"Tata Motors Limited Conference Call"

November 14, 2011

Moderator: Ladies and gentlemen good day and welcome to the Q2 FY'12 Results Conference Call of Tata Motors limited hosted by Standard Chartered Securities. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. I will now like to hand the conference over to Mr. Aniket Mhatre from Standard Chartered. Thank you and over to you Sir.

Aniket Mhatre: Thank you Marina. Good evening everybody. Welcome to the post results conference call of Tata Motors. From the management team we have with us Mr. C. Ramakrishnan, CFO Tata Motors and the senior members of the Investor Relation's team. I would now request Mr. C. Ramakrishnan to begin with his initial comments on the results and then we can begin the question and answer session later. Over to you Sir.

C. Ramakrishnan: Thank you very much. Thanks to Standard Chartered for hosting this call. This is the result announcement call for Tata Motors Group both consolidated and standalone for Q2 July-September quarter. We announced the results a short while ago. In terms of overall consolidated performance our turnover for the quarter i.e net revenue increased by about 27% in rupee Crores from around Rs.28000 Crores in Q2 of last year to about Rs.36000 Crores in this quarter.

EBIDTA margins for the quarter came in at a little lower 13.3% compared to 14.7% in the same quarter last year. Profit before tax came in at Rs.2270 Crores compared to Rs.2522 Crores in the same quarter last year and profit after tax Rs.1877 Crores compared to Rs.2223 Crores in the same period last year.

Similarly for the half year April to September the total net revenue was about Rs.69000 Crores, an increase of 25% over the first half of last year. EBIDTA margin was around 13.4% compared to 14.7% in the previous half-year and profit after tax Rs.3877 Crores compared to Rs.4211 Crores in the same period last year.

Consolidated balance sheet continues to be strong. Net automotive debt at the consolidated level including Jaguar Land Rover, Tata Motors etc., came in at about 0.70 slightly higher than what it was in June 30, which is more a seasonal factor. During the half-year April to September the overall capital expenditure product development spend in Tata Motors, Jaguar Land Rover put together was about Rs.6600 Crores out of which Jaguar Land Rover was about GBP 7.09 million and Tata Motors was about Rs.1200 Crores, continued to have a strong balance sheet in terms of overall cash and cash equivalents of almost Rs. 18000 Crores between Tata Motors and Jaguar Land Rover.

Tata Motors standalone performance, turnover increase of about 15% from Rs.11000 Crores in the same quarter last year to Rs.12900 Crores in this quarter i.e Q2 FY 12. EBIDTA margin took a hit & came down to 7.2% from 10% year-on-year mainly on account of lower volumes in the passenger car business, increased marketing spend and overall cost pressures and also includes change in the incentive regulation in one of our plants in Maharashtra the Government incentive scheme in Maharastra, got changed in March of last year.

Profit before exceptional items in Tata Motors was about Rs.330 Crores compared to Rs.533 Crores in the previous year on account of the various reasons that I have mentioned just now. In addition to this in Tata Motors in this quarter we also saw a significant impact on account of valuation loss on mark-to-market for our foreign currency loans which we have in our balance sheet including convertible bonds due to the sudden depreciation of the rupee against the dollar. We took an exceptional item of almost close Rs.300 Crores with the result that profit before tax came down to Rs.36 Crores in this quarter and with certain tax credits on account of the loss etc., profit after tax however stood at Rs.102 Crores compared to Rs.432 Crores in the same period last year.

Similar picture as far as Tata Motors standalone half-year is concerned about 300 basis points drop in margin, which I already covered some of the influencing factors on the margins and the same exceptional item, which is the notional foreign exchange valuation loss reflected in the half year as well. Profit after tax for the six-month period for Tata Motors standalone was Rs.503 Crores compared to six monthly profits of Rs.828 Crores we reported last year.

Tata Motors standalone balance sheet net debt to equity ratio was slightly higher mostly on account of the seasonal factors on working capital and came in at 0.76. Ratio of inventory number of days and receivable number of days continues to be very much under control. The Tata Motors standalone, commercial vehicle business saw a strong performance, the overall demand was okay. There are headwinds in the market in terms of increase in interest rate, fuel price hike leading to slowdown in economic activity plus lower growth in IIP numbers and l lower forecasted outlook of growth of the economy, also we have seen some ban on mining trucks in the certain specific segments affecting the demand; however, overall demand in terms of medium and heavy commercial vehicles continuous to be reasonable.

The light commercial vehicles and more particularly the small commercial vehicle continue to show a very, very strong demand and pull in the market. In medium and heavy commercial vehicle our own performance compared to the industry was also better and therefore we are able to even improve our already large market shares in this period. The ramp up of the establishment of the production at Dharwad for the small commercial vehicle family continues to be on schedule. In addition during this quarter we also took a price increase of about an average 1% in our medium and heavy commercial vehicle in our commercial vehicle range of products.

Overall in commercial vehicles our market shares stood at 59.5% in this quarter. Passenger vehicles, we saw similar factor affecting the demand overall in the industry for passenger cars. During the half year the passenger car industry degrew by about 1.3% that means negative growth of 1.3% and within that in Q2 we saw a negative growth of almost 8.7% and if you slide the passenger car segment wise more significant impact was felt in the segments that we play in mainly the small car segment the Hatchback and Entry-level Sedan which saw a much significant fall in the overall demand.

Some of our more recent initiatives in the last couple of months through product actions industry segment leading fuel efficiency performance 25kmpl engine on the Indica eV2 and Indigo eCS etc., have received a good positive demand from the consumer and we are seeing some good demand traction building up in the market place. Parallel the company has also engaged in significant actions in the market place through dealer support and dealer expansion and dealer engagement activity.

The retails have come in a little stronger including on the Nano and we hope this trend will continue and we will work and give it all we can in the coming months and quarters. We expect this momentum should continue.

From Tata Motors the exports also saw a good growth. This quarter over last year quarter, the exports saw a 12% growth in the number and for overall for the half year about 16% growth. Half-year exports were at about 31000 while quarterly export was about 16000 units.

Our operations in UK Jaguar Land Rover turned in one more quarter of very good performance continuing the momentum that one has seen in Jaguar Land Rover in the last several quarters. Q2 of FY12 revenue came in at GBP 2.9 billion compared to GBP 2.2 billion in the same quarter last year an increase of about 30% revenue growth

EBIDTA margin came in a shade lower at 14.9% compared to 15.6% in the quarter last year a year ago. The main reason for the EBIDTA margin pressure on being compared year-to-year, the foreign exchange rates on the dollar earnings from Jaguar Land Rover came under pressure. Dollar, which was averaging about 1.5 to the pound most of last year, averaged about 1.55 to 1.6 and it is above 1.6 during the current quarter. There is something, which we had talked about in many of our earlier calls, and of course there were further cost pressures in Jaguar Land Rover as well.

Profit before tax came in at Rs.286.7 million pounds for the quarter an increase of 8% over the same quarter last year, which was Rs.264.4 million pounds. Increase in provision for taxation in some of the overseas operations of Jaguar Land Rover, in their various sales companies across the world particularly China with increase in performance and profit. Tax provision was slightly higher in this quarter and therefore profit after tax was at Rs.237.5 million pounds almost the same as last year, which was Rs.243 million pounds.

Some of the highlights in Jaguar Land Rover - the Range Rover Evoque whose launch has been very successful and has received tremendous interest. We saw a lot of media interest and recognitions and awards for the product earlier. In this quarter we also saw tremendous increase and traction in the market place with consumer demand pulling the products. We are focused on ramping up the production of Evoque and supply to various markets to meet the full demand. It has been a very satisfying and very successful launch. Several other new products new model 2012 launches have been revealed. Jaguar CX15 a small Jaguar and the new Land Rover Defender concept cars have been debuted at the Frankfurt Motor Show to very appreciative audience and the product Jaguar CX15 production concept also won an award in the Frankfort Motor Show.

Jaguar Land Rover earlier also announced their intention to establish an engine manufacturing facility in UK for production of an engine, which they are undertaking design and development, which again we have shared as an intent sometime in the past. The presentation which we made is available on the website so I will skip through some other slides. Regional mix continues to be strong for Jaguar Land Rover. China volumes almost doubled compared to last year. Volumes of 5000 to 6000 vehicles last year in the same quarter now doubled to about 11000 in this quarter. China accounts now in this quarter for about 16% of overall sales, North America 17%, UK 22%, Europe excluding Russia about 22%, Russia is about 5% and Rest Of The World about 16.7%. In the same period last year Q2 of last year China accounted for about 9.7%.

A brief on some of the other subsidiaries in the group in Tata Motors Group, Tata Motor Finance Q2 PAT came in at Rs.52.4 Crores compared to Rs.44 Crores in the same quarter last year. The book size for Tata Motor Finance stood at about Rs.13000 Crores and the market share they represent about 24% in terms of retail finance participation for Tata product.

Tata Technologies our IT and engineering subsidiary one against showed 32% growth in their profit after tax. For the quarter the PAT was about 48 Crores compared to 37 Crores in the same period last year with revenue growing to 371 Crores up 25% from the previous year. It continues to be well spread in terms of a regional distribution North America accounting for about 30% Europe 30% and Asia Pacific about 40%.

Tata Daewoo, our commercial vehicle subsidiary in Korea saw growth in number of units and in revenue; but however, EBITDA was under pressure due to various factors, cost pressures and lower sales realization and somewhat lukewarm market, external market conditions and for an unfavorable exchange movement. Tata Daewoo turned in the profit marginal profit of about 3 Crores for the quarter compared to six Crores in the same period last year. The distribution company, which we started last year in Korea, has stabilized its operation and ramp of it activities and establishing the dealer network. We hope to do much better on our volumes and realizations in the market place and on our financial performance.

TML Drivelines, which is the new name for the axle and transmission subsidiary they have been merged together, if you recall in our commercial vehicle business, for the heavy commercial vehicles, we had two subsidiaries supplying axles and transmission, which were called HVAL & HVTL. They have been merged into a new company and the name has been change to TML Drivelines Limited. TML Drivelines for the quarter reported a profit after tax of about 55 Crores and for the half year about 112 Crores. Just for the matter of comparison last year in the same quarter HV Axle reported a profit of 22 Crores and HV transmission reported a profit of about 20 Crores. So you simply add up the two it will be about 40-44 Crores compare to 54 Crores in the current quarter.

Going forward I talked about head-winds in the domestic business i.e. commercial vehicles and passengers cars in the Indian market. With the external environment we continue to watch it with care and would note a very conscious optimism, we hope to do better in our various segments in commercial vehicles with a very strong product mix, a full line product availability and continuous action from the products, dealer and market front. Small commercial vehicle should continue to grow quite handsomely and we do have several products in the pipeline including further range our of the prima platform a new generation like commercial vehicle and other ranges from the ACE family of the passenger's vehicles, we will continue the initiative that we have commenced in the last few months with the recent results encouraging the performance particularly in terms of retail sales, we hope to continue the good work and built further movement on this.

Similarly we have new products in the pipeline in passenger's cars a new Safari, Vista variants and Nano variant . Jaguar Land Rover in overall terms will continue to focus on greater efficiencies in operations, cost savings and will continue to invest in technologies and new product. We announced our intent that our capital expenditure and product development spent will be about 1.5 billion pounds a year, in the half year I just reported the spend was about 710 million in line with our plan. We are well on schedule for our 12 model year launches and our discussions in China for the joint venture with the potential partner is progressing satisfactorily and we have also undertaken of some further capital structuring initiatives, where we want to convert some part of our short terms loans into annually renewed lines of credit i.e. more longer term flexible lines of credit . That work is underway.

I I will stop here and may be hand it over back to Standard Chartered Bank and IR team for taking on the question and answer session. We will be happy to answer any questions that you may have.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from Mr. Binay Singh from Morgan Stanley. Please go ahead Sir.

Binay Singh: Hello Sir thanks for this opportunity. Looking at our standalone India margins, we kind of hit an almost all time low, firstly how do you see them directional, secondly are there any one off in this margin because we see a very divergent trend in terms of other expenses to sales have gone down, while your RM sales have gone up and even staff costs has trended that up sequentially?

C. Ramakrishnan: Yes in terms of standalone Tata Motors I had mentioned about the pressure on EBITDA margins in many of our earlier calls as well, material cost and employee costs have tended to go up, we are after all talking about the inflation level continuing very high in the economy as well and we have been making some price corrections from time-to-time, and I also talked about cautioning on pressure on margins I think for the last three or four quarters almost continuously. Our first preference will always be to focus on internal cost improvement and cost savings for managing any cost increases and it will be to bring greater profitability in the business and wherever it is required we will do a price correction as we go. The price corrections in the last 10-12 quarters if you see, we have been making price corrections periodically every quarter in smaller doses and that effect also will continue, and then we will take market corrections as we go along. In addition to all this naturally the margins will also be impacted by relatively lower volume performance compared to capacity in passengers car business, and with the new initiatives that we have undertaken in the market place like dealer expansion, dealer engagement, dealer support etc., and we have also visibly increased our below the line marketing spend as well, in terms of publicity and the advertisement, which also have impacted the margins. Other than this there is an exceptional item, which is the foreign exchange valuation loss, which we have reported as an exceptional item, but your comment was more at the EBITDA level and not at the PBT level.

Binay Singh: So there are no exceptional items at the EBITDA level?

C. Ramakrishnan: No there is no exceptional item at the EBITDA level.

Binay Singh: Sir when you say that marketing expenses have gone up, it is predominantly in the car business or do you see any discounting or increased pricing action in the LCV or the MHCV space also?

C. Ramakrishnan: I think it is more particularly in the car business. We have not seen any pressure on the discounts or support etc., on the commercial vehicles.

Binay Singh: Sir last question any one off on Evoque launch spends in case of JLR numbers?

C. Ramakrishnan: Yes in this quarter Evoque was launched and therefore there would be a one off, not very significant numbers, but yes it would be there.

Binay Singh: It is included above EBITDA only, right?

C. Ramakrishnan: Yes that right.

Binay Singh: Thank you Sir. I will come back with followup questions.

Moderator: Thank you. The next question is from Pramod Amte from RBS. Please go ahead.

Pramod Amte: Hi Sir. This is again related to parent, you said there is change in incentive structure by Maharasthra State Government, have you taken a retrospective impact or is only a quarter impact in the current quarter?

C. Ramakrishnan: No there is no retrospective effect. This change came in from March 17 onwards, when the incentive structure in Maharashtra was changed, so there is retrospective effect here, it is only the quarter and I was only comparing with last year's same quarter.

Pramod Amte: The September quarter also involves the June quarter impact?

C. Ramakrishnan: No September quarter is only the Q2 impact. In Q1 also this impact was there, when I talked about the Maharashtra government change in structure, I was explaining the difference between

Q2 of this quarter compared to Q2 of last year, just to bring out the difference, the margins have been impacted to the extent of about 1%-1.5% because the change in incentives structure.

Pramod Amte: Sir in term your JLR presentation you have talked about forex impact of around 94 million GBP if you split that to 60 and 34. The 34 is related to commodity, is it sitting as part of raw material or where does it actually fit in?

C. Ramakrishnan: Valuation loss, which is mark-to-market including on the commodity and forex is included in that 94. Any benefit or whatever on the matured contract in the commodity hedges would sit in the raw material cost.

Pramod Amte: Okay because you have taken separately the 60 and shown it below the EBITDA. So that indicates the 34 is sitting inside the EBITDA?

C. Ramakrishnan: That right. Pertaining to commodities.

Pramod Amte: Sir lastly any feel on the footfalls or the enquiry rates for JLR how they are behaving in last couple of months can you give some indication on this same?

C. Ramakrishnan: It is a mixed one; I think even in the last quarter I have mentioned that the European sales are somewhat lower surely than our expectation and lower compared to this time than normally one would see. UK also has been under pressure, US is relatively holding up, China, Russia and other parts of the markets of Jaguar Land Rover are showing an exceptionally good performance. Having expected that, I think I need to distinguish between Land Rover, Range Rover brands and Jaguar. Jaguar in this quarter we also saw the impact of run down of one model and launch of a new model, which is ramp up the volumes in the coming quarters. So in addition to the external market in Jaguar we also had some lower wholesale from the company in order to correct the old vehicle inventory at the dealers end.

Pramod Amte: Thanks and all the best.

Moderator: Thank you. The next question is from Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Good evening Sir. Just trying to understand the raw material cost increase in the standalone business a little bit more in details, because it was around 59% in Q1 and has gone up to 74% in the Q2, is there something that like change in product mix etc. So just trying to understand that what is that really, have the commodities really gone at that much that it nearly 450 bps increase that we have seen and then related to that where do you see this item going forward, the commodity costs increase speed keeping in the price increases you have taken, if could just comment on that?

C. Ramakrishnan: One was the cost increase commodity increase, which perhaps will not fully account for that, the second is also the lower net sales realization and model mix changes. So it is a combination and fact it will be difficult to comment on it from on a quarter-to-quarter basis. Directionally I would say I think margins will be under pressure, hopefully we should be able to maintain and improve the margin from the current level as we go forward, but directionally I have been taking about margins pressure and cost pressure for last two three quarter at least.

Kapil Singh: Sir you expect commodities to go up further from current levels?

C. Ramakrishnan: Perhaps not. Hope not.

Kapil Singh: Okay I will come back in the queue for more questions. Thanks.

Moderator: Thank you. The next question is from Govind Chelleppa from Jefferies. Please go ahead.

Govind Chelleppa: Good evening Sir, I just notice that in your presentation there was comment on in the last slide, further steps to improve the capital structure debt profile, can you just explain this is what you mean by this are you planning any more equity issue?

C. Ramakrishnan: No we are not planning any equity issuance; I think you are referring to the slide, which was pertaining to the outlook for Jaguar Land Rover. The first step in Jaguar Land Rover that we handed in May of this year, when we issued billion pounds equivalent bonds and raised money in Jaguar Land Rover on the strength of its performance and it balance sheet. Part of this money about 250 million pounds was repaid to Tata Motors towards the additional funding they provided to Jaguar Land Rover during the difficult period. Part of the money was also used to repay some of their high cost loan and this bond issuance was for a period of seven to ten year maturity so fairly long terms this was the first step. Finally I had mentioned that many of the other financing arrangement of Jaguar Land Rover tended to be annually renewed lines of credit sometimes. We wanted to replace it with the more longer terms committed facilities, which can be more flexible, which we can draw on when there is a need and you can pay down when you have surplus, a more flexible lines of credit but for when committed for the three to five year period that is the one we are currently engaged in and we hope to close it in the next few weeks.

Govind Chelleppa: So the exercise is basically to extend out the debt profile?

C. Ramakrishnan: That is correct.

Govind Chelleppa: On the domestic balance sheet the ECB issue what was the final amount that you raised?

C. Ramakrishnan: $500 million.

Govind Chelleppa: Thank you Sir, I will come back later.

Moderator: Thank you. The next question is from Pramod Kumar from JM Financial. Please go ahead.

Pramod Kumar: Good evening Sir. Like you highlighted on the standalone profitability that it may continue to be under pressure what would be the directional comment on Jaguar Landover considering that it is only from September where we have seen significant volume ramp up coming in from Evoque and some of the expenses on Evoque launch were front ended. So just wanted to get directionally would you expect that margins should improve from the current levels as volume commence or you may see a sustained pressure on second half as well because of Evoque profitability not being so great?

C. Ramakrishnan: Evoque I would not dismiss it saying the Evoque profitability is not being so great I think that will be incorrect statement but apart from that directionally I think our endeavor would be to protect the margins in Jaguar Land Rover and what we have achieved in the recent past; however, I do not want to take a prediction on what has happened on the exchange rate front. Any adverse movement in exchange rate could affect our profitability. As I have shared in the past over 50% of Jaguar Land Rover revenue is either dollar or dollar linked currency. Almost one third of their purchases are denominated in Euros and about 15% to 16% of their revenues in Euro. So there is an exchange exposure, which because these are all trade exposure, will tend to influence EBITDA margins. So if you keep the exchange constant at the current levels our endeavor will be to protect the margins.

Pramod Kumar: But on the hedging side there is no much of incremental change in the hedging strategy because of the way the currency is now moving.

C. Ramakrishnan: No we had wanted to build a book, which will cover us, as much as possible for the current year in the near term and decreasing percentages for further one year out and up to two years. We have reached that. I think we will wait and watch how the situation develops.

Pramod Kumar: Last question is on the FCCB debt of $490 million, which we raised sometime back and which is I think the conversion or the redemption window is open now from October 2011. Just wanted to check whether what is status there and also related to that there were talks about probably the CARS issue being converted into DVR as well. If you just throw some light on this Sir?

C. Ramakrishnan: There were two three questions embedded in that statement. Number one yes the conversion window started in October 2011 there has not been any conversion at all and you would not expect it because the bonds are out of the money. If it is not converted it is due to redemption in July of 2012 and we will look at our options for either refinancing or repaying that is required.

Pramod Kumar: No plans to re-price it at a lower level and look at possible conversion in equity?

C. Ramakrishnan: No we are not looking at such options. It is the same cost that we are talking about. Just to correct one statement that you have made. We are already announced that it is not intended to convert the CARS instruments into DVR share. Should there be an exercise of the options the CARS will be converted to the main ordinary shares of the company. That communications already been sent out before the conversion program started.

Pramod Kumar: Sorry, I think I missed on that. Thanks a lot Sir and best of luck.

Moderator: Thank you. The next question is from Srinivas Rao from Deutsche Bank. Please go ahead.

Srinivas Rao: Just one question, you seem to be hiring people in JLR. In line with the current pressure for volumes, could you comment as to how would you take people and for the volumes level what kind of manned capacity do you have at this stage?

C. Ramakrishnan: We are recruiting people in Jaguar Land Rover particularly in two areas that you rightly pointed out in production area and also in R&D and product developments; engineering recruitment both these are happening. We have add some settlement with the unions also where the new joinees do not come with a defined benefit scheme on pension, they just come with a define contribution scheme. The pension scheme on defined benefits has been closed for new joinees and the established structure has also somewhat different in lower the first one or two years of recruitment. So we have had some corrections to the base structure and we have much greater flexibility now. So the recruitment is definitely on in manufacturing and in product development in engineering. I remember the numbers right and we have added something like close to 2000 people in the last six to nine months. You talked about manned capacity as we are in a stage where we are also ramping a production in Evoque, I had mentioned earlier going back to 300 thousand annually or even beyond that should not be difficult in Jaguar Land Rover at this point of time purely from a capacity and production and capability point of view. It is comparable to 240 thousand that we achieved last year.

Srinivas Rao: Going beyond 300 thousand annualized rate would not require any further hiring. Would that be a fair comment?

C. Ramakrishnan: Yes I think that would be a fair comment.

Srinivas Rao: Thanks this is helpful.

Moderator: Thank you. The next question is from Sahil Kedia from Enam Direct. Please go ahead.

Sahil Kedia: Just wanted to get one clarification as per the IFRS there seems to be a difference in terms of the way the forex has been treated because the profit after tax on IRFS is 172 million for JLR versus for us it is 230. If you can just help me understand the difference here why the treatment is different?

C. Ramakrishnan: This is relating to Jaguar Land Rover. In the Indian GAAP results announcement in line with the Indian Accounting Standard for amortizing the foreign exchange mark-to-market losses over the whole year whereas IRFS we have written it of for the same quarter.

Sahil Kedia: In terms of within JLR you mentioned that you would see profitability to be under little bit of pressure. Would this be on account of a mix change or is it because of raw material pressures. What are the ways or comment in terms of the profitability that is directionally it is going to be difficult. Just want to get a sense?

C. Ramakrishnan: The question relates to Jaguar Land Rover?

Sahil Kedia: Yes, your initial comment suggested that there is a little bit of a subdued outlook as far as profitability in JLR is concerned. Just wanted to get where that kind of stems from. It is because of the product mix change or it is more to do with the fact that cost have been increasing. Just want to get a little bit of color?

C. Ramakrishnan: Let me step back a little back. My earlier comment on Jaguar Land Rover in the initial presentation when I started when I talked about JLR profitability I was comparing Q2 of last year with Q2 of current year where there is a drop in profitability, which have been mainly figures by the exchange rate movement. Last year in Q2 of 2011 July-September of 2011 is you an average a dollar pound parity was somewhere around 1.5 to 1.52. This year quarter Q2 the average rate has been between around 1.60. So that has naturally affected our margins. It terms of regional mix, product mix etc., JLR has a much more enriched mix today as China being a profitable market in that volume growing very strong. So overall on the product side I would say our product is much richer in terms of profitability and financial performance and the regional mix also favorable but exchange can create some challenges in the profitability and the performance going forward. I do not want to predict that. Going forward what I mentioned was subject to exchange rate, if you assume exchange rate will remain constant at the current level our endeavor will be to protect the margins.

Sahil Kedia: Because the earlier comment was also that you may not need to add further manpower if the volumes are there. So one would intuitively think that since your volumes are improving, margins should improve because your fixed cost relatively would be unchanged. Would that be a fair way to look at it. Are we missing something just wanted to understand ?

C. Ramakrishnan: We are not missing something except you may just have to put all that together in an excel sheet.

Sahil Kedia: Thank you.

Moderator: Thank you. The next question is from the line of Chirag Shah from Emkay Global. Please go ahead.

Chirag Shah: Thank you for the opportunity. Sir, a followup question on the India business where you indicated your net realizable value on the lower side it affected your RM to sales ratio. Is it across business segment or is it also visible in MHCV or it is largely due to with some segment of the business?

C. Ramakrishnan: In fact I clarified earlier I think it is more noticeable in terms in passenger car business.

Chirag Shah: Second question, if you help us understand, if I look at overall debt in the books how much pertains to JLR in the standalone ? There is a huge amount of debt. How much is ROA pertains to JLR in terms of support to JLR or that there is no such debt in the books as of now. Because we have good amount of debt in standalone business if I remove the financial vehicle business then also the debt is pretty decent, so is there any debt, which pertains to JLR in our standalone books.

C. Ramakrishnan: I am not sure I would have used the adjective decent for that, but anyway I am talking all debt position at a net level net of cash. Overall TML consolidated net debt was about 25000 Crores totally across entire Tata Motors Group. Out of which about 10000 Crores was in the retail finance business, Tata Motors Finance. So the net automotive debt was about 15000 Crores of which almost 15000 Crores is in Tata Motors standalone with very little net debt at Jaguar Land Rover level. Jaguar Land Rover net debt is about 500 to 600 Crores in rupees Crores term or 75 million pounds. Coming to the standalone 15000 Crores, there is no incremental funding debt that we used for funding Jaguar Land Rover incrementally but it does include about 4000 Crores of debt, which we had taken for the acquisition of Jaguar Land Rover. If you recall the acquisition finance which we had taken was refinanced through a series of equity shares in Tata Motors and also divestment of some of our non-core investment. We divested our investment in TCS, we divested our investment in Tata Steel, we diluted our investment in the construction equipment joint venture with Hitachi, all this series of this measures the acquisition debt was repaid but some part of the acquisition debt was also refinanced through rupee bonds issued in the domestic market. Those bonds had a varying maturity of two years, five years and seven years. Some of the five year and seven year bonds are still outstanding. So that acquisition finance of Jaguar Land Rover is still outstanding in our book.

Chirag Shah: Fair enough Sir, on this MTM on outstanding loan book, is there any amount due for repayment in next 12 months or in the immediate future?

C. Ramakrishnan: There is one component, which is repayable within the next 12 months, which is what we talked about in one of the earlier question the convertible instrument in Tata Motors.

Chirag Shah: So that is the only one that is repayable in the near future.

C. Ramakrishnan: Major one, yes. That is in June 2012.

Chirag Shah: If can take one more question this is with respect to Evoque is it right to presume that currency stays where it is the kind of margins that you have reported in this particular quarter are representative margins irrespective of model mix change due to Evoque for JLR. Is it right way looking at it ? Purely on margins I know EBITDA per vehicle will be lower for you because the ticket size is lower?

C. Ramakrishnan: It is difficult to give such a simple and one line answer.

Chirag Shah: If I can put is other way that due to operating leverage, the impact of Evoque is not really visible is it a right way of looking at it on margins?

C. Ramakrishnan: Evoque first of all just want to clarify. Evoque has good margins. Evoque also comes in different versions. It is also marketed across the globe. There are better markets there are more profitable markets. So Evoque as a product line is the good margin for us but being a smaller vehicle at lower price point the margins may be lower than or ranging over another products, but Evoque has a very good margin performance and as you likely said you talk about operating leverage and volume growth Evoque could be one of the products, in which you will see significant volume uplift. So there is a regional mix involved in terms of which markets, what product goes there is a mix between Jaguar brands and Land Rover brands and there is product mix as well. So it will be difficult for me to give one line. I do not want to over simplify by a complex business.

Chirag Shah: Fair enough I understand. I just looked at one particular number if I subtract your EBITDA and remove all the pieces of information, which are available like standalone, JLR, then the subsidiaries that you gave. It seems the balance amount seems to be pretty big number at 171 odd Crores and that is the reason that the margins for the other subsidiaries going up significantly. Is there any cross adjustments are there, which is making this kind of number visible if I reduce some EBITDA all the components, which are easily available?

C. Ramakrishnan: You are talking about consolidation elimination because within the group we do have companies servicing each other. The axle and transmission company supplies to Tata Motors that is one example. So there will be a inter company transactions and elimination.

Chirag Shah: Because of that number the margins are coming to like 25% if I do subtraction of total sales.

C. Ramakrishnan: I do not want to take everybody time on the call. If I may request you can drop as a mail we will definitely provide the clarification.

Chirag Shah: Thanks a lot.

Moderator: Thank you. Ladies and gentlemen due to time constraints we will take one last question from Ashish Nigam from Antique Finance. Please go ahead.

Ashish Nigam: My questions have been answered thanks.

Moderator: Thank you very much. I would now like to hand over the conference back to Mr. Aniket Mhatre for closing comments.

Aniket Mhatre: Thank you Marina. On behalf of Standard Chartered Securities, I would like to thank Mr. C. Ramakrishnan and the management team of Tata Motors for taking their time out for the call. Thank you all. I would also like to thank all the participants for being there on the call. Thank you.

C. Ramakrishnan: Thank you very much everybody for joining us today and thanks for Standard Chartered for hosting this.

Moderator: Thank you. On behalf of Standard Chartered Securities we conclude this conference call. Thank you for joining us. You may now disconnect your lines. Thank you.