

# TATA MOTORS

## Annual Analyst Meet

19th May 2006

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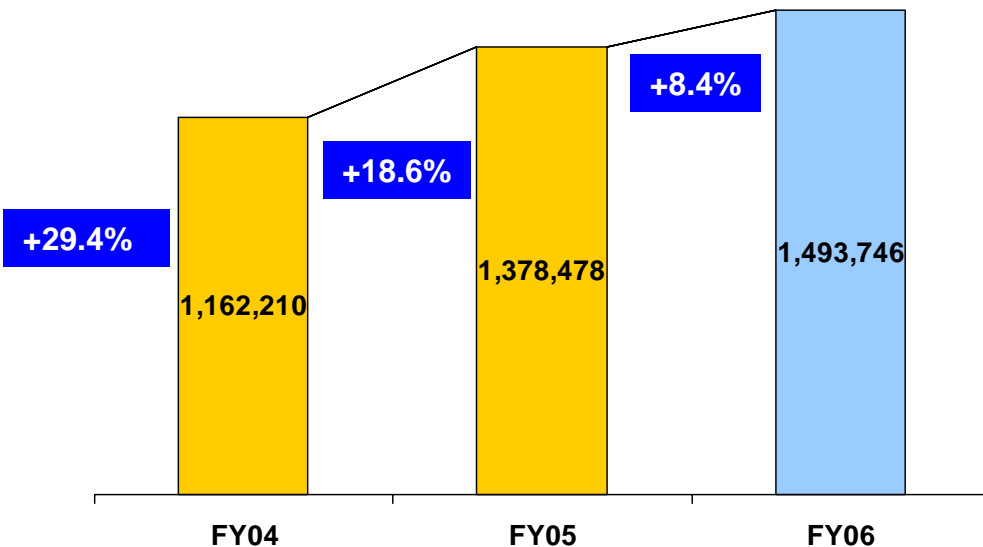


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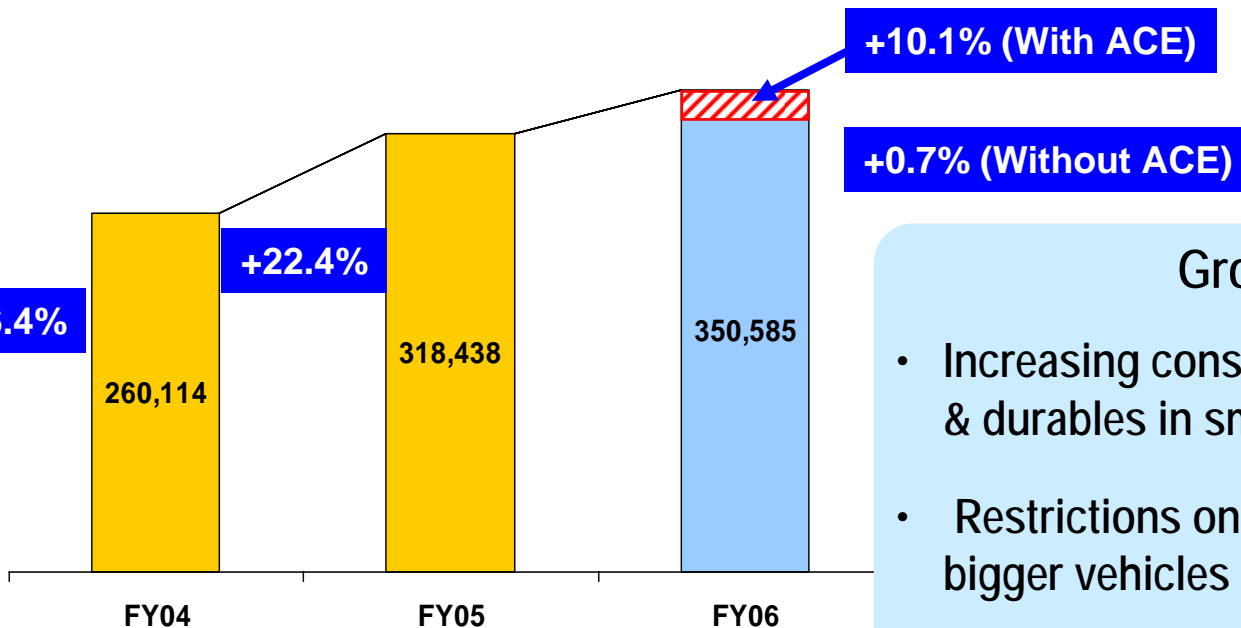
# Domestic 4 wheeler Industry growth slowed down in FY06



- Major Changes in Emission Norms
- New CMVR Regulations
- High Input prices
- Increase in fuel prices
- Increase in Interest Rates
- Flood havoc in many parts of India

# Domestic CV Industry grew by 10.1% (with ACE) (mere 0.7% growth without ACE)

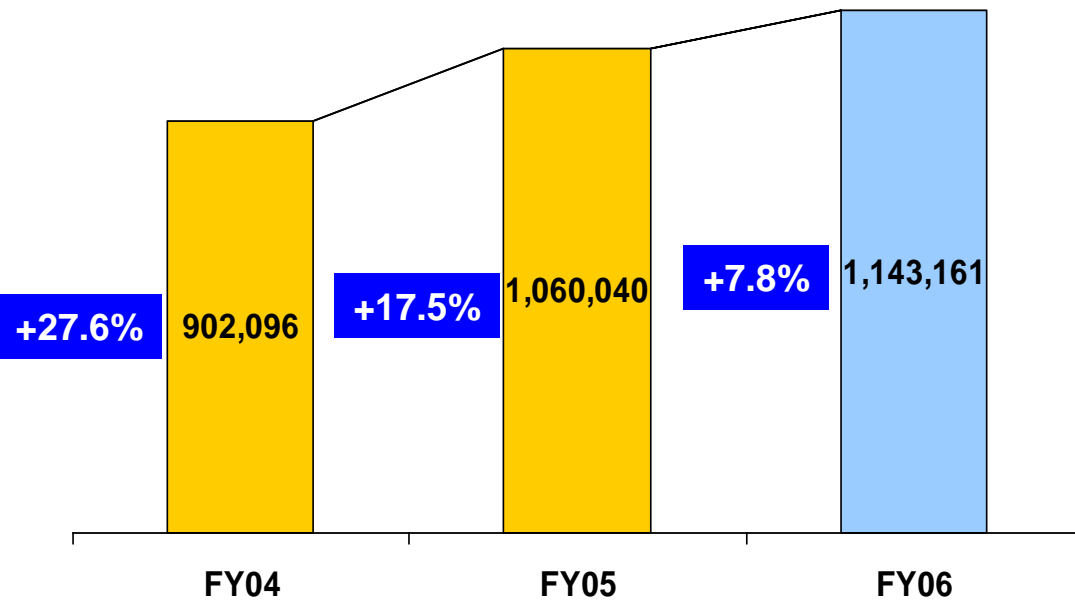
TATA Motors expanded the CV industry by creating a new segment – *Mini Truck*



## Growth Drivers

- Increasing consumption of consumer goods & durables in smaller cities & towns
- Restrictions on goods movement in cities in bigger vehicles (especially during daytime)
- Supreme Court's order to ban overloading

# Domestic PV Industry showed a modest growth of 7.8%



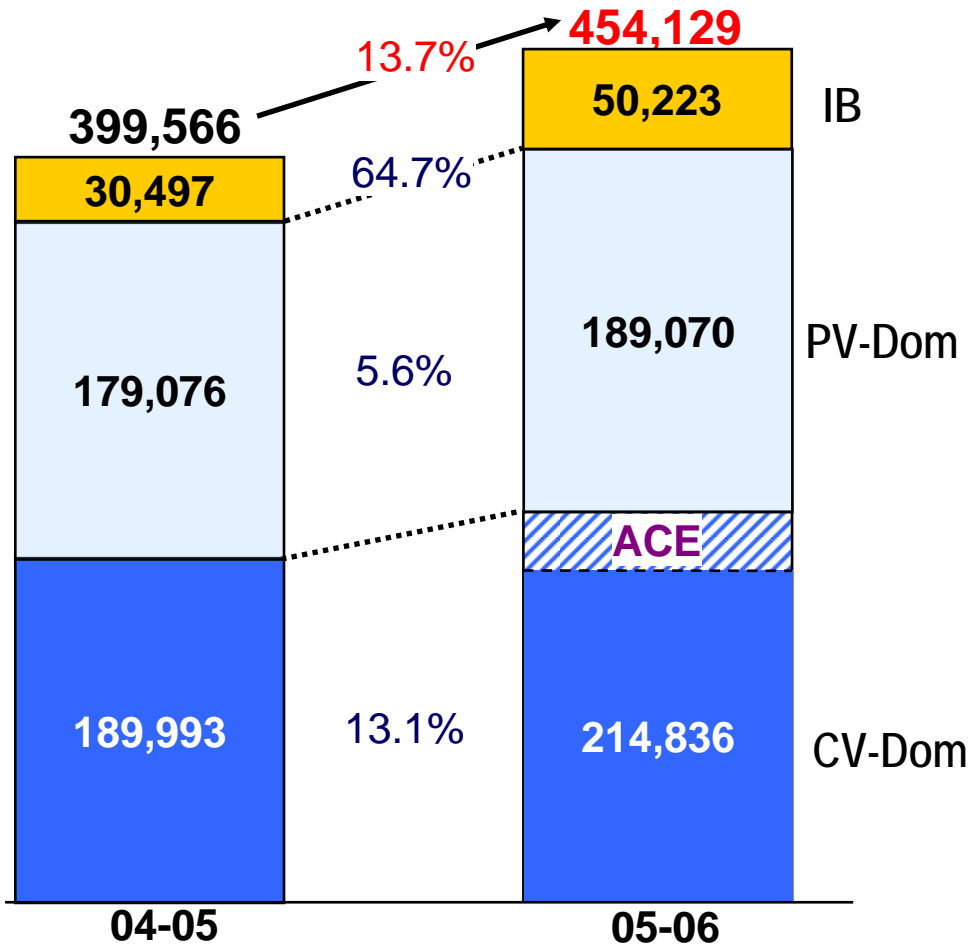
## Increasing Competition

- Ford Fiesta (C Segment)
- Chevrolet Aveo (C Segment)
- Rhino (Utility Vehicles)

## 8% Excise Duty Reduction for 'Small Cars' in Union Budget

- TATA Indica (Diesel)
- Suzuki's Compact Cars
  - M800, Alto, Zen, Wagon R (except Swift)

# Amidst this challenging automotive scenario, TATA Motors outperformed the Industry with 13.6% growth



Record ever domestic & overseas sales of Commercial & Passenger Vehicles

Supply Chain constraints significantly hampered Company's ability to support demand

# TATA Motors introduced many new products in FY06

## Commercial Vehicles

TATA ACE



## Passenger Vehicles

Indica Xeta (Petrol)



Indica Turbo (Diesel)



TATA Novus



Indigo SX



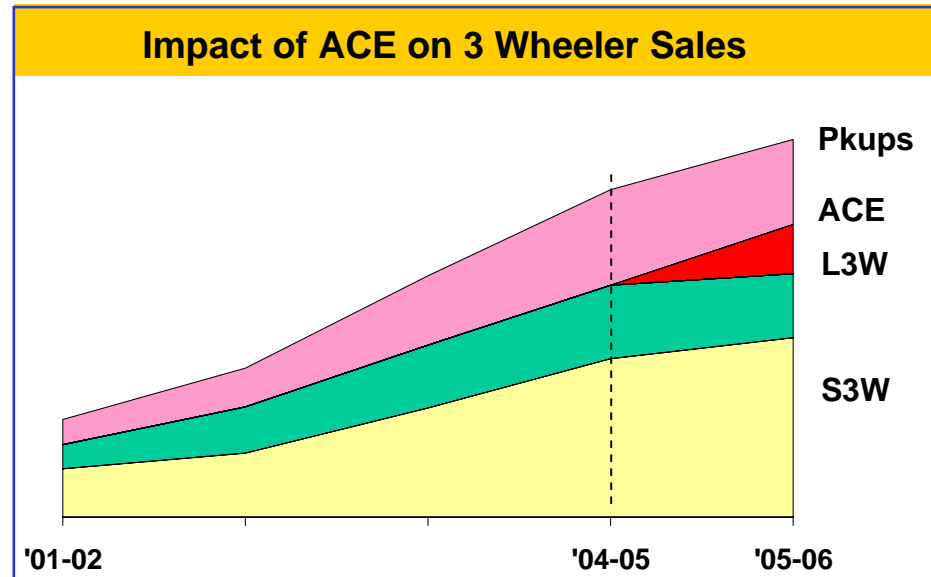
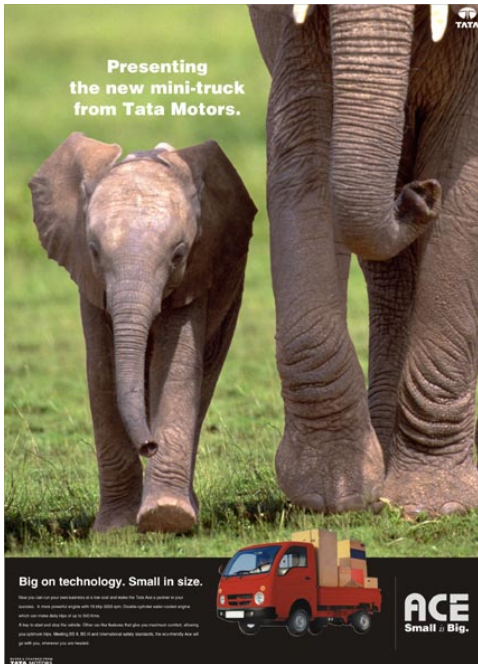
Safari DICOR



# TATA ACE revolutionized last mile distribution



- Sales of ~30,000 nos in FY06 since launch in May'05
- Over 300 exclusive sales outlets
- Capacity expansion from 30,000 p.a. to 60,000 p.a.



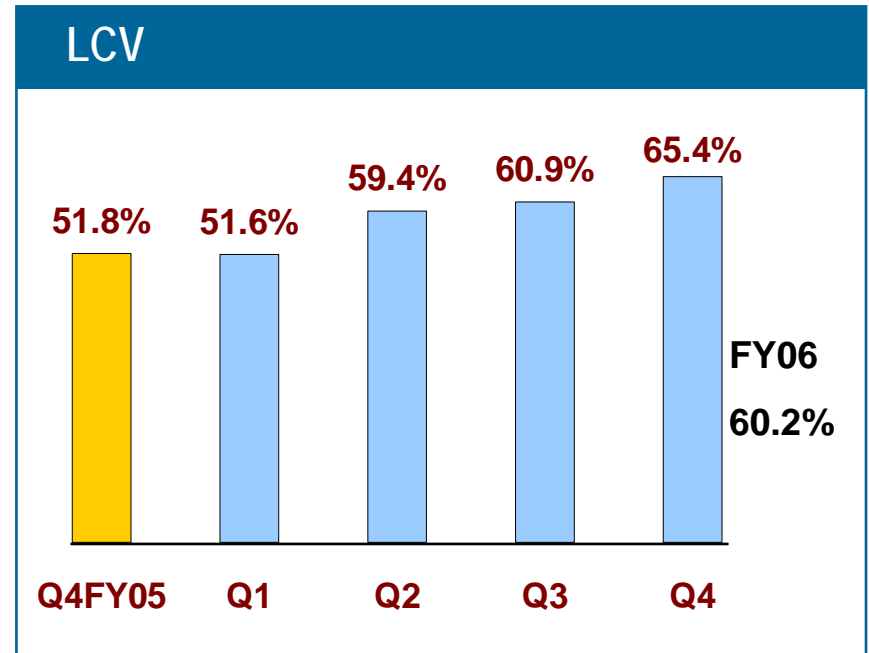
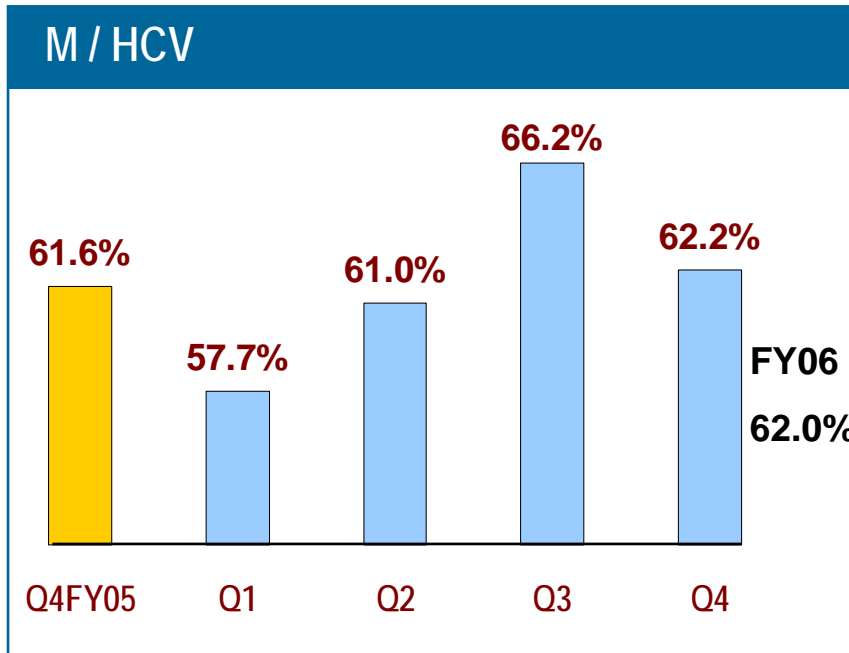
# Indica Xeta powered TATA Motors' foray into Petrol Cars



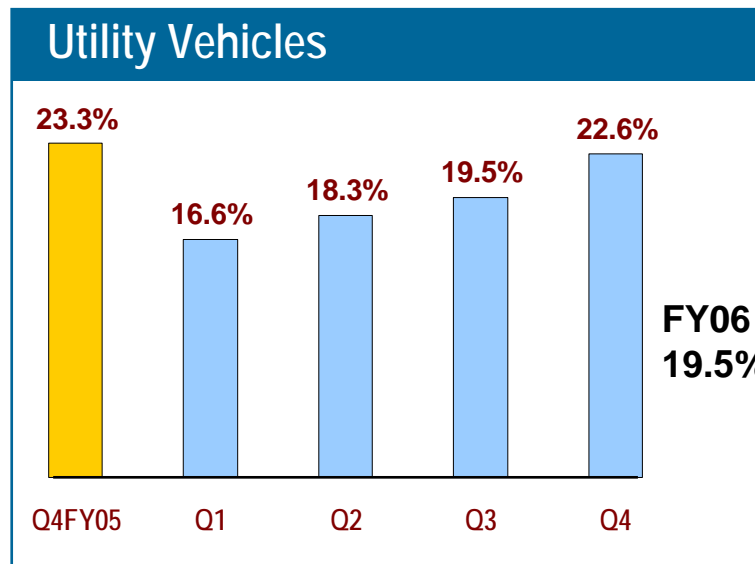
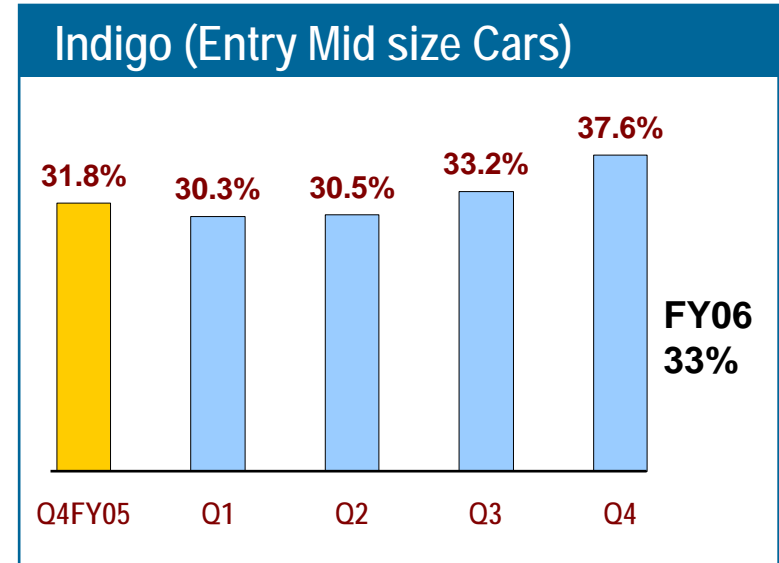
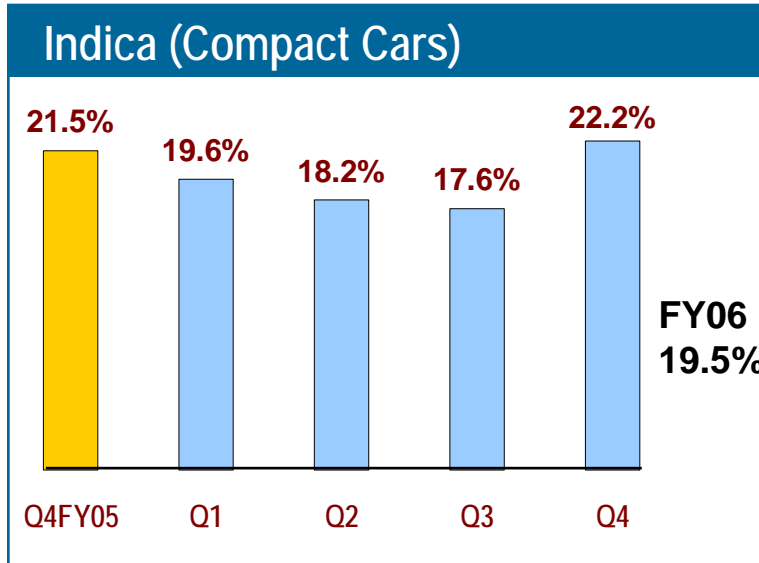
- Received well in the market, encouraging customer response
- Company being seen as a serious player in Petrol segment
- Huge growth potential as Compact car market is predominantly Petrol market

# The Company gained market share in Commercial Vehicles

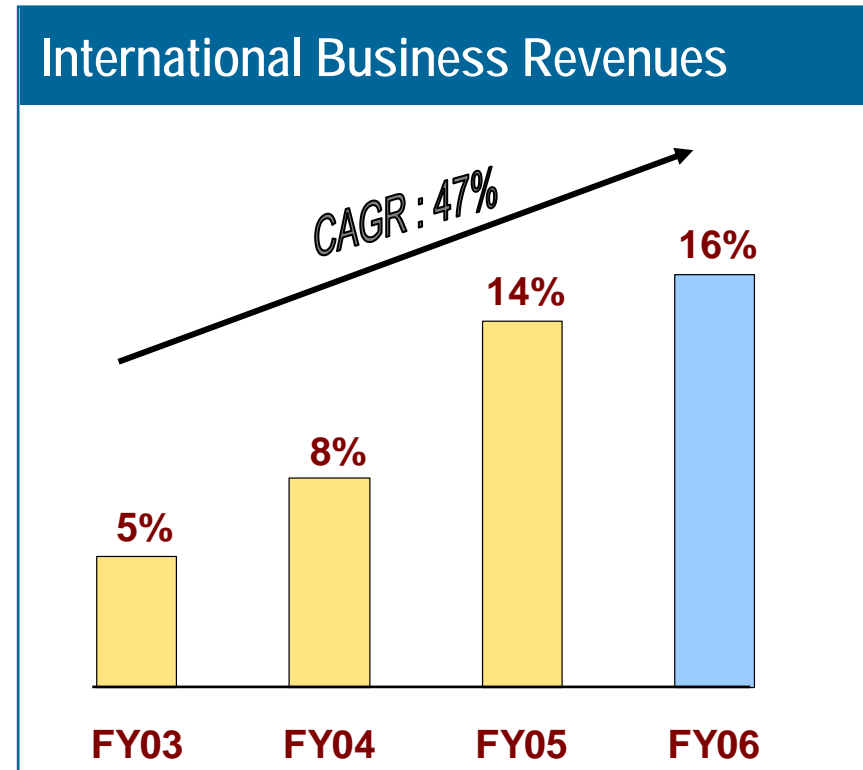
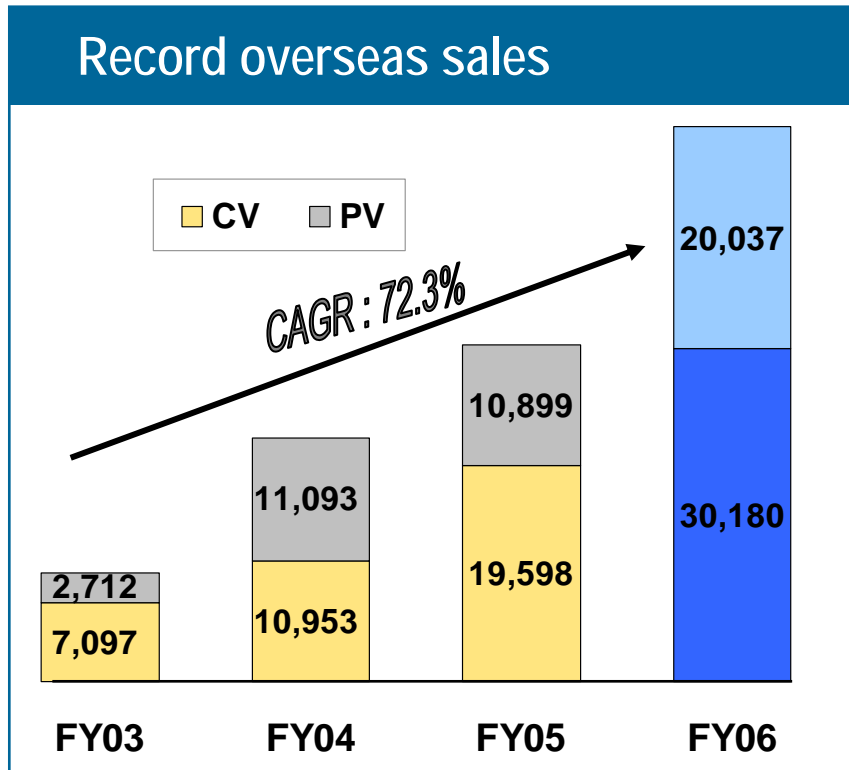
59.7% → 61.3% +160 bps



# Passenger Vehicle Market Share at 16.5%

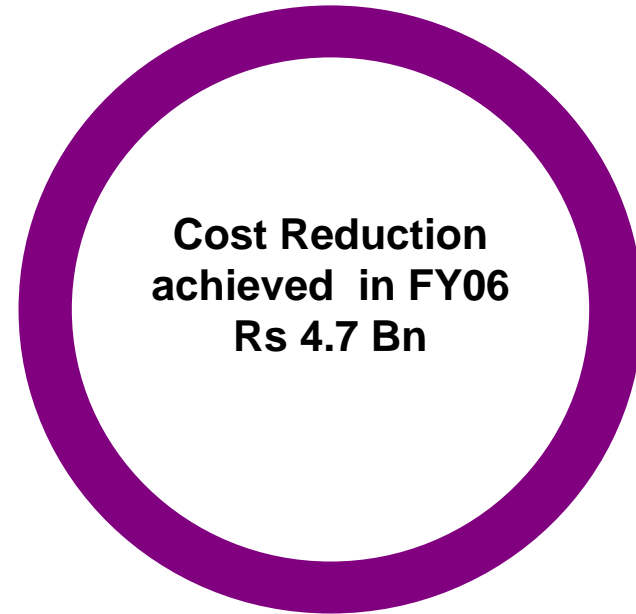
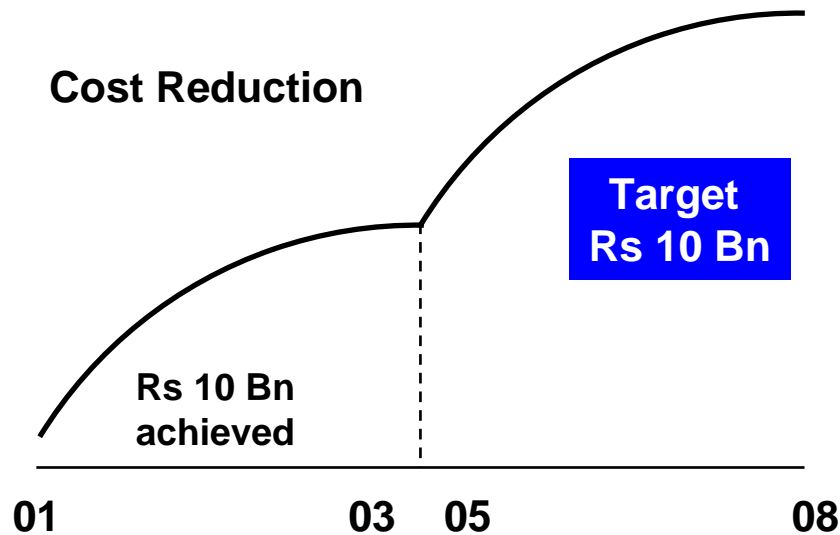


# TATA Motors increased its Market Share in 4 Wheeler exports to 23.2%(+7.7%)



(% Contribution to Total Consolidated Revenues)

# TATA Motors aggressively pursued its Cost reduction efforts to maintain its competitiveness



Outsourcing

Value Engineering

Target Costing

E sourcing and Global Sourcing

Productivity Improvement

Process Improvement

Supplier base Rationalization

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## Continued Improved Financial Performance of TATA Motors (P& L Consolidated)

Rs. Bn	FY05	FY06
Gross Revenue	227.1	272.7
Net Revenue	195.3	237.2
EBITDA	25.0	30.5
<b>EBITDA Margin</b>	13.5%	13.9%
<b>PBT</b>	18.5	23.5
Tax	4.9	6.4
<b>Net Profit</b>	13.9	17.3
Basic EPS (Rs)	38.50	45.86

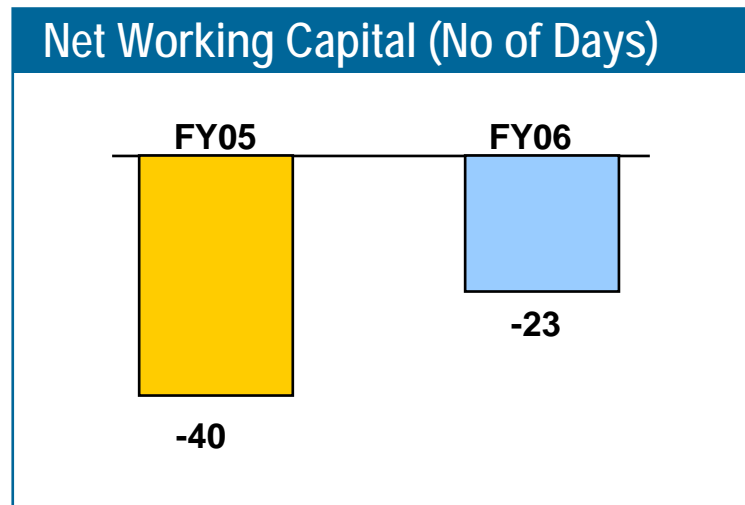
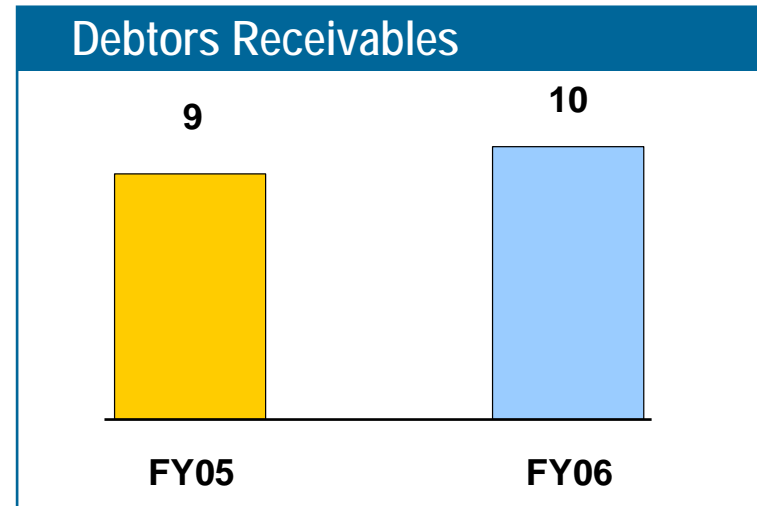
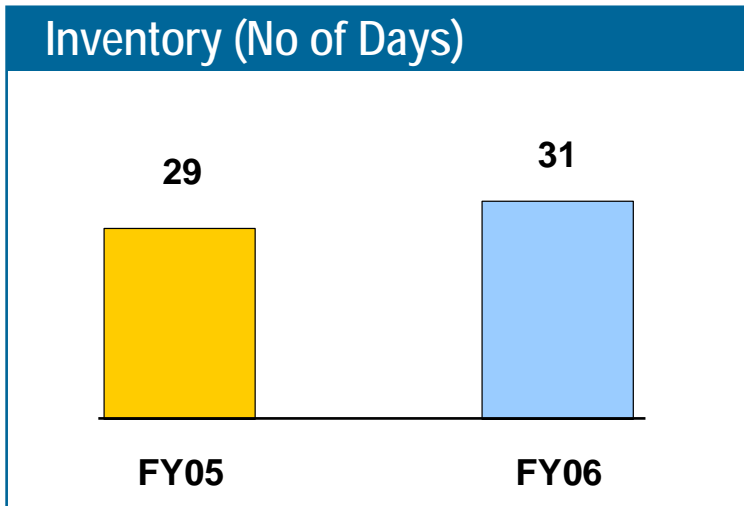
- Net Revenues ↑ 21.4 %
- EBIDTA margin : +40 bps
- PBT ↑ 27.1%
- Net profit ↑ 24.7%
- Basic EPS ↑ 19.1%

## P&L (Stand-alone)

Rs. bn	FY05	FY06
Gross Revenue	204.8	240.0
Net Revenue	174.2	206.0
EBITDA	21.7	25.8
<b>EBITDA Margin</b>	12.46%	12.52%
<b>PBT</b>	16.5	20.5
Tax	4.1	5.2
<b>Profit after Tax</b>	12.4	15.3
Basic EPS (Rs)	34.38	40.57

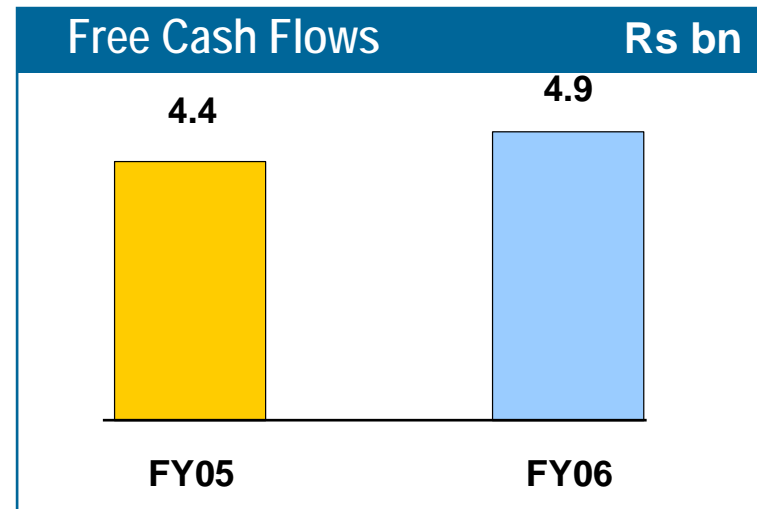
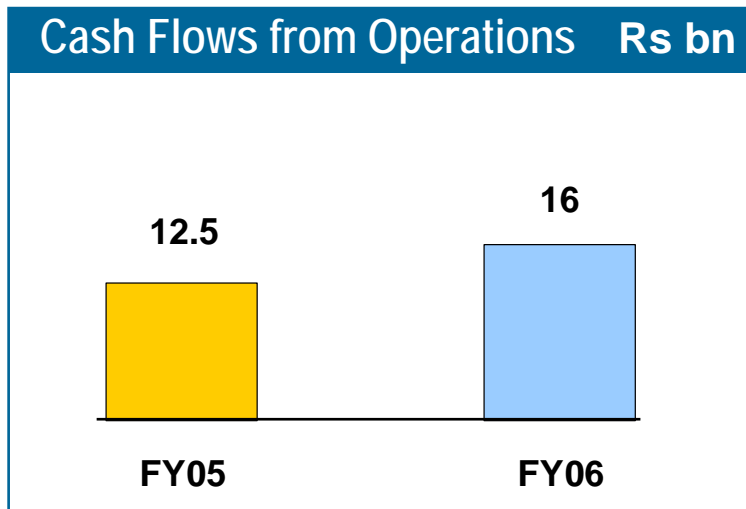
- Net Revenues ↑ 18.3 %
- EBIDTA margin : 12.5%
- PBT ↑ 24.3%
- PAT ↑ 23.6%
- Basic EPS ↑ 18.0%
- Dividend of Rs 13 per share

# Successfully Managed to Maintain Negative Working Capital



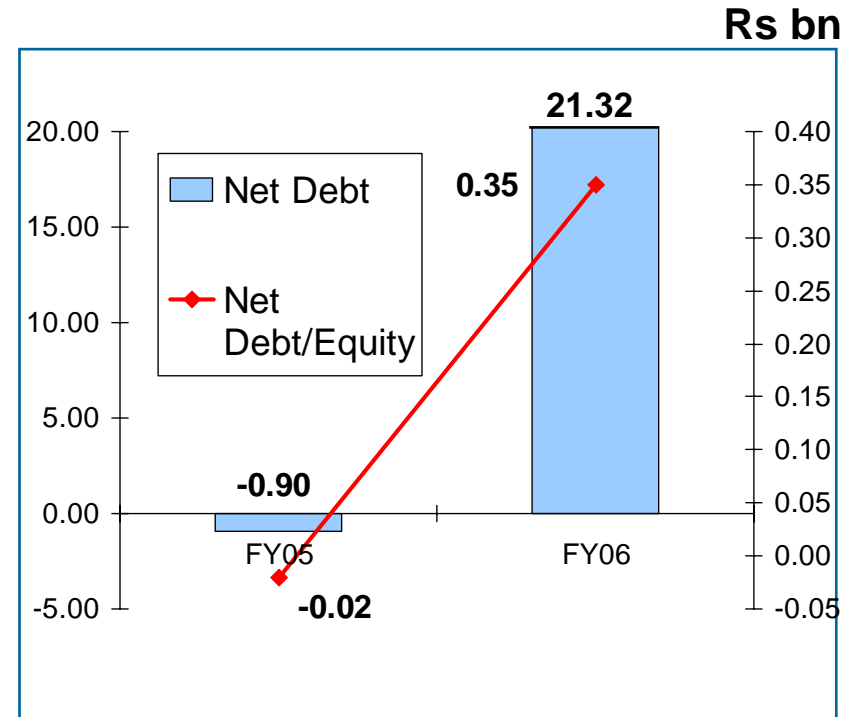
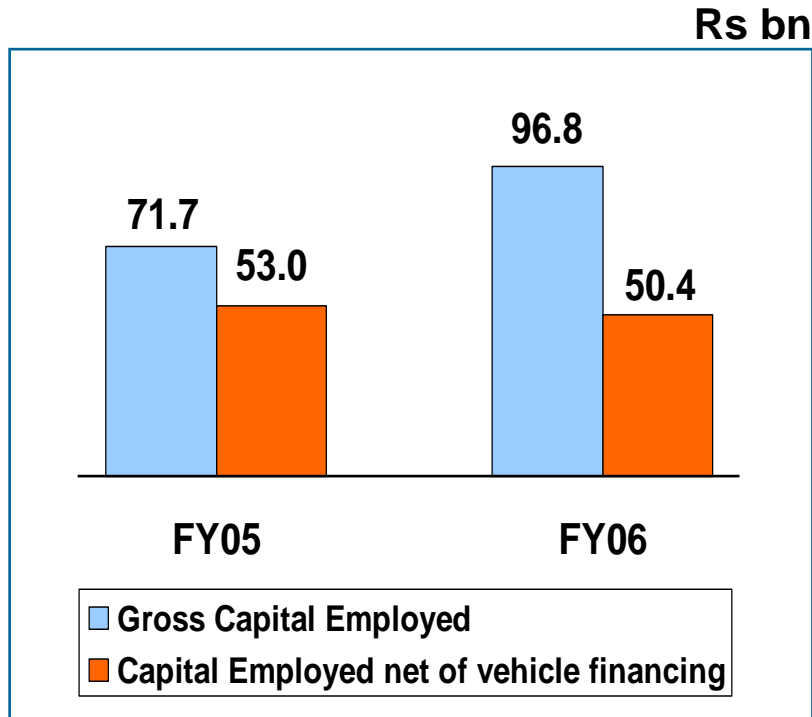
# Cash Flow Trends

The Company proposes to fund most of its Capex plans through internal cash accruals



(Adjusted for cash flow on account of vehicle financing)

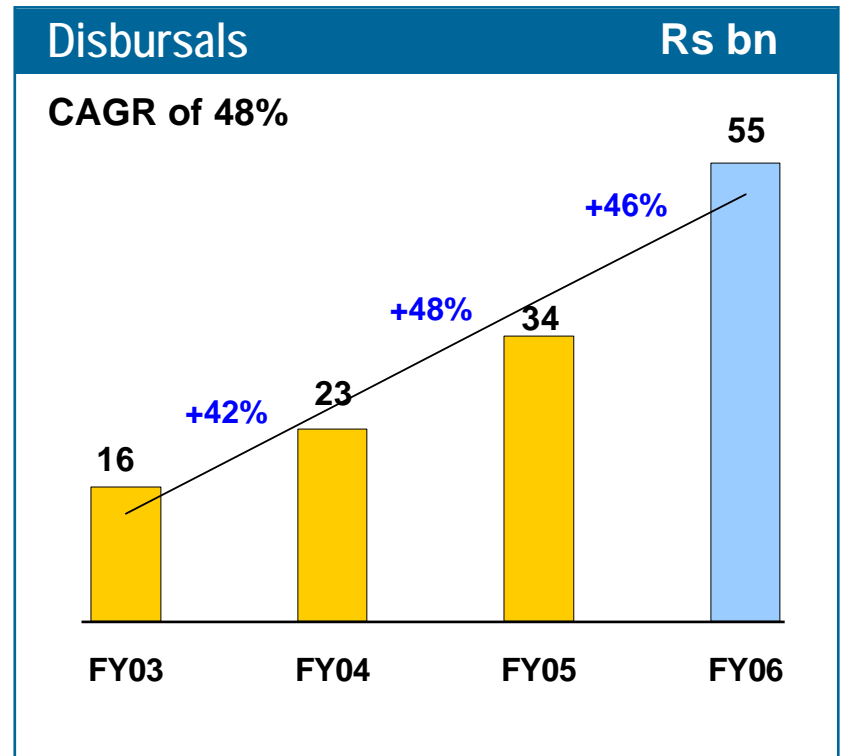
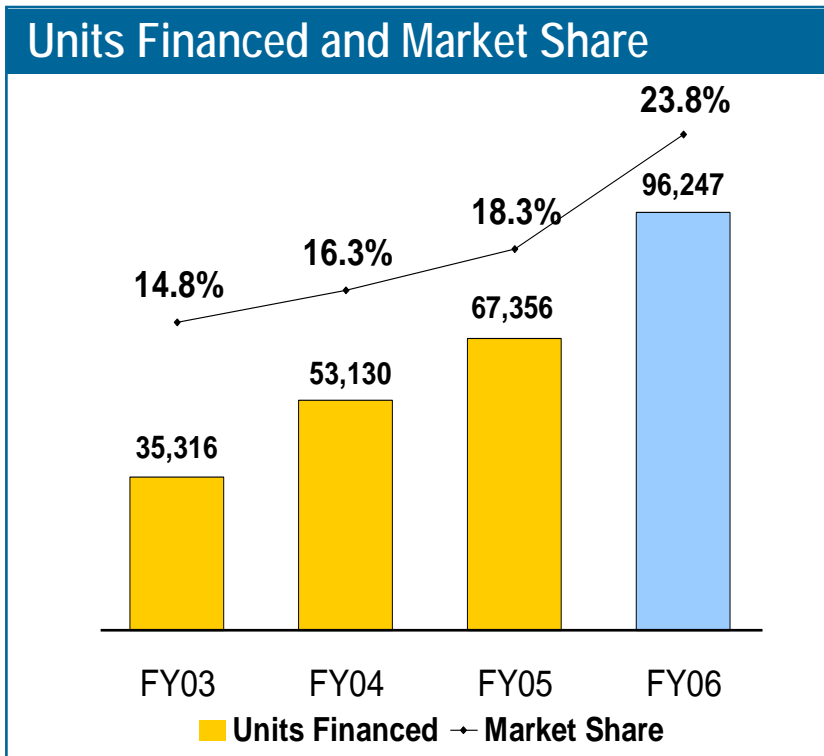
# Balance Sheet Size



Issue of FCCNs aggregating to JPY 11.76 Billion

We have financing loans and receivables to the extent of Rs. 46.5 bn

# Vehicle financing



Tata Motors Finance is now 3<sup>rd</sup> largest player in vehicle financing industry of the country

# Tata Daewoo Commercial Vehicles (Korea)

Rs mn	FY05	FY06	Growth
Turnover	11,780	15,848	+34.5%
PBT	294.8	777.1	+163%
PAT	224.6	583.1	+160%



- 28% HCV Market Share in Korean market
- Exports : 1850 units (up 112% y-o-y), forming over 2/3rd of Korea's Heavy Truck exports
- Entered MCV segment in Jan'06. Achieved 13.5% Market Share in MCV in Jan'06-Mar'06

- Tata Novus launched in India by importing SKD's from TDCV
- Successful integration with TML for product design and development

# TELCON

Rs mn	FY05	FY06	Growth
Turnover	9262.6	12,894.5	+39%
PBT	602.0	1,367.6	+127%
PAT	407.6	868.4	+113%

- Continued dominance in excavator segment with market share of 53% in FY06
- Improved market share in wheel loader (23% in FY06 from 22% in FY05) and backhoe loaders (10% in FY06 from 7% in FY05)
- Hitachi Construction Machinery (HCM) acquires additional 20% equity in Telcon.

- Construction equipment industry expanding at 35% CAGR
- Telcon getting integrated into the global Manufacturing and Marketing Network of HCM
- HCM to outsource Machines and components from Telcon for its global network.
- HCM and Telcon to set up a joint product development facility in India.



# Tata Technologies

Rs mn	FY05	FY06	Growth
Turnover	1,804	5450	+202%
PBT	106.6	194.1	+82%
PAT	77.2	116.3	+51%

- Acquired UK based engineering design and PLM services company INCAT

- Tata Technologies now well poised in Engineering design and PLM space with the right onsite - offshore mix.
- Access to a broader customer base in the automotive, aerospace and manufacturing industries
- Wider presence in all major geographies and markets in North America, Europe and Asia Pacific
- Access to INCAT’s high end consulting skills and project management capabilities
- INCAT acquired CEDIS GmbH, a German E&D Service provider in December 2005

# Auto Components

## HVTL

Rs mn	FY05	FY06	Growth
Turnover	1,266.0	1,276.2	-
PBT	464.5	455.3	- 2%
PAT	270.2	300.7	+11%

## HVAL

Rs mn	FY05	FY06	Growth
Turnover	1,439.7	1,439.0	-
PBT	649.6	692.9	+7%
PAT	427.4	462.7	+8%

- Discussions to bring the strategic partners at an advanced stage.
- HVAL/HVTL will support Tata motors in its advanced power train implementation strategy
- Investments planned for capacity expansion, productivity, quality improvement.
- To expand its operations to other automotive companies



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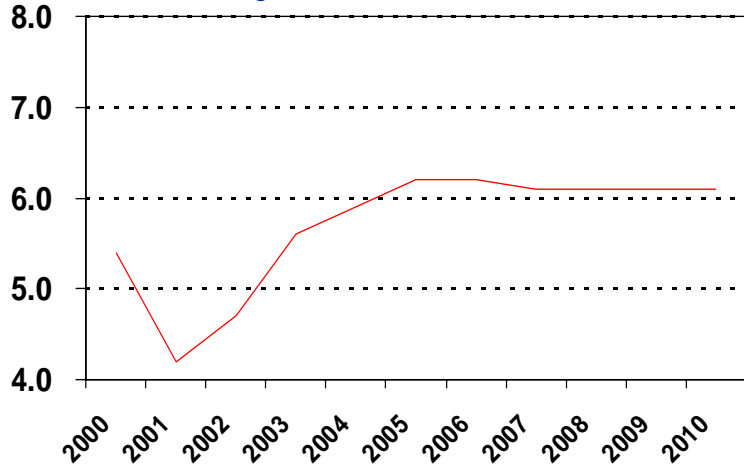
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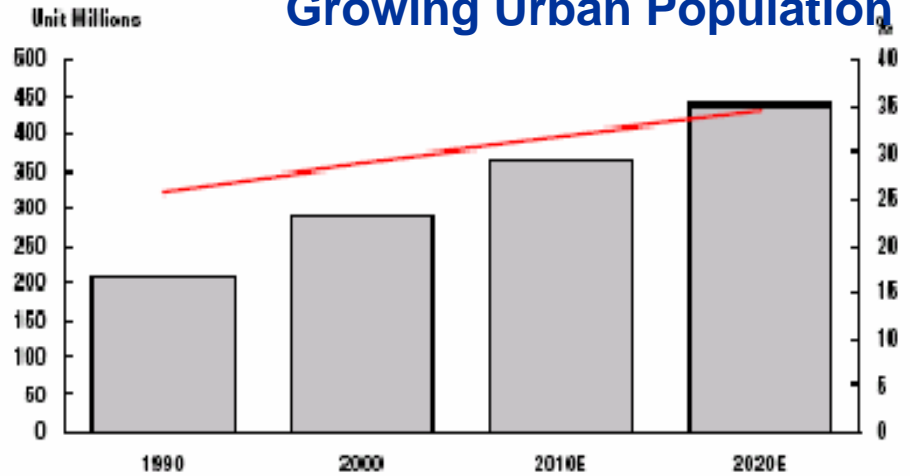
# India's macro story is compelling

### Projected Real GDP



Source: Goldman Sachs Brics Report

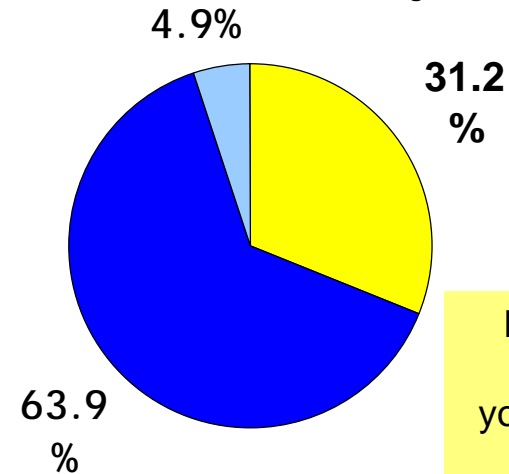
### Growing Urban Population



■ No. of People (LHS) — % of Population (RHS)

Registrar General of India, NCAER

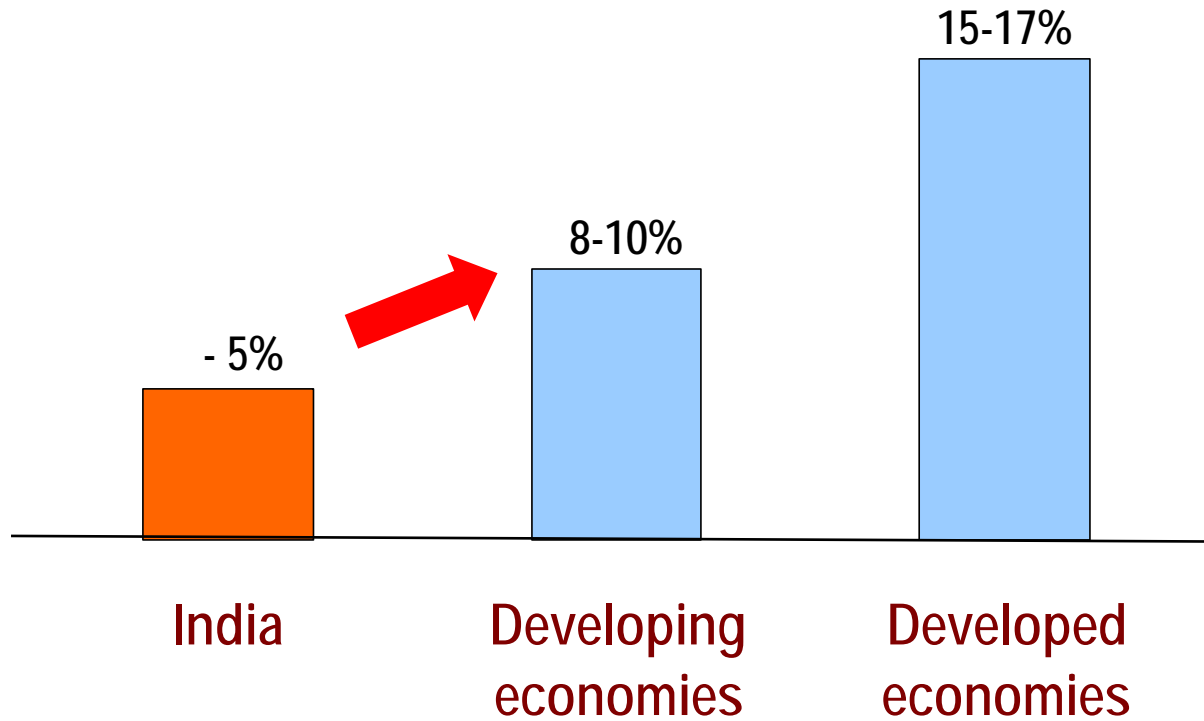
Median Age (Years)	Present	By 2025
India	25	31
China	30	39 to 44
US	36	
Russia	37	
UK	38	



■ 0-14 years ■ 15-64 years ■ 65 & above

India is and will remain the youngest nation in the world

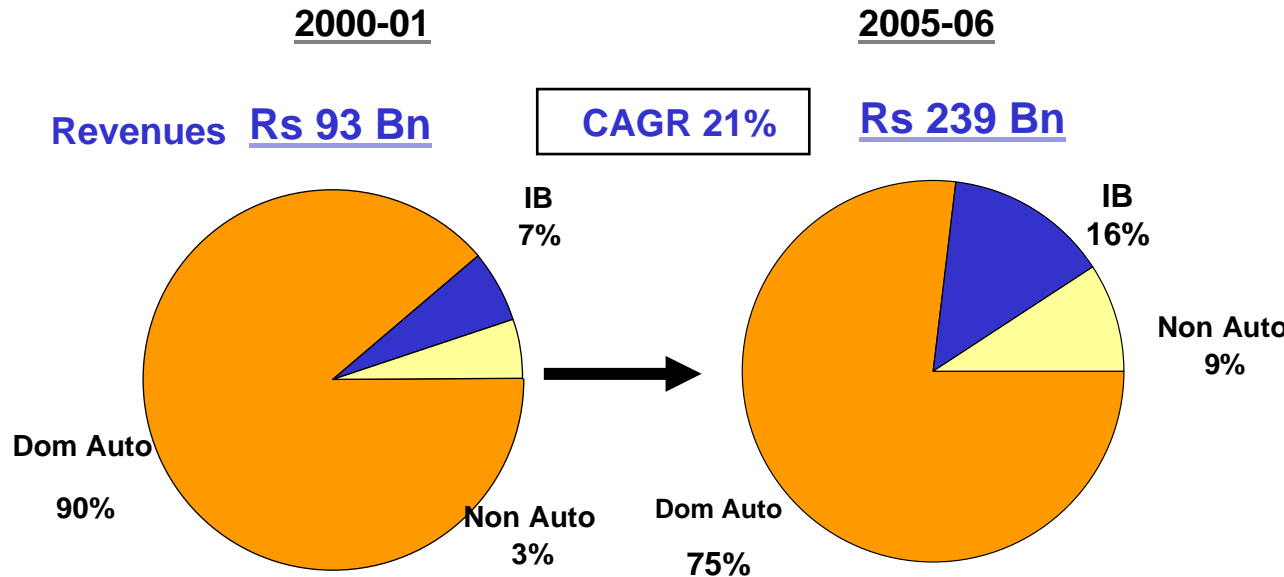
# Indian Automobile Sector Poised for a Healthy Growth



Contribution to Industrial Output

# Tata Motors' Strategy for Growth

1. Increasing Domestic Auto Business
2. Growing International Business
3. Growing Non - Auto business



## Automotive Business

- New Products
- New Markets
- Alliances
- Cost Reduction
- Improve quality and efficiency

## Non Automotive Business

- Construction Equipment
- Engineering Design & Services
- Vehicle Finance Business

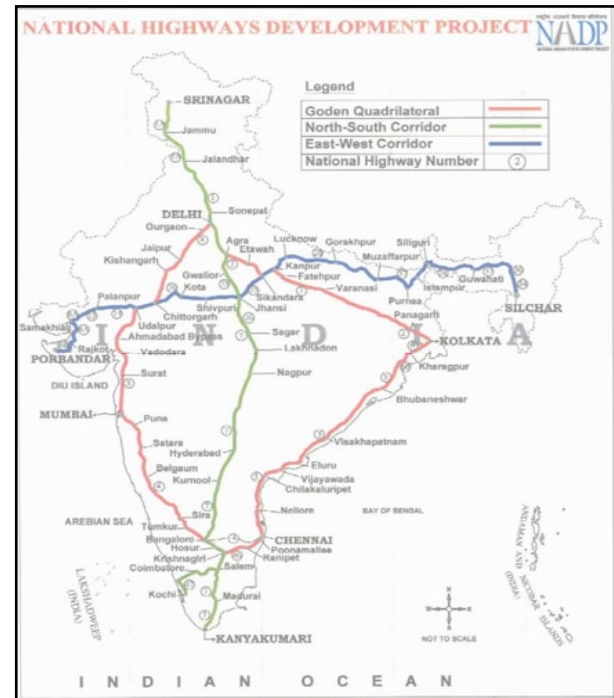
# Commercial Vehicles

## Industry Scenario

- On going aggressive road development program to continue

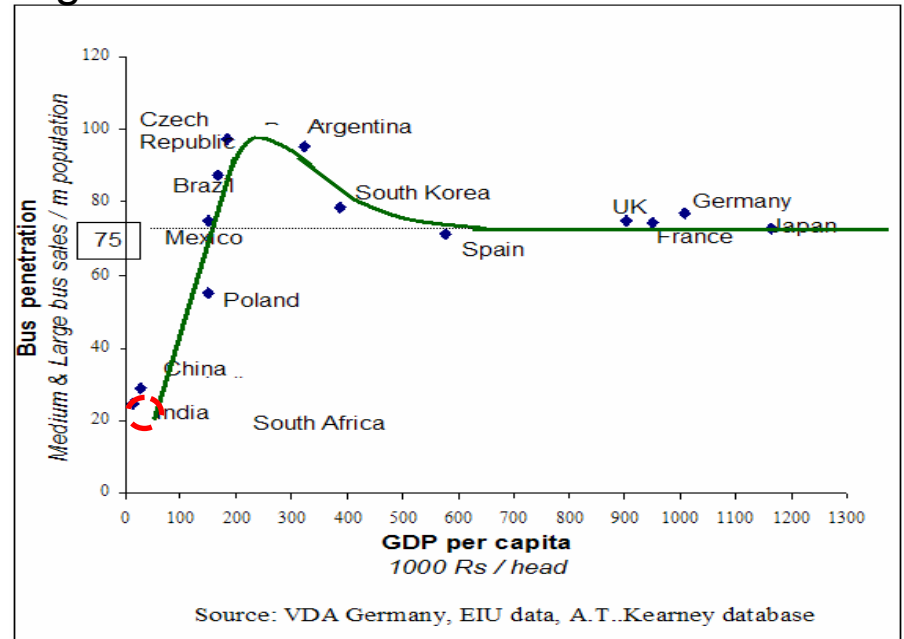
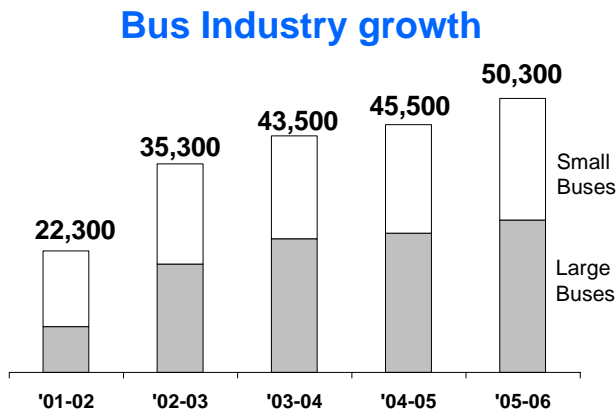
## Growth Strategy

- Opening up of new segments
- Deeper penetration in existing markets
- Proposed Launches in Commercial Vehicle Segment in the next five years
  - *World Truck*
  - *World Pickup*
  - *World LCV*
  - *New bus*
- Setting up new facilities



# Buses can prove to be a Key Driver of Commercial Vehicle Growth

## Potential of Bus Segment in India



- Launched Starbus and Globus range of vehicles in FY05
- Acquired 21% stake in Hispano Carocera, Spain in FY05
- Entered into a JV with Marcopolo, Brazil in May'06

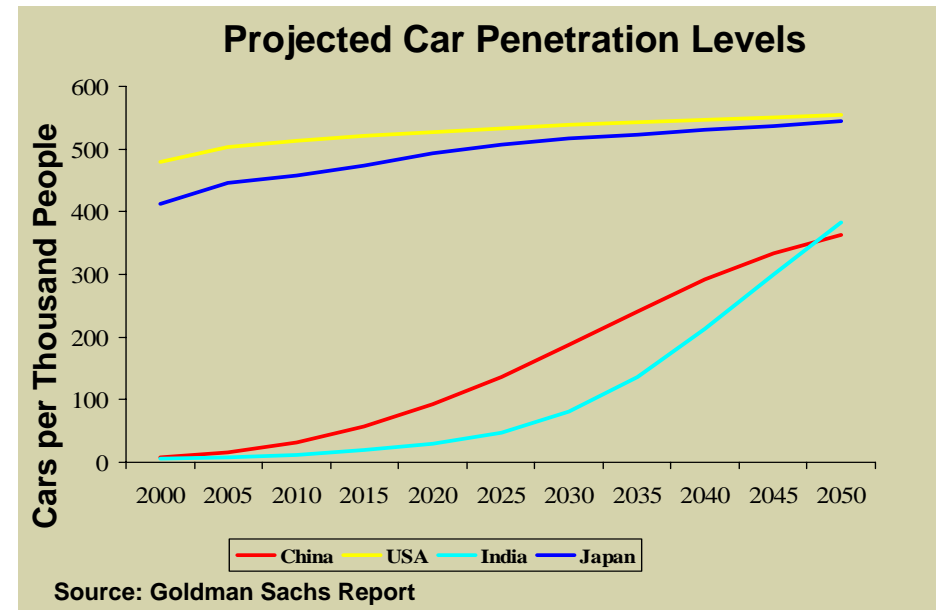
# Passenger Vehicles

## Industry Scenario

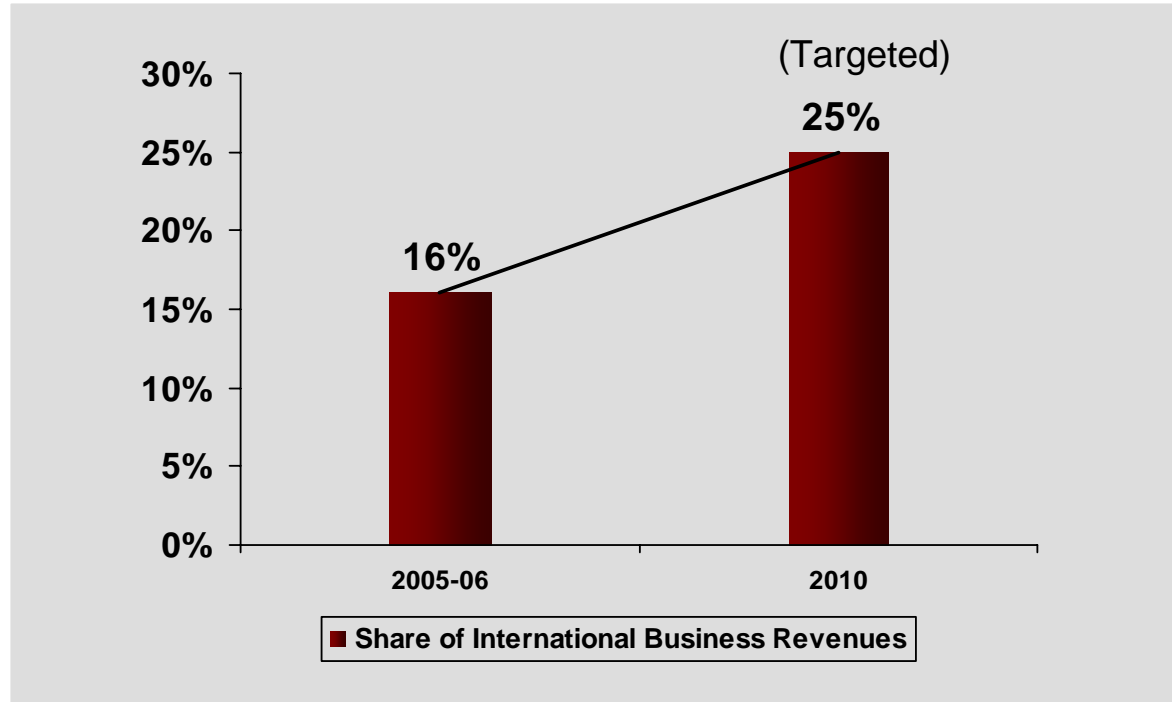
- Increasing personal disposable income and living standards of the population of the country
- Increase in urbanization levels
- Availability of more product options across passenger vehicle industry

## Growth Strategy

- New Platforms to be launched in the next three years
  - *Indica Platform*
  - *New Utility Vehicle Platform*
  - *Small car platform*
- New variants to be launched till the launch of new platforms
- Tata Motors will strengthen alliance with FIAT and explore new areas of collaboration



## Increasing Share of International Business



- Entry into new markets
- Launch of new products
- Increased penetration into existing markets

## Non Automotive Business

- Telcon – maintaining leadership position in the growing construction equipment industry
- Tata Technologies – leadership in engineering design and PLM services
- Vehicle finance business targeting to finance 40% of TML vehicles sold by 2010
- HVAL / HVTL – leadership position in transmission technology for commercial vehicles
- All subsidiaries and associates companies to contribute significantly to the value accretion of Tata Motors

## Going forward...

- Economic growth, industrial production and infrastructure development expected to boost the economic development
- Oil prices - \$70 /bbl, future ???
- Liquidity & Interest rate movements
- Pressure on Input Costs

**Thank You**