



# TATA MOTORS

Analyst Meet

29<sup>th</sup> May, 2009

**Business  
Highlights**

**Financial  
Highlights**

**In  
Focus**

- **Commercial Vehicles**
- **Passenger Vehicles**
- **Vehicle Financing**

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# An unprecedented and challenging year for the Auto Industry

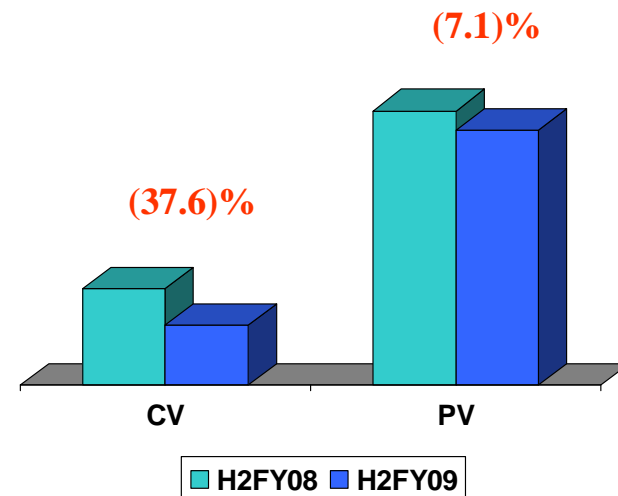
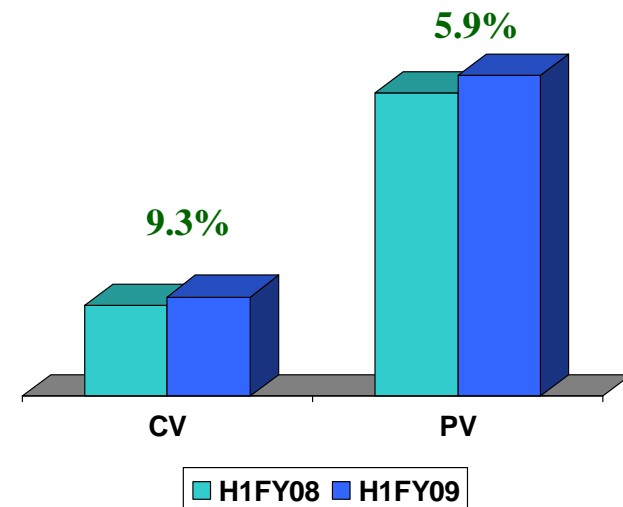
## Global Financial Crisis and Liquidity Freeze in Domestic market

### H1 FY09

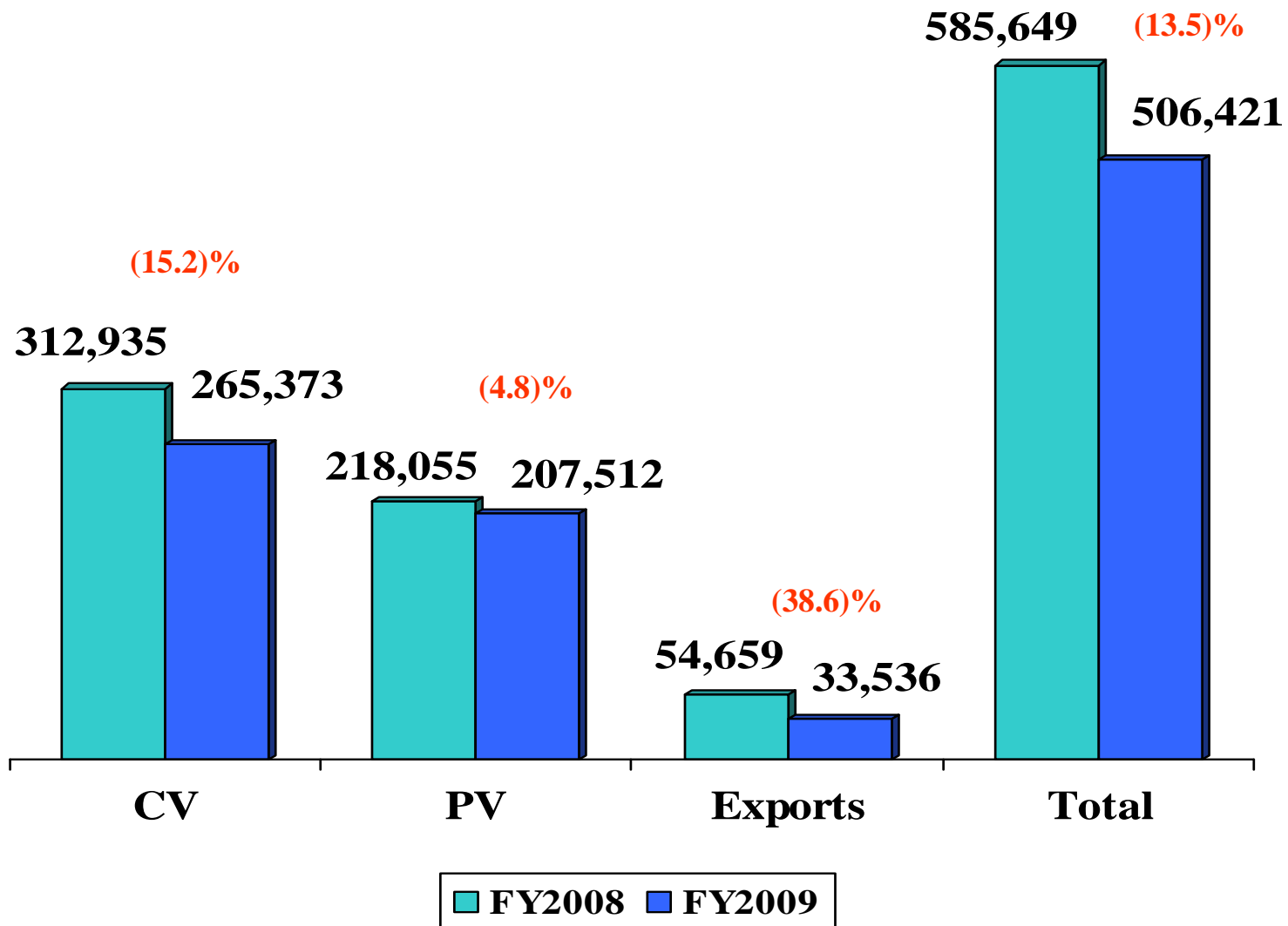
- Rising inflation
- High interest rates
- High diesel prices
- High operating costs

### H2 FY09

- Tight liquidity
  - Banks & financiers reluctant to lend
  - Drop in industrial production
  - Low consumer sentiments
  - Overcapacity in market
- Government and RBI stimulus actions
- Moderate and low inflation
  - CRR & Repo rate cuts
  - Drop in diesel prices

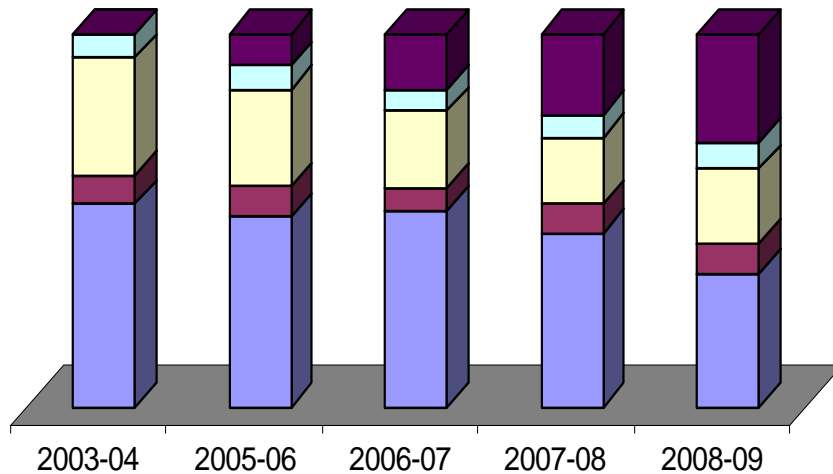


## Tata Motors impacted by the external environment



## Commercial vehicles : Small is Big

Segments	H1FY09	H2FY09
MHCV Trucks	(2.0)%	(61.6)%
MHCV Buses	0.7%	(20.5)%
LCV trucks	11.1%	(21.9)%
LCV Pass. carriers	72.4%	17.4%

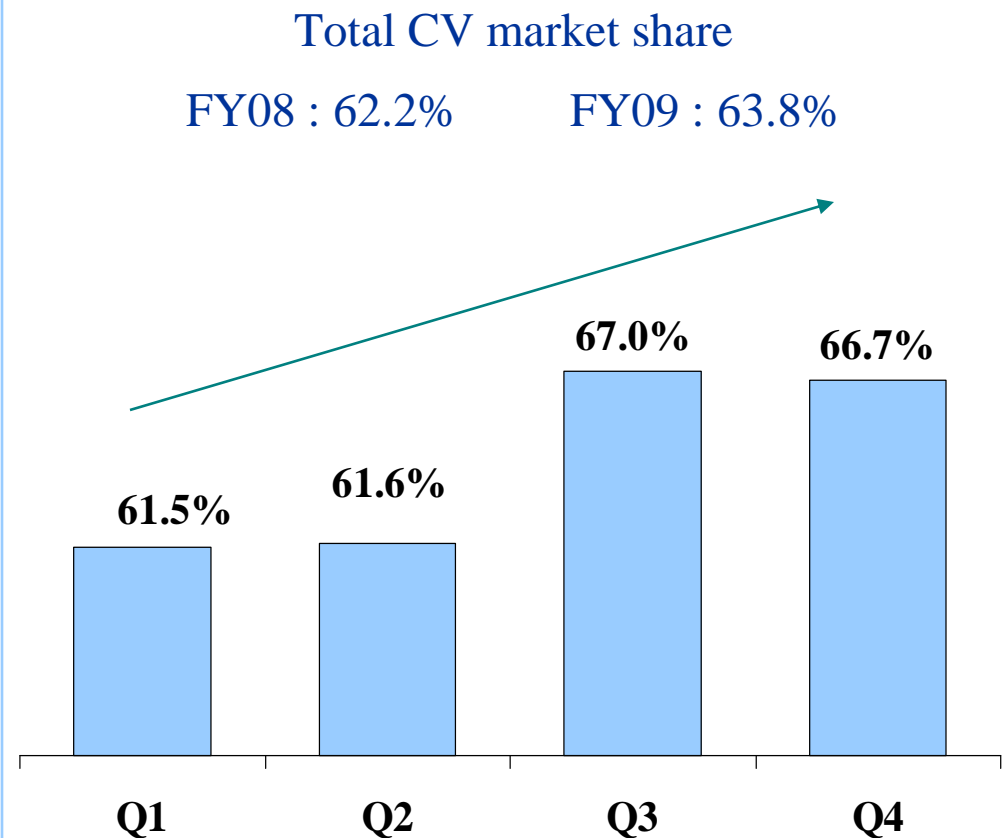


■ MHCV Goods 
 ■ MHCV Bus 
 ■ LCV Goods 
 ■ LCV Passenger 
 ■ SCV

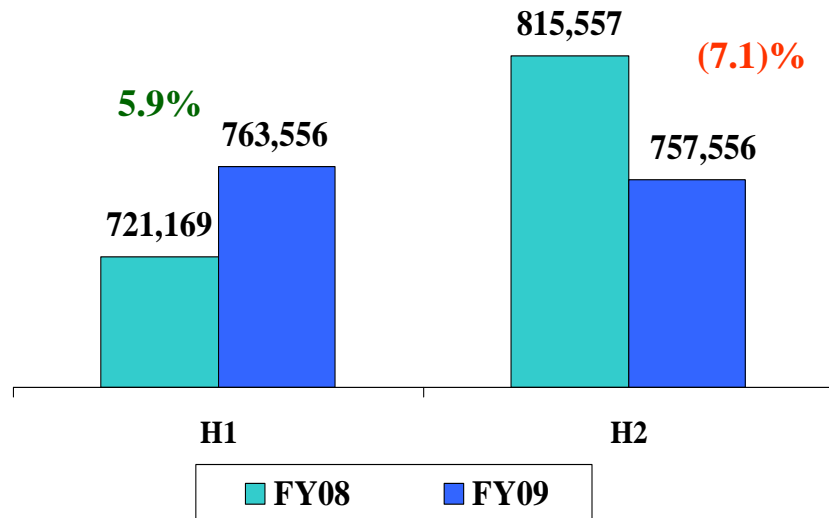
- Following a positive growth in H1, CV industry volumes in H2 fell sharply by 37.6%.
- Heavy trucks more severely impacted than light trucks and passenger carriers
  - Tractors, hurt by low export-import trade, worst affected declining 60%
  - LCV passenger carriers growth of H2 impacted largely by high base of H2FY08
  - Excluding ACE Magic and Winger LCV industry would have declined 8.0%
- Stimulus measures of Government and RBI aided partial demand revival in Q4
- Within MHCV industry, South and West markets fell the most, followed by North, while sales in East remained almost flat
- Visibility of a shift towards Hub & Spoke Model, although FY09 saw shift from heavy trucks to MCVs due to risk aversion and freight contraction
- SCV penetration increasing in CV portfolio

## Commercial vehicles : Tata Motors improves market share by 160 bps

- Tata Motors improved market share in both MHCV and LCV categories
- Performance supported by
  - New products, (11 new products / range introduced in 08-09)
  - Broader product portfolio,
  - Strong presence across India,
  - Captive finance support
- Increased total customer touchpoints to 1088, highest in the industry
- TMML Dharwad Plant with initial capacity of 15,000 units operational; Will be scaled to 30,000 units in phases



## Passenger vehicles : New products lead the performance



Segments	Y-o-Y Growth
Small car	0.7%
Mid-size	9.1%
Utility Vehicles	(8.2)%

- Industry went into negative territory in FY09 after a slowdown to 11.3% in FY08 from 20.6% in FY07.
- Industry sales supported by New products and sales incentives –
  - Without new launches, industry would have declined by over 3%
- Industry Sales nose dived in Q3 with 16.5% decline as the global recession impacted the Indian financial system
- Excise duty reduction, somewhat improved finance availability, marginally reducing interest rates and continuing discounts resulted in a flat growth in Q4

## Passenger vehicles : Launched second generation Indica Vista, Fiat- 500, Fiat-Linea and the Nano

- Significant capital investments in new products
- Indica remains among Top 3 selling models in the country- the only ‘B’ segment car , the other 2 being ‘A’ segment cars.
- Indica Vista critically acclaimed
- Improved market share in PV and small car market in H2 post launch of Vista. Exit Market-share in Mar’09 of 14.5% in PV and 13.9% in small car.
- Increased market-share in the Entry Mid-size segment facilitated by success of Indigo CS.
- Regained second position in UV segment
- Improved quality and customer satisfaction ratings
- Commenced distribution of the new Fiat Linea in Jan’09. Linea is the second largest selling car in the upper mid-size segment
- Ventured into used car business under the brand name ‘Tata Motors Assured’.

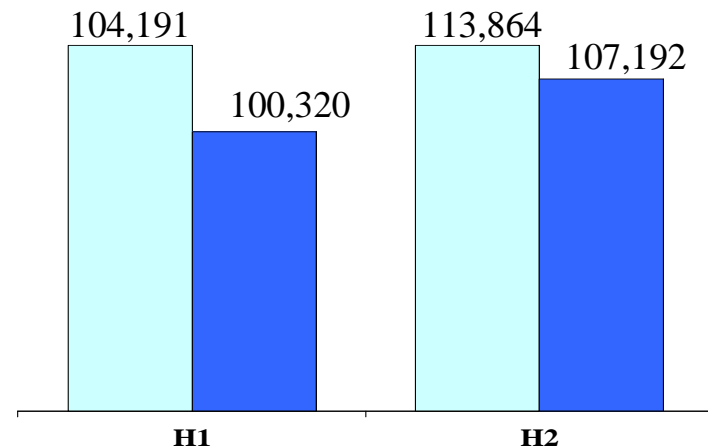
### Total PV market share (TATA)

FY08 :14.0%

FY09 : 13.2%

14.2% 12.8%

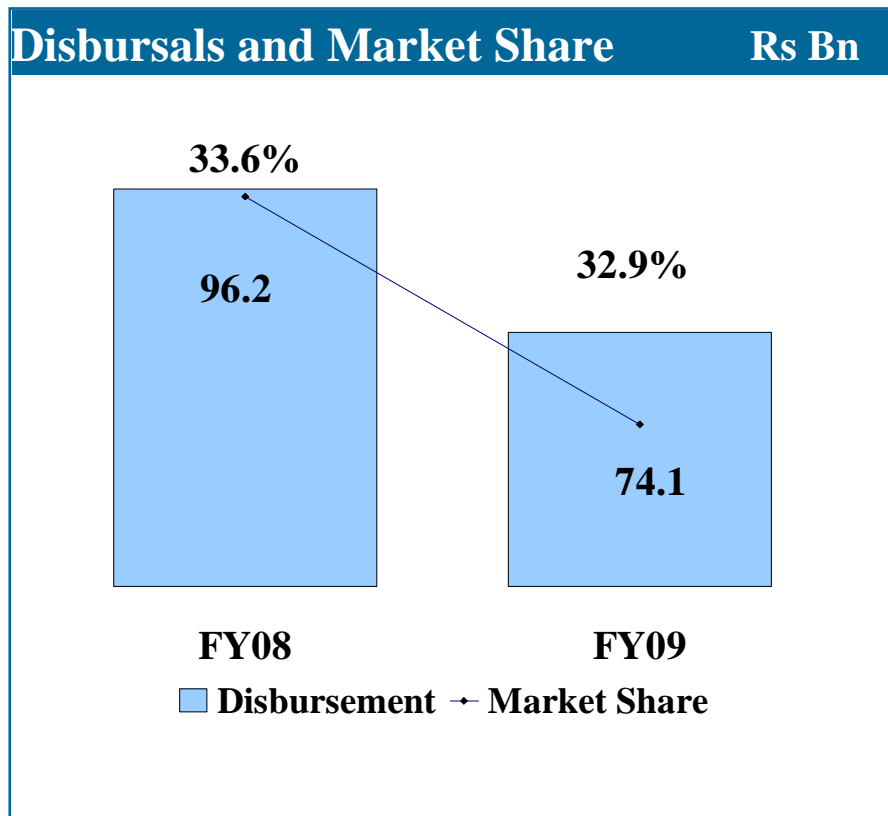
13.8% 13.5%



Tata + Fiat market share		
Segments	FY09	FY08
Small car	12.2%	15.0%
Entry Mid-size	32.8%	32.4%
Upper Midsize	14.3%*	N.A
Utility Vehicles	17.6%	19.6%

\* Jan-Mar’09 Fiat Linea

## Vehicle financing continues to be a critical support to core vehicle business in a challenging business environment



Disbursals includes disbursement of TMF and Tata Capital

- ▶ Book size reduced to Rs 74 Bn as on 31st March'09
  - on Tata Motors books – Rs.20 Bn
  - on TMFL books – Rs.54 Bn
  
- ▶ NIM of vehicle financing business ~ 4.6%
  
- ▶ Incremental vehicle financing to be financed
  - ▶ Through increased securitization
  - ▶ Borrowing on the books of TMFL (100% NBFC subsidiary ) with higher ability to leverage

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**In  
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- **Stand Alone P&L**
- **Balance Sheet Highlights**

**Analyst Meet**

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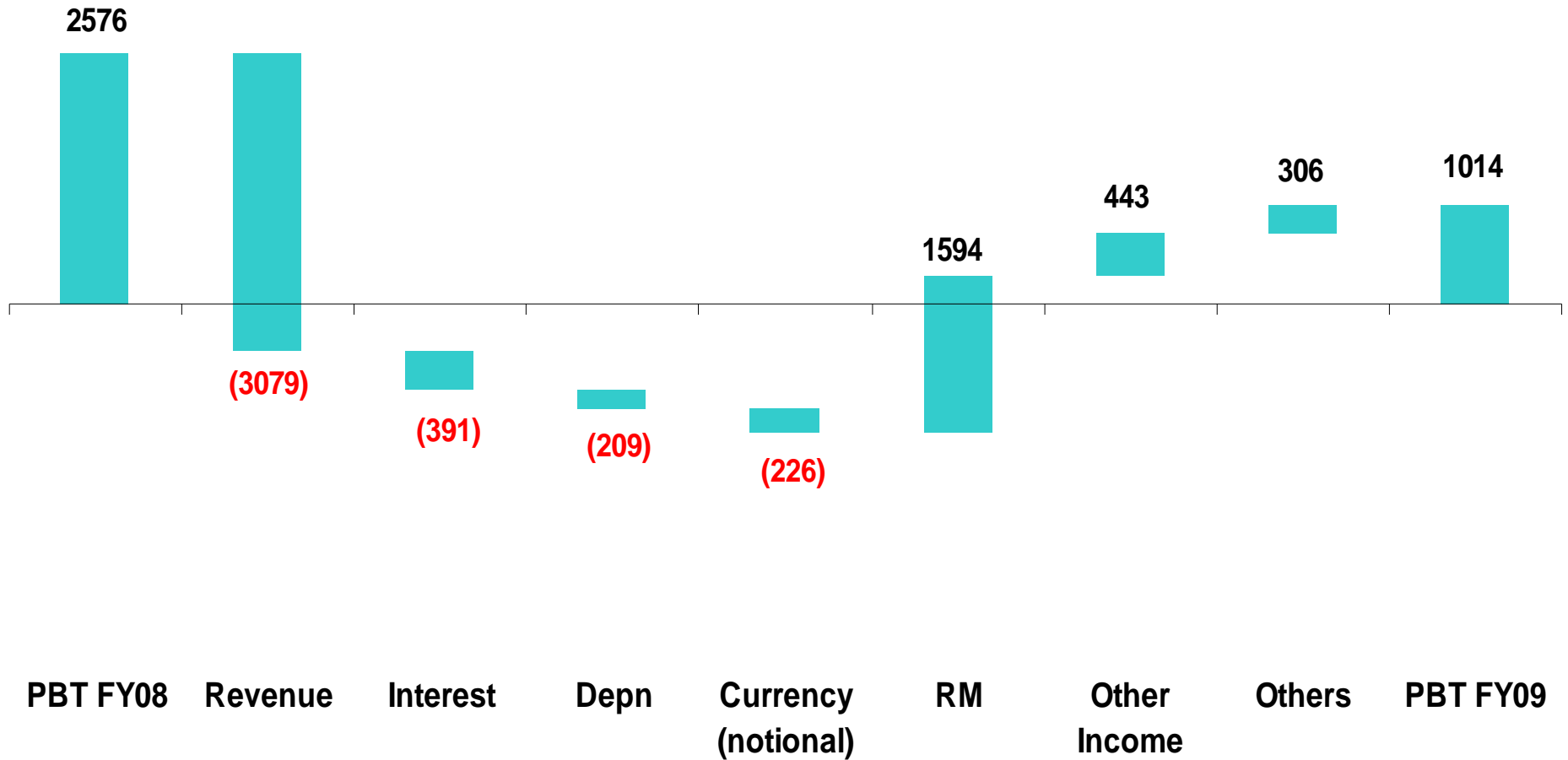
## Stand Alone P&L : FY09 Highlights

Steep volume reduction, peak input prices and high interest rates impact operating margins

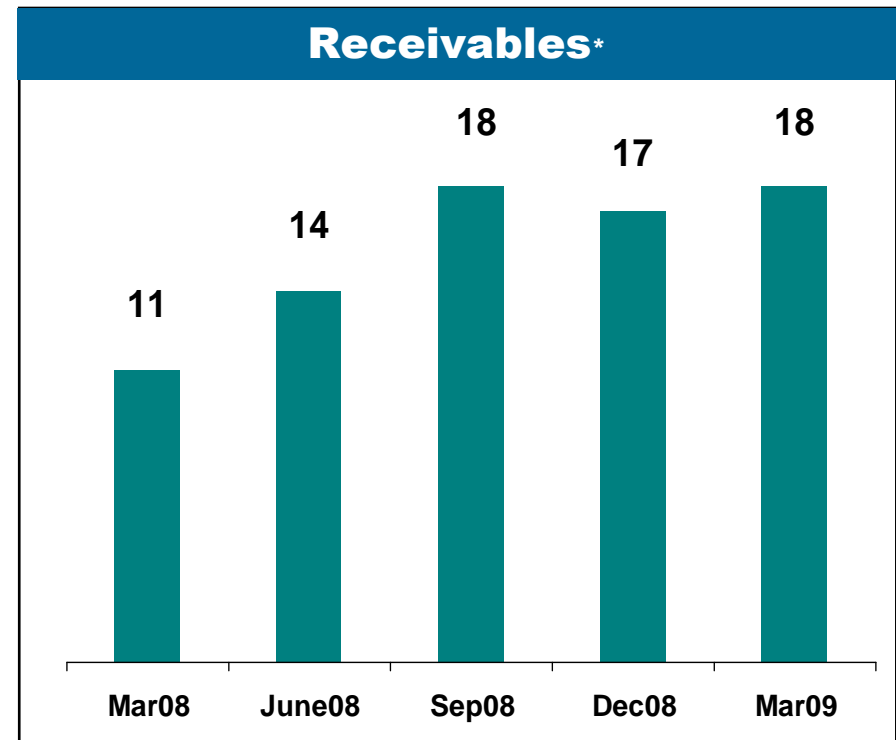
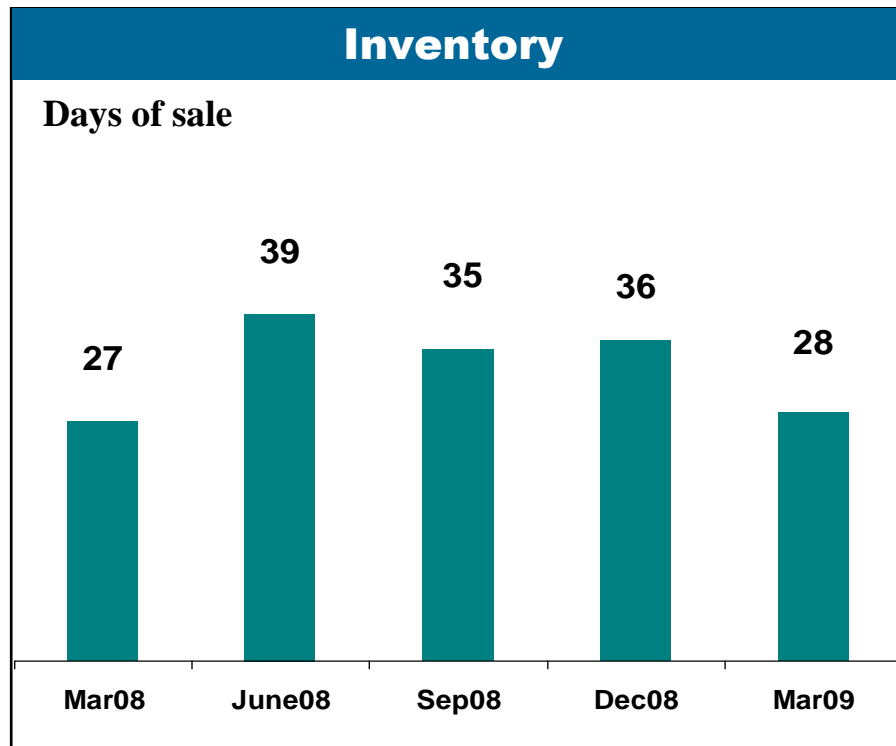
Dividend declared Rs. 6 per Ordinary Share and Rs.6.50 per 'A' share

Rs Crores	FY09	FY08	% change
<b>Net Revenue</b>	25661	28739	-11%
<b>PAT</b>	1001	2029	-51%
<i>Tax</i>	13	548	-98%
<b>PBT</b>	<b>1014</b>	<b>2576</b>	<b>-61%</b>
<b>Less :</b>			
<b>Notional Exchange (loss)/gain (net)</b>	(65)	161	-141%
<b>Income from technology transfer &amp; CEQ activity</b>	139	199	
<b>Gain on bond buyback</b>	51		
<b>Other Income</b>	926	483	92%
<b>Add :</b>			
<b>Depreciation, PDE and net interest</b>	1599	999	60%
<b>EBITDA</b>	<b>1562</b>	<b>2732</b>	<b>-43%</b>
<b>EBITDA margin</b>	<b>6.13%</b>	<b>9.57%</b>	<b>(344) bps</b>

## Stand Alone P&L : FY09 Highlights

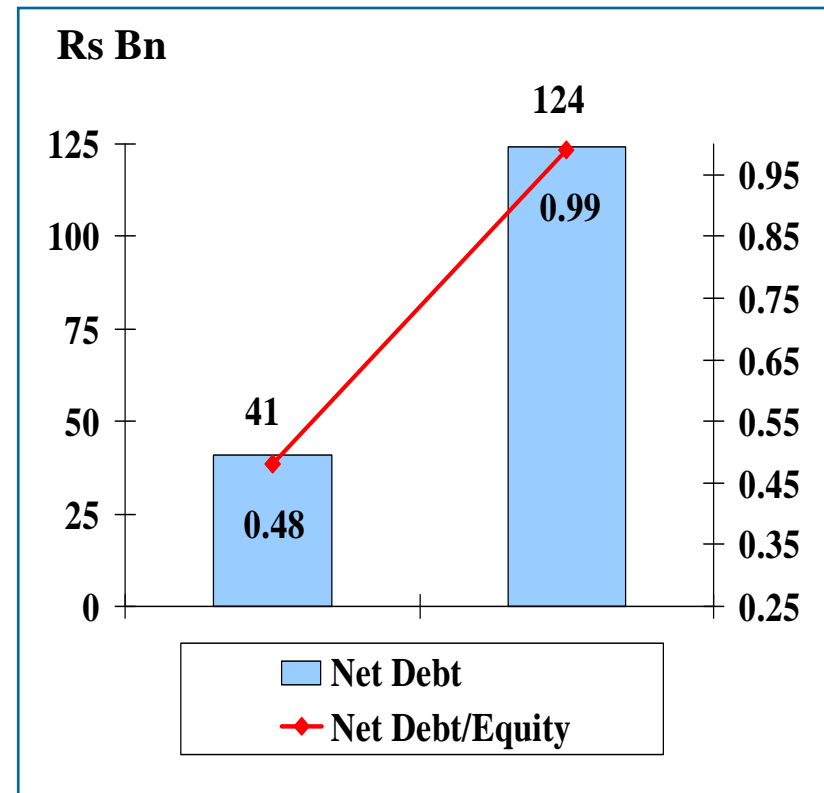
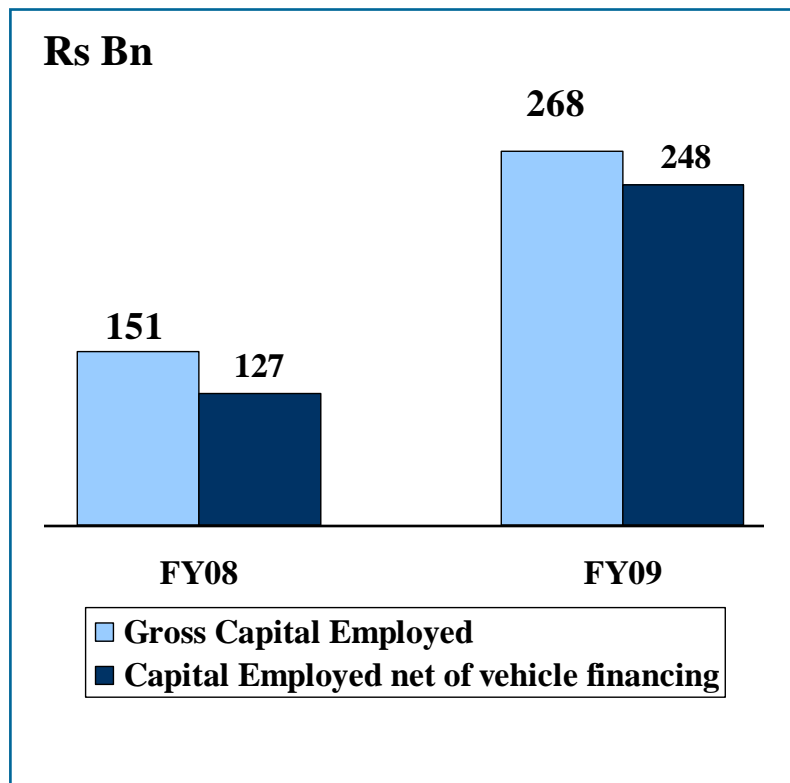


**Slowdown and liquidity crisis put pressure on Working Capital requirement  
However correction efforts have helped to lower inventory significantly**



\*Excl. Veh financing

## Debt on Standalone Balance Sheet has increased to support Capex, Investments and Working capital requirements



Vehicle financing portfolio on Tata Motors books reduced to Rs 20 bn as on March 31, 2009

**Business  
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**In  
Focus**

- **Short term Business Outlook**
- **Bridge Loan Refinance Plan**
- **Cash Focused Planning**
- **Long term Business & Financial Strategy**

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## Short Term Business Outlook

- Current Business conditions remain uncertain; However expect Indian economic growth to revive in Q3, earlier than world economy
- Raw material costs to benefit from lower commodity prices, driving improved profitability



- *Commercial vehicles sales to be driven by*

- New products : World Truck, Ace variants
- Bus demand from JNNURM scheme
- Improved penetration of LCV Passenger carriers
- Truck demand on the back of renewed economic activities
- Emission change effective Apr 2010

- *Passenger Vehicle sales to be driven by*

- Full year availability of Indica Vista
- New sales of Nano and launch of New Indigo , Fiat Linea, Grande Punto



- **Jaguar and Landrover to be introduced in India from June**

## Tata Nano deliveries from July'09

Now you can



- Tata Nano was launched in Mumbai on March 23rd to unprecedented media attention
- Over 60 million hits on the Tata Nano website
- Tata Nano received 'Wall Street Journal Technology innovation Award'
- Received Rs.25 Bn from the booking process ; More than 6 lakh forms were sold and over 2 lakh bookings were received
- First lot of 100,000 vehicles delivery to commence from July'09
- Initial production in Pantnagar has started
- Work at Sanand ( capacity : 250,000 units ) for the new plant underway, expected to commence production in Q1 CY10
- Tata Nano Europa for future launch displayed in the 79th Geneva Motor Show

## World Truck – A range that works globally, unveiled in India



- Gross capacities ranging from 10T to 75T
- Solutions for varied applications such as Tractor-trailers, multi-axle trucks, rigid trucks, tippers, mixers as well as special application such as reefers, tip trailers, bulkers
- 200+ variants to be launched in a phased manner
- Range of air-conditioned cabins, wide and narrow with three lengths & three heights
- Range of power train options from 150 HP to 560 HP, with option of automated transmission fitment
- Euro III & IV compliant & Euro V ready
- Conforming to motor vehicle rules, crash & safety norms

## Refinancing of Bridge Loan - Highlights

- In a challenging liquidity environment, company refinanced \$2 Bn of the outstanding bridge loan structured effectively to meet the company's requirement of tenors, cost and servicing.

### Structure

- **Rupee denominated rated, listed, secured, guaranteed, low coupon premium redemption bonds**
  - Amount raised : Rs. 4200 crs ( ~ US\$840 million)
  - Issued by Tata Motors Limited
  - Master Guarantee by SBI to all tranches. Several banks provided counter guarantees to SBI.
  - The debenture issuance comprises four tranches with maturities of 23, 47, 59 and 83 months
  - 2% coupon with premium redemption
  - The debentures have been rated LAAA(so) by ICRA and AAA(so) by CRISIL.
  - The market demand for the book building oversubscribed 1.56 times
  - Maturity yields were fixed at 6.75% p.a. for the 23 month tranche, 8.40% p.a. for the 47 month tranche, 8.45% p.a. for the 59 month tranche and 10% p.a. for the 83 month tranche
- **US\$ Term Loan**
  - US\$1 billion Term Loan for 18 months from most of the original consortium of lenders for LIBOR + 500 bps

## Cash focused planning

- **Capex review**
  - Reduced from Rs.40 bn to ~ Rs.25 bn - Rs.30 bn for each of the next 2 yrs
  - Majority spending on Product Development to strengthen product portfolio
- **Cost reduction**
  - Target Rs.10 bn over next 3 years
  - Expect raw material cost to roll back to early 2008 levels
- **Flexibility / Agility**
  - Align production to Demand
  - Keep resources flexible and agile for a demand revival
- **Focus on Liquidity Management**
  - Tighter control on Working capital investment
  - Reduce Vehicle financing portfolio on stand-alone books
- **Quality growth of Financing business**
  - Focus on collection efficiency and reduced NPA
  - Growth funding primarily through securitization and borrowing on TMFL books

## Long Term Business and Financial Strategy

- **Plans anchored to develop capability for ‘beyond 2009-10’**
  - New Products
  - Expand network
  - Nurture partnerships / alliances to maturity
  - Full availability of Nano capacity
  - Export opportunities
- **Deleverage Auto business**
  - Divestment of Investments
  - Improve Debt – Maturity profile
  - Capital raising at appropriate time

Now you can