



“Tata Motors Limited Q1FY13 Results Conference Call”

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- Moderator** Ladies and gentlemen, good day and welcome to the Tata Motors Q1 FY13 earnings conference call hosted by Citi Investment Research. As a reminder for the duration of this conference, 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. Should you need assistance during this conference call, please signal an operator by pressing "*" followed by "0" on your touchtone phone. I would now like to hand the conference over to Mr. Jamshed Dadabhoy from Citi Investment Research. Thank you and over to you sir.
- Jamshed Dadabhoy** We would like to welcome investors to Tata motors Q1 FY 13 results call. This evening we have with us Mr. C. Ramakrishnan – CFO of Tata motors joining him are Mr. Vijay Somaiya – Head of Treasury and Investor Relations in the IR team. I will request Mr. Ramakrishnan to give some brief review for the quarter and then we will dive into Q and A. In the interest of time we will be limiting just to one question per participant. Okay thank you and please go ahead Sir.
- C. Ramakrishnan** Thank you for hosting the call and thanks everybody on the line for joining us on the first-quarter results call for Tata Motors consolidated results. We announced a short while ago you may already have the presentation, so I am not intending to go through the presentation, but just to cover some highlights.
- Tata Motors consolidated net revenue for the quarter was around Rs. 43,000 crores, up 30% compared to around Rs. 33,000 crores in the same quarter last year. Consolidated EBITDA margins came in at 14.4% compared to 13.4% a year ago. Profit after-tax was Rs. 2,245 crores compared to Rs. 2,000 crores in the same quarter last year. The Tata Motors stand-alone performance was a subdued. Net revenue was around Rs. 10,500 crores compared to around Rs. 11,600 crores in the same period last year, a drop in revenue of about 9%. EBITDA was Rs. 774 crores, a 7.3% compared to 8.8% in the same quarter last year, a reduction in EBITDA of about 1.5 percentage points and profit after-tax was Rs. 205 crores compared to around Rs. 400 crores in the same period last year. The Jaguar Land Rover had a very good performance once again this quarter. GBP 3.6 billion revenue compared to GBP 2.7 billion in the same quarter last year. Net revenue up 35%. EBITDA margins came in at 14.5% compared to 13.4% in the same quarter last year. EBITDA was GBP 527 million compared to GBP 362 million. If you recall we had made accounting adjustments for tax provision, deferred tax asset credit last quarter, and therefore the tax accounting provision in the quarter remained high. And therefore, profit after-tax marginally increased to GBP 236 million compared to GBP 220 million in the same quarter last year.
- As far as the stand-alone Tata motors business is concerned lower volumes, lower net revenue and profitability, was further impacted by weak macro economic factors and competitiveness in the passenger car industry market. As far as Jaguar Land Rover is concerned, significant growth in markets like China and other emerging markets and growth aided by volume of the Evoque contributed mainly to the very good performance of Jaguar Land Rover in the quarter. Cash and

bank balance is at a consolidated level, remained at about Rs. 30,000 crores, slightly increased in fact quarter-on-quarter.

Capital expenditure in Jaguar Land Rover was about 400 million pounds plus for the quarter and post capital expenditure and product development expenses, Jaguar Land Rover had net operating free cash flow generation of about GBP 110 million for the quarter. Post April to June quarter in August 2012, Jaguar Land Rover also declared a maiden dividend of GBP 150 million to the parent. This would be accounted in the parent Tata Motors books in the current quarter Q2. It is a maiden dividend post our acquisition of Jaguar Land Rover and we are very pleased with it. With this, I will stop and maybe handover back to Jamshed to take us through the question and answer session.

Moderator Thank you very much. So we will now begin the question and answer session. We have the first question from the line of Mr. Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh There seems to be huge difference between your profits and tax rates as per IFRS and Indian GAAP in JLR. Now, could you throw some light on what are the drivers for the difference and how should we look at your tax rate, sort of a sustainable tax rate going ahead given China share is going up?

C. Ramakrishnan In general, the tax rate in JLR would be driven in this quarter and also in the future quarters by the deferred tax accounting that we introduced in the last quarter that is Q4 of last year.

Binay Singh Right.

C. Ramakrishnan As we recognized the deferred tax assets in the last quarter, from now on between the two lines that is provision for current tax and provision for deferred tax in JLR, if you add up the two, you arrive at JLR taxation. As far as the P&L provision is concerned it would be at the marginal rate in U.K. In addition to that JLR taxation would also be there for their overseas entities profit, which I had explained from time to time in the past. However, the tax outflow for JLR in U.K. will not be there because of their past tax credits. Your second question was relating to...?

Binay Singh What would be the effective tax rate then going ahead, like for example as per IFRS we are almost seeing a 29% tax rate this quarter?

C. Ramakrishnan If you take the deferred tax line and the current tax provision, both together the tax rate in JLR would be in the region 25%+, which is almost a marginal rate in U.K., but that does not mean it will be the tax outflow. Cash outflow will not be there.

Binay Singh Even the net income reported as per IFRS and Indian GAAP on JLR has a sort of a huge difference. Could you throw some light as to what was the driver for that?

- C. Ramakrishnan** What we had talked about in the earlier quarter, the main difference would be in the exchange fluctuation accounting.
- Binay Singh** Which is basically of forex gain sitting in the Indian GAAP?
- C. Ramakrishnan** Yes, the exchange accounting if you do it, there is consolidation on the base of Indian GAAP for JLR you will have a different amortization under the new Accounting Standards introduced last year in India, which is not available under IFRS.
- Binay Singh** So in a way there will be a bit of a forex gain in Indian GAAP?
- C. Ramakrishnan** Yes.
- Moderator** Thank you. We have the next question is from the line of Mr. Kapil Singh from Nomura. Please go ahead.
- Kapil Singh** Moving on to Standalone results, I just wanted to check there has been a good improvement in raw material costs to sales sequentially. If you could just throw some light on what had been the drivers for that and how do you see that going forward?
- C. Ramakrishnan** On the cost side we expect the component and the raw material costs to remain benign or subdued at least in the near future, in the coming quarter. In addition as you know, we do have ongoing aggressive cost reduction plans in all our products, including material costs reduction. So I would say, a general subdued trend in terms of cost increases with less pressure on the costs and plus our own internal efforts have contributed to this.
- Kapil Singh** We have seen around 300 bps decline in raw material cost to sale. So if you can just help us understand that as well on a sequential basis?
- C. Ramakrishnan** Primarily driven by what I said but since you are taking overall percentages, it also can be contributed through the model mix. So it is a function of subdued levels in terms of component prices and we also took a price increase on 1st April. So if you take a fact of the price increases but steady on the cost side, our own cost reduction efforts and model mix this change has happened.
- Kapil Singh** By model mix you mean the LCVs proportion going up as well?
- C. Ramakrishnan** Partly and may be even within passenger cars and commercial vehicles.
- Kapil Singh** Also on the M&HCV side, especially on the goods M&HCV you have seen a decline in volumes steep decline. So what is the outlook going forward and if you could just give us an idea of the inventory levels as well with the dealers and the company?

- C. Ramakrishnan** As you know in the quarter we have been correcting our production to demand on a couple of occasions including taking shut down in our factories. So, we have been maintaining a careful watch on the inventory levels. We have not seen any alarming trends on the inventory levels. They are reasonably under control. I would say for the company around 30 days and similarly four to six weeks for our dealers, which is not very different from the average we would like to see. As far as the demand outlook for the M&HCV is concerned it has been a challenging quarter. Several factors including the macro-economic outlook and subdued activity on the infrastructure side. There have been some price increases also, our own price increase earlier in March contributed by the excise duty increases. So the freight rates also have been somewhat weak. There are a variety of these factors. Going forward, we will see some headwinds in this segment as we have said in the last quarter also. We do see some headwinds. Possibly if the monsoon recovery happens and infrastructure spending and the initiatives are triggered that we will see some revival going forward in the coming quarters but we would remain somewhat subdued in our outlook.
- Kapil Singh** Just a small question on JLR. We have seen a forex loss of GBP 67 million if you could just help us understand that what is the nature of this loss where is it coming from?
- C. Ramakrishnan** The GBP 67 million that you are referring to is the mark to market valuation losses on some of the hedges we had taken.
- Kapil Singh** This is for the period beyond the current quarter or it includes the current quarter as well?
- C. Ramakrishnan** **Includes** mark to market beyond the current quarter.
- Moderator** Thank you. We have the next question is from the line of Mr. Pramod Kumar from IDFC Securities. Please go ahead.
- Pramod Kumar** Just wanted to understand as to considering that China did so well for us this quarter in terms of 22 percentage of volumes which should mean that even in terms of revenue and profits that would be a substantially higher share. So I was just wondering from margins considering all that and also given the fact that the capitalization rate has gone up on a sequential basis by 120 bps is it right to assume that the profitability in other markets except China are coming under pressure?
- C. Ramakrishnan** Profitability in other markets I had mentioned in the last Annual call also, we do see some pressure on the margins and the profit. The variable marketing expenses in many of the markets are slowly catching up. We have seen year and a half of some of the variable marketing expenses remaining very low. I am saying more from a general market perspective, not necessarily Jaguar Land Rover specific, but we do see that going up. There will be some pressure on the margins. I would remain somewhat cautious about margin outlook.

- Pramod Kumar** Because actually except capitalization operating margins at JLR are down to 13.5% sequentially. You had on the JLR call last quarter generally guided that margins for the year should be around the fourth quarter level of 14.9% as per IFRS. So would we still stand by that or you see some downward pressure to that margin assumptions or margin guidance rather?
- C. Ramakrishnan** First of all I do not think in the last call we talked about the number in terms of our guidance for the margins going forward. That is not something that we normally do.
- Pramod Kumar** I am sorry in terms of a range broadly remaining around the same level that is what was discussed?
- C. Ramakrishnan** We talked more in terms of our expectation with our plan we would definitely hope to maintain that. But I would think due to a combination of model mix, maybe geographical mix, again, foreign exchange is an uncertainty that you and I cannot be predicting at this point of time. I would remain cautiously optimistic on the margin side.
- Pramod Kumar** On Capex if you can just share as to any changes to the number, what we are guiding even from beyond FY13 perspective, even for FY14 whether it is going to be GBP 2 billion or there could be upward revision to that?
- C. Ramakrishnan** It will be difficult to put the precise number to that. It will be in the region of GBP 2 billion, depending on the sequencing or cascading of the programs, it may be GBP 100 million or whatever higher or lower. It is difficult to read beyond that. We do see opportunities from time to time. Those are opportunities, which is worthwhile to pursue either from the product point of view or new segment or market or any other opportunities. So we will pursue that even if it means additional investment.
- Pramod Kumar** On the domestic passenger car franchise, as in we have seen steady decline in our market share excluding that and our market share hit, in that all-time low almost. So just wondering what are the strategies there going forward in the next one year in terms of recovering that market share which has gone away. Considering the fact that we have a predominantly diesel portfolio which and diesel right now is in demand quite a bit for other players. So by when would you see your market share starting to look up?
- C. Ramakrishnan** Unfortunately, I cannot give you a timeline- by so and so month I expect it to be improving. I had shared with you from time to time the effort that we are putting in on the product refresh side, on the product side, on the quality and the variety that we need to bring into the marketplace. Also in the various marketing efforts and dealer effectiveness and dealer expansion strategies, this I had shared from time to time. So, in the coming quarters we expect to do much better than we have done in this current quarter.

- Moderator** Thank you. We have the next question is from the line of Mr. Govind Chellappa from Jefferies. Please go ahead.
- Govind Chellappa** Quick question on Land Rover. If I see your model wise sales, Range Rover which was not there last year has obviously contributed, but almost all the other models have declined year-on-year. Now how much of this is because of cannibalization, how much of this is because of a new model introduction and is there any capacity constraint?
- C. Ramakrishnan** I cannot give you a one line answer for that. There have been different explanations for different things. For example Evoque and Freelander share the same facility in one location. So we had to have some consciously pulling back our Freelander in order to accommodate larger number of Evoque. That balancing act continues in the current year. As far as Range Rover is concerned it is a different set of circumstances as the new Range Rover is coming in towards later part of this year. We need to rundown on the current Range Rover. But your point is right that minus Evoque the other volumes have seen a drop, but different set of circumstances.
- Govind Chellappa** And for models that do not see issues like this, like Defender, Discovery and Range Rover Sport would that I would assume...?
- C. Ramakrishnan** Have also been somewhat subdued.
- Govind Chellappa** That would purely be demand issues?
- C. Ramakrishnan** Yes particularly in the markets in which they do have large volumes, some of the markets have been down actually Europe, U.K., etc.
- Govind Chellappa** A quick question on the dividend from JLR is there any tax implication for that? Would they/ we have to pay any tax either in any of the markets?
- C. Ramakrishnan** JLR does not have to pay any tax on the dividend distribution. There is no dividend distribution tax in U.K. like we have in India. But in India when we receive it, if we receive it as dividend we will have to pay tax.
- Govind Chellappa** Have you seen any kind of pricing issues for JLR in China? Have you seen any signs of discounting or our dealers coming to you and asking for any price cuts or so?
- C. Ramakrishnan** Not surely price cuts or discounts in that sense. I am not sure that I can specifically talk on China, but I am not aware of any pricing pressure or discount pressure in China or other markets. But what you do hear is less and less stories of premium being charged or people willing to pay an additional premium for getting a vehicle out of turn etc. Those stories you hear less and less, but not

necessarily something that I would convey as an alarming story in terms of discounts or pricing pressures.

Govind Chellappa I interpret that as you are saying it has not hit though your margins yet, probably has hit dealer margins but not yours?

C. Ramakrishnan Or maybe it is hitting some of the larger volume competition and may not be felt in our brands.

Moderator Thank you. We have the next question is from the line of Mr. Mahantesh Sabarad from Fortune Equity. Please go ahead.

Mahantesh Sabarad How much of preference capital you still hold in Singapore subsidiary as Tata Motors Standalone? That is Rs. 2,200 crores roughly that is the Annual Report number that I recall.

C. Ramakrishnan The investment of Tata Motors in the Singapore subsidiary in preference capital is \$250 million as of 30th June.

Mahantesh Sabarad So you moved that \$250 million from non-current to current what was the purpose?

C. Ramakrishnan The tenor has been changed from noncurrent because, many of these preferences capital has created as a means of funding from Tata Motors to JLR when JLR needed the money during 2008, 2009. As JLR performance improved substantially and they have much greater capability to repay this money, which was additionally lent to them from time to time, naturally the character of the investment have to become current because they were intended as temporary facilities for JLR and we are taking it back.

Mahantesh Sabarad Will it mean that you can sell it to potential third party investors?

C. Ramakrishnan No that is not the intent.

Mahantesh Sabarad In terms of your margin performance on JLR, brings me back to what Govind asked Range Rover and other Land Rover products volumes have actually fallen and Evoquee has actually in a way surged in volumes. So can we say that while Evoque is taking up the volumes, it is also in a way substituting the margins in a like to like manner?

C. Ramakrishnan I am not sure I understood when you say like to like manner what you mean.

Mahantesh Sabarad Are there margins similar across all your Land Rover products?

C. Ramakrishnan No. Whether it is Jaguar Land Rover or Tata Motors or any other manufacturer, one can never say margins will be identical across different models. Margins, of course will vary from model to

model. Range Rover, Range Rover sports will have good margins. Evoque would be lower. So margins will be different for different products.

Mahantesh Sabarad It is also a function of what you mentioned as variable marketing expenses which you said that is catching up in various countries. So, particularly in China, how is that catching up in terms of variable marketing spends that you have?

C. Ramakrishnan In our case we have not seen any significant increase in that. While we see headwinds in the market place in terms of variable marketing expenses, we have not found any impact on our product so far. But I do not think Jaguar Land Rover can remain isolated from the market place for long. If the trend continues we will have to do that, we will have to do that.

Moderator Thank you. The next question is from the line of Mr. Srinivas Rao from Deutsche Bank. Please go ahead.

Srinivas Rao Your retail volumes are kind of running ahead of your wholesales for this quarter. Is there a kind of conscious decision to reduce the inventory levels? That is number one. Secondly, your peers such as BMW and Daimler have kind of commented that the European market has weakened in more than what they had anticipated at the beginning of the year. Would your assessment be similar to that?

C. Ramakrishnan In our case for your first question on retail versus wholesale in the inventories, the inventories have trended to remain somewhat steady. We have not seen any particular trend or necessity to either cut it down or to increase it. They have remained a sort of steady. I do not have any particular unusual trend or plus or minus that I have to convey at this point of time. As far as your second question is concerned, European market, are tracking our budget and our expectations, may be our expectations were set lower in terms of how we expected the market to be. We were expecting the market to be down this year and so it has. But I would not say they are down further compared to our expectations. They are in line with our expectations the only explanation is, may be our expectations are a little more conservative.

Srinivas Rao Just to clarify with someone asked in the beginning of the call, your tax rate in Jaguar Land Rover would be closer to this U.K. corporate tax that is it is about 30% for the rest of the year is that correct?

C. Ramakrishnan If you take the total accounting provision.

Srinivas Rao So it would be the case right?

C. Ramakrishnan That does not necessarily mean that is a tax outflow in cash.

- Moderator** Thank you. The next question is from the line of Mr. Jinesh Gandhi from Motilal Oswal. Please go ahead.
- Jinesh Gandhi** My question is on JLR. Can you give some outlook on the volume side as against last year's about 320,000 units. Do we still maintain our product guidance of about 370,000, 380,000 units for this financial year?
- C. Ramakrishnan** Just to correct the so called guidance the last time the question was asked about capacities and so on, what capacity can you do what is the potential you have, in response to that I mentioned in the last quarter that is January to March, we did about 100,000 units if you take the three months. If you prorate it, in the four quarters, we should be able to do 370,000, 380,000 units and maybe even stretch beyond that. It is more in response to your capacity question. I do not see any need to revise that answer.
- Jinesh Gandhi** What could be our gross automotive consolidated debt?
- C. Ramakrishnan** The net automotive debt at consolidated level was Rs. 10,000 crores. Sorry your question was gross debt or net debt?
- Jinesh Gandhi** Gross nevertheless. So we have about Rs. 28,000 crores - 29,000 crores of cash?
- C. Ramakrishnan** Yes.
- Jinesh Gandhi** Coming to domestic market, have we taken any price increases in current quarter, second quarter?
- C. Ramakrishnan** July no. The price increase we took was in April.
- Jinesh Gandhi** How are the discounts on the M&HCV side? Have they increased further in the fourth quarter or they are stable?
- C. Ramakrishnan** Yes, we have seen that discounting or pricing pressure in the market place.
- Jinesh Gandhi** Okay so they are further increased in second quarter or they are stable over Q1 level?
- C. Ramakrishnan** I would say slightly higher in the first quarter normally one would see that in any year a pricing pressure and demand pressure is felt in the first quarter, it stabilizes in the second, and then the third and fourth quarters tend to be very good from a market demand pull point of view. So I would expect in the second quarter that trend would be similar to the first quarter.
- Jinesh Gandhi** On dividend which we will receive from JLR, we will be paying normal tax 30% or it could be at lower rate?

- C. Ramakrishnan** It will be at the tax applicable for the dividend.
- Jinesh Gandhi** And that would be...?
- C. Ramakrishnan** 15%.
- Moderator** Thank you. We have the next question is from the line of Mr. Hitesh Goel from Kotak Equities. Please go ahead.
- Hitesh Goel** I just wanted to clarify the net consol automotive debt you said is around Rs. 10000 crores, right?
- C. Ramakrishnan** Yes.
- Hitesh Goel** It has increased by around Rs. 2000 crores on a Q on Q basis, is it due to working capital requirement on the Stand alone operation or there has been an increase in the Tata Motors Finance debt as well?
- C. Ramakrishnan** No. This is net automotive debt and therefore does not include Tata Motors Finance. This is primarily working capital play.
- Hitesh Goel** So Rs. 2000 crores increase in the Stand alone operations because of this?
- C. Ramakrishnan** Yes.
- Moderator** Thank you. The next question is from the line of Mr. Sanjay Doshi from Reliance Mutual Fund. Please go ahead.
- Sanjay Doshi** On the dividend that JLR has declared, I just wanted to understand does it mean that it has enough cash flows to fund itself and therefore this extra has been given as a dividend or is it not one time?
- C. Ramakrishnan** The dividend is something which JLR Board will decide from time to time. It will of course, be a function of their financial performance, profitability, their own outlook and of course a question of the money they would need to invest back into their business. Considering all this, JLR felt it is appropriate to consider GBP 150 million dividend at this point of time. That reflects their confidence and ability to be able to reinvest into their business, support the capital expenditure and other plans they have, and be able to generate additional cash which can be paid as dividends.
- Sanjay Doshi** So, over a period of time, when we have enough from JLR coming by way then should we assume that that will be then a pass through for the Tata Motors shareholders?

- C. Ramakrishnan** Tata Motors, we already paid last year. For example for March 12, the dividend declaration by the Board was taking into account the consolidated profit. You cannot get it twice right as Tata Motors shareholder.
- Moderator** Thank you. The next question is from the line of Mr. Chirag Shah from Enam. Please go ahead.
- Chirag Shah** Just one question I have on trends on the small commercial vehicles. If I look at the numbers, there is some visible slow down in certain segments. Can you throw some more light over there?
- C. Ramakrishnan** In some segment in small commercial vehicles?
- Chirag Shah** Yes, if we look at even up to 3.5 ton segment, or even up to say a segment there is a slight slowdown which is visible and it is the higher tonnage segment which is actually driving volumes. So up to 1 ton segment, I understand that there is some slow down which is visible and there is some shift that is happening up to, for 2 to 3.5 ton segment. Overall indications are that there is slight slowdown which is visible.
- C. Ramakrishnan** I am afraid I cannot agree with that but I need to check their numbers. I do not have that break up in terms of tonnage wise within small commercial vehicles, etc. You will have to hold this for different occasion.
- Chirag Shah** Just a follow up question on this dividend distribution from JLR, would it be right to assume that there is enough policy in place to look at paying Tata Motor annual dividend every year? Is there a policy in place now?
- C. Ramakrishnan** No you cannot assume that, dividend from JLR will be decision of JLR Board. As I said earlier and I do not know how to elaborate it further. It is something which JLR Board will consider from time-to-time. It will consider based on their profitability, their cash generation, liquidity as well as their need to invest back into the business and the outlook. Considering all this if there is a surplus, they may consider dividend from time-to-time, but I cannot say that it is a policy come what may this is what will happen. It will be incorrect to assume that.
- Chirag Shah** One request if you can, in the presentation, if you can also include breakup between Jaguar and Land Rover volume, you used to share it earlier but somehow it has been discontinued?
- Namrata Divekar** It is there in the Business Review on the website.
- Chirag Shah** Well I am looking at breakup between Jaguar and Land Rover, it is not there. In terms of geography mix you know that breakup you should share earlier?
- Namrata Divekar** All the details are there, can you have a look again.

- C. Ramakrishnan** It is not in the Power Point presentation that I made, but it is there in the website as an additional data available.
- Moderator** Thank you. The next question is from the line of Mr. Sonal Gupta from UBS. Please go ahead.
- Sonal Gupta** This was regarding the Capex that you announced last quarter that JLR will have an annual Capex of GBP 2 billion versus GBP 1.5 billion earlier. So, will it be possible to elaborate on what new projects you were additionally pursuing versus the previous one or that is really leading to this in uptick?
- C. Ramakrishnan** It will be difficult to outline an account for the increase from GBP 1.5 billion to GBP 2 billion, but in general, as we step back when we made the capital expenditure plan or when we made the plans, which where we thought that we will be spending about 1.5 billion annually going forward, that plan was put together may be a couple of years ago. Since then the volume outlook for JLR has been much-much stronger. Our own product programs and intent for occupying some other segments also has become more aggressive. With a combination of volume necessity to invest in capacity is augmenting our capacities and the success of the Evoque and the potential we see now. The China opportunity also has become much more of a reality and slightly larger program than thought once. We have added the engine development initiatives with two factories, one in U.K. and one in India. A combination of all this the improved volume performance and our outlook, a further expansion of our product plans and further geographical expansion, these have contributed to the increase but I will not be able to say this contributed so much, this contributed so much from GBP 1.5 to 2 billion. But overall our plans have become more aggressive.
- Sonal Gupta** Just the other question on raw material cost side for JLR, the contracts are more on an annual basis, so do you expect some benefits to flow through given that in dollar terms the commodity prices have been weakening? So for JLR do you see some benefit on that front really?
- C. Ramakrishnan** I would remain somewhat sanguine about the benefit apart from saying I do not expect the pressure or concern on that front. I would not be too quick to see some immense benefits coming out of that but they will remain under control.
- Sonal Gupta** There is a plan to launch a smaller Jag up in 2014, FY15 sort of time frame. So would you need to expand more capacity in the U.K. once you are closer to the launch?
- C. Ramakrishnan** We will also continue to invest in capacities in U.K. which is part of the increase that we talked about in our capital spending program. Yes we will have new products come in, as we occupy newer segments and that you aspire for higher volume growth too through new segments and new products, we will have to correspondingly invest in capacities.

- Sonal Gupta** But do you see a need for any greenfield investments because currently you can go up to 450,000 units per annum for JLR potentially, so do you need any more greenfield investments?
- C. Ramakrishnan** No we can manage in our pre-existing locations. As you rightly said, in the existing locations we have the potential to go somewhere around 450,000 to 500,000 units. By the time in the next two, three years as the China joint venture approval is received and we invest in China. Some of the production for China market, for example will also happen out of China. So I do not see we do not have any plans for a greenfield car manufacturing in U.K.
- Moderator** Thank you. That was the last question from the participants. I would now like to hand the floor back to Mr. Jamshed Dadabhoy for closing comments. Over to you, Sir.
- Jamshed Dadabhoy** Thank you everyone for your participation. Have a good evening. Thank you, Mr. Ramakrishnan. Thank you, Mr. Somaiya. Thanks, Namrata.
- C. Ramakrishnan** Thank you very much, Jamshed and thanks everybody for joining us.
- Moderator** On behalf of Citi Investment Research, that concludes this conference call. Thank you for joining us.