

Tata Motors Limited (NYSE : TTM)

Q1FY12 Review

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I] SNAPSHOT OF FINANCIALS

	NET REVENUE *		Change (%)	PAT		Change (%)
	Q1FY12	Q1FY11		Q1FY12	Q1FY11	
TML Consolidated (Rs Crores)#	33,572.5	27,055.6	24.1%	1,999.6	1,988.7	0.5%
TML Standalone (Rs Crores)	11,897.9	10,416.3	14.2%	401.3	3,95.7	1.4%
Jaguar LandRover Ltd (GBP Million)	2,712.0	2,262.1	19.9%	218.9	226.0	(3.1)%
Tata Daewoo CV Ltd.,Korea (TDCV) (Rs crores)	877.8	874.4	0.4%	15.7	36.7	(56.3)%
Tata Motors Finance Limited (TMFL) (Rs Crores)	409.0	320.0	27.8%	48.5	23.5	106.3%
Tata Technologies Ltd consolidated (TTL) (Rs Crores)	335.1	297.7	12.6%	39.6	26.7	48.3%
HV Axles Ltd (HVAL) (Rs Crores)	86.4	72.2	19.7%	26.8	22.4	19.6%
HV Transmissions Ltd (HVTL) (Rs Crores)	89.0	62.3	42.9%	30.4	17.0	78.8%

Notes:

* Net Revenue excludes other income

PAT is after Minority Interest and share of Profit/(loss) in respect of associate companies

II] INDIAN ECONOMIC SCENARIO

Key Highlights of Q1 FY11

1. GDP Growth

Gross Domestic Product (GDP) growth for 2010-11 stood at 8.5% according to MoSPI's revised estimates, compared to 8.0% in 2009-10. Growth in Q4 2010-11 stood at 7.8% as compared with 9.4% growth in Q4 2009-10. The sectoral growth rates are presented in Table 1 below.

	2009-10	2010-11	2010-11			
			Q1	Q2	Q3	Q4
Agriculture, forestry & fishing	0.4	6.6	2.4	5.4	9.9	7.5
Industry	8.0	7.9	10.2	8.4	7.1	6.1
<i>of which Manufacturing</i>	8.8	8.3	12.7	10.0	6.0	5.5
Services	10.1	9.4	10.7	9.9	8.4	8.7
GDP at Factor Cost	8.0	8.5	9.3	8.9	8.3	7.8

Table 1: Sectoral Growth Rates of GDP (%; y/y); Source: MoSPI;

Growth in **Agricultural sector** was high at 6.6% in 2010-11 due to a low base and a normal monsoon. Growth in the **Industrial sector** (especially manufacturing) slowed down in Q3 & Q4 2010-11 due to the high base effect, high inflationary pressures, and monetary tightening by RBI. Going forward, industrial growth may remain low in Q1 & Q2 2011-12 due to continuation of the above factors. In the **Services sector**, commercial services¹ grew by 10.1% in 2010-11 as compared to 9.52% in 2009-10 and 9.40% in 2008-09 indicating strong recovery, while community, social & personal services grew by only 7% in 2010-11 due to lower government spending.

The relatively subdued growth of 8.5% (as compared to the Advanced Estimate of 8.6% and trend growth rate of 8.7%) in 2010-11 can be attributed mainly to policy tightening as indicated by cumulative interest rate hikes of 2% and a reduction in fiscal deficit to 5.1% from 6.6% in 2009-10, accompanied by a high level of inflation (9.56%).

On the demand side, India's GDP at current market prices stood at US\$ 1.7 trillion in 2010-11 (from US\$ 1.4 trillion in 2009-10). Growth in **fixed investment** came down to 0.37% in Q4 2010-11 (17.68% in Q4 2009-10) along with a slower pace of **inventory additions**; despite a low *rate of growth in investment*, the *rate of investment* (Gross Capital Formation as a proportion of GDP) actually rose from 32.9% in Q3 to 34.6% in Q4 2010-11. **Private final consumption expenditure** grew by 8.05% in Q4 2010-11. These

¹ Trade, hotels, transport & communication, finance, insurance, real estate, and business services.

figures indicate low growth in investment demand (partly due to base effect), but robust domestic and external *consumption demand* even in the face of rising prices and a stronger currency.

2. Industrial Growth

The **Index of Industrial Production (IIP)** for April'11 was part of a new IIP series released by the MoSPI with the base year as 2004-05, different sectoral weights, and a larger and more relevant set of commodities forming the index.

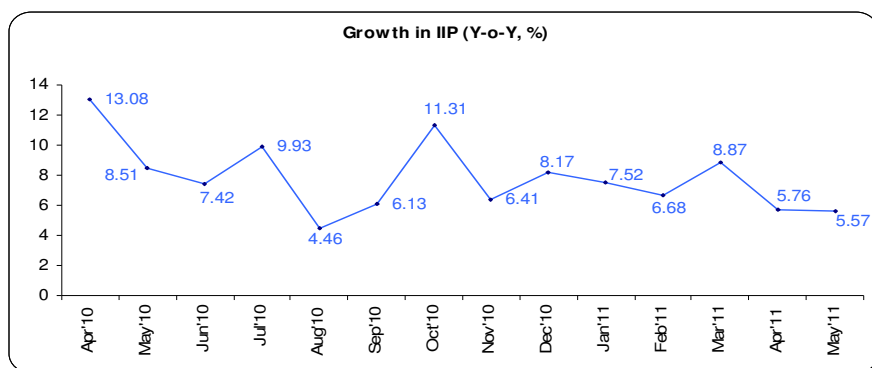
The new IIP index showed Y-o-Y growth of 5.76% in Apr'11 and 5.57% in May'11. The cumulative growth during (April-May) 2011-12 stands at 5.67% compared to a 10.75% growth over the corresponding period of 2009-10. Manufacturing growth was only 5.98% during (April-May) 2011-12 compared with 11.62% growth in the same period of 2009-10. Growth in the output of durable goods has been lower in the first two months of 2011-12 (Apr-May) at 4.47% compared with an 18.96% growth in the corresponding period of 2010-11. On the other hand, growth in the output of capital goods has been reasonably well at 6.65% in 2011-12 (Apr-May) (in Feb'11, growth had declined to 5.71%) due mainly to the growth in 'Metals and metal products' at 14.87% and 'Motor Vehicles and other transport equipment' at 21.08%.

Table 2: Macro Economic Indicators

	Categories	Apr-May'11	Apr-May'10	Growth (%)
IIP	General	166.1	157.2	5.67
Sectoral	Mining	129.2	127.5	1.32
	Mfg.	175.3	165.4	5.98
	Electricity	149.6	138.0	8.39
Use-based	Basic	146.9	137.3	7.05
	Capital	257.2	241.2	6.65
	Intermediate	145.0	141.3	2.65
	Consumer			
	-Consumer Durables	289.9	277.5	4.47
	-Consumer Non-Durables	135.9	129.1	5.24

Source: CSO

IIP growth has been gradually losing momentum since Nov'10 onwards, as the effects of rising interest rates and high level of inflation began to affect production with a time lag.



In fact the slowdown is evident across all industrial sectors and as can be seen from Table 3, the loss of momentum in IIP growth continued into FY 2011-12.

Table 3: IIP growth across sectors

Y-o-Y growth,%	Mining	Manufacturing	Elect.	General
Oct,10	6.09	12.37	8.76	11.31
Nov'10	6.92	6.53	4.61	6.41
Dec'10	5.93	8.72	5.97	8.17
Jan'11	1.69	8.09	10.49	7.52
Feb'11	1.16	7.48	6.76	6.68
Mar'11	0.27	10.35	7.18	8.87
Apr'11	1.28	6.32	6.44	5.76
May'11	1.36	5.64	10.31	5.57

3. Infrastructure Index

Table 4: Performance of Core industries

Sector-wise Growth Rate (%) in Production					
Sector	Weight (%)	May 2011	May 2010	April-May 2011-12	April-May 2010-11
Overall Index	37.903	5.32	7.43	4.97	7.95
Coal	4.379	1.05	0.31	1.93	-1.32
Crude Oil	5.216	9.66	5.81	10.30	5.49
Natural Gas	1.708	-9.63	34.45	-9.48	43.54
Refinery Products	5.939	4.54	7.72	5.56	6.54
Fertilizers	1.254	7.30	-6.69	3.12	-0.18
Steel	6.684	6.11	8.98	5.47	10.88
Cement	2.406	-2.30	8.60	-1.68	8.68
Electricity	10.316	10.31	6.42	8.56	6.65

(Source: GOI- MINISTRY OF COMMERCE INDUSTRY)

Growth in the output of core industries has lagged behind overall IIP growth, as can be seen from a comparison of tables 2 and 4. Coal output saw an improvement beginning fiscal 2011-12 as it grew by 1.93% during 2011-12 (Apr-May) against a negative growth of 1.32% in the same period of the previous fiscal. Cement output has declined in the current fiscal 2011-12 (Apr-May) by 1.68% compared with 8.68% growth in 2010-11 (Apr-May) due to slower execution of projects in the real estate sector and an early onset of monsoon. Slower growth in steel output (Ref Table 4) is because the demand from the end user industries has been affected by high inflation and rising interest rates. Fertilizer output has gone up on account of increased offtake of fertilizers due to better rabi output.

4. Inflation

Overall **Wholesale Price Index (WPI)** inflation during Jun'11 remained at a high level of 9.44%, up from 9.06% in May'11. WPI inflation for Apr'11 has been revised to 9.74% from 8.66% earlier. Cumulative WPI inflation for Q1 2011-12 was 9.41% compared with 10.54% in Q1 2010-11. **Consumer Price Index (CPI)** inflation for May'11 was 8.72%, compared to 9.41% in Apr'11.

Manufacturing inflation in India picked up to 7.43% in Jun'11 from 7.27% in May'11, while fuel inflation accelerated to 12.85% in Jun'11 from 12.32% in May'11. Fuel group inflation increased in Jun'11 partly due to the impact of the administered price increases on June 25, 2011.

Inflation continues to be the dominant macroeconomic concern. Inflation has been higher than expected and would remain under pressure. Fuel price hike would keep inflationary pressure high. Crude price outlook remains uncertain. Risks to food inflation would be determined by the overall performance of south-west monsoon. The south-west monsoon has been 1% below normal so far (July 20, 2011).

5. Interest rates

Inflationary pressure is not showing signs of easing. WPI inflation in the month of Jun'11 at 9.44% was higher than 9.06% in May'11. RBI increased the policy rates in the quarterly review of monetary policy on 26.07.2011 i.e. Repo and Reverse Repo for the 11th time since March 2010 when it began the tightening process. Repo and Reverse Repo rate currently stands at 8.00% and 7.00% respectively. Banks have increased the base rate in response to RBI hiking policy rates in the range of 9.25-10.25%. This effectively means that the borrowing costs of the corporate sector would increase in FY 2011-12. These policy rate hikes by RBI has started impacting growth rather than containing inflation. GDP growth declined to 7.8% in Q4 2010-11. The growth has declined consecutively in all the four quarters

of FY 2010-11. Higher interest rates have impacted the manufacturing sector, whose growth declined from 12.7% in Q1 to 10.0% in Q2 and further to 6.0% in Q3 and 5.5% in Q4 of FY 2010-11.

6. Freight Rates

Average road freight rate index for Q1 (Apr-Jun) FY 2011-12 stood at 174.30 declining at the rate of 0.28% as compared to the previous quarter (Jan-Mar'11). On a y-o-y basis, freight rates have increased by 0.57%. Diesel price increase also gets reflected in freight rates. Diesel prices have been raised to Rs. 43.58 per litre in June 2011 from Rs. 40.01 per litre in November 2010 - road freight index also increased by 0.61%. Fuel costs typically constitute more than 60% of the total cost of transport operator. Hence any increase in diesel prices would reduce their operating margins in a situation where freight index is not moving up commensurately.

7. National Highway Development Project (NHDP)

As elucidated in the below table, 46.68% of the national highway development and other road projects under NHAI were completed as on 30th April 2011. Substantial amount of work was completed on NS-EW corridor, where up to 77.84% of work was completed as of 30th April 2011.

Table 5: Status of NHDP (As on 30th April 2011)

The NHDP projects are divided into seven phases. However the ones being implemented are in four phases, i.e. I, II, III and V.

	Total length (kms)	Completed	Under Implementation	Balance to be awarded
GQ	5,846	99.62%	0.37%	0%
NS - EW Ph I & II	7,300	77.84%	14.21%	5.76%
NHDP Phase III	12,109	18.94%	47.93%	33.11%
NHDP Phase V	6,500	9.16%	29.50%	61.32%
Port Connectivity & Others	1,763	71.01%	27.85%	1.13%
Total	33,518	46.68%	27.67%	25.17%

Source - National Highway Authority of India

8. Update on Pradhan Mantri Gram Sadak Yojana (PMGSY)

Physical Progress of Work as on 01-Aug-2011												
	Road Works Sanctioned				Physical Progress of Work							
					Completed Works				Ongoing Works			
	New Connectivity		Upgradation		New Connectivity		Upgradation		New Connectivity		Upgradation	
	Nos.	Length	Nos.	Length	Nos.	Length	Nos.	Length	Nos.	Length	Nos.	Length
All-India Total	66,593	239,264	32,404	154,380	51,820	165,506	27,656	117,338	14,773	12,788	4,748	9,006

Outlook

Higher interest rates and weakening demand conditions could lead to a decline in industrial growth rate. Consequently, the GDP growth in 2011-12 could be less than 8.0% as projected by several government authorities. It may be even closer to 7.5%. As per the Economic Advisory Council to Prime Minister, economy is projected to grow at 8.2% in FY 2011-12. The anti-inflationary measures are expected to continue for at least 2 quarters (Q2 and Q3 2011-12). The only silver lining is the increasing exports, especially engineering goods and vehicle exports.

III] TML STANDALONE

A] FINANCIALS

	Q1FY12	Q1FY11	Change	FY10-11	FY09-10
	Rs crores	Rs crores	(%)	Rs crores	Rs crores
Revenue (Net of excise)	11,897.9	10,416.3	14.2%	48,040.5	35,593.1
EBITDA	998.7	11,74.7	(15.0)%	4,771.3	4,178.3
EBITDA %	8.4%	11.3%	(290 bps)	9.9%	11.7%
Other Income	115.5	69.3	66.7%	183.3	1,853.5
Profit before Tax	466.3	537.7	(13.3)%	2,196.5	2,829.5
Net Profit (PAT)	401.3	395.7	1.4%	1,811.8	2,420.1
Basic EPS - Ordinary Shares	6.25	6.88		30.28	42.37
Basic EPS - 'A' Ordinary shares	6.75	7.38		30.78	42.87
Gross Debt	16,383	17,712		15,899	16,595
Net Debt	13,713	16,004		13,385	14,322
Net Debt / Equity	0.67	1.05		0.67	0.96
Capex Spent	667	545		2,391	2,330
Inventory Days	36	28		30	30
Receivable Days	21	21		20	25

Notes:

Revenue and EBITDA excludes Other Income;

EPS for Q1 FY 12 and Q1 FY 11 is not annualized

HIGHLIGHTS

- Tata Motor's Net Revenue for Q1FY12 was Rs. 11,898 crores ; increased 14.2% Y-o-Y on better volumes and realizations.
- Margin pressures including commodity price increase and overheads resulted in Company's operating profit (EBITDA) decreased by 15.0% to Rs.999 crores. Operating margin stood at 8.4%.
- Depreciation and product development expenditure for the year stood at Rs 397 crores
- Net Interest & discounting charges for the year stood at Rs 253 crs
- Profit after tax for Q1FY12 was Rs. 401 crores, as compared to Rs 396 crores in Q1FY11.

B] COMMERCIAL VEHICLES BUSINESS

VOLUMES

	Q1FY12 Volumes	Q1FY11 Volumes	Y-o-Y change
M/HCV	45,570	43,250	5.4%
LCV	67,616	56,936	18.8%
Total CV	113,186	100,186	13.0%

Note: LCV Includes Ace Magic and Iris

Source: SIAM Industry Data and Company analysis

HIGHLIGHTS

- Domestic CV industry grew ~ 11% in Q1FY12.
- Rising interest rates, high inflation and slower industrial output coupled with high base effect, moderate the growth of industry CV sales to ~ 3.6% in the MHCV and ~ 17.3% in the LCV segment.
- The Bus segment declined followed by completion JNNURM & no major new orders by State Transport Undertakings.
- Growth in MHCV segment was led by a growth in tippers & tractor trailers.
- Tata Motors CV sales grew at ~ 13% Y-o-Y in Q1FY12 while the MHCV grew at ~ 5.4%; LCV segment grew at ~ 18.8%.
- Strong demand and improved production of Ace/Magic, and ramp-up of Ace ZIP and Magic IRIS , expected to provide impetus to growth in the SCV segment and overall CV numbers.
- Price increases of ~ 2.5% in Q1FY12 to counter higher input costs, mainly commodity costs.
- Market Share in Q1FY12 stood at 60.1%.

LAUNCHES IN Q1FY12

- In May, Tata Motors launched the '**Tata Magic IRIS**,' a four-wheel, 3-4 seater small passenger carrier, a stylish, safe and comfortable alternative for commuters who depend on three-wheelers, and the '**Tata Ace Zip**', a technologically superior and smart micro truck with a payload of 600 kg for deep-penetration door-to-door goods movement. Both the vehicles offer superior profitability to their owners. This will comprehensively address the burgeoning need of public transportation and goods movement with good quality, affordable pricing and competitive maintenance cost throughout the life-cycle

Tata Magic IRIS, BSIII version, is priced at Rs 1.95 lakh, ex showroom Thane (without octroi). The vehicle comes with a warranty of 36000 km/ 12-month, whichever is earlier.

Tata Ace Zip, BSIII version, is priced at Rs. 1.90 lakh, ex showroom Thane (without octroi).

- In May 2011, Tata Motors Commercial Vehicles Division launched '**Tata Delight**' , a **Customer Loyalty Programme** for owners of its commercial vehicles. Tata Motors is the first company in the commercial vehicles industry to launch this unique engagement initiative. Tata Delight is a loyalty programme for all Tata Motors commercial vehicle customers, both existing and new. It offers customers a host of distinctive facilities across all Tata Motors dealerships, sales outlets, and Tata Motors Authorised Service Stations.

C] PASSENGER VEHICLES BUSINESS

VOLUMES

	Q1FY12 Volumes	Q1FY11 Volumes	Y-o-Y change
Micro	21,979	14,780	48.7%
Compact	31,593	39,528	-20.1%
Midsize	3,735	11,352	-67.1%
Executive	1,115	2,442	-54.3%
Premium	126	23	447.8%
Utility Vehicles	9,433	9,733	-3.1%
Vans	1,548	0	NA
Total PV*	69,529	77,858	(10.7)%

Source: SIAM Industry Data and Company analysis

Note: For the analysis -

'Premium' includes Jaguar vehicles sold in India

'Micro' comprises of Nano

'Compact' comprises of Indica group, Indigo CS, Fiat Palio, Fiat Grande Punto, Fiat 500

'Midsize' comprises of Indigo XL, Indigo Manza and Marina

'Executive' comprises of Fiat Linea;

'Utility Vehicles' comprises of Safari, Sumo group, Xenon, Aria and Land Rover Vehicles

'Vans' comprises of Tata Venture vehicles

HIGHLIGHTS

- Passenger vehicles industry grew at an average of -8% Y-o-Y in Q1 FY12 led by high growth in selective segments, while the cost sensitive and high volume "Compact" segment de-grew mainly due to increases in interest rates & fuel costs.
- Intense competitive pressures continued across segments.
- Tata Motors overall volumes declined with weaker sales in the overall Compact & "Mid Size" segments. However within the "Compact" segment, the Indigo eCS, launched last year, grew ~ 7.5% Y-o-Y.
- The sales of the Tata Nano grew 49% to ~ 22,000 units. The company continued focused marketing initiatives specific to Nano.
- Price increases of ~ 2% on Tata Passenger cars
- Market Share in Q1FY12 stood at 11.9%.

D] EXPORTS

VOLUMES

Business Unit	Q1FY112	Q1FY11	Y-o-Y Change
Commercial Vehicles	12,783	9,725	31.4%
Passenger Vehicles	2,108	2,535	-16.8%
Total Exports	14,891	12,260	21.5%

HIGHLIGHTS

- Tata export volumes increased Y-o-Y 21% in Q1 FY 12
- Exports to Bangladesh, Sri Lanka & Bhutan continued showed strong growth.
- NANO exports to Sri Lanka and Nepal commenced. Expect to extend the export potential of the NANO

LAUNCHES IN Q1FY12

- At the end of May 2011, **Tata Motors introduced five new commercial vehicles in Sri Lanka** - Tata Divo luxury coaches and semi low-floor air-conditioned Tata Marcopolo buses for passenger transportation and, for cargo movement, the Tata Prima 4928 tractor-trailor, Tata 1618 truck and the Tata Super Ace, a high-end variant from the Tata Ace family as Tata Motors celebrates the 50th year of its presence in the country and its partnership with DIMO (Diesel & Motor Engineering PLC (DIMO), the company's distributor). Tata Motors is already the market leader in commercial vehicles in Sri Lanka.
- **Sri Lanka has become the first international market for the Tata Nano**, with the people's car being commercially launched in the country in May 2011. The introduction of the Tata Nano in international markets comes on the Golden Jubilee of Tata Motors' international business which too began with Sri Lanka in 1961 in association with Diesel & Motor Engineering PLC (DIMO), the company's distributor.

Speaking on the introduction of the Tata Nano in Sri Lanka, Mr. Carl-Peter Forster, Managing Director and Group CEO of Tata Motors, said, "Tata Motors has already established a firm footprint in international markets. We will now scale up on this foundation, judiciously choosing appropriate geographies and addressing unmet consumer needs with our portfolio. The Tata Nano will play a major role in the next phase of growth of our international business."

- In June 2011, Tata Motors **launched the Tata Nano in Nepal**. The car will be on sale across Nepal through the company's distributor, Sipradi Trading Pvt. Ltd., at 14 Sipradi owned & Sipradi authorised dealer showrooms.

E] WAY FORWARD

- Slowing CV growth rates are largely prompted by rising costs, interest rates and expectation of lower industrial growth. Freight rates across major routes remained flat in Q1 FY 12
- Increase in infrastructure spending could propel demand for MHCV trucks. Services and agriculture sector along with rural connectivity, proliferation of hub & spoke model and demand of passenger applications is expected to drive growth in LCV/SCV segment
- Competitive intensity in CVs expected to increase, but Company well placed with a wide and compelling product portfolio and customer support
- Proposed changes in priority sector lending by banks likely to increase interest costs for First Time Users of CVs. Credit availability continues to be adequate.
- Proposed ramp up of ACE family production via additional capacity in Dharwad on schedule
- Competitive intensity and increasing costs in the passenger vehicle segment poses risk to demand along with higher inflation, interest costs, fuel price increases.
- Future products in pipeline for FY 12 - Variants from MHCV & Prima range, World LCV range, Nano variants, Vista refresh, Manza Limited edition, New Safari on schedule. Aria 2WD launched in Aug 2011
- Further expand sales and service network in India and enhanced customer care. Extend export potential

F] OTHER SIGNIFICANT EVENTS DURING THE QUARTER

- In June 2011, Tata Motors received its **largest order ever of Medium & Heavy Commercial Vehicles from a single fleet owner**. The order was from Siddhivinayak Logistics Ltd. (SVLL) to supply 1,111 M&HCV trucks, to be delivered during the year. Based in Surat, SVLL is one of the largest fleet owners in the country, owning a fleet of over 2000 commercial vehicles. The company operates across diverse segments like steel, cement, tractors, chemicals, machinery and is a pioneer in new segments like commercial vehicle chassis carriers. SVLL plans to start transporting farm fresh fruits and vegetables through refrigerated containers on the Tata Prima.
- In June 2011, **Jaguar Land Rover officially opened its new dealership in Kolkata, West Bengal**, India. The opening of this dealership is part of Jaguar Land Rover's continued expansion in the Indian market. The state of the art dealership will improve access to customers from

West Bengal and provide premium Jaguar Land Rover standards of sales, servicing and after sales. Based in the up-market AJC Bose Road, the Kolkata dealership will enable customers to access the full range of Jaguar products including the XJ (in both diesel and petrol engine variants), XF (in both diesel and petrol engine variants), XFR, the XKR Coupe and Convertible. For Land Rover, it will offer the Freelander 2, Discovery 4, Range Rover Sport and the flagship Range Rover.

- In May 2011, **Jaguar Land Rover inaugurated a new vehicle assembly plant in Pune, Maharashtra.** The facility will assemble Land Rover Freelander 2 vehicles supplied in Complete Knock Down (CKD) form from Jaguar Land Rover's Halewood manufacturing plant in Liverpool, UK. This is one of the steps taken to expand JLR's operations in India in order to meet the increasing demand for luxury products and the strength of the Indian economy.

- **Tata Motors and the New Energy and Industrial Technology Development Organization (NEDO), Japan, inaugurated an environment-friendly dual-fuel based power generation facility** in the Tata Motors Pune plant in June 2011. Tata Motors Pune plant was selected for the project by the Government of India, the Government of Japan and NEDO, to produce power through clean environment technology. To drive this project, a memorandum of understanding was jointly signed between the Government of India, the Government of Japan, NEDO and Tata Motors.

Teams from Tata Motors and NEDO jointly worked on the project for two years. Two 2.5MW diesel electric power generators sets were identified for conversion into dual-fuel generators, using natural gas as the main fuel and diesel as the pilot fuel. The project has become successful for operating diesel generator sets on natural gas and light diesel oil. The Tata Group has embarked on a journey to reduce its cumulative carbon footprint. Changing over from existing liquefied fuel to clean burning gaseous fuels will help in reducing 3,770 tonnes of carbon dioxide in a year, and is a step towards helping the Tata group reduce its carbon footprint.

- **Tata Motors vehicles took top spot in the Manufacturer Class at the Dakshin Dare 2011 Rally,** one of the most prestigious rallies in India held in June 2011. This is the second victory for team Full Throttle after the Desert Storm Rally 2011. This win proves Tata Motors commitment towards motorsports and its rigorous vehicle testing abilities in the most demanding environment possible. Riding on the success of Desert Storm Rally 2011, Tata Motors - Full Throttle team entered the Dakshin Dare 2011 Rally with off-roaders - the Tata Safari 4x4, the Tata Xenon XT 4x4 and with the Tata Indica Vista 90. Tata Motors has earlier participated in several international rallies such as the London - Capetown rally in 1998, ASEAN rally in 2004 and the SAARC rally in 2007 with the Safari sports utility vehicle. Both the Tata Safari and the

Tata Xenon XT, a 4x4 lifestyle pickup, have also been driven in various rallies in the past by independent participants.

- In July 2011, **Tata Motors (SA) (Proprietary) Ltd.**, Tata Motors' joint venture with Tata Africa Holding (Pty) Ltd., today formally **unveiled its assembly plant in South Africa** at Rosslyn, north of Pretoria, in the Gauteng province of South Africa. The establishment of the plant is a major step towards bolstering the operations and presence of the Tata Group in South Africa.

IV] TML CONSOLIDATED FINANCIALS Q1FY12 (Indian GAAP)

	Q1FY12	Q1FY11	Change	FY10-11	FY09-10
	Rs crores	Rs crores	(%)	Rs crores	Rs crores
Revenue (Net of excise)	33,572.5	27,055.6	24.1%	123,133.3	92,519.3
EBITDA	4,461.7	3,953.3	12.9%	17,780.0	8,614.2
EBITDA %	13.3%	14.6%	(130) bps	14.4%	9.3%
Other Income	76.1	34.6	119.9%	89.6	1,793.1
Profit before Tax	2,345.8	2,275.4	3.1%	10,437.2	3,522.6
Net Profit (PAT)	1,999.6	1,988.7	0.5%	9,273.6	2,571.1
Basic EPS - Ordinary Shares	31.35	34.80		155.25	48.64
Basic EPS - 'A' Ordinary shares	31.85	35.30		155.75	49.14
Gross Debt	37,741	35,436		32,791	35,108
Net Automotive Debt	14,545	20,995		13,118	19,795
Net Automotive Debt / Equity	0.69	2.05		0.68	2.41
Capex Spent	3,430	1,976		8,124	8,475
Inventory Days	42	40		42	45
Receivable Days	16	26		20	28

Notes:

Revenue and EBITDA excludes Other Income; EPS is not annualized

PAT is after Minority Interest and share of Profit/(loss) in respect of associate companies

HIGHLIGHTS

- The company registered consolidated revenue (net of excise) of Rs. 33,572 crores, posting a growth of 24.1% over Rs. 27,056 crores in the corresponding previous year on account of strong volume, product and market mix and impacted by exchange rates (partially offset by hedges).

- Consequently, Company's operating profit (EBITDA) on consolidated basis improved by 12.9% to Rs.4,462 crores. Operating margin stood at 13.3% (Q1FY11: 14.6%)
- Depreciation and product development expenditure for the year stood at Rs. 1,369 crores
- Net Interest and Discounting charges for the year stood at Rs 766 crores
- Profit after tax for the financial year was Rs. 1,994 crores, as compared to Rs 1,989 crores in Q1FY11

V] JAGUAR LAND ROVER PLC

A] FINANCIALS

	Q1FY12	Q1FY11	Change	FY10-11	FY09-10
	GBP Million	GBP Million	(%)	GBP Million	GBP Million
Revenue (Net of excise)	2,712.0	2,262.1	19.9%	9,905	6,555
EBITDA	408.3	349.3	16.9%	1,619	393
EBITDA %	15.1%	15.4%	(30 bps)	16.3%	6.0%
Profit before Tax	248.5	239.2	3.9%	1,126	14.6
Net Profit (PAT)	218.9	226.0	(3.1)%	1,043	(14.2)
Gross Debt	1,553	1,222		1,261	1,283
Net Debt	171	519		233	603
Net Debt / Equity	0.09	0.33		0.14	0.44
Capex Spent	370	207		776	724
Inventory Days	41	39		42	55
Receivable Days	18	28		21	37

B] EXTERNAL ENVIRONMENT

The European, Chinese and Indian central banks have raised interest rates during the last quarter, continuing the theme of tightening monetary policy in response to the threat of rising inflation. UK and US interest rates have been kept on hold due to fears that hikes may stifle economic recovery. Concerns around the US debt ceiling have also weakened the USD. The austerity measures following the recent increase in the debt ceiling are likely to have a significant impact in its current growth and the US economy as a whole.

Operating results have been partially offset by the additional interest costs from the bond issue, associated revaluation and impact of additional tax with China NSC.

Periodic concerns over weaker European states (Greece, Ireland, Portugal, Spain and Italy) have led to a significant amount of volatility in the Euro exchange rate. Y-o-Y Exchange rates have moved against JLR during Q1 2011/12 however exchange impact was partially offset by hedges.

During Q1FY12, JLR incurred considerable effort and cost on mitigating actions to ensure continuity of Japanese supply, which successfully avoided any production loss.

Whilst growth within the matured western markets remains slow, the company continues to benefit from significant growth in Chinese and Russian markets, where GDP and vehicle volume growth in the SUV and luxury model segments is significantly higher. GDP in China for the equivalent quarter was recorded at 9.5%, however there are concerns over the level of inflation and the risk of a property bubble. Measures are being taken by the Chinese government to manage the growth in inflation and the availability of credit.

The political instability within the Middle East and North Africa regions continues to provide uncertainty, resulting in fluctuating oil and energy prices, which is likely to have an impact on raw material prices. Raw material prices are expected to remain high as a result of increased demand for steel, aluminum and other precious metals as the global economy emerges from the recession of 2008/09.

The company continues to monitor relevant economic and volume indicators in order to manage production and vehicle distribution as well as hedging against currency risks (and material prices to the extent possible).

C] PRODUCTS AND REGIONAL PERFORMANCE

VOLUMES

Jaguar	Retail			Wholesale		
	Q1FY12	Q1FY11	% Change	Q1FY12	Q1FY11	% Change
North America	4143	3724	11.25	2921	4956	(41.06)
UK	2938	4174	-29.61	3381	4785	(29.34)
Europe (excl. Russia)	2231	3335	-33.10	2151	3563	(39.63)
Russia	283	246	15.04	276	206	33.98
China	1366	930	46.88	1235	379	225.86
Other	1596	1485	7.47	1379	1566	(11.94)
Total Jaguar	12557	13894	-9.62	11343	15455	(26.61)

Land Rover	Q1FY12	Q1FY11	% Change	Q1FY12	Q1FY11	% Change
North America	9775	8912	9.68	10125	8442	19.94
UK	7729	9054	(14.63)	8685	9754	(10.96)
Europe (excl. Russia)	11582	11526	0.49	10499	11149	(5.83)
Russia	3307	2077	59.22	3010	1803	66.94
China	8577	5787	48.21	8290	4752	74.45
Other	9749	7838	24.38	10138	7846	29.21
Total Land Rover	50719	45194	12.23	50747	43746	16.00

JAGUAR OVERVIEW

Jaguar designs, develops and manufactures premium sports saloons and sports cars recognised for their performance, design and unique British style. Jaguar's range of products comprises the XK sports car (coupe and convertible), the XF saloon and the XJ saloon.

XK - There is an updated look for the XK range which will be released for sale in September 2011, embracing both external and internal enhancements. The new XKR-S revealed at the Geneva Motor Show will be the most powerful car built by Jaguar. Its 5.0 litre V8 supercharged engine produces 550PS and is capable of 300kph, whilst CO2 emissions are below 300g/km.

XF - The new 12 model year XF was revealed at the New York Auto Show in April 2011 and is set to be launched in September 2011. The introduction of a new four-cylinder 2.2-litre diesel version of the XF with Intelligent Stop-Start technology has recently completed an 816 mile trip from the production plant at Castle Bromwich to Munich on a single tank of fuel, whilst only producing CO2 emissions of 149g/km. The 12 model year also sees the introduction of an 8 speed automatic for the 3.0 litre diesel vehicles which has assisted in reducing CO2 emissions from 179g/km to 169g/km.

Jaguar models continue to win awards, those particularly worthy of note include:

- The International Car of the Year jury, made up of 12 nationally-renowned automotive journalists, named the all-new Jaguar XJ as the International Luxury Car of the Year.
- Jaguar XF wins Best Executive Diesel award in the Diesel Car Magazine Awards for the fourth time.

LAND ROVER OVERVIEW

Land Rover designs, develops and manufactures premium all-terrain vehicles. Land Rover's range of products comprises the Defender, Freelander 2 (LR2), Discovery 4 (LR4), Range Rover Sport and Range Rover.

Defender - The 12 model year update sees the introduction of a 2.2 diesel engine to replace the outgoing 2.4 litre to ensure compliance with EU legislation and will be on sale in November 2011.

Freelander 2 - A 2.0 litre GTDi will be made available for specific markets, which will also embrace minor changes to the lower front grille. Minor modifications are also planned for interior seating and these enhancements will be available in December 2011.

Discovery 4 - The improvements for the 12 model year car include the introduction of an 8 speed automatic in the 3.0TDV6 for the EU5 markets, which will reduce CO2 emissions from 244g/km to 230g/km. Further enhancements to the Discovery 4 are in infotainment. The Land Rover Discovery 4 has retained its position as Diesel Car magazines's 'Best 4x4' for the second consecutive year.

Range Rover Sport - The 12 model year enhancements include front and rear refreshing and a new power tailgate as well as improved infotainment. The 8 speed transmission will also be introduced for EU5 markets, with CO2 emission being reduced to 224g/km.

Range Rover - The flagship of the brand will have feature packs as part of the 12 model year offering for the Vogue and Autobiography models. The Ultimate Range Rover has been revealed and will be available to customers in March 2012.

The Range Rover Evoque was launched on 4 July 2011 and is set to be released to customers in September 2011.

The Land Rover range of models continues to receive accolades from around the world. Highlights include:

- The Freelander 2 is awarded 'Best 4x4' at the inaugural Honest John Awards
- Land Rover Discovery 4 is named Diesel Car Magazines' 'Best 4x4' for the second consecutive year

REGIONAL PERFORMANCE

Jaguar Land Rover global retail volumes for the three month period ending 30 June, 2011 have shown a 7% improvement over the corresponding quarter last year . Growth in sales was particularly marked in China where volumes grew 48%, with further growth in Russia up 55%, with North America and All Other Markets (RoW) both up 10% and 22% respectively. UK market was down by 19%. Jaguar global retail volumes decreased by 10% during the three month period ending June 30, 2011 compared to the corresponding quarter last year.

Growth in sales was particularly marked in China where volumes grew 47%, with further growth in Russia up 15%, North America 11% and Rest of the World 7%. Decline in volumes was seen in UK and

Europe. Land Rover global retail volumes increased by 12% during the three month period ending June 30, 2011 compared to the corresponding quarter last year.

Growth in sales was particularly marked in China where volumes grew 48%, with further growth in Russia up 59%, North America 10%, All Other Markets (RoW) 24%. Volume sales in European markets remained stable overall, however there a reduction in the UK OF 15%.

UNITED STATES

The US premium car segment volumes increased by 7.9% in the first quarter, compared to the equivalent quarter in the prior year, with Jaguar up 12.5%. US premium SUV segment volumes were up 6.3% compared to the equivalent quarter in the prior year with Land Rover up 9.4%. US retail volumes for the quarter ending 30 June 2011 for the combined brands were 12,934 units.

UK

UK premium car segment volumes increased by 21.1% in the first quarter ending 30 June 2011, compared to the equivalent quarter in the prior year, with Jaguar volumes down by (-29.6%) for the quarter as Jaguar UK ran down stocks of 2011 model year product, prior to the introduction of the 2012 model year and the introduction of XF 2.2 litre diesel model which will enable Jaguar to compete in that segment. The UK premium SUV segment volumes increased by 16.8% in the first quarter compared to the equivalent quarter in the prior year, with Land Rover down (-14.6%) for the quarter. Jaguar and Land Rover combined retailed 10,667 units in the quarter ending 30 June 2011.

EUROPE (Excl. RUSSIA)

Retail volumes for Jaguar Land Rover combined in the quarter for the Europe region were 13,813, a decrease of (-7.1%) compared to the equivalent quarter in the prior year. In the first quarter, the German premium car segment volumes increased by 9.8% compared to the same quarter in 2010, and the German premium SUV segment volumes increased by 32.2%. Jaguar retail volumes for the Europe region decreased by 33% for the quarter. Land Rover retail volumes for the Europe region for the quarter increased by 0.5%. Trading within certain European markets remained challenging throughout the quarter, Spain and Portugal in particular experienced reduced levels of consumer demand.

RUSSIA

Russia's premium car segment volumes increased by 47.2% in the first quarter, compared to the equivalent quarter in the prior year, with Jaguar up 15%. The Russian premium SUV segment volumes were up 51.1% compared to the equivalent quarter in the prior year with Land Rover up 59%. Russian retail volumes for the quarter ending 30 June 2011 for the combined brands were 3,590 units.

CHINA

China's premium car segment volumes (imports) increased by 23% for the first quarter of 2011, compared to the same quarter in 2010, with Jaguar volumes up 47% for the same quarter-to-quarter comparison. This improvement is driven by strong demand for the XJ 3.0 petrol model, introduced to the market in March 2011. The premium SUV segment (imports) increased in the first quarter by 61%, when compared to the same quarter in 2010. Jaguar and Land Rover combined retailed 9,943 units in the first quarter of 2011. Jaguar retails in the quarter were up 47% compared to the same quarter in 2010. Land Rover retails in the same quarter were up 48% compared to the same quarter in 2010.

D] WAY FORWARD

- Continue to work on profitable volume growth, managing costs and improving efficiencies to sustain the growth momentum
- Continuous sustainable technology and product investment plans
- Range Rover Evoque for launch in September 2011
- New Jaguar and Land Rover 12MY products
- Emphasis on growth markets : China, Russia, India and Brazil
- External geopolitical and economic factors including exchange rate, could impact volumes and profitability
- Further steps to improve the capital structure through extension of debt profile under way.

E] OTHER SIGNIFICANT EVENTS

Jaguar Land Rover will assemble Freelander CKD in Pune, India, for sale within the Indian market. The facility formally opened with an inaugural ceremony on 27th May 2011.

Jaguar Land Rover has completed a £1 billion equivalent 7 and 10 year bond offering in the capital markets to refinance existing debt including GBP 250 mio repayment of Tata Motors funding and for general corporate purposes.

Senior Personnel Changes

New appointments in Marketing and Sales to head markets in USA (Andy Goss), South Africa (Kevin Flynn) and Russia (Frank Wittemann)

VI] OTHER KEY SUBSIDIARIES

A] TATA DAEWOO CV LIMITED, KOREA (TDCV)

- Q1FY 12 Market share stood at 28.8 % vs 18.3 % over Q1FY 11
- Q1FY 12 HCV Market share stood at 21.7 % vs 16.3 % over Q1FY 11
- Q1FY 12 MCV Market share stood at 34.8 % vs 20.4 % over Q1FY 11
- Functioning of our sales company (100% subsidiary of TDCV) launched in July 2010 in the domestic market has now stabilized and as a result of which we have been able to increase our market share for consecutive 5 quarters on a quarter on quarter basis
- TDCV's country portfolio is getting diversified and we are trying not to get too dependent on any particular export mark
- EBITDA and PAT margins have declined due to product mix in domestic markets, lower exports and exchange impact on realizations

B] TATA MOTORS FINANCE LIMITED (TMFL)

- Total vehicle financing disbursals (TMF) for Q1FY12 were Rs. 2,062 Crs, an increase of 26.4% from Rs 1,631 Crs in Q1FY11.
- The book size at the end of March 11 for TMFL and TML (Vehicle Financing) stood at Rs 11,002 Cr and Rs. 187 Cr respectively.
- TMF market-share for Q1FY12 stood at 24.3% against 19.0% in Q1FY11. NIM of vehicle financing business (TMF) for Q1FY12 was 8.6%.

C] TATA TECHNOLOGIES LIMITED (TTL)

- Tata Technologies has a diversified customer base and key marquee clients in automotive & aerospace businesses
- Improved offshore revenue mix, operational efficiency and cost reduction measures continue to improve EBITDA margins
- Primary issue of shares of ~ USD 30 mio issued to Private equity in May 2011.
- Company has started operations in two new centres, one in Pune SEZ (790 seater) and Bangalore (70 seater) to cater to large orders won from a global automotive player and a large construction/heavy machinery OEM

D] HV AXLES LIMITED (HVAL) & HV TRANSMISSIONS LIMITED (HVTL)

- Revenue increase on the back of growth in domestic CV market
- Cost pressures continued to increase, EBITDA margins were supported by improved volumes and cost control initiatives
- Wef 1 April 2011, HV Axles & HV Transmissions to be amalgamated subject to regulatory approvals and proposed to be renamed as TML Drivelines Limited

VI] SHAREHOLDING PATTERN

Shareholding Pattern as on June 30th, 2011

Ordinary Shares	%
Tata Companies	34.84
Indian Financial Institutions / MFs / Banks	13.40
ADR/GDR Holders / Foreign holders-DR status	19.38
Foreign Institutional Investors	22.98
Others	9.40
Total	100.0

'A' Ordinary Shares	%
Tata Companies	9.17
Indian Financial Institutions / MFs / Banks	37.65
Foreign Institutional Investors	38.26
Others	14.92
Total	100.0

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Disclaimers & statements

- Statements in this review describing the objectives, projections, estimates and expectations of the Company i.e. Tata Motors Ltd and its direct and indirect subsidiaries and its associates 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
- FY 11 represents the period from 1st April 2010 to 31st March 2011
- FY 10 represents the period from 1st April 2009 to 31st March 2010
- Financials are in Indian GAAP