



Tata Motors Limited
Q3 FY09 Earnings Conference Call
Jan 30th, 2009

Moderator: Ladies and gentlemen good morning and good evening and welcome to the TATA Motors conference call on financial results for the quarter ended December 2008, hosted by, Deutsche Bank. As a reminder all participants will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's opening remarks. If you should need assistance during the conference call please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Srinivas Rao, lead auto analyst for Deutsche Bank, thank you and over to you Mr. Rao.

Srinivas Rao: Thanks Rochelle, welcome everyone to the TATA Motors conference call on the results for the 3rd quarter fiscal 2009. I am sure some of us probably have a sense of déjà vu, seeing the headline numbers but we have the senior management with us to comment on the results. Mr. Ravi Kant, Managing Director, Mr. C. Ramakrishnan CFO of TATA Motors thank you very much sir for taking your time out. Savitha, over to you to leave the call.

Savitha Balachandran: Thanks everybody for logging in without taking much of your time, I will hand the call over to the senior management team to give us a brief overview and answer your questions.

C. Ramakrishnan: Thanks Rochelle and thanks Srini. Good morning and good evening everybody, this is C. Ramakrishnan here from TATA Motors. I will quickly run through some of the headline numbers in terms of volumes and financial performance and may be we will spend more time on Q&A. TATA Motors the total volume for the 3rd quarter FY09 stood at 98,760 vehicles including commercial vehicles and passenger cars, which represented a decline of about 32% compare to the same quarter in the previous year. And one of the more unprecedented quarters that we went through in October-December, the market was very severely impacted by extreme conditions in the financial market and other market achievers the one witnessed in this quarter. This was further aggravated by lack of liquidity for consumers and as far as the



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automotive industry is concerned freight movement was affected in many of the sectors, significantly affected in medium and heavy commercial vehicle demand which dropped by almost 61% in this quarter. High interest rates as well as peak commodity prices, also added to the woes of the automotive industry in this quarter. Year-to-date, April to December, saw a decline of about 10% from the same period last year and the vehicle sales stood at 366,000 compare to 409,000 in the previous period.

A little more on commercial vehicles at the industry level, as I said the total decline across all the segments in commercial vehicles as much as 44% with medium and heavy commercial vehicles declined over 61%. TATA Motors in relative terms in commercial vehicles, relatively speaking performed quite well in this October-December quarter with significant increase, practically across all segments. On medium and heavy commercial vehicles we reached 59.9% market share, which is an improvement of 4.3%. In buses we again increased to about 52.9% and market share increase of about 7.5% and similar increases in light commercial vehicles as such. *ACE Magic and Winger*, ACE Magic and Winger continue to do extremely well and year on year we are seeing a growth of about 90% in the segment.

Coming to passenger vehicles, the industry declined but much less impacted than the commercial vehicles. In this quarter the industry decline by about 16.5% and TATA Motor's share went down by about 14.4%. TATA Motors volume went down by about 14.4%. In terms of market share performance in Q3 FY09, our market share in passenger car stood at 13.2% compared to 13% in the previous quarter, particularly at 12.9% in the same period last year. Particularly supported by the extremely good performance of the new platform that we had launched Indica Vista, which continues to do very well on the back of a strong order backlog and we are focusing continuously on wrapping up of its production and supplies. It is reviewed as well many accreditations and awards across the industry, the order product that we have had very successful stints so far continues to do very well and achieve good volumes that is the Indigo field.

In terms of a milestone, the Indica product also reached 10th year of performance, 10th anniversary of a launch of product.



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In terms of vehicle financing our in-house captive financing between TATA Motor's books and TATA Motor finance our subsidiary continues to support our efforts very strong. The market share of this combine entity in TATA Motor sales stood at about 34%, which has gradually increased from about 25% few quarters ago. The book size of vehicle financing stands at about 2500 Crores in TATA Motors and around 6000 Crores in TATA Motor Finance that is a subsidiary company. I outline the type of volume and market performance that we have witnessed in this quarter October-December. As a major player in this market, as a lead player in this market, TATA Motors bore the brunt of this in a financial performance. Profit after tax, reported a loss of about 263 Crores, compared to 499 Crores Profit after tax in the same period last year. This profit after tax of 263 Crores is after recognizing a notional valuation loss on account of our long-term borrowings in foreign currency, which accounted for about 227 Crores. Compared to a small gain of about 28 Crores in the same period last year. EBITDA margins also continue to be, also were hit quite severely with the commodity prices and as well as due to the volume drop. EBITDA margin stood for the quarter at 2% and year-to-date at 7% compare to what 9.92% year-to-date in the same period last year, April to December. We continue to focus our efforts on containing the working capital. Inventory stood at 36 days, even though it is a marginal from 35 it has increased to 36 days in this quarter. The number of days is represented as an increase more because of the lower base of sales that even though in absolute amount it has come down. Receivables were managed efficiently and that have come down from 18 to 17 days. The overall borrowing level have increased in this quarter, not surprisingly and the total borrowing stood at about 13,600 Crores at the end of this quarter, compare to about 11,500 Crores same period as of 31st October.

Net debt equity ratio stood at 1.13 times. Many of our subsidiaries also witnessed similar market conditions in their market, like TATA Daewoo also witnessed severe contraction and demand in their home market, their exports continues to do well. However, in Q3 TATA Daewoo witnessed 35% reduction in its turnover and 21% reduction in its PAT. PAT for TATA Daewoo stood at 52 Crores for this quarter compared to 67 Crores in the previous year. Telcon was severely impacted by the domestic market



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conditions with turnover drop of about 44% and PAT loss of about 41 Crores compare to 93 Crores PAT, profit in the same period last year. Our IT subsidiary company, TATA Technologies has done phenomenally well in this quarter. More than doubling or tripling its PAT from about 7 Crores in the previous year, third quarter to about 21 Crores in the current year this quarter. Transmissions and Axles our subsidiary companies, which are supplying for medium and heavy commercial vehicles were similarly impacted by the volume drop.

I would like to spend a minute on Jaguar Land Rover performance in terms of its vehicle sales performance. The overall vehicle sales for Jaguar Land Rover declined by about 35% in October-December quarter compared to the same period last year October-December. The overall sales stood at 49,200 vehicles in October-December compare to about 76,000 vehicles in the previous period between Jaguar and Land Rover. However, Jaguar on the back of the extremely successful XF product, except launch that they did in the earlier part of the year, even during the most challenging quarter that we have gone through October-December Jaguar actually saw an increase in its sales from about 10,600 cars in the previous year October-December to about 14,700 cars in October-December of this year. Land Rover; however, fired a decline in its volumes from about 65,000 vehicles in the previous year 3rd quarter to about 34,000 in the current year. Efforts are on at Jaguar-Land Rover for aligning its production to the fall in demand. They had production cut down, they extended weekly shut down, employee headcount reduction and highly accelerated and committed cost reduction and management program.

Going forward, we believe that availability of finance continues to be a problem in the consumer hands, while several measures have been initiated for easing the liquidity. It still needs to have its full impact in the marketplace, even though some slight signs of easing up is indeed showing, I think a lot more needs to happen in between. Interest rates have begun to soften for the consumers, but more of it needs to happen in the consumer hands. We have also started seeing gradually the impact of easing of commodity prices and crude prices and many of our input cost, that we believe that the full impact and benefit of this will more keenly be felt in the beginning of the next

financial year, even though we have already started seeing some signs and benefit in the current quarter. We are accelerating our cost reduction targets and we expect cost reductions will be of the order of thousand Crores plus over the next three years.

The company is also reviewing in TATA Motors, company is also reviewing its various capital expenditure programs particularly those which are focused on capacity and capability increases that is being reviewed constantly for reprioritizing, postponing or cutback. We will continue to concentrate on our new product launches several of which are in the pipeline, Mr. Ravikant would like to talk about it in the next session and we will continue to build on the capabilities and strength that our vehicle financing arm provides. Our focus in the coming month will be de-leveraging the business review of capital expenditure, we are very tight watching on management of the working capital management and strategy alignment of production through cutbacks if necessary to the demand patterns that we are emerging. With this brief introduction I will stop my presentation and now I would like to floor it open for questions.

Moderator :

Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. At this time, if you would like to ask a question please press * and then 1 on your touch-tone telephone, to withdraw a question from the queue please press * and 2. Participants are requested to use only handsets while asking a question. Participants with questions may press * and 1 at this time. Our first question is from the line of Jinesh Gandhi of Motilal Oswal Securities, please go ahead.

Jinesh Gandhi:

Good evening sir. My question is on the cost reduction target which you mentioned of around 1000 Crores, can you throw a bit of light on that?

C. Ramakrishnan :

This is something that the company has demonstrated in the past and we will continue to focus and heavily concentrate on. This will cut across different segments of the operation including material cost significantly, manufacturing cost and other operating cost and fixed cost. So, we are accelerating this even further. For example, in Q4 in the coming quarters, we

hope to be able to achieve much, much bigger than what we have achieved even in the last 3-4 quarters together.

Jinesh Gandhi: Okay and this 1000 Crore of target is over what period of time?

C. Ramakrishnan: I would say 1000 Crores over the next three years and you will see how it can be even advanced.

Jinesh Gandhi: Okay, yeah and secondly in terms of our financing, are we seeing any increase in delinquencies, especially in CV portfolio?

C. Ramakrishnan: We are watching the market, of course in a more where we are also focusing on expanding our vehicle financing in footprint, we need to be very careful in the credit quality. We are watching this, we have not seen any alarming tendencies here, but there is slowdown, it has not many delinquencies, but the slowdown is indeed impacting.

Jinesh Gandhi: Okay and one more last question on the CAPEX plans, what are our current CAPEX plans?

C. Ramakrishnan: We have announced in the past that on an average our spend will be around 2500-3000 Crores in a year that is the size of the CAPEX of the company and CAPEX I mean including the product development and totality that is a type of capital expenditure where we are talking about for 2-3 years at any point of time, this is a type of product portfolio in the footprint that we have, these programs are being constantly reviewed and we have already cutback over 600-700 Crores in terms of capital expenditure over the next 2-3 years and we will continuously watch this and reprioritize as we go forward.

Jinesh Gandhi: Okay and what would be a priority in terms of CAPEX plans. Any particular area which we are looking in terms of priority?

C. Ramakrishnan: Yeah, as I said I think our priority would indeed be supporting of the new product launches and volume and attractive products that we have in the pipeline. But the new product areas will continue to receive focus and we have several of them like the World Truck, the NANO, versions of the sedan - Indigo, in the line of the new Indica there is a new Indigo. Many of these

products are already in the pipeline and a good part of the investment has been made and we will continue to focus on this and this will be an important part of our strategy going forward.

Jinesh Gandhi: Okay thanks a lot sir, I will comeback in the queue.

Moderator: Thank you Mr. Gandhi. Our next question is from the line of Harsh Agarwal of JP Morgan, please go ahead.

Harsh Agarwal: Hi, I have 2-3 questions very quickly. Can you give a sense of what is your consolidated debt and cash balance number including Jaguar Land Rover business?

C. Ramakrishnan: As we have said Jaguar Land Rover are still in the process of consolidation and we said we will announce and it will be published in the consolidated results from next year onwards, from 31st March onwards., as I said the debt equity ratio on a standalone basis 1.14 is on a net debt equity basis. But if I have factor in the acquisition bridge finance, it will be close to about 2:1.

Harsh Agarwal: 2:1, okay and two more questions, one was in terms of your public deposits you are raising in India, is I mean the media has reported that you have raised around 3 billion Indian rupees is that the correct number?

C. Ramakrishnan: The total fixed deposits collected till January is about 500 Crores.

Harsh Agarwal: Okay and my last question was in the support you are trying to get the UK government I know they have announced that they will be basically providing loan guarantees for like £2.3 billion, I mean is there a number you are looking at a terms of what you would potentially utilize to refinance the loan or at Jaguar Land Rover basically?

Ravi Kant : This has nothing to do with refinancing of loans, this is for fuel emission technologies and European Investment Bank is giving loans for specific purposes which are being guaranteed by the UK government. This is a Europe wide program, out of which some portions will come to Jaguar and Land Rover.

- Harsh Agarwal:** Okay so that will basically be in the form of fresh loans at Jaguar Land Rover in that case, right?
- C. Ramakrishnan:** Well, it will be upfront payment that is what we believe is going to be for developing these technologies.
- Harsh Agarwal:** Right, okay that is great, thank you so much.
- Moderator:** Thank you Mr. Agarwal. Our next question is from the line of Jairam Nathan of Kotak Securities, please go ahead.
- Jairam Nathan:** Yeah thanks, can you just clarify on the 1000 Crores over 3 years, does this include raw material declines or is it over and above that?
- C. Ramakrishnan:** No, this is the cost reduction efforts. Apart from the commodity prices reduction that is separate, this is cost reduction efforts by the company.
- Jairam Nathan:** Okay and I noticed a decline in the other expenditures for the quarter, can you just explain that like what is just variable cost or is it something special?
- C. Ramakrishnan:** Well, there is no special item in this.
- Jairam Nathan:** So, it is mostly a reduction in the variable cost?
- C. Ramakrishnan:** Yeah.
- Jairam Nathan:** Okay and just on the delinquencies, can you be a little more specific and can you disclose NPL numbers like what are your NPA, what are your running TATA Finance?
- C. Ramakrishnan :** I do not have a readily but I can share later on.
- Jairam Nathan:** Okay thanks, lastly you know on the inventory you said it is of 31 days, you got 31 days from the current retail run rate of sales?
- C. Ramakrishnan:** That is right, that is why I said, while number of days the inventory looks like it has increased from 35 to 36 days between October and December since the

base is lower on the current run rate, it looks like the number of days is higher but in absolute level it does come down.

Jairam Nathan: And can you give some idea on production levels you are seeing for the fourth quarter for the current quarter?

C. Ramakrishnan: Fourth quarter we believe there are signs of improvement in the marketplace; we do believe the fourth quarter will be more robust than what we have gone through. I will request Mr. Ravi Kant to comment more about the fourth quarter and what we expect.

Ravi Kant: Yeah from what we are seeing in the month of January there is certainly an upswing both in commercial vehicles and passenger cars. I would say more particularly in the medium and heavy trucks, we are beginning to see some things and we feel that it will be sustainable at least over the next few months, when all the other programs begin to kick in or to conclude, which the governments have announced regarding, increased depreciation, greater emphasis on no overloading of trucks and creating a greater liquidity for vehicle financing. All these things are in the pipeline and its effect will begin to kick in, I think from the month of February. In addition to that the company is taking many aggressive marketing actions and we do hope that a combination of both these external factors and internal factors should help at least TATA Motors with these new products. Also, as you know that an announcement has been made for procurement of our buses, again committee is looking into it, like how to fund it and things like that and we do expect definitely in the month of February, some kind of specific construes to this. So, we feel quite hopeful that the worst is over; we are beginning on an upward path. How fast, how much time it will take us to catch up that really I cannot say, but I think it is a positive thing which is happening both in commercial vehicles and in passenger cars and I think results of this month sales which will come out by I think 1st or 2nd, will be able to make some message out of that.

Jairam Nathan : Okay thank you.

- Moderator:** Thank you. Our next question is from the line of Pramod Amte of ABN AMRO, please go ahead.
- Pramod Amte:** Sir, this is with regard to the bridge loan you have taken for funding JLR, are there any hedges you have taken in the form of what you have paid out?
- C. Ramakrishnan:** No, this loan was taken in UK at the subsidiary company.
- Pramod Amte:** Okay, but you are funding it from the Indian Rights issue and the other instruments?
- C. Ramakrishnan:** Yeah that is right, whatever we have repaid so far has been out of the right issue profits.
- Pramod Amte:** So, in that context the gap does not widen considering the currency fluctuations?
- C. Ramakrishnan:** Yeah it does widen.
- Pramod Amte:** Okay, but you have not taken anything on currency?
- C. Ramakrishnan:** No.
- Pramod Amte:** And what type of employee rationalization have you taken in the December quarter or year till date and what type of savings we can expect from the same or the other cost measures, which you have already taken up to December to get reflected in next 1 or 2 quarter?
- C. Ramakrishnan:** It will be difficult to respond with that, specifically on the headcount reduction etc, you will understand the sensitivity, but we have been taking advance actions from middle of the year on many of these fronts. There have been significant downsizing of our headcount on several fronts including temporaries and other man power.
- Pramod Amte:** But what type of savings we can look forward, at least in the immediate quarter?

C. Ramakrishnan: No, as I said I cannot give more specific numbers for the next 1 or 2 quarters that will be getting into level of detail that I cannot get into, but as I said overall I would say apart from commodity pricings or whatever margin improvement that will happen I think our target is to achieve at least through these various measures about 1,000 Crores over the next three years.

Pramod Amte: Okay thanks and all the best.

Moderator : Thank you Mr. Amte. Our next question is from the line of Jamshed Dadabhoy of Citi Group, please go ahead.

Jamshed Dadabhoy: Well my questions are answered thank you.

Moderator: Thank you Mr. Dadabhoy. Our next question is from the line of Mahantesh Sabarad of Centrum Broking, please go ahead.

Mahantesh Sabarad: Sir, this pertains to your Jaguar Land Rover again, we do know that it is \$3 billion of bridge finance that you have acquired or you have. If I look at the sale numbers, which I actually have on year on year basis collapsed 35%, what is the kind of cash losses that you need to feed so that these operations are sustained?

Ravi Kant: Mahantesh as we said, we will be publishing the Jaguar Land Rover results shortly.

Mahantesh Sabarad: My only question was is \$3 billion enough for you or are you looking at a higher amount in terms of overall funding in JLR?

Ravi Kant: First of all in terms of the \$3 billion acquisition bridge finance, the amount stand at 2 billion now after **Rights issue.**, As a part of the plan we had included about \$600 million to \$700 million by way of funding for JLR, till more permanent working capital facilities are created for the company. On the working capital front and cash requirement front of a company the requirements are indeed gone up.

Mahantesh Sabarad: Have gone up?

- Ravi Kant:** Correct and that is being arranged through bank and other funding arrangements.
- Mahantesh Sabarad:** Okay and if I look at the cash situation in standalone entity that you have that is just released, your cash profits have actually dwindled although they are still positive, but I do not know the true picture of your CAPEX because until first half you had mentioned you had spent about close to 2000 Crores of CAPEX. So, this cash that I see, just the cash that is generated through the P&L, what is it that that you are spending on a balance sheet side in terms of CAPEX?
- C. Ramakrishnan:** As I said in the balance sheet the borrowings have indeed gone up, let me give you the numbers earlier.
- Mahantesh Sabarad:** It was 112 billion, 11,200 Crores as of September end what would it be in the debt?
- C. Ramakrishnan:** 11,200 Crores has gone up to about little over. See, there is a number just a short while ago, a little over 13,000 Crores, it is about 13,600 Crores.
- Mahantesh Sabarad:** Okay, then just one question I wanted to understand, when you reprioritize your projects and CAPEX ahead, would you seriously re-look at NANO because somewhere we tend to believe NANO is not going to be profitable unless you believe otherwise?
- Ravi Kant:** Yeah, at least we believe otherwise, otherwise we will not be having the project.
- Mahantesh Sabarad:** So, that does form part of your priority of CAPEX that you would not like to slash?
- Ravi Kant:** Yeah absolutely, so what we are slashing really is mainly concerned with the capacity increases; it is not touching very much product development and product introduction. In fact if at all we are trying to put greater focus so that production introductions are accelerated in the marketplace.

Mahantesh Sabarad: Right and when you mention about the upswing or the small upswing that you saw in quarter 4 over the December, quarter 3, is it safe to assume that you will still be doing on a year on year basis, markedly lower volume.

Ravi Kant: Possibly to see the quarter 4 of last year was really a bumper quarter and I think it would be too far fetched to say that we will come anywhere close to that but it should far superior than quarter 3. So, it will be somewhere lying between quarter 4 of last year and quarter 3 of this year.

Mahantesh Sabarad: Okay sir, thanks for answering my questions.

Moderator: Thank you Mr. Sabarad. The next question is from the line of Sahil Kedia of Enam Securities, please go ahead..

Sahil Kedia: I wanted an update on some of our programs that we had earlier talked about that in the global Truck program etc, what is the change in that sir?

Ravi Kant: Yeah, that program is still on and we do hope to launch it in the first half of this calendar year. We have not yet finalized the exact time, but the program is on track and we will introduce the World Truck to the world.

Sahil Kedia: Sir, and lastly can you just give me what is our CAPEX that we have done till date in the 9 months?

Ravi Kant: Nine months CAPEX is close to about 2900 Crores.

Sahil Kedia: So, what are we expecting for the full year if you can help me on that sir?

Ravi Kant: I think we had indicated earlier, the full year representing with level of about 3500 Crores.

Sahil Kedia: 3500?

Ravi Kant: Yes.

Sahil Kedia: Alright sir, thank you so much.

Moderator: Thank you Mr. Kedia. Our next question is from the line of Amol Bhutada of Edelweiss, please go ahead.

Amol Bhutada : Hello sir, sir I was just looking at the decline in the CV sales, vis-à-vis the decline in the say passenger vehicles. Since, the decline is so huge, has it anyway affected your margins, I mean typically you would have a higher margins in the commercial vehicles, if you see your RM Cost as a percentage of sales actually gone up, wherein the commodity prices have come down in this particular quarter. So, am I right to conclude that, is it because of the higher decline in the heavy commercial vehicles?

C. Ramakrishnan: Yeah that is correct, that is possible and the other thing is commodity price decrease released has not kicked into the bottom line yet.

Amol Bhutada: Nothing of that at all-?

C. Ramakrishnan: Because, as you know it has just been announced and there is an inventory and so that by the time it comes in it will really be the fourth quarter. It may happen from fourth quarter onwards.

Amol Bhutada: Okay and my second thing is as far as your raw material procurement is a concern, how is that, is it a quarterly contract, half year contract?

C. Ramakrishnan: Well, it varies from party to party, which starts from annual half yearly and quarterly-

Ravi Kant : And it keeps varying for the same supplier also.

Amol Bhutada: Okay, so is there anything that you buying on spot in terms with percentage of total RM cost?

C. Ramakrishnan: Well, we are always on look out for good deals, but most of the raw materials also that we buy it very specialized things, so it is difficult to get on spot.

Amol Bhutada: Okay, thank you sir.

Moderator: Thank you Mr. Bhutada. Our next question is from the line of Chirag Shah of Emkay, please go ahead.

- Chirag Shah:** Yeah, good evening everybody. I am just trying to understand what would be your working capital related debt or a short-term debt and how are you planning to look at it say in the next quarter, you have indicated your total debt of 13,600 Crores?
- C. Ramakrishnan :** Yeah, as we said on the working capital front, I think our focus will be mainly on contracts of the inventories and the receivables.
- Chirag Shah:** Of these debts, if you can would you be in position to share what would be working capital debt?
- C. Ramakrishnan:** The total borrowing from bank or cash or whatever for working capital is about 7000 Crores.
- Chirag Shah:** 7000 Crores?
- C. Ramakrishnan:** Yeah.
- Chirag Shah:** And could we share inventory in the system across difference in absolute numbers what would they be like, we get your end or as well as your dealer at the combined level?
- C. Ramakrishnan:** Yeah, I can share this later with you.
- C. Ramakrishnan:** Sorry, for the interruption. Our Managing Director Mr. Ravi Kant had to leave for some other commitment. We will continue the conference call.
- Ravi Kant:** Thank you very much.
- C. Ramakrishnan:** I did not announce earlier, my apologies, we have also our Executive Director of Commercial Vehicle Mr. PM Telang here with us. Mr. Telang and myself we will continue the call.
- Chirag Shah:** Yeah my last question would be on JLR, if you could indicate how good do you see the volumes in the developing market of especially Land Rover. Are they as in this last quarter, they have been as bad as they have been with or the decline there has been more sharper than developed nation And how should one look at this particular, the developing market which was playing

proxy or are we trying to fill the gap of subdued volume in the developed market?

C. Ramakrishnan: I think it will be a much more difficult prediction in terms of Jaguar Land Rover volumes at this point of time, because of various segments and geographies in which they operate, they are in US, they are in UK, Europe, Russia, China etc. As far as Land Rover is concerned, actually we continue to what we have witnessed in the last quarter or last two quarters, I think we will continue to witness for the next year and we are planning further, our business planning is on the basis that we further drop in volume. I think if at all there is any steadying, I think it will be more in 2010 than 2009.

Chirag Shah: Sir, would you be in position to share the inventory number or during later part of the con call, do we share that?

C. Ramakrishnan: Well, I will let you, we have to post it separately, may be mail it to you.

Chirag Shah: Okay thank you, thank you very much.

Moderator: Thank you Mr. Shah. Our next question is from the line of Saurabh Das of Sundaram BNP Paribas, please go ahead.

Saurabh Das: Good evening sir, just one quick question, on the total debt of 13,600 Crores, how much of it, if at all is repayable within one year?

C. Ramakrishnan: As I said the working capital facilities and cash at bank borrowings etc are all the normal arrangement that we have in India. Apart from that any long-term borrowings, which are repayable, there are no major dues in the next year, okay and I am sorry, I am talking TATA Motors. We have in June the acquisition bridge finance, which is not part of this.

Saurabh Das: Right and if you can share the absolute numbers for the consolidated debt, which you gave as 2:1?

C. Ramakrishnan: Sir, I think we need to respond to you separately on this.

Saurabh Das: Well, not a problem. And on subsidiary, what has been profit or loss on TATA Motors Finance?

- C. Ramakrishnan:** TATA Motor Finance for the quarter?
- Saurabh Das:** Yes.
- C. Ramakrishnan:** Last year same quarter, they had their PAT of 7.6 Crores, this quarter after provisioning etc for their receivables, it is a PAT loss of about 31 Crores.
- Saurabh Das:** Okay thanks a lot sir, thanks for taking my questions.
- Moderator:** Thank you Mr. Das. Our next question is from the line of Mayur Malik of Alchemy Shares and Stocks, please go ahead.
- Mayur Malik:** Yeah sir, I just wanted to understand the total TM, loan taken for the JLR, it is supposed to be roughly around Rs.92 billion odd, out of which what you mentioned is you have repaid 5627 Crores, so I am just trying to understand that the entire money of the right issue has been used one and part of divestment has been used. And then there is other public deposit that you have faced, where are you looking to fund the other money from?
- C. Ramakrishnan:** First of all when it comes to acquisition bridge finance, I will talk in dollars rather than rupees, if you do not mind. The total acquisition bridge finance taken was about 3 billion, roughly about a billion has been repaid out of the rights issue and the divestment and other regards, these two sources that we have had, the balance outstanding is 2 billion. The public deposit that you have collected has nothing to do with this.
- Mayur Malik:** Okay sir, you would also mention that you were initially planning to raise equity outside, which I think has been cancelled as of now?
- C. Ramakrishnan:** We need to rethink on that, it may not happen in the coming 1 or 2 quarters, it will like to happen much later.
- Mayur Malik:** Okay so that plan is not cancelled as of now, you are just planning to modify this whole thing?
- C. Ramakrishnan:** We had two other plants which we have postponed for the time being considering the market conditions, one was this equity issuance or equity related instruments issuance in the overseas market. And the second, was a

series of divestment program that we had put in place. On both the front our strategic direction and decision is still the same, it is more of a timing issue. Whether, it will happen 3 quarters, 4 quarters from now or the early next year I cannot commit at this stage, but I have strategic direction and commitment is still the same. If we look at it at a later point in time, more appropriate point in time, as and when it is decided of course.

Mayur Malik: Right thank you.

Moderator: Thank you Mr. Malik. Our next question is from the line of Ambrish Mishra of MF Global, please go ahead.

Ambrish Mishra: Yeah good evening everyone. Sir, I just wanted to understand, is there any possibility of you know future divestment plan that we have in mind as of now, if you can throw some light on that?

PM Telang: It will not be appropriate for me to share a particular divestment plan, I think what we had announced was that we will look at many of our subsidiary investments and associate company investment, for each one of them the strategy maybe different, some of it maybe an IPO at some point of time, some of it maybe strategic partner, some of it maybe within the group depending on the company and the stake requirements, these all are different strategies, I cannot announce strategy at a plan for a particular divestment at this point of time.

Ambrish Mishra: Okay and sir, just I was looking at your note number 6, where we have mentioned that because of the shifting NANO project, we do not find it necessary to provide to any carrying cost of capital WIP. I just wanted to have a different view on this, is there any possibility that going ahead there might be some provisioning required when the assessment changes?

PM Telang: No, we do not believe it should be required.

Ambrish Mishra: Okay, thanks a lot sir.

Moderator: Thank you Mr. Mishra. Our next question is from the line of Dipen Singhvi of ENAM Asset Management, please go ahead.

- Dipen Singhvi:** Yeah good evening sir, this is Dipen Singhvi here. Just wanted to get the breakup of the debt figure that you gave 13,600 Crores, how much of this will be rupee debt and how much will be forex debt?
- C. Ramakrishnan:** In fact shortly, after this call we will be putting up on the website what is the detailed business review, which will contain all these breakups in numbers that is in the process of being completed before the end of tonight, we will be putting it up on the website. Maybe, what we can do is if we had an opportunity to look at it, maybe tomorrow or whatever; we can have some conversation further later on.
- Dipen Singhvi:** Alright, if you can just tell me what will be the average cost of debt on rupee and forex both?
- C. Ramakrishnan:** See, average cost of rupee debt for the average the cost is about 9% on the rupee front, weighted average cost. The foreign currency debt our cost are very low, because these are mostly the fund currency convertible instruments, with nil or zero-coupon or low coupon rate.
- Dipen Singhvi:** Alright and just finally, if you can give me the export turnover for a quarter in 9 months?
- C. Ramakrishnan :** As I said, some of these breakup numbers I would just request if you can hold till the matter is uploaded in the website.
- Dipen Singhvi:** Okay.
- C. Ramakrishnan :** It is a very detailed business review were we are providing number of break up and detail figures
- Dipen Singhvi:** Okay, so export turn over will be part of that?
- C. Ramakrishnan:** We will provide that.
- Dipen Singhvi:** Okay thanks a lot.
- Moderator:** Thank you Mr. Singhvi. The last question is from the line of Kapil Singh of Nomura, please go ahead.

Kapil Singh: Sir, just wanted to check that are we considering any price cuts in the domestic market, as far as medium and heavy commercial vehicles are concerned?

C. Ramakrishnan: Medium and heavy commercial vehicles since April cumulatively our price increase has been over 7% to 8% nearly. This is one of the biggest price increases that we have taken in such a short period, normally as 7% or 8% increase in commercial vehicles would have taken us 2 or 3 years to achieve. So, that is a type of price increase we have seen. The market of course depending on the market conditions there will be subvention or rebates that maybe available from time to time. But there is no price cut- being planned by us

Kapil Singh: Okay sir thanks.

C. Ramakrishnan: The excise reduction etc that has been the announced by the government that have been passed on by way of price reduction, transparently and fully to the consumers.

Kapil Singh: Okay thanks a lot.

C. Ramakrishnan: Thank you very much, thanks everybody.

Moderator: Thank you Mr. Singh. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Srinivas Rao for closing comments.

Srinivas Rao: Thank you very much sir. For taking time out to comment on the numbers, I hope all the participants had a chance to get part of their questions answered, thank you very much.

C. Ramakrishnan: Srini before we end thanks very much to you and Deutsche Bank for organizing this.

Srinivas Rao: It has been a pleasure.

C. Ramakrishnan: Thank you very much, bye everybody thanks very much for joining us tonight.



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Moderator:

Thank you gentlemen of the management, thank you Mr. Rao and Ms.Savitha. Ladies and gentlemen on behalf of Deutsche Bank that concludes this evening's conference call. Thank you for joining and you may now disconnect your lines, thank you.