



TATA MOTORS

Leading the *Future*



**Analyst Meet
May 17th, 2005**



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

Agenda

- Tata Motors – FY05 Performance

- Going forward... Year 2010

- Growth Strategy

FY05 Performance (Unconsolidated Indian GAAP)

	FY04 (Rs cr)	FY05 (Rs cr)
Gross Revenue	15,493.5	20,482.6
Revenue (Net of excise)	13,223.2	17,419.1
EBITDA	1881.8	2,171.1
EBITDA Margin	14.2%	12.5%
Other Income	58.9	166.1
Net Interest	161.3	154.2
Depreciation & Amortisation	382.6	450.2
Product Dev. Exp.	51.6	67.1
PBT before extra-ord items	1,345.2	1665.8
Extra-ordinary Items	(52.9)	(13.9)
PBT	1,292.3	1,651.9
Tax	482	415.0
Net Profit	810.3	1,237.0
Basic EPS (Rs) (non annualised)	24.7	34.4

- Net Revenue Growth : +31.7%
- EBIDTA Margin : -170 bps
- Pre-tax Cash Profit up 22.6%
- PBT Growth : +27.8%
- PAT Growth : 52.6%
- Basic EPS up 39.3%
- Total Dividend of Rs. 12.5 per share
- Special Dividend of Rs. 2.5

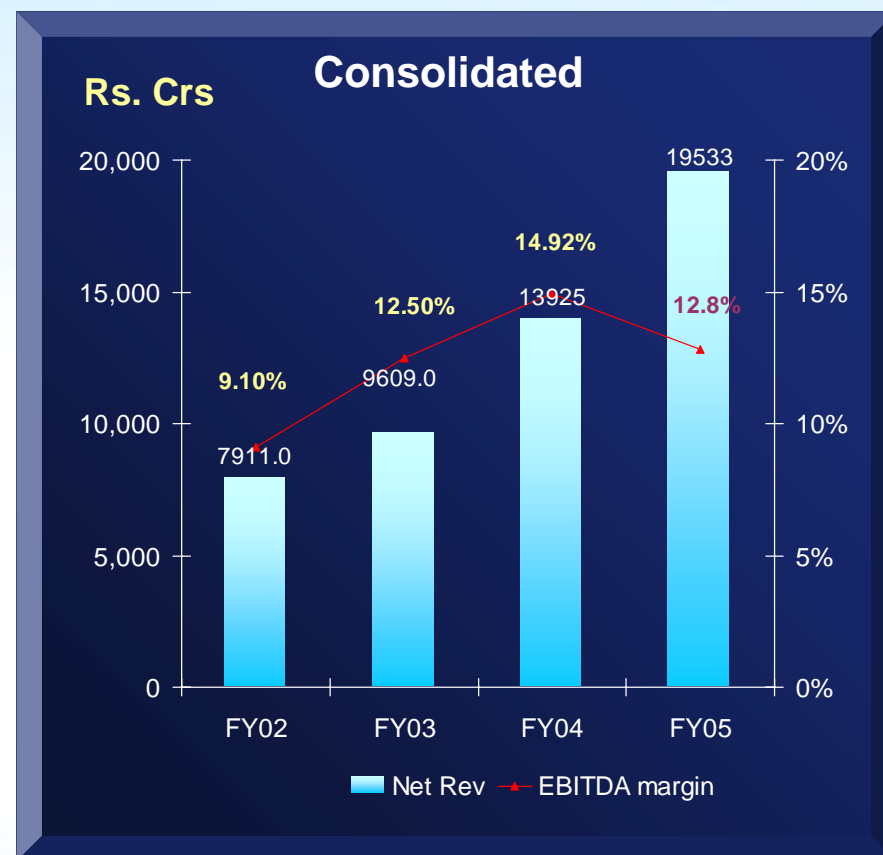
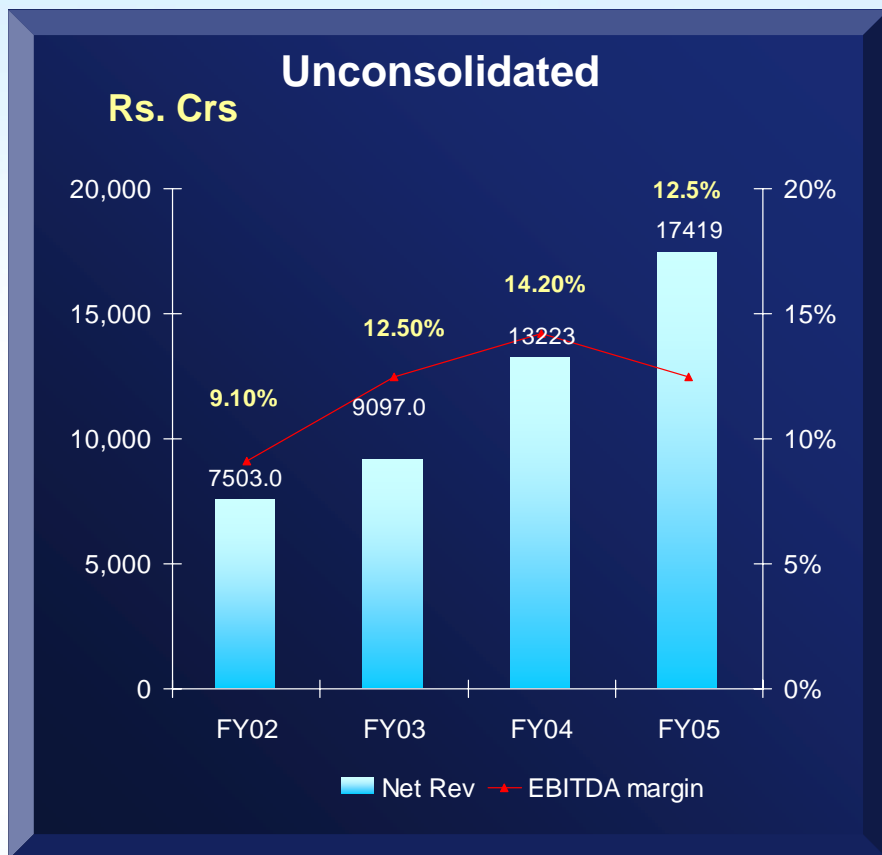
FY05 Performance (Consolidated – Indian GAAP)

	FY04 (Rs cr)	FY05 (Rs cr)
Gross Revenue	16,284.8	22,708.2
Revenue (Net of excise)	13,924.7	19,532.8
EBITDA	2,078.3	2,496.6
EBITDA Margin	14.9%	12.8%
Other Income	56.2	133.9
Net Interest	193.8	169.7
Depreciation & Amortisation	437.2	533.9
Product Dev. Exp.	51.6	67.1
PBT before extra-ordinary items	1,451.8	1,859.8
Extra-ordinary Items	(7.0)	(11.7)
PBT	1,444.9	1,848.1
Tax	530.8	490.6
Profit After Tax	914.1	1,357.5
Share in Profit of Associates	18.1	40.1
Minority Interest	(4.4)	(8.5)
Other Adjustments	(8.6)	(3.8)
Net Profit	915.3	1,385.3
Basic EPS (Rs) (non annualised)	27.9	38.5

- Net Revenue up 40%
- EBITDA Margin -210 bps
- PBT higher by 27.9%
- PAT up 48.5%
- Basic EPS up by 38%

FY05 Net Profit of Rs. 1385.3 Crore (+ 51.4%)
After adjustments relating to Minority Interest & Associate Companies

Net Revenue and Operating Margin

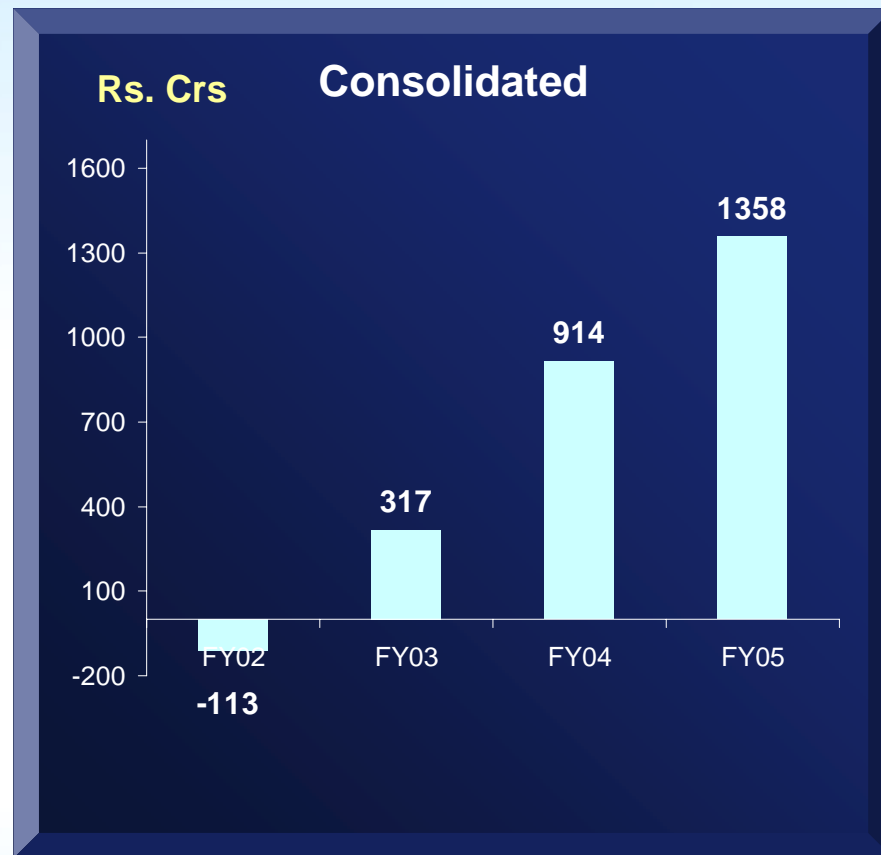
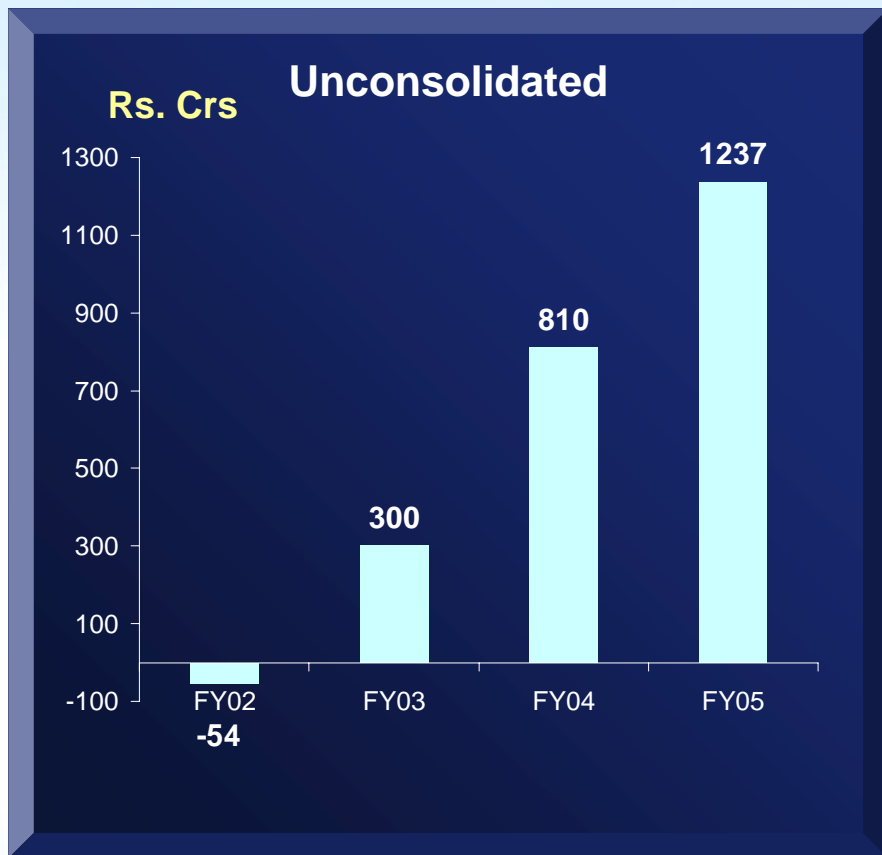


■ Last 4 years CAGR of 32.4%

■ Last 4 years CAGR of 35.1%

■ EBITDA under pressure

Profit after Tax

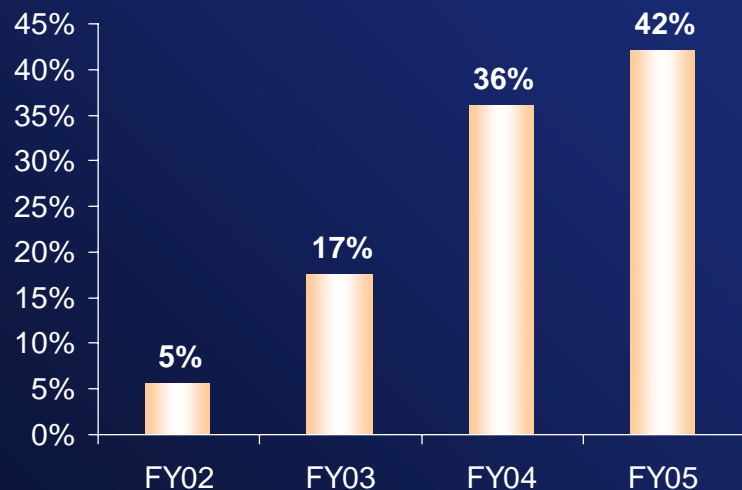


■ Last 3 Years CAGR of 103%

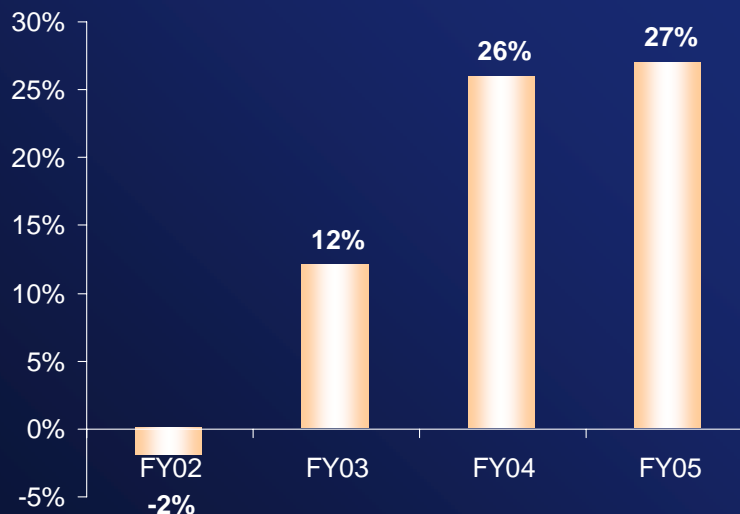
■ Last 3 Years CAGR of 106%

Optimizing Returns on Capital

ROCE



ROE

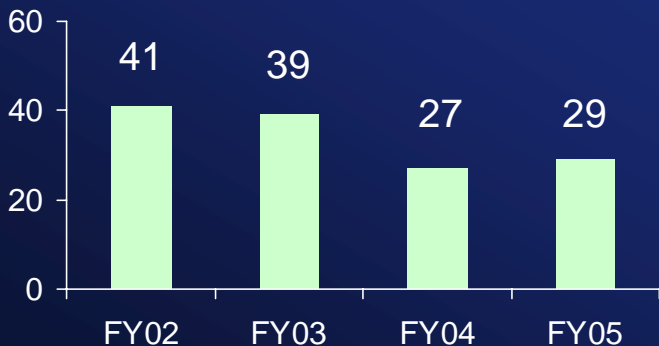


Note : Capital Employed excludes Investible Surplus for ROE and ROCE calculation

Negative Working Capital

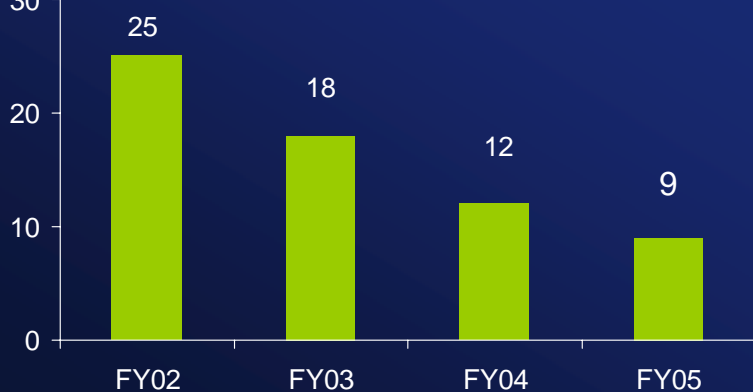
Inventory

Days of sale



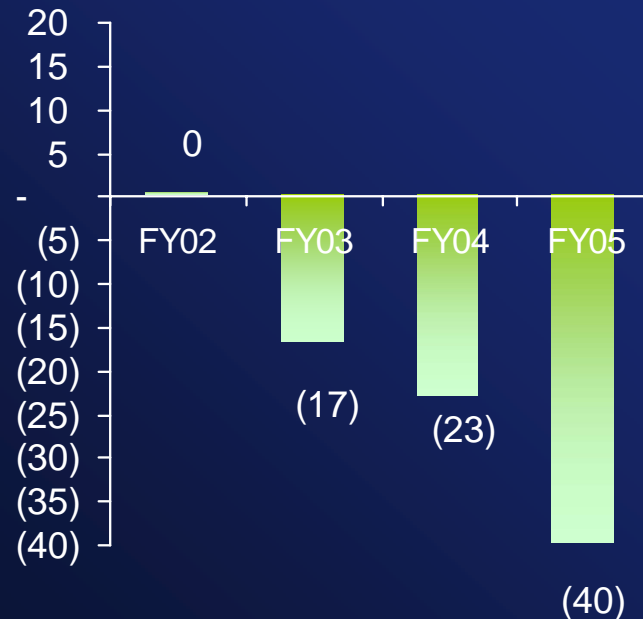
Receivables (non-HP)

Days of sale



Net Working Capital

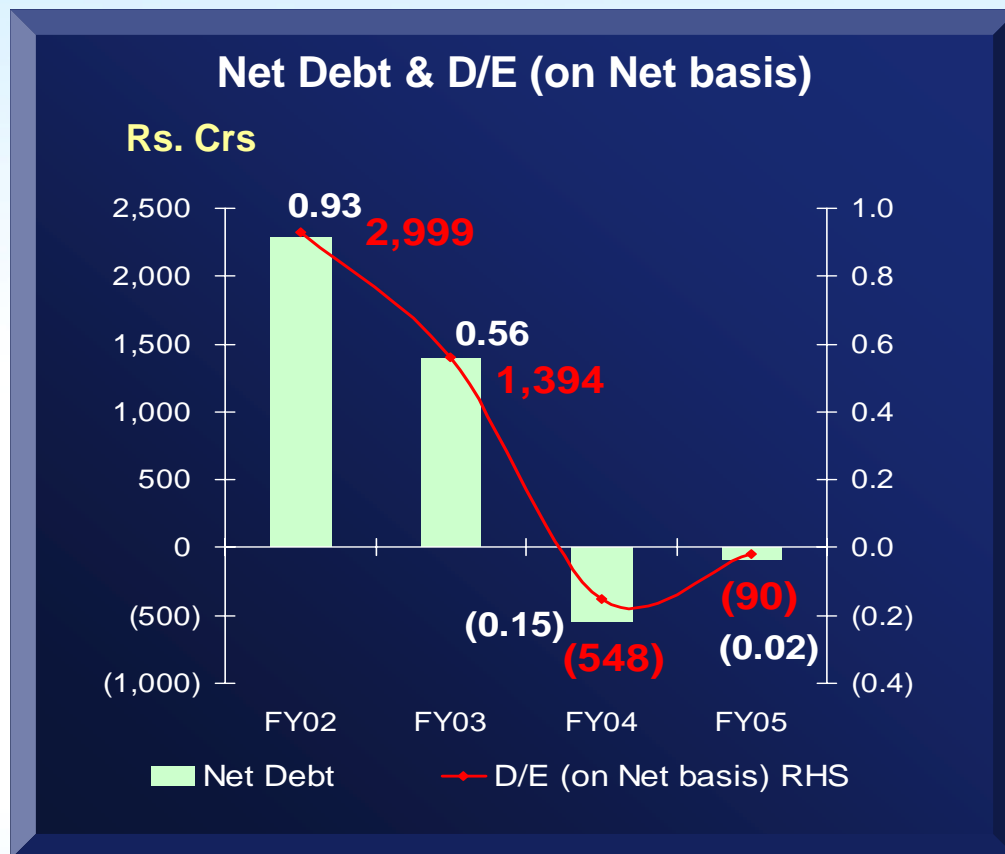
Days of sale



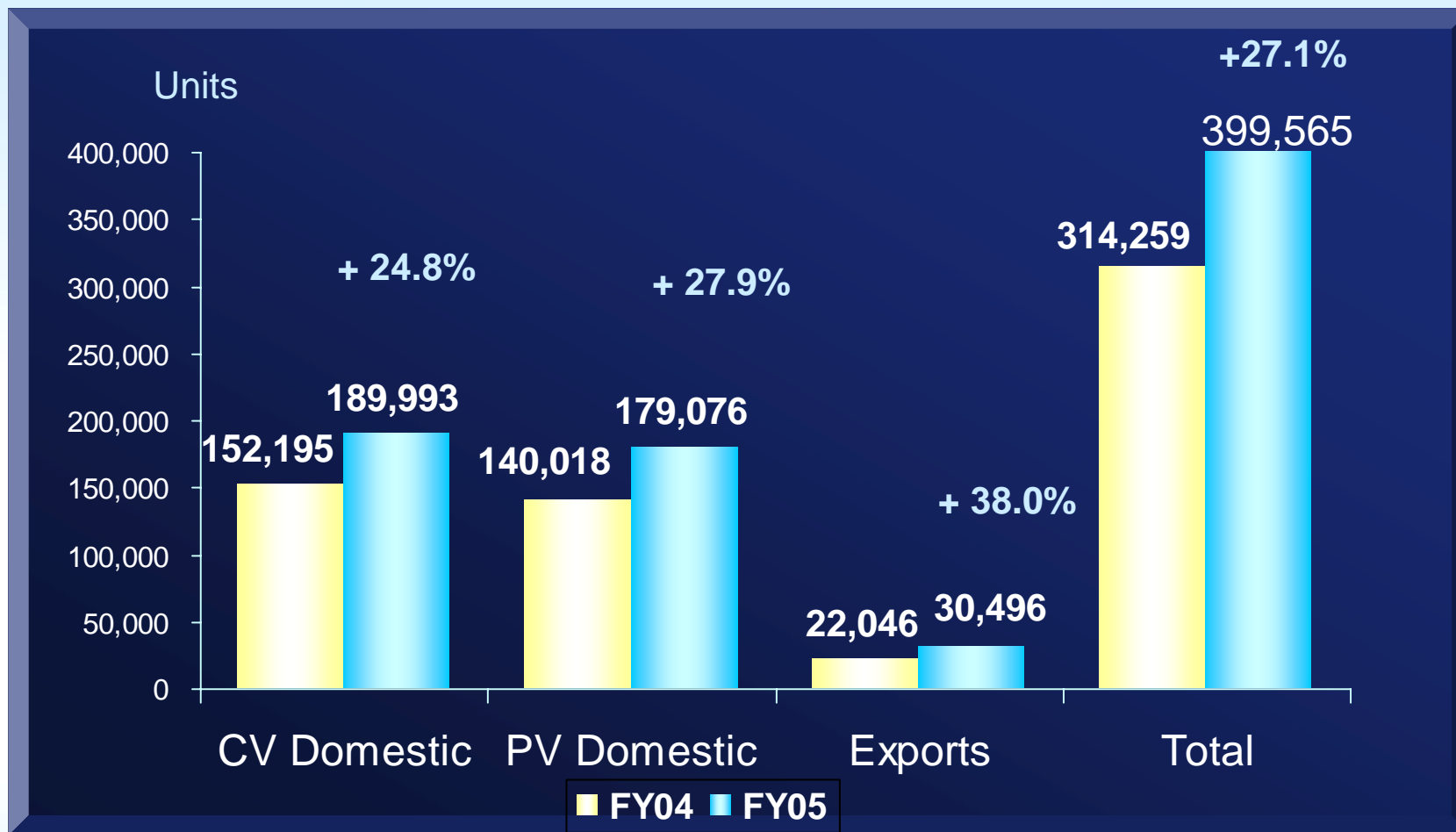
**Negative Working Capital
Maintained**

Calculations exclude Investible surplus and vehicle financing loans

Strong Balance Sheet



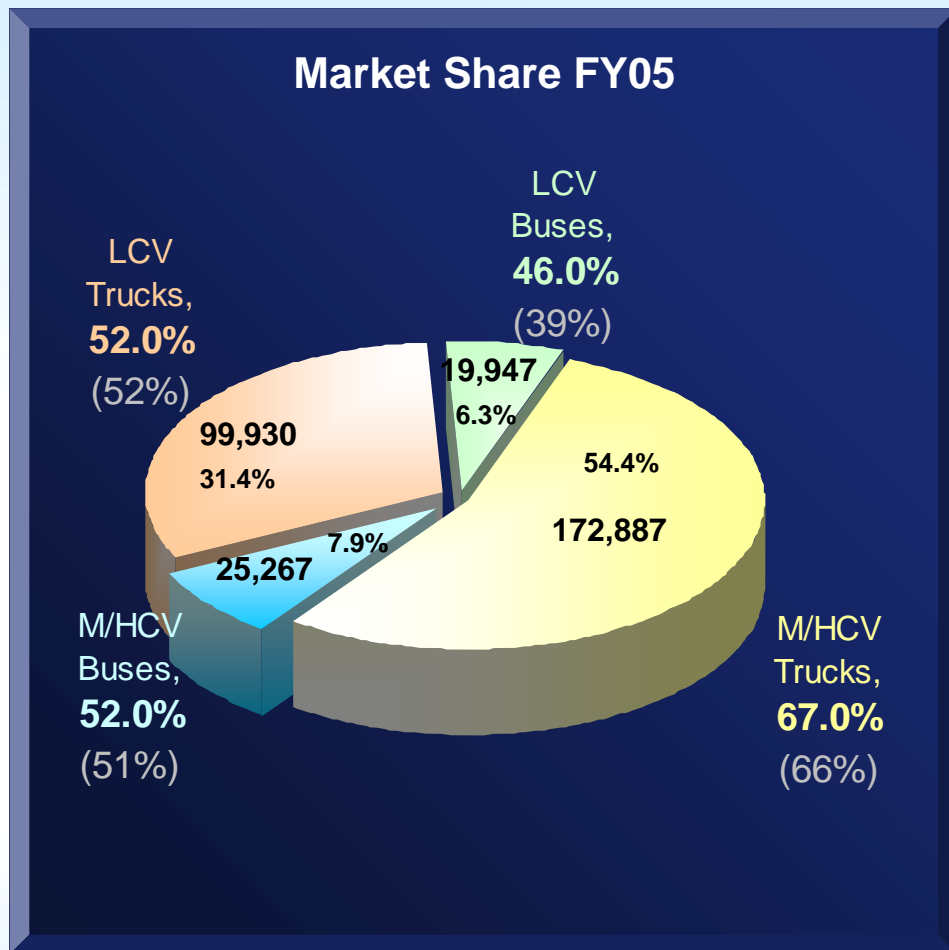
Tata Motors FY05 Volume Growth



Industry Growth FY05

Domestic CV : +22.4%, Domestic PV : +17.4%, Exports : +33.8%, Total: +20.4%

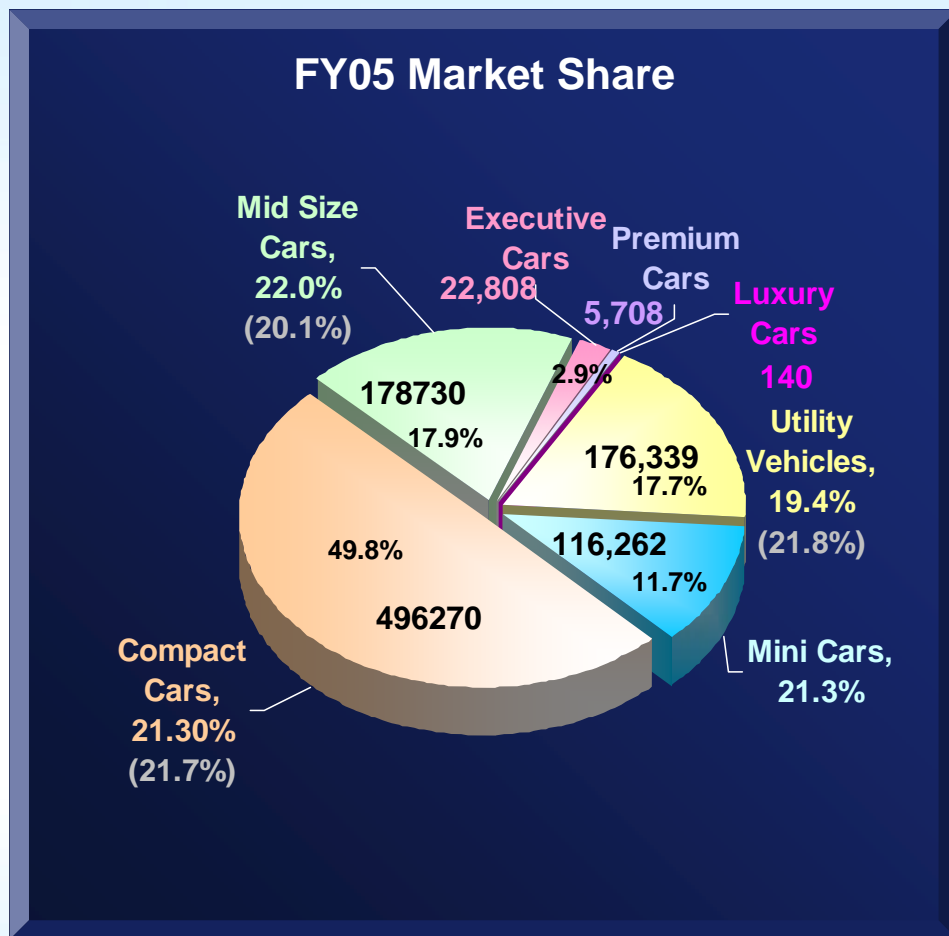
Leadership position in Domestic CV market



- ❑ Tata Motors Market share: 59.7% (+120 bps Y-o-Y)
- ❑ Launch of improved products -LPT 2515 CMVR, LPT 909 Ex
- ❑ Acquisition of Spanish bus major - Hispano Carrocera
- ❑ Biggest ever Launch of fully built buses by an auto major
- ❑ Tata Ace launched in May 2005

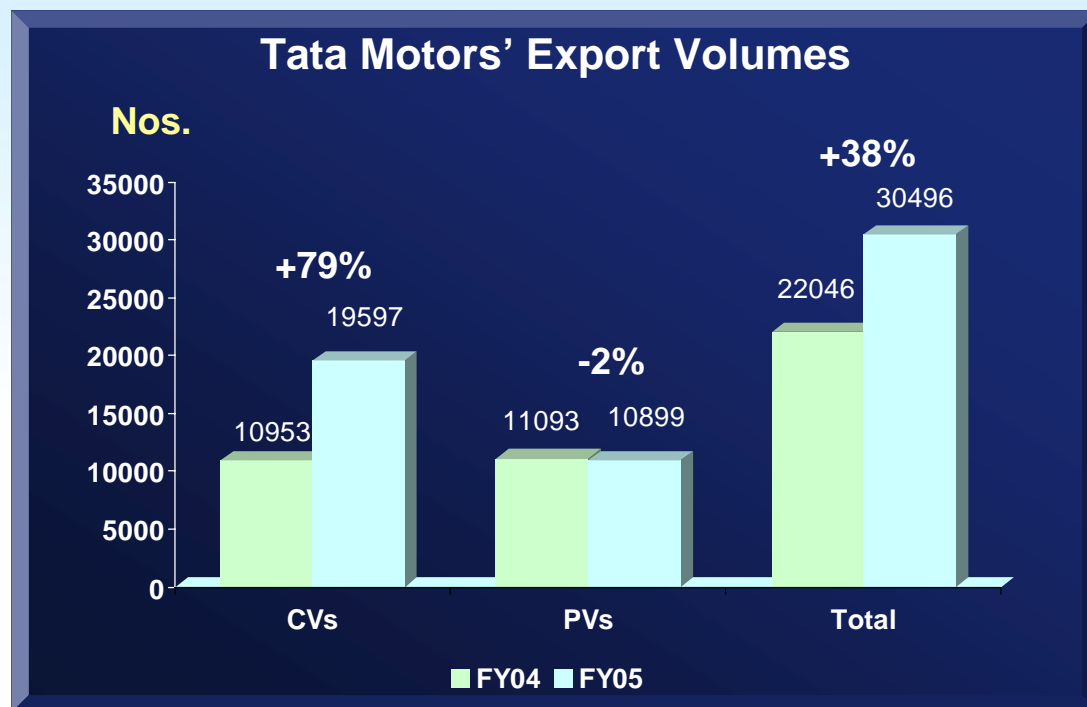
Tata Motors Continues its leadership position in domestic CV market

2nd Largest Player in Domestic PV market



- ❑ Tata Motors Market share : 17%, +140 bps
- ❑ 500,000th passenger car rolled out in FY05
- ❑ Enthusiastic market response to Indigo Marina
- ❑ Production capacity expanded to 225,000 units p.a from 150,000 units

Increasing Focus on International Business



- 134% growth in pick up volumes during FY05.
- 175% growth in non-Rover passenger car exports during FY05
- Successful product launches in South Africa
- In FY05, Tata Motors' exports together with TDCV revenue contributed around 14% to Consolidated net revenue of Tata Motors

Tata Daewoo- Heavy Trucks (S. Korea) (100% Subsidiary)



1. Market share improved to 29.1% (25% previous year)
2. 24 % decline in Korean market
3. TDCV debt reduced to US\$ 30Mn (US \$ 51 mn previous year)
4. TDCV Products exported to new countries like South Africa and middle east

(Rs. Crs.)	FY04	FY05	Change(%)
Sales (Nos.)	4,561	4,540	-0.5%
Revenue	1,051.9	1,251.2	19.0%
EBIDTA	100.8	64.5	-36.0%
PBT	53.6	29.3	-45.0%
PAT		21.9	

TELCON – Construction Equipment (80% TML : 20% Hitachi JV)

(Rs. Crs.)	FY04	FY05	Change(%)
Sales (Nos.)	1,989	2,517	27%
Revenue	634.1	825.5	30%
PBT	37.9	60.2	59%
PAT	20.7	40.8	97%

- Retained Market share in excavators at 54% in the last 2 years.
- Market share improvement
 - Back-hoe Loaders : from 5% to about 9%
 - Wheel Loaders : from 20% to 22%
- PAT up 97% Y-o-Y
- Capacity utilisation at 87%
- 48% reduction in interest cost Y-o-Y; Debt reduced by 43% Y-o-Y

HVAL & HVTL – Heavy Axels and Transmission (100% subsidiary)

	HVTL (Rs. Crs)			HVAL (Rs. Crs)		
	FY04	FY05	Change(%)	FY04	FY05	Change(%)
Sales (Nos.)	69002	88504	28%	147,899	188,309	27%
Revenue	106.7	126.6	19%	119.4	145.8	22%
PBT	30.1	46.4	54%	48.0	65.0	35%
PAT	17.3	27.0	56%	29.7	42.7	44%

HVTL

- PAT at Rs.27 crores, up 56% Y-o-Y
- Capacity utilisation at 157%
- Became a debt free company in April, 2005;
Interest cost down 64% YoY

HVAL

- Capacity Utilisation at 157%
- Debt Free Company:
Interest cost down 85%
- PAT at Rs 43 cr up 44% Y-o-Y

TAL- Manufacturing Solutions (100% Subsidiary)

(Rs. Crs.)	FY04	FY05	Change(%)
Sales (Nos.)	72	100	39%
Revenue	68.7	79.7	16%
PBT	(18.0)	2.4	
PAT	(33.2)*	2.4	

* Including Employee separation cost of 15.2 crores.

■ ■ TAL Manufacturing Solutions

- First year of achieving profits since inception. Turnaround performance achieved through :
 - Revenue growth,
 - Cost reduction
 - Financial restructuring
 - Manpower right sizing

Tata Technologies – Engineering Automation & Service (94.6% subsidiary)

(Rs. Crs.)	FY04	FY05	Change(%)
Revenue	136.6	180.4	32%
PBT	7.9	10.7	34%
PAT	8.0	7.7	-4%

■ Tata Technologies (TTIL)

- International Revenues grew 49% during FY05.
- Share of non Tata Motors revenue 42% in FY05 compared to 39% in FY04
- Capacity expansion undertaken – 3 new technology centers set up in FY05
- Tata Technologies became the first Engineering and Design Company in the world to be assessed at Level 5 of the People Capability Maturity Model (PCMM) at all locations.
- Debt reduced by 53% during FY05

Performance Highlights of Tata Motor Finance

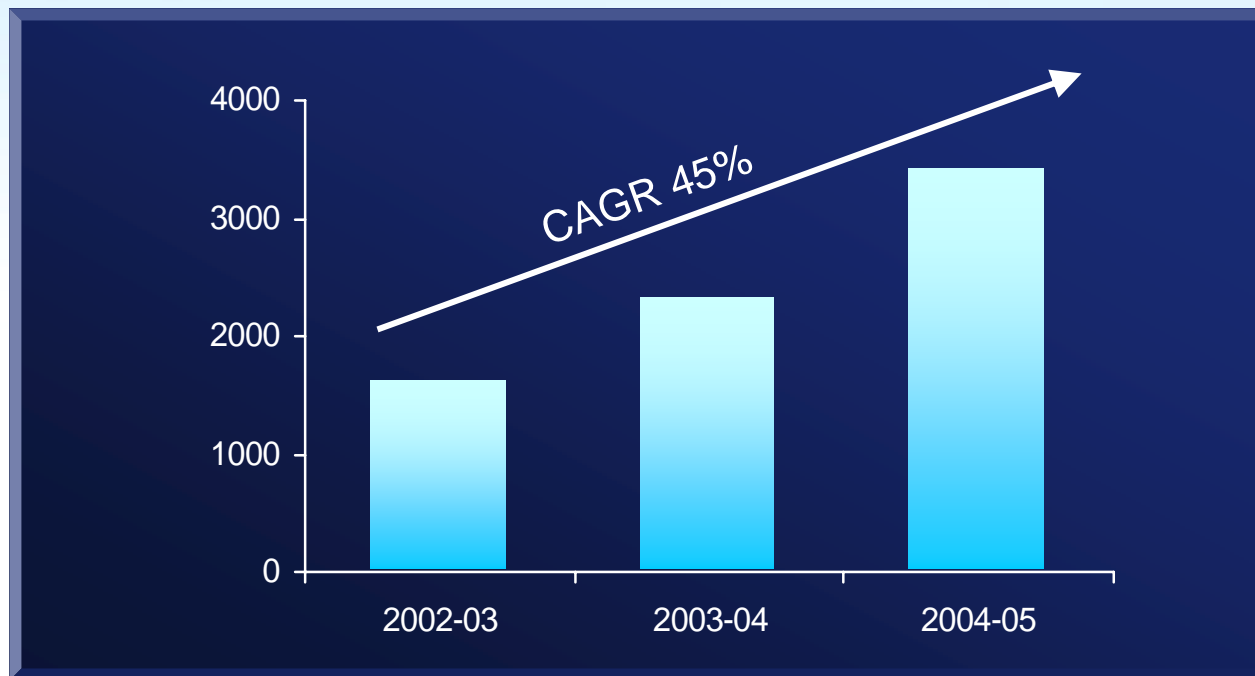
Vehicles/Equipment
Financed (Nos.) →

35316

53130

74916

Finance Disbursed
(Rs in crs)



Market Share(%)

14.8

16.3

18.2

FY 02-03 : BHPC & TFL were stand-alone

FY 03-04, FY 04-05: TMF

Tata Finance Ltd. to merge with Tata Motors Ltd

Highlights of Fiscal 2005

- Successful Integration of Tata Daewoo with Tata Motors
- Successful foray in to South Africa
- Investment in 21% stake of Hispano Carrocera, Spain
- Announcement of Tata Finance Ltd. merger with Tata Motors
- Tata Motors listed on NYSE on 27th September, 2004
- US\$ 400 mn raised through FCCB with path breaking features.

Agenda

- Tata Motors – FY05 Performance

- Going forward... Year 2010

- Growth Strategy

Long Term Growth Strategy – Year 2010

- Indian Economy to see consistent growth
- Infrastructure investments to see new surge
- New Products
- Significant growth in International Business
- Inorganic growth

Agenda

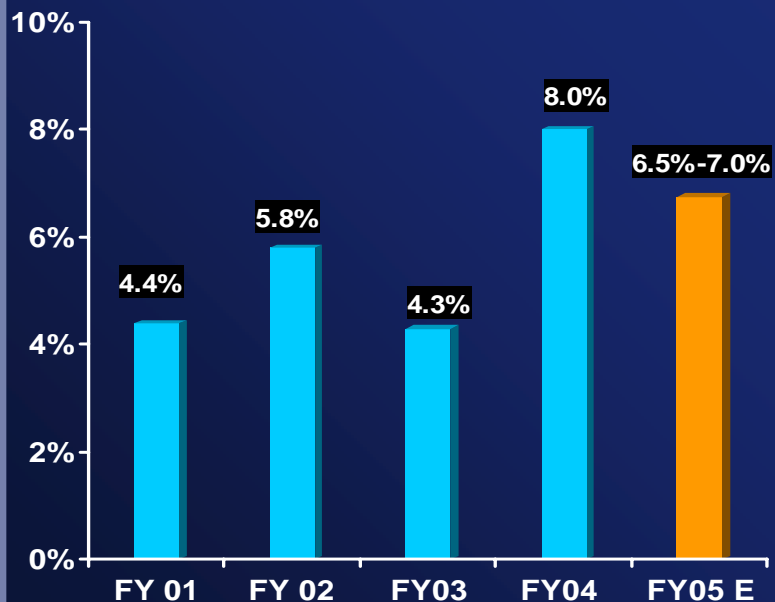
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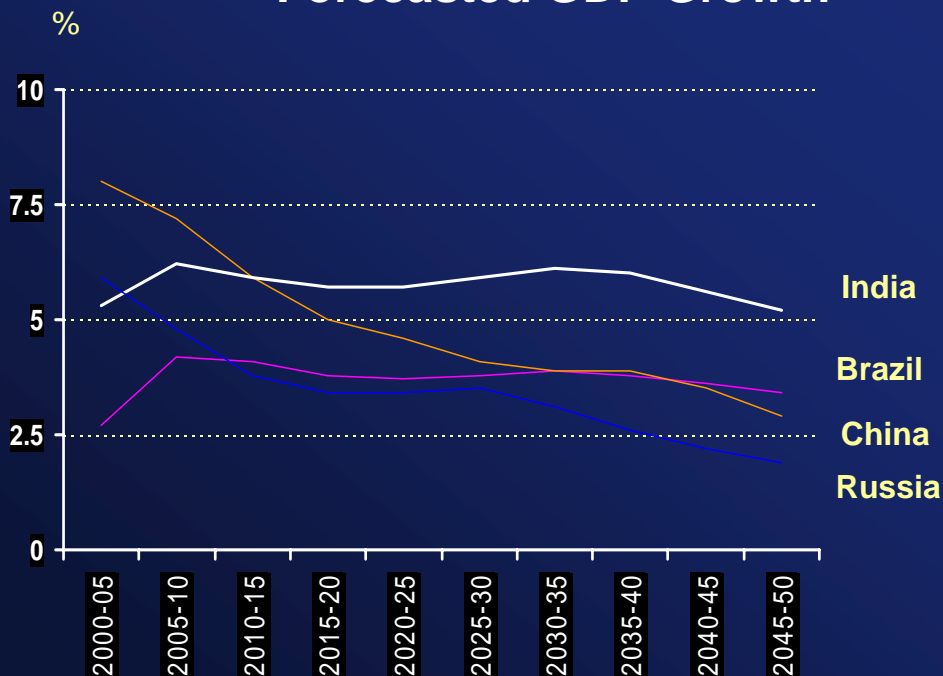
- Growth Strategy

Indian economy - outlook

GDP Growth



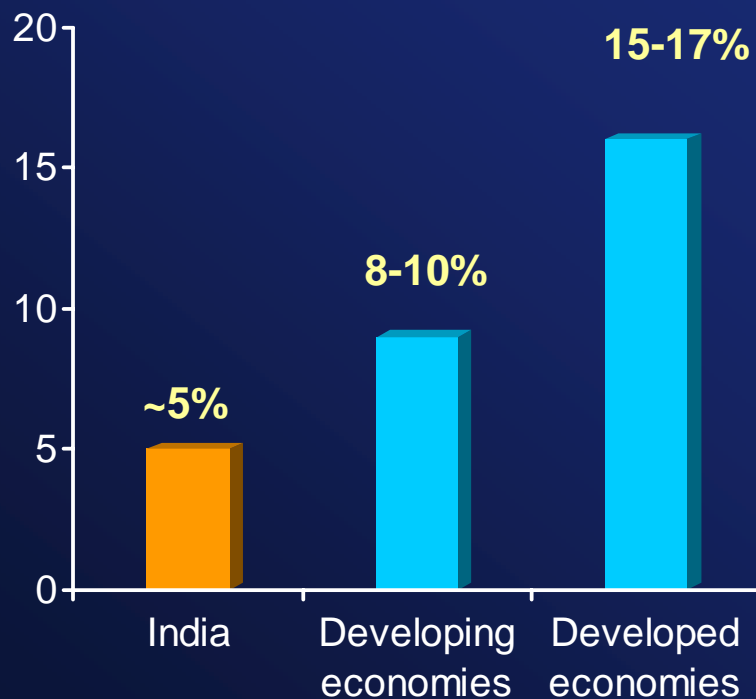
Forecasted GDP Growth



* Source: Various government and research agencies

Implications for Indian Auto industry

Contribution to Industrial Output



Economic Development offers a great growth opportunity for Tata Motors

New Product Launches

Commercial Vehicles

- Tata Ace
- World Truck
- World Pickup
- World LCV
- New bus

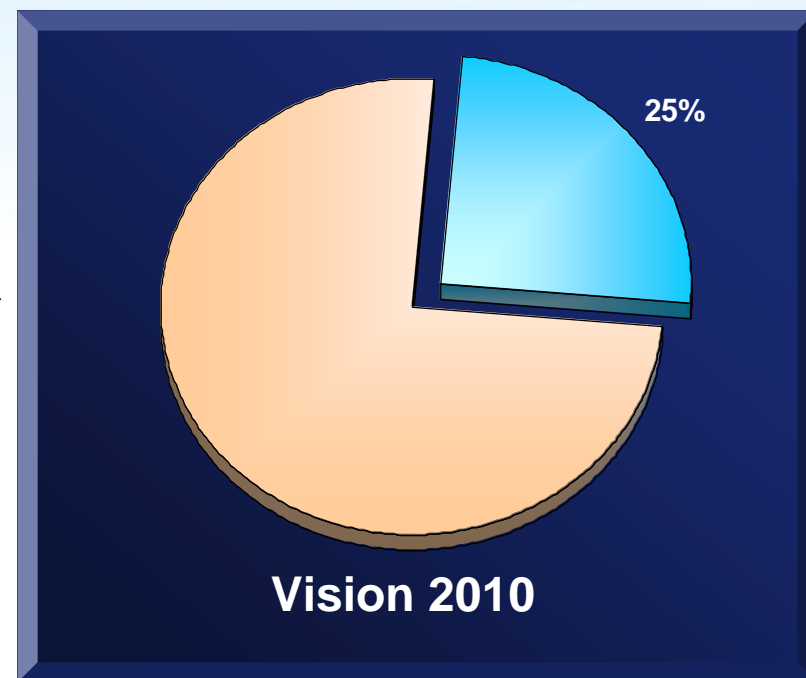
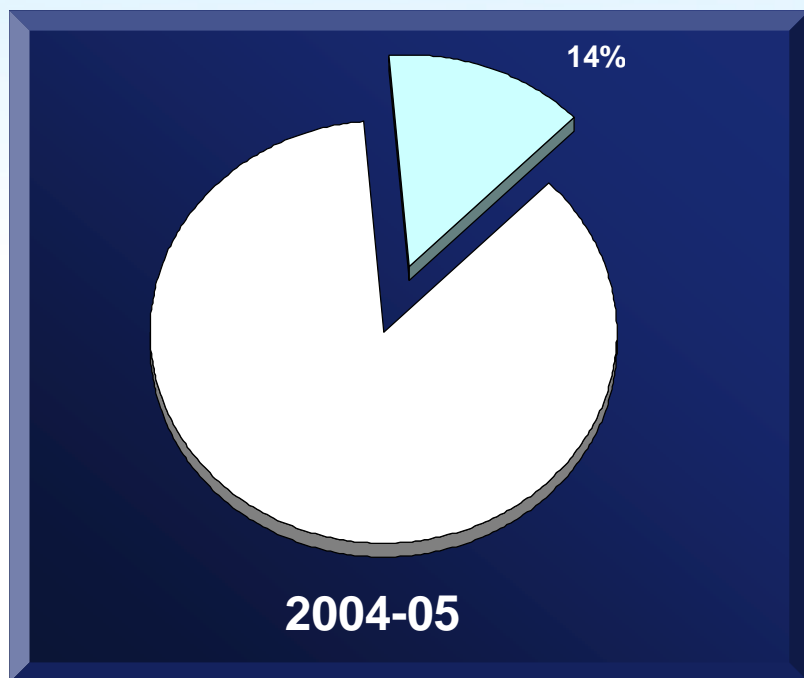
Passenger Vehicles

- New Small Car
- New Indica Platform
- New Utility Vehicle Platform

Expanding the Product Portfolio

Consolidate Position in International Markets

International Business Revenues

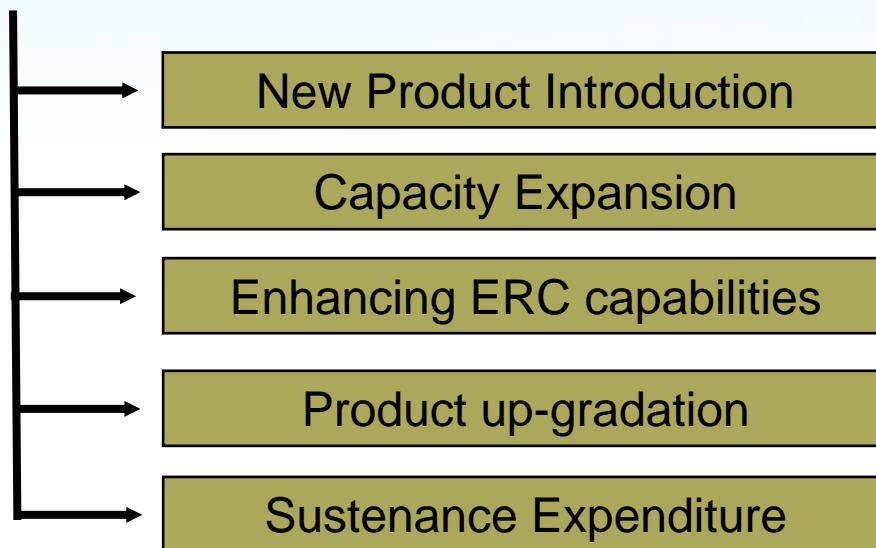


New Target Markets: Russia, South East Asia & Western Europe, China,

Vision : To increase share of international business revenues to 25% in 2010

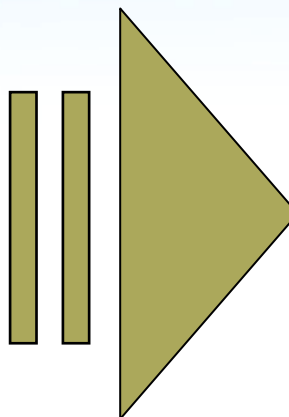
Organic Growth Plans

- Rs. 60 bn capex programme to be implemented over five years beginning April 04.
- Targeted investment areas



Cost Reduction Drive

- ❑ Value Engineering
- ❑ Target Costing
- ❑ E – Sourcing and Global Sourcing
- ❑ Supplier base rationalisation
- ❑ Process Improvement
- ❑ Productivity Improvement
- ❑ Outsourcing



Rs. 10 bn cost reduction targeted over the next 3 years

Automotive Subsidiaries to Contribute Value

Tata Daewoo Commercial Vehicles – South Korea



- Capacity utilization to be enhanced
- MCVs to be manufactured in S.Korea
- TDCV products exported through TML international business channel
- Operational efficiencies being improved through cost reduction, Implementation of IT systems and debt restructuring.
- Integration with TML for product design and development

Integration with Tata Motors in full progress

Hispano to Provide Technological Edge



**Globus and Starbus
Range of Fully Built Buses
launched recently**

**Investment in Hispano,
Spain to facilitate new
technology for Tata Motors'
bus range**



Contribution from Non Automotive Business

■ Captive vehicle financing

■ Tata Motors Finance

- Plan to grow the market share from 18% to 40% over next 5 years
- Introduction of new financial products

■ Construction Equipment

■ TELCON

- Government's increased focus on infrastructure development in the country
- Dominant position in construction equipment industry
- Introduction of new products
- Focus to improve share of export revenues.
- Plan for a full fledged R & D centre.



Contribution from Non Automotive Business

Information Technology

- **Tata Technologies** The only Indian automotive focused E&D services company with expertise in end-to-end platform design.

Organic Growth Opportunities

- Growth in off shore capacity
- Increase export of IT services
- Focus on increasing share of non-Tata Motors business
- Broaden the range of service offering viz. scale expertise in CFD, NVH, plant floor automation etc.

Inorganic Growth

- Acquisition, alliances, JVs etc to acquire
- Customers
- Scale in global market
- Access to New technology & R&D capability



Contribution from Non Automotive Business

Auto Components

■ TACO (an associate company)

- The Indian auto component industry could reach revenues of US\$ 35-40 billion by 2015 (CAGR of 30-35%) (*source : ACMA – Mc Kinsey Report*)
- TACO and its JVs together achieved a revenue base (summation of all entities) of Rs 10 bn during Apr-Dec 2004 (+29% YoY). Exports account for 10% of these revenues.
- TACO partners with global auto component companies
- Capabilities spanning engineering, manufacturing and supply chain management

■ HVAL & HVTL

- Increased revenue from non TML customers
- Enhancement of operational efficiencies
- Technology upgradation



Challenges Ahead...

- Increase in input prices to continue to put pressure on operating margins
- Rising fuel prices
- Increasing competition across all vehicle segments
- Expected downturn in the commercial vehicle cycle
- Uncertainty on account of VAT and Emission norms in the short run.

Thank You

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