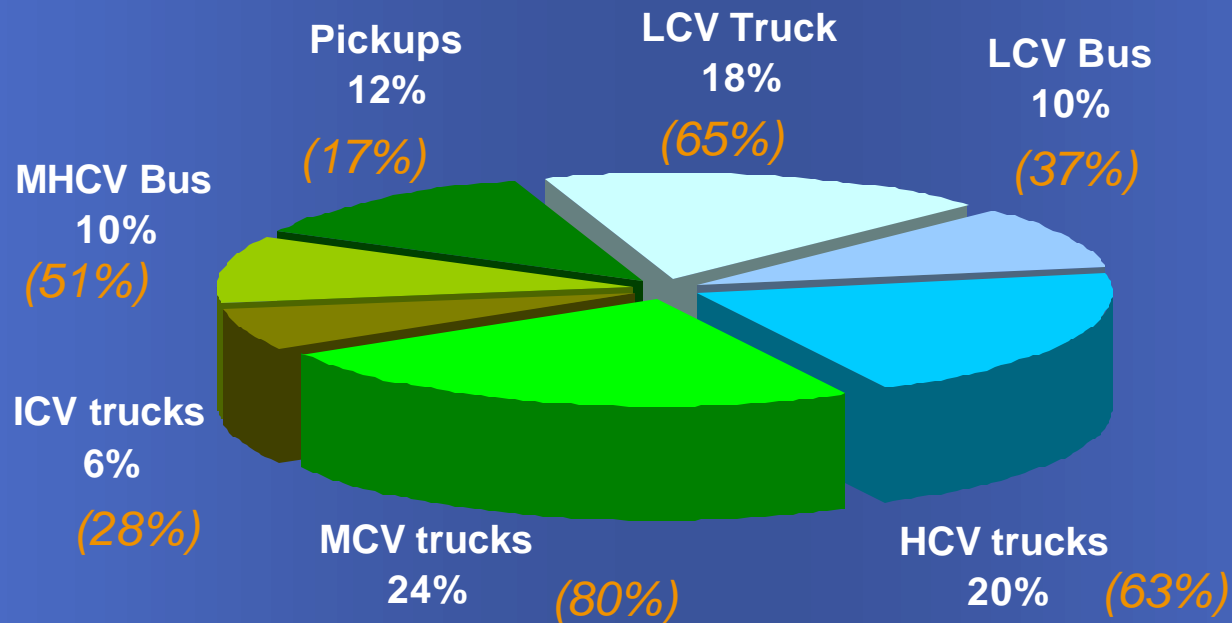
Fiscal Initiatives

- ▶ Benign interest rates
- ▶ Rationalisation of Excise duties

Auto sector to benefit from increased Industrial and Consumer demand



India Commercial Vehicle Market



FY03 Market size : 192,000 units

Tata Motors' Market share: 56%

No. of foreign players: 2

Market share: 0.3%

Tata Motors – Leading the CV market

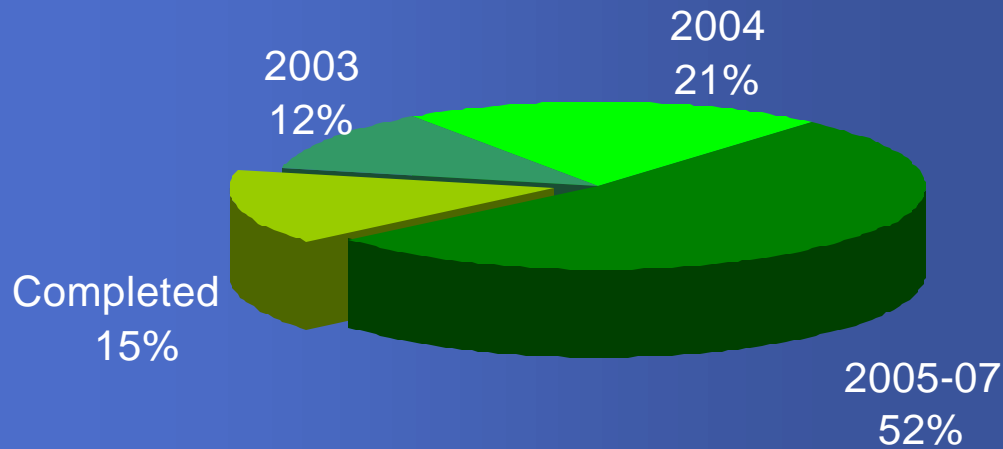
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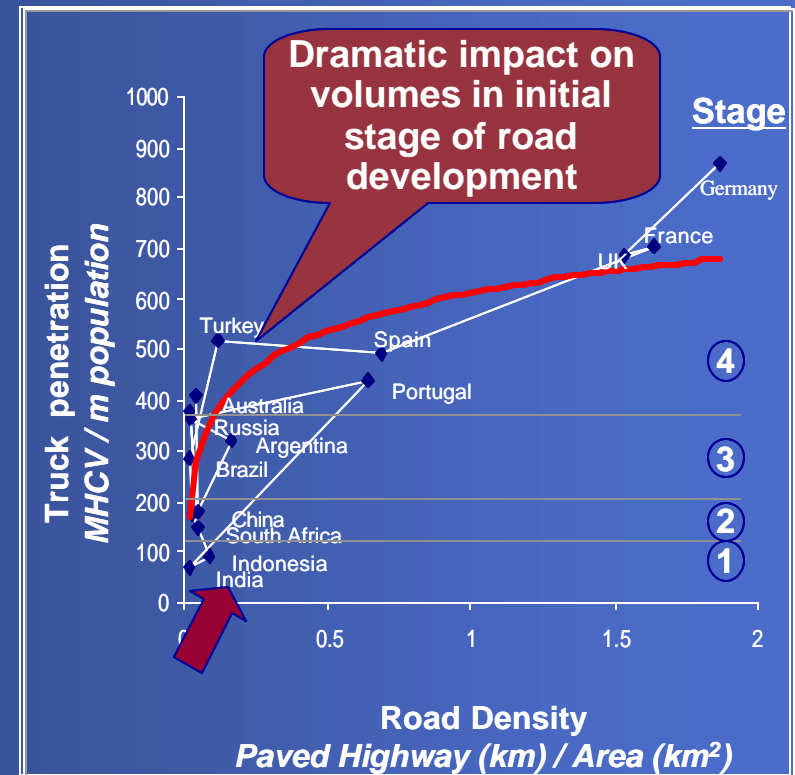
Road Development Programme

Year-wise completion schedule of NHDP

Planned length – 14,000 km



Source: NHAI

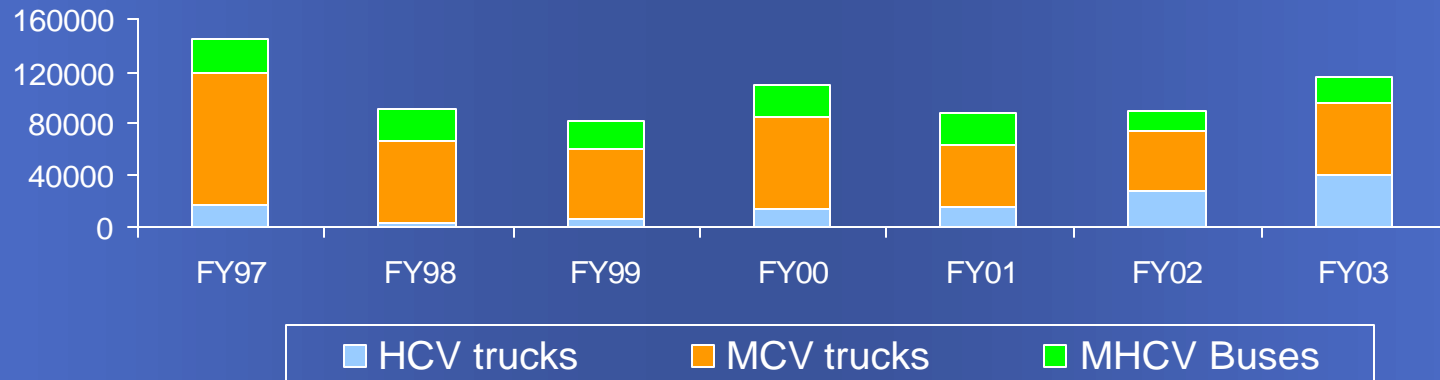


*Between 1997 - 2002, Highway length in China increased by around 15,000 km and CV volumes nearly doubled from 1.2 mn to 2.1mn ...
..... Indicative of likely future directions in Indian market*

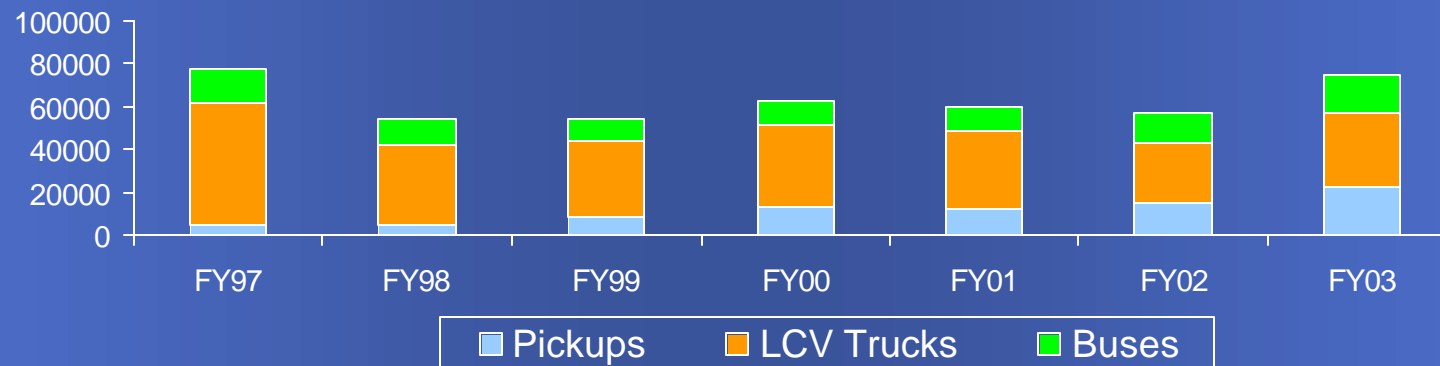


Emerging Trends In CV Demand

MHCVs



LCVs



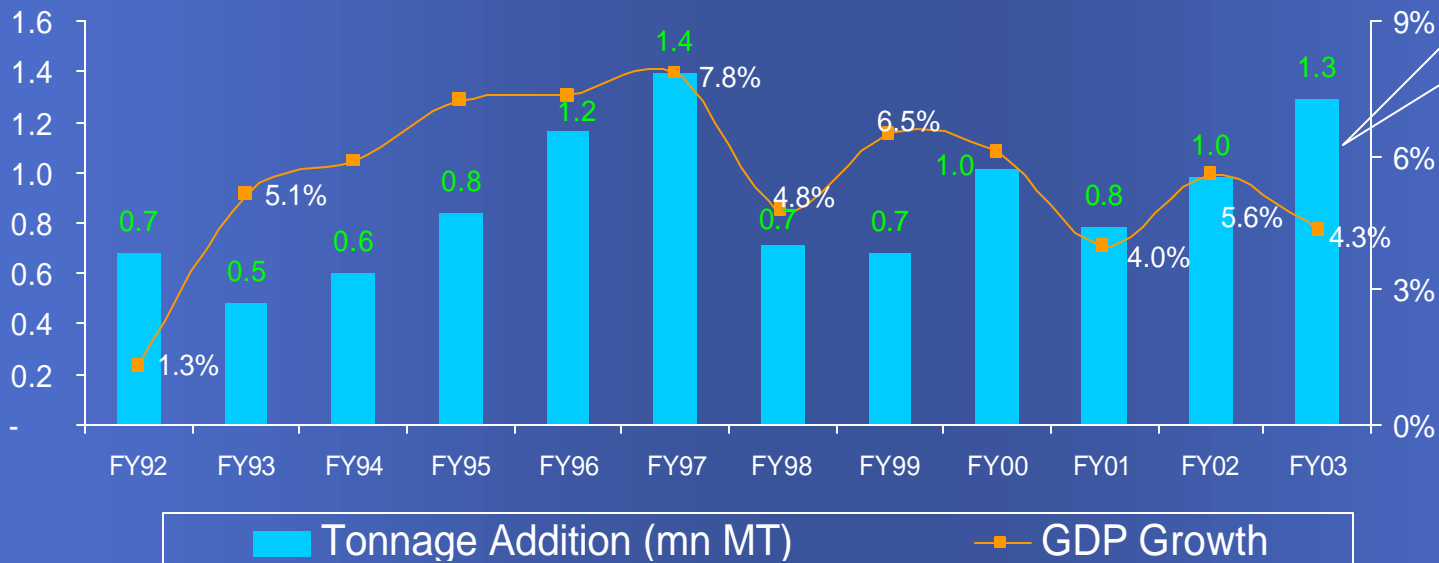
HCVs gaining strength due to lower cost of operation

Growth in Pickups indicating desegregation of load at the lower end



Tonnage Addition – More Than A Cyclical Recovery

Despite lower GDP growth, the tonnage addition in FY03 nearly equalled the addition in last peak (FY97)



Transporters' ROE continues to be healthy

Factors behind the recovery

Economic Recovery

Market Share gains from Railways

Infrastructure Projects

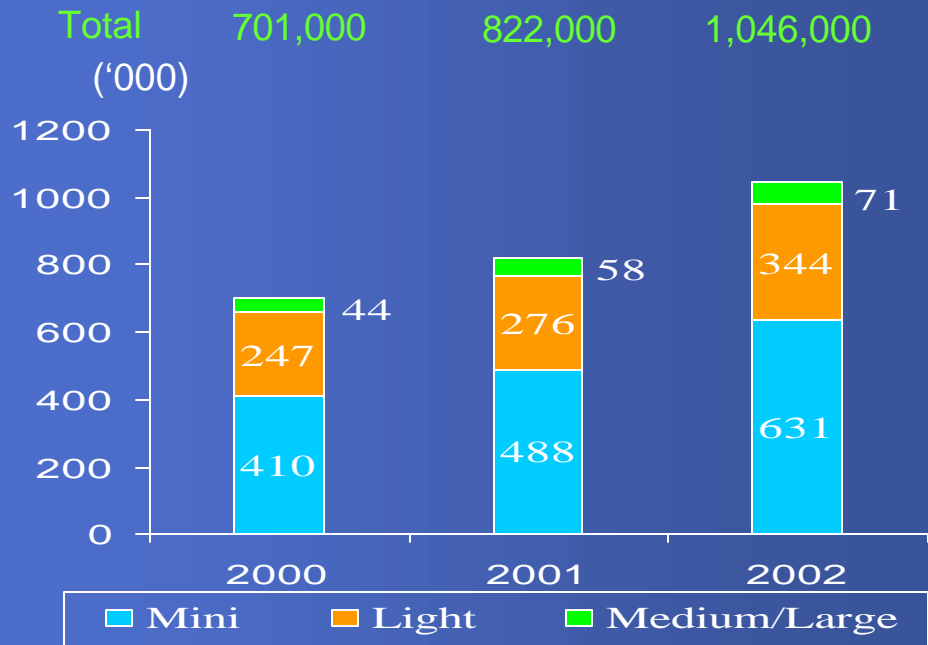
Lower Interest rates

Replacement & Upgradation of Vehicles

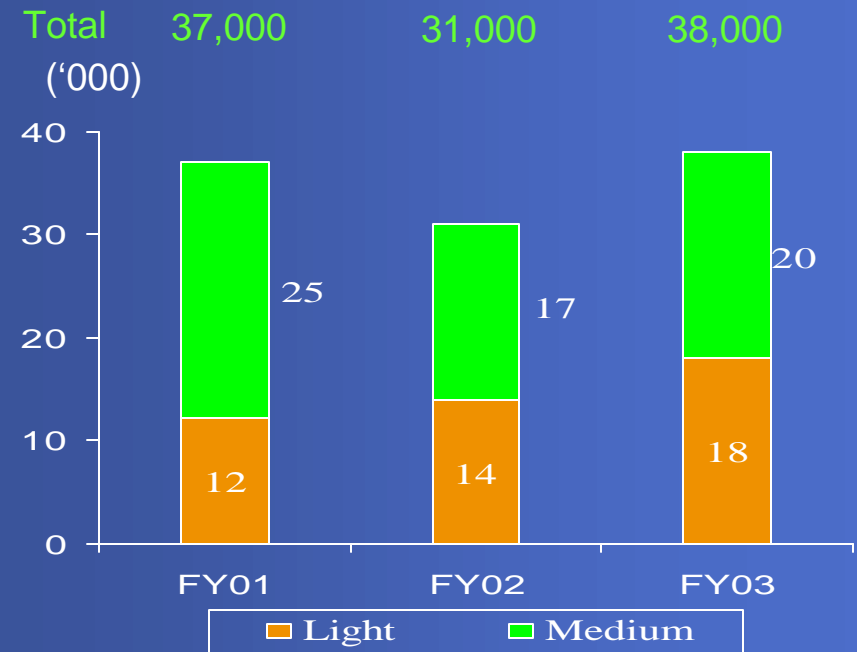


Upside Potential In Bus Demand

China Bus market



India Bus market



With a geographic & population profile similar to China, India bus market is under-penetrated



Tata Motors – Initiatives & Achievements



▶ MHCV & LCV segment

- Superior range of EX series of M&HCVs and 709LPT launched

▶ Fully Built Vehicles

- Increased thrust on fully built vehicles & solutions
- Wide range of buses, tippers & other applications
- FBV volumes doubled

▶ Pick-up Segment

- 207DI pickup launched in Aug'02
- Gained market share in high growth segment



Tata Motors – Capturing The Upswing



▶ Focus on hi-performance Total CV solutions

- Truck of the Future to match global standards
- Higher GVW, power to weight ratio

▶ Range of Fully Built Buses

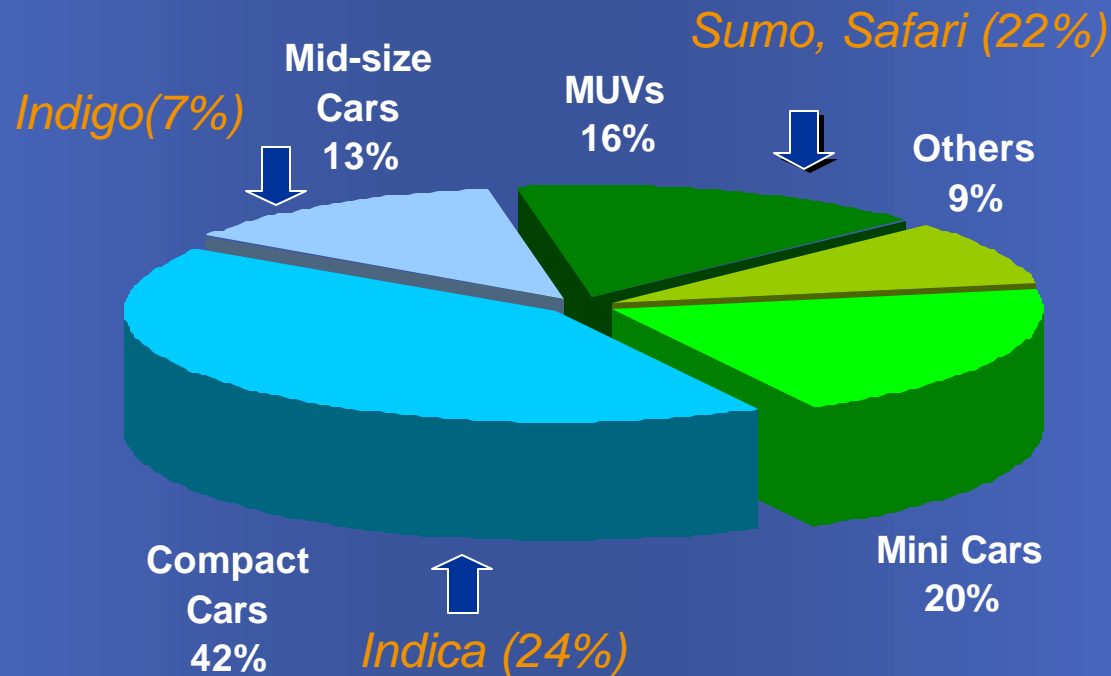
- Contract manufacturing route for body building

▶ Non-vehicular business

- Customer Financing
- Spares, Recon, AMC



India Passenger Vehicle Market



FY03 Market size : 715,000 units

Tata Motors Market share: 15%

No. of foreign players: 9

(excluding MUL)

Market share: 29%

Tata Motors' current product range addresses 70% of the market

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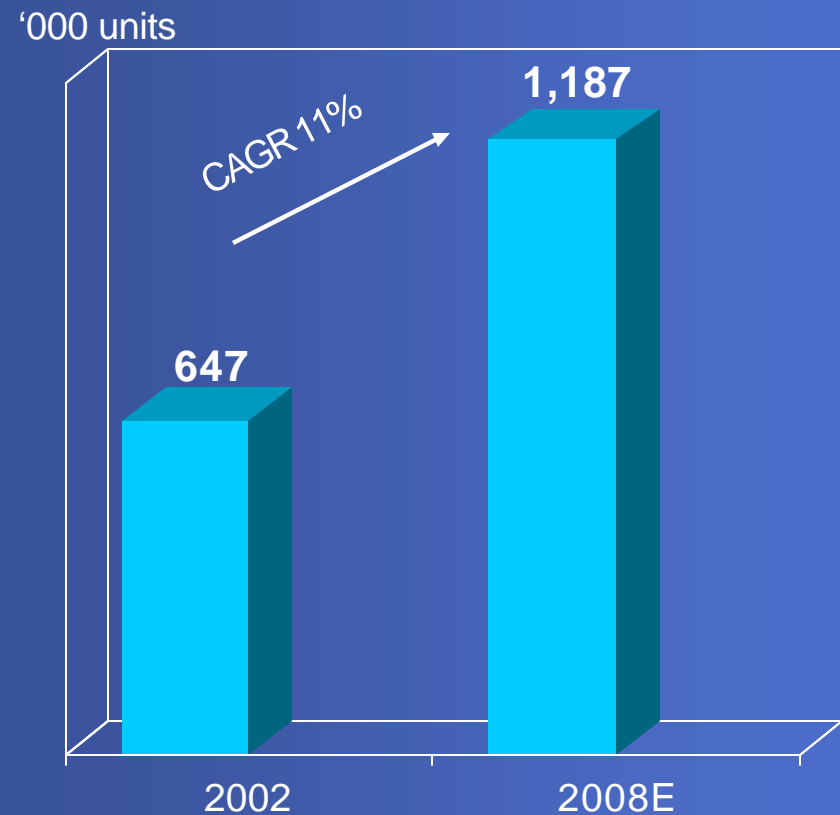


India Passenger Vehicle Market Potential

Growth Drivers

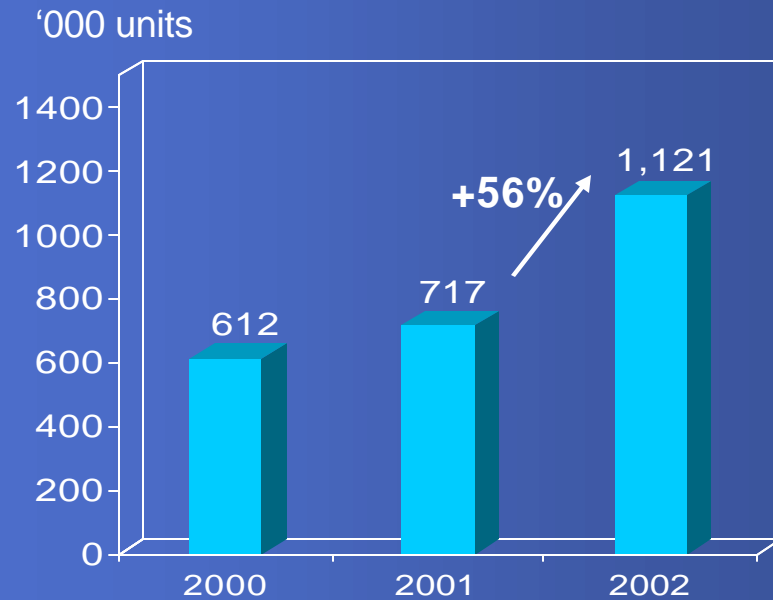
- ▶ Demographics
- ▶ Infrastructure
- ▶ Economic Factors
- ▶ Competitive Intensity
- ▶ Technology
- ▶ Regulations

PV Market potential



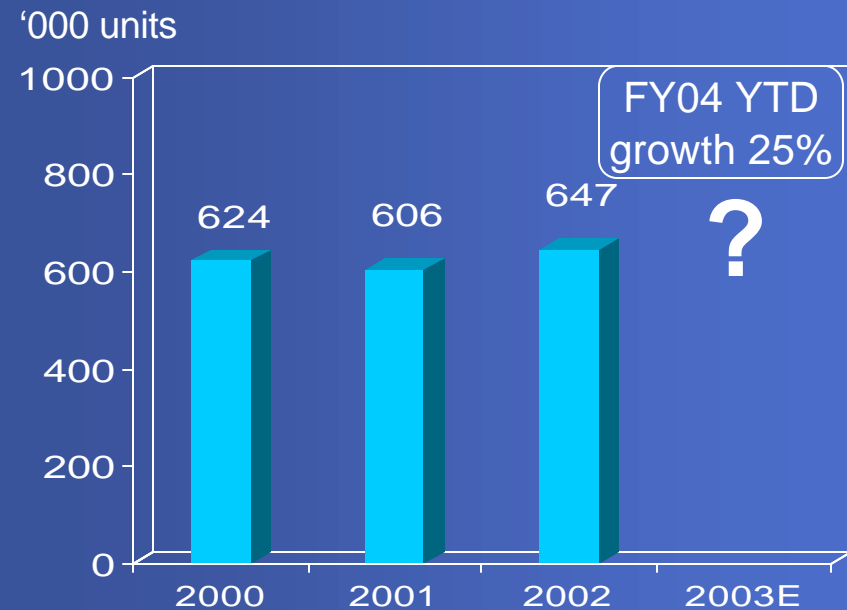
Growth Drivers

China PV market



- ▶ Release of pent-up demand in 2002
 - Price cuts by OEMs
 - Easing of Regulations
 - Low cost finance
 - Finance availability

India PV market



- ▶ Similar conditions in India
 - Excise duty reduction
 - Low cost finance
 - Finance availability
 - New product launches



Passenger Vehicles – Initiatives & Achievements



Indica

- ▶ *Among the top two selling models in the Compact segment since mid-2001*
- ▶ *“Lowest Ownership cost per km” - NFO Automotive 2002*

MUVs

- ▶ *Introduced “EX” & “+” series of Sumo & Safari*

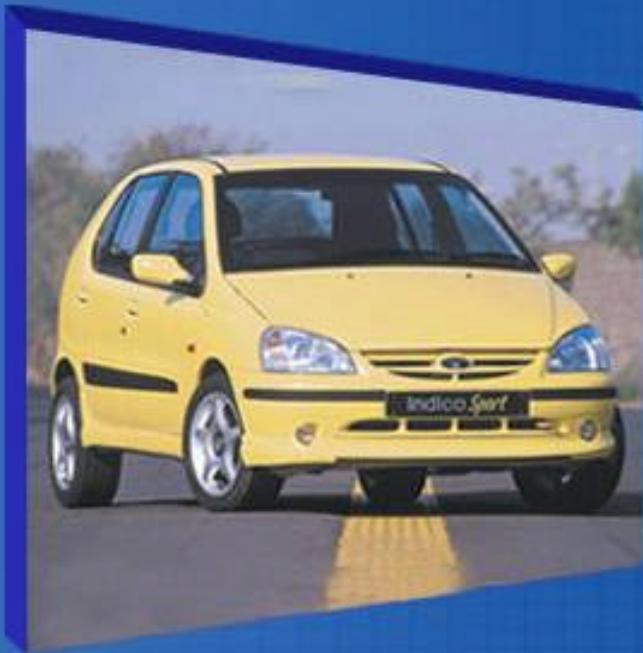


Indigo

- ▶ *Launched in Dec 2002*
- ▶ *Market leader in its segment since launch*
- ▶ *“Most Exciting New Car of the Year” at the ICICI Bank and Overdrive Awards, 2003*



Tata Motors - Capturing The Upswing



Models to address all key segments including:



▶ Indica Sport

▶ Indigo Estate

▶ Safari Petrol
(Launched in Sep. 2003)

▶ Others

Supported by new technologies

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Going Global

▶ *Near term strategy*

- Strengthen presence in traditional and niche markets
 - Exports volumes up 71% in first five months of FY04
- Establish regional alliances for marketing

Focussed markets identified for growth

- Re-launched CVs in Colombo and 5 other cities *in Sri Lanka*

Reflected in the agreement with MG Rover Group

- Intend to export 100,000+ Indica to EU over 5 years
 - Shipments to begin in 3Q FY04
- Distribution of Safari & Pick-ups in EU

▶ *Long term strategy*

- Develop "Truck of the future"
- Leverage technical capabilities for product development

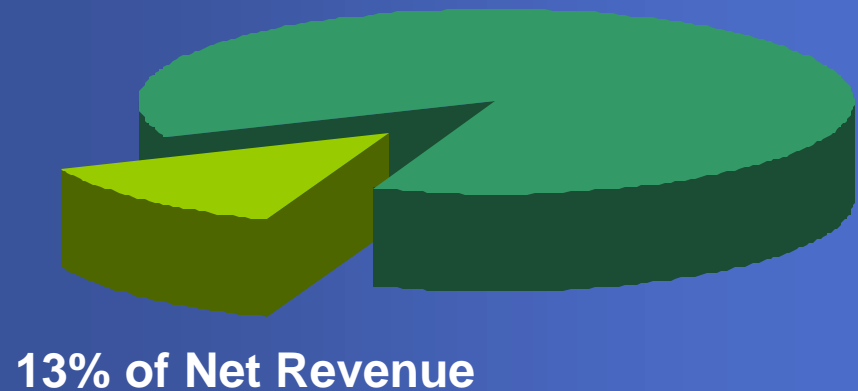
Significantly expand presence in the global market



Non-Cyclical Revenue Stream

- ▶ Exports
- ▶ Spares
- ▶ Vehicle Financing
- ▶ Reconditioned Vehicles / Aggregates
- ▶ Marine & Industrial Engines

Revenue from Non-cyclical Business in FY03



Plan to increase it to around 20% of Net Revenue in next 2-3 years



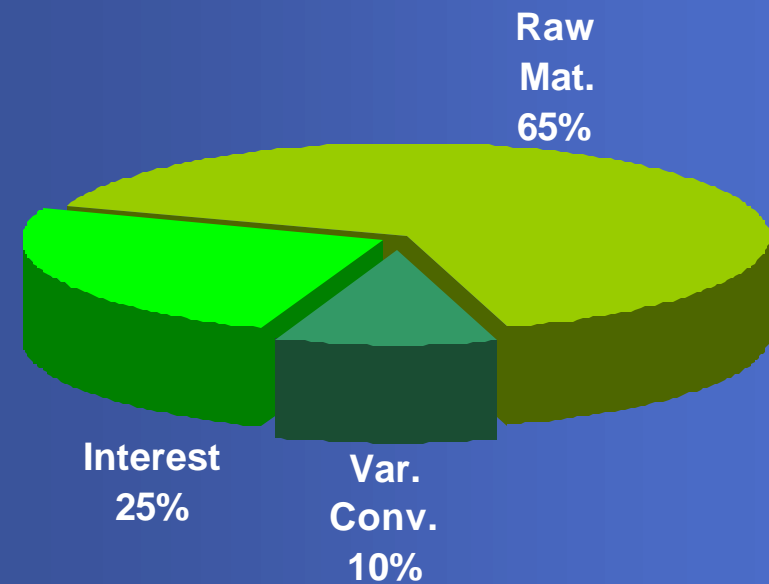
Cost Reduction

Total Cost Reduction

Rs bn



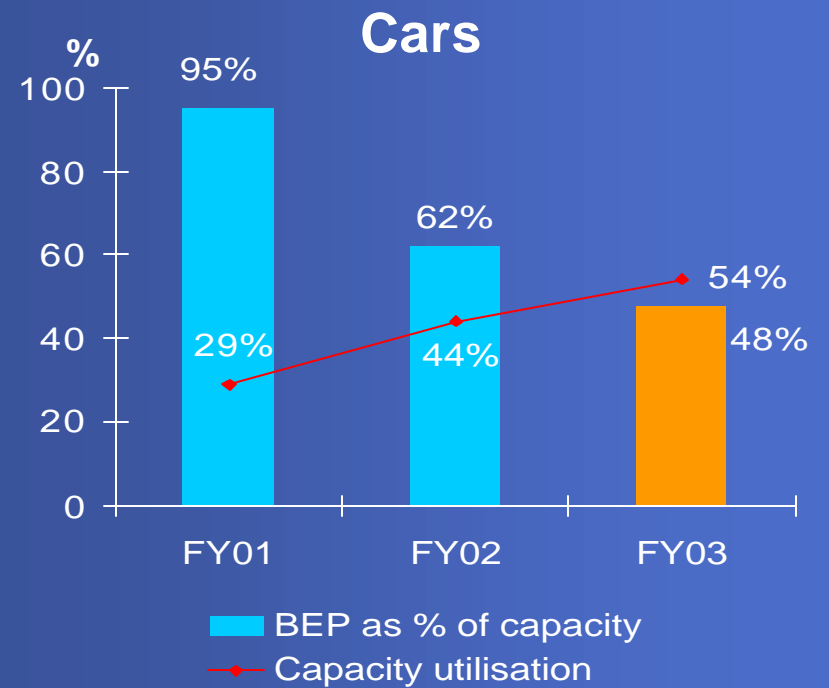
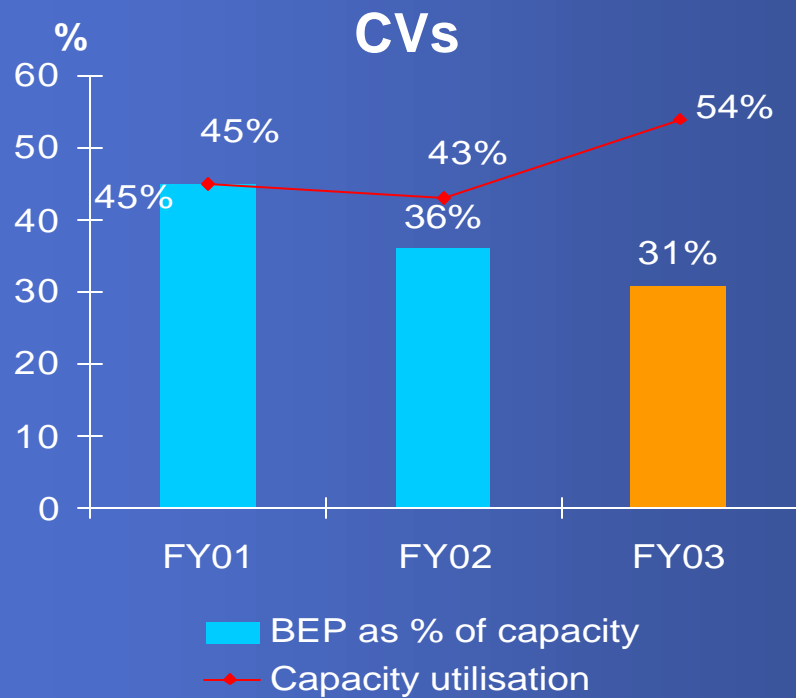
Cost Reduction Elements FY01 – FY03



Total Cost reduction of Rs 9.5 bn in last three years



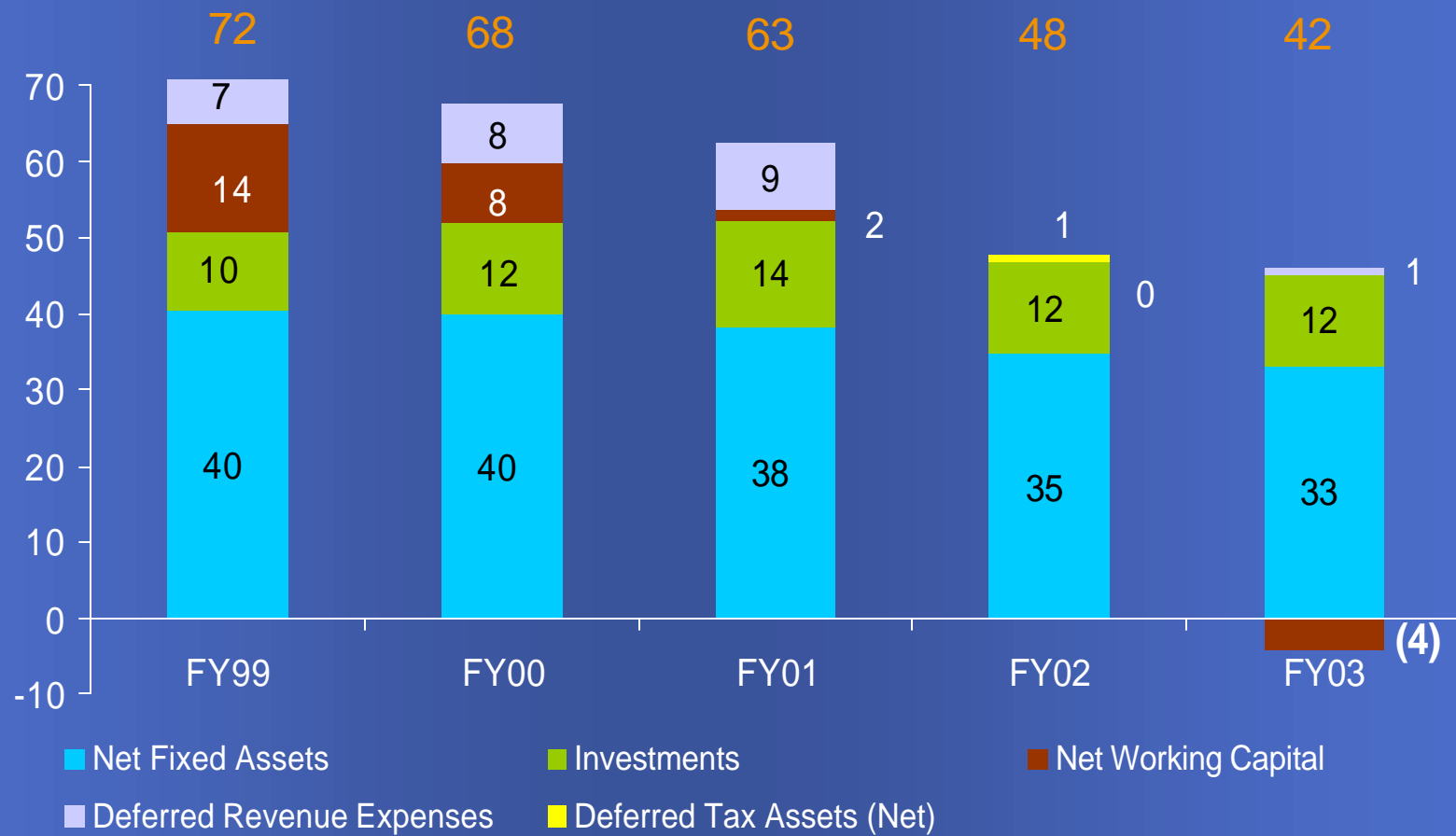
Lower Break-even Points





Reduction In Balance Sheet Size

Rs bn



■ Net Fixed Assets
 ■ Investments
 ■ Net Working Capital
■ Deferred Revenue Expenses
 ■ Deferred Tax Assets (Net)

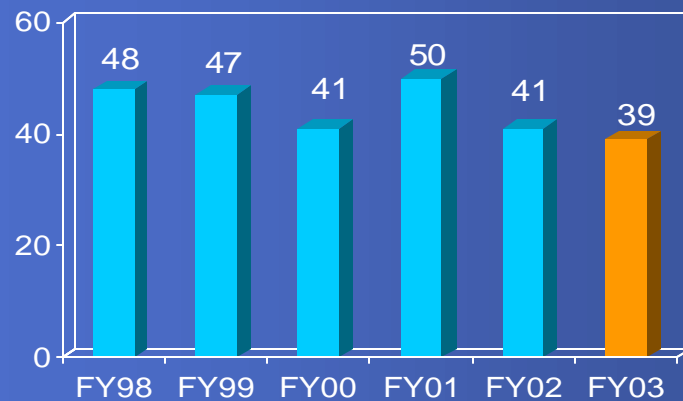
Avg. Asset Turnover	0.8	1.0	1.0	1.4	2.0
ROCE (pre-tax)	3.7%	2.7%	-1.1%	5.4%	17.4%



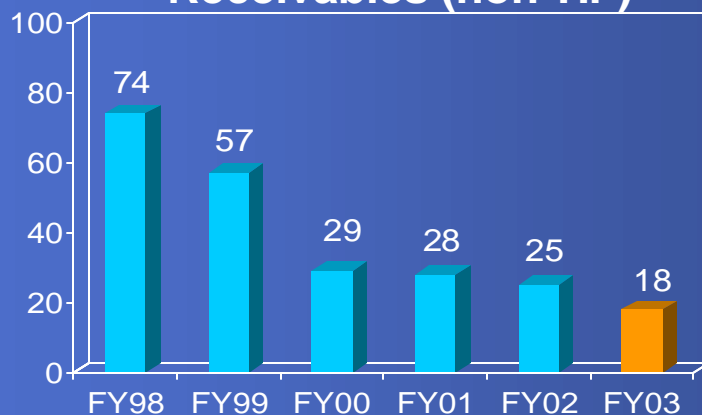
Tighter Fiscal Discipline

Days of sale

Inventory

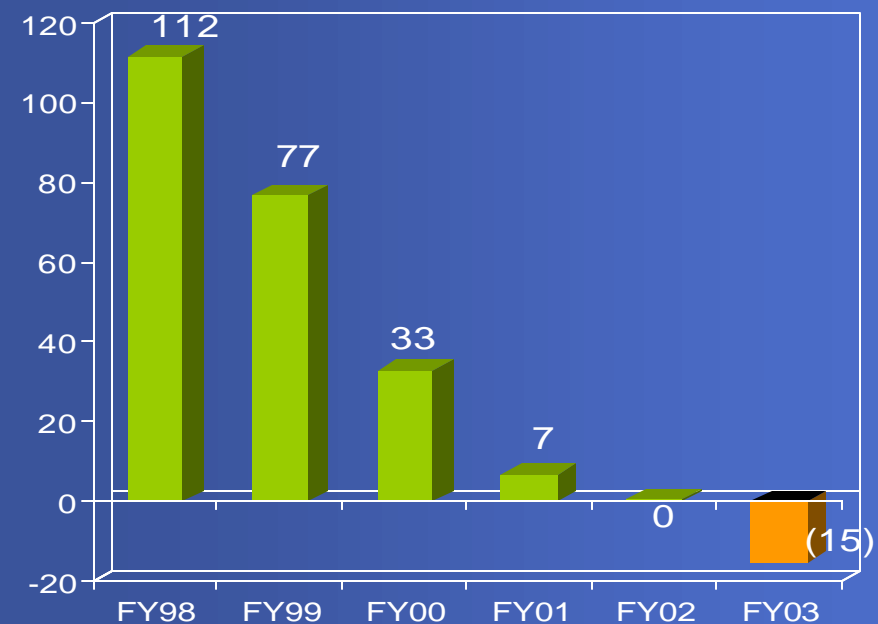


Receivables (non-HP)



Days of sale

Net Working Capital

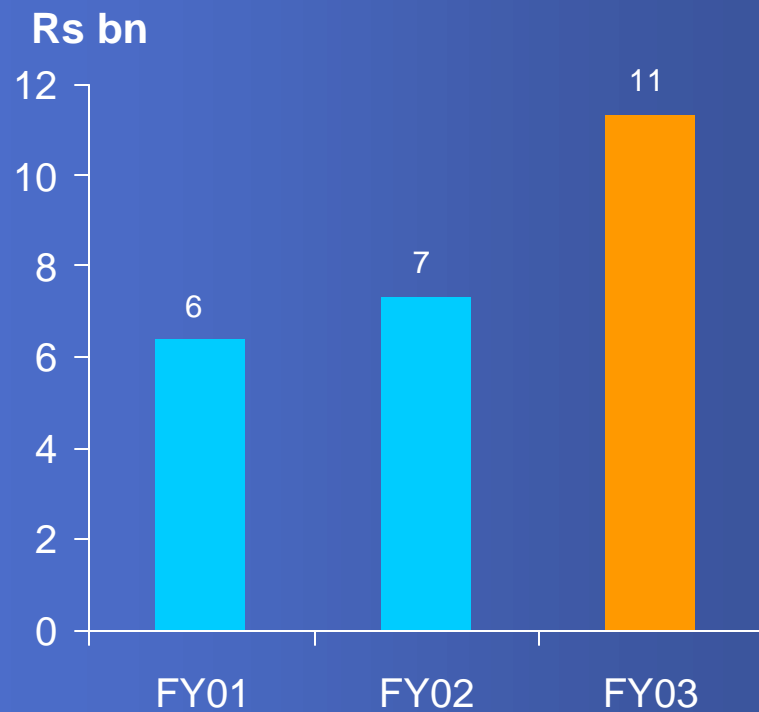


**Negative Working Capital
for the first time in the Company's history**

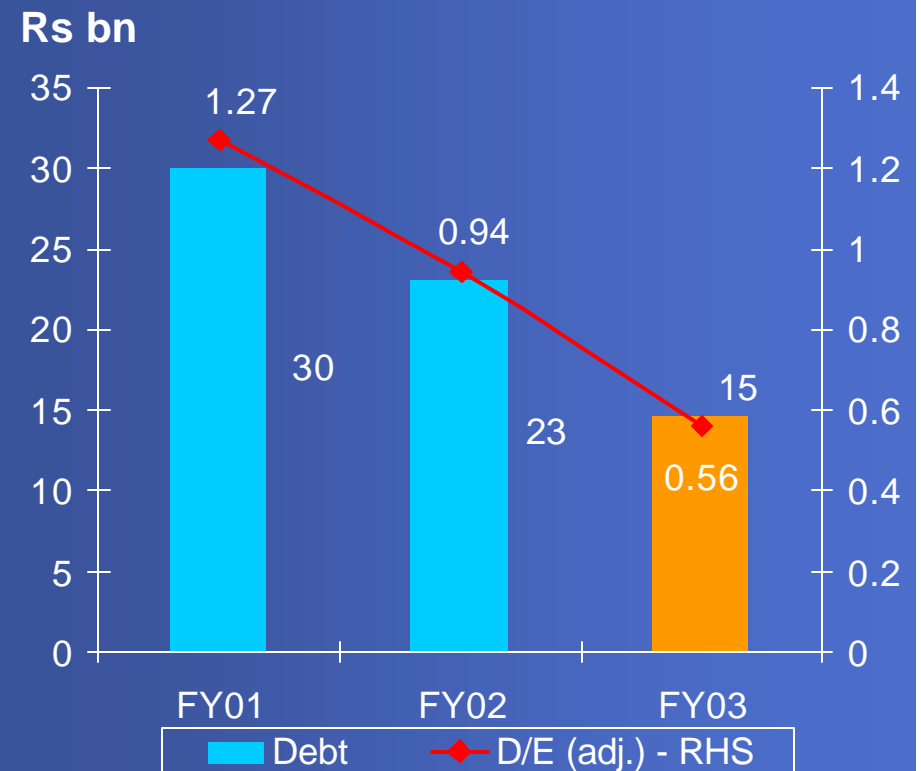


Stronger Cash Flows & Debt Reduction

Free Cash Flow



Debt & D/E



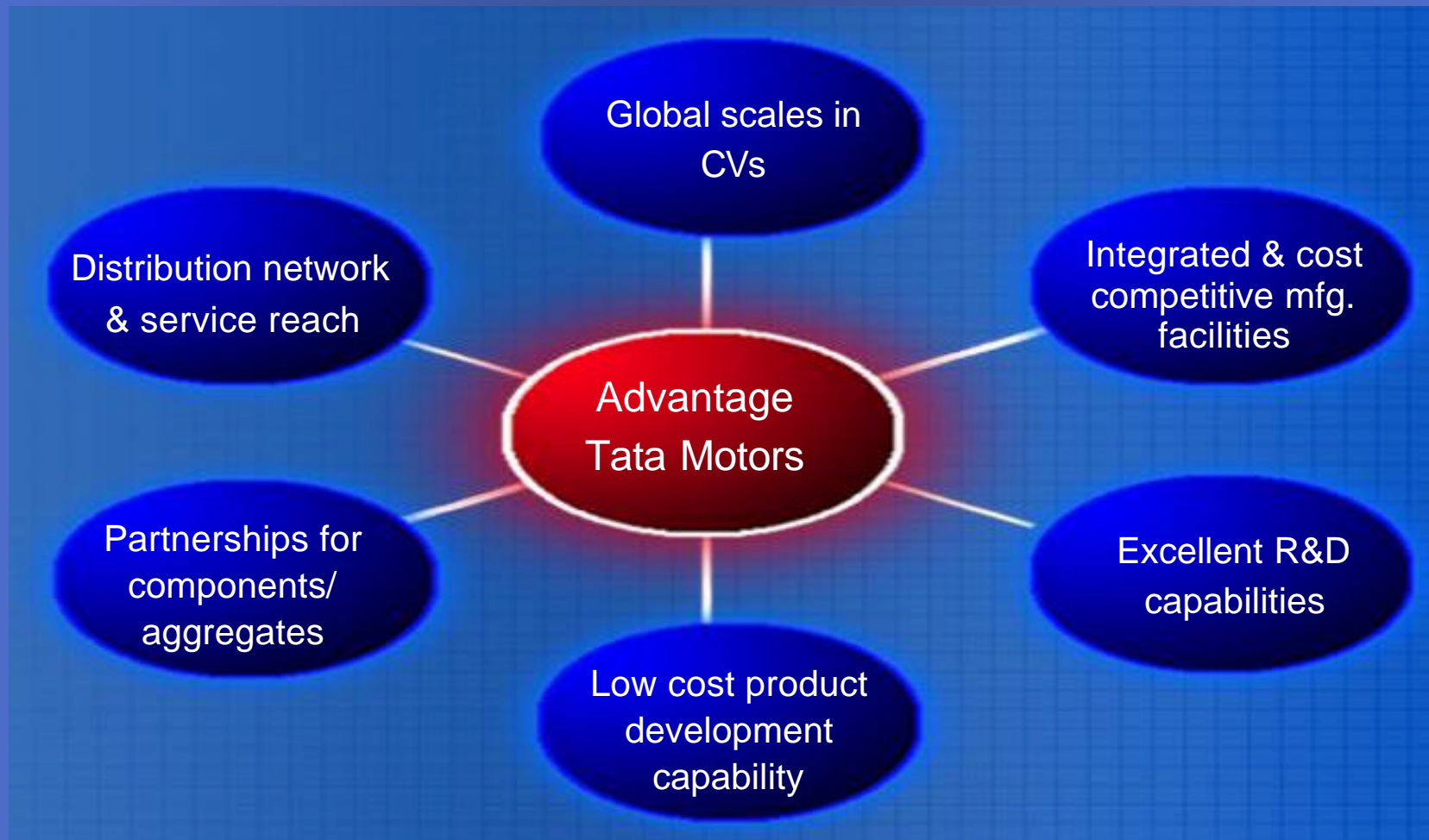


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- ▶ **The Way Forward**



Leveraging Our Strengths



Backed by TATA Brand

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The Way Forward

- ▶ Domestic demand drivers in place – Capture advantage of CV uptrend and growth in PVs
- ▶ Expand presence in global markets
- ▶ Reduce interest cost
- ▶ Explore further opportunities for cost reduction
- ▶ Disciplined capex programme
- ▶ Better working capital management



Tata Motors

Combining capabilities and cost advantage to emerge as a world class automotive company



Leading the future

TATA MOTORS



Thank You

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