



“Tata Motors Limited Q2 FY16 Quarterly Results Conference Call”

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MODERATOR: **MR. JAMSHED DADABHOY – CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, Good Day and Welcome to Tata Motors Limited Q2 FY16 Quarterly Results Conference Call hosted by Citigroup Global Markets India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Jamshed Dadabhoy from Citigroup Global Markets India Private Limited. Thank you and over to you, sir.

Jamshed Dadabhoy: Hi everyone, thanks for taking the time out for this call today. So today we have with us the entire management for Tata Motors and Jaguar Land Rover, we have got Mr. C Ramakrishnan who is the Group CFO for Tata Motors, we have got Mr. Kenneth Gregor, Chief Financial Officer, Jaguar Land Rover; we have Mr. Ben Birgbauer, Treasurer, Jaguar Land Rover; then we have got Mr. Vijay Somaiya, Head of Treasury and IR at Tata Motors and we have got the other members of the IR team with us. Mr. Ramakrishnan, thanks for taking the time out for this call. I will hand the call over to you for your opening remarks and presentation. Over to you, sir.

C Ramakrishnan: Thank you very much Jamshed, thanks for hosting this call and thanks everyone for joining us today for Q2 and H1 results announcement. I will quickly run through a short presentation then we will open it for Q&A.

Tata Motors Group consolidated results net revenue stood at 61,000 crores for the quarter, up from 60,000 last year same quarter. EBITDA margin was lower at 12.6% for the quarter, down from 17% high that we had reached in Q2 of last year. Profit before tax before exceptional items was 1,500 crores, down from 5,600 crores reflecting predominantly the lower EBITDA. After profit before tax we also had an exception item in this quarter which is the provision for the inventories and stock that we carried in Tianjin where the explosion took place, we will deal with it a little later, that provision has been made fully in this quarter. After this exceptional item PAT for the quarter was 430 crores negative compared to a positive profit of 3,291 crores in the same quarter in the previous year.

As far as the India business is concerned, I am not running through the half yearly numbers all over again, the presentation will be available on the website anyway.

Tata Motors Group India business, as far as the Tata Motors Limited India is concerned, the net revenue came in at 10,500 crores up from 8,700 crores in the same quarter last year, EBITDA percentage was 6.8% EBITDA margin positive compared to 1.6% negative EBITDA in the same quarter last year resulting in total swing of over 8% in EBITDA margins quarter-to-quarter. Profit before tax was a negative of 157 crores. For the half year the profit after tax was negative 30 crores for the Tata Motors India business.

As far as Jaguar Land Rover is concerned, the net revenue for the quarter was £4.8 billion, flat compared to £4.8 billion of same quarter last year. EBITDA was £589 million compared to £933 million in the same period last year. Last year the same quarter the EBITDA margin was 19.4 which was an exceptional high quarter compared to that it is down at 12.2% in this quarter. I

already talked about the exceptional item. Profit after tax for the quarter in JLR was £92 million negative compared to £450 million positive in the same quarter last year. The half yearly profit in JLR stood at £400 million, profit after tax for the half year after this exceptional item £400 million profit.

As I briefly said earlier, the India business performance saw an improvement in the EBITDA margin of about 840 basis points last year quarter to this quarter two, this broadly reflects the very strong growth we have continued to see in the medium and heavy commercial vehicle segment of our business which saw quarter-to-quarter an increase of about 35.3% in volumes and the result of various ongoing cost reduction and other margin improvement initiatives internally in the organization which resulted combined in an improvement of swing of about 840 basis points from last year quarter to this year quarter.

As far as Jaguar Land Rover is concerned, I already talked the EBITDA being lower at 12.2 percentage points, down from 19%. This quarter was affected by less favorable sales mix, even though partially it was offset by higher wholesale volume. Higher manufacturing and launch cost from new products in this period which was a crowded calendar and an unfavorable foreign exchange revaluation primary on the euro of about £80 million.

More details on the India business, the medium and heavy commercial vehicle industry as I said earlier continued to witness strong demand conditions and partly replacement of vehicles and fleet driving this demand and a moderate effect of pre buying ahead of the regulation changes in October. As far as the company is concerned medium and heavy saw a growth of 36.9% in trucks and about 22.5% in buses and overall the market share in medium and heavy commercial vehicle stood at about 42%. We continue to see very lackluster demand in the segment relating to small commercial vehicles partly affected by weak load conditions in the last mile transportation and a non supporting financing environment for this sector. However, in this segment our market share continues to be well over 75%.

As far as the industry and the market is concerned, variable marketing expenses continue to remain high and from the company we have launched the Ace Mega and the Ultra 10 ton truck in this quarter and we also achieved 300,000 sales mark of the Tata Magic.

In commercial vehicles in the international business we saw a growth of 2.2%, it was somewhat flattened, the moment was affected in September by the adverse political situation in some of our markets like Nepal. In the international business we launched Ultra range of truck in Bangladesh, Ace Express in Sri Lanka and we received an order for about 450 pickups from Myanmar armed forces.

In the India business in passenger vehicles, as far as the industry is concerned the industry saw a growth of about 6.9% year-on-year, for the company the growth was about 5.2% and within that in the passenger car segment the company saw a growth of about 14.8% year-on-year. Overall in the passenger vehicle our market share stood at 5.1, though in the passenger car

segment we increased the market share by about 20 basis points to about 5.8%. Our international business in car saw a growth of about 29% but on a very small base last year.

The company is very pleased to inform you, you must have seen the announcement, the company has been ranked third in the syndicate of Consumer Satisfaction Index in our passenger vehicle business reflecting the fastest movement to the third position by any company in the industry and the elevation from 7th position in 2011 to 3rd position in 2015. We are the top three as far as customer satisfaction is concerned in the passenger vehicle business.

A little more color on Jaguar Land Rover, wholesale and retail volumes for Q2 were about 111,000 and 110,000 units respectively. Strong wholesale, up 51% year-on-year and retail 3% in September 2015 within the quarter. I have already talked about the revenue and EBITDA margin. The CAPEX and product development spend for the quarter was about 775 million, after this spending and higher working capital free cash flow was negative for the quarter at 225 million.

The cash in financial deposits on the balance sheet as on 30th September stood at about £3 billion, in addition we have as I have shared with you before unutilized committed five year committed bank lines close to £2 billion. PBT also was lower before the exceptional item at 88 million, reflecting the lower EBITDA that I talked about earlier as well as higher depreciation and amortization by about £121 million and finance expenses at about £31 million and unfavorable revaluation of foreign currency below EBITDA of about £29 million.

Coming to the exceptional item, an exceptional charge of about £245 million has been recognized for the 5,800 vehicles involved in the August Tianjin port explosion. This amount has been fully provided for, insurance and other potential recoveries out of this may take some months to finalize and so will be recognized only in the future periods. So without any credit or receivables setting up for this recovery we have fully provided that £245 million in this quarter.

There have been a lot of questions also about some of the recent news reports about emission standards and fulfillment. We have already conveyed our position. Jaguar Land Rover does not use any emission defenders or software, we believe diesel technology is a key enabler to fulfill CO2 and other emission targets worldwide. All of our Euro 6 vehicles including our new Ingenium engine use emissions after treatment based on a CR technology to support meeting emission targets worldwide. We welcome and support a move to worldwide harmonized light vehicle test procedures including the planned introduction of real driving emissions in 2017.

As this presentation goes on the website you will also see some pictures of some of our cars which we have launched recently and yet to come including Discovery Sport in February 15, XE launch in May, Evoque model year 2016 launch in August, launched in September the all new light weight XF, Q3 of FY16 XJ and F Pace launching in 2016. The new Jaguar F Pace have been unveiled at the Frankfurt Motor Show and will be on sale in 2016 as I mentioned here to you.

I already briefly mentioned about September being a strong month in JLR where we saw wholesale volumes significantly going up. The trend has continued in October, total retail sales were at 41,000 units in Jaguar Land Rover for October, up 24% year-on-year with Jaguar selling about 7,500 units, that is up 39% and Land Rover retailing 34,000 units, again up by about 21% compared to last year October. They have been driven by the positive market response with the new launches XE and the Land Rover Discovery Sport and solid increase in sales in Range Rover Sport, Land Rover Discovery and Range Rover. In terms of regional sales in October, USA and UK had their best ever October sales and Europe significantly up compared to last year and notably China sales was also up in October, reflecting strong demand for these products.

Looking ahead, in commercial vehicles we continue to see momentum in October as well as November in terms of order book on the medium and heavy commercial vehicles, the build up that we have seen in the last few months or since the beginning of they seems to continue, however we expect the LCV segment may start showing signs of recovery and growth early towards the end of this fiscal year. JNNURM Phase-II orders will support the bus volume growth. Looking beyond, we continue to believe our wide and compelling product range with several new launches planned in the next year across the Prima and Ultra range, refreshes in variants in small commercial vehicles and pickups will provide strong foundation for further growth in the coming period. In CV the export will continue to be a high focus for us and we have a good pipeline of defense orders both received which I covered in the last quarter and others as expected.

Passenger vehicle business in India, new products and mid-cycle enhancements will drive growth in this fiscal, full year of Tata Zest and Tata Bolt and the new Nano. As we have shared with you before, we have our product plan till 2020 defined and we are pursuing that with vigor with two new vehicle launches planned every year, including this year. The new model launches this year and the new generation cars which will come from next year will drive further growth in the passenger vehicle business and support market share growth.

Jaguar Land Rover building on the successful launches that I talked about earlier, Discovery Sport, XE, etc, that will be a focus area for this year, launching the 2016 model year Jaguar, Evoque Convertible and the Jaguar F Pace are actions in the coming months. These new products are expected to deliver a solid second half performance as we saw in the first month that is October which outlined earlier and drive profitable volume growth in 2015-16 for the year as a whole.

Although we cautioned earlier, EBITDA margins for fiscal 2015-16 are expected to be lower than the very high levels we achieved in 2014-15, reflecting model mix and launch cost associated with the new products as the reporting effects of China JV and mixed economic conditions notably in China. We continue to pursue our growth strategy, investing more in the new products, power trains and technologies and manufacturing capacity in the UK and elsewhere. Our goal, we continue to generate strong operating cash flow to support our continued investment which is expected to be £3.5 billion or a little more in this fiscal year.

With this I will stop and let me throw it open for questions. Back to you, Jamshed.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Sir I wanted to check firstly on the domestic business, there has been some market share loss that we have seen in MCVs and HCVs, so could you just give some color on why that has happened and what are the actions we are taking to recover that?

C Ramakrishnan: Yes, there has been a drop in the market share in the MCV and HCV, it is a market where in a quarter one large order or, I think we have talked about it before also, the discounts and the variable marketing expenses continue to remain very high, there are a few where we have walked away from some of the deals, this is a movement that you will see from quarter-to-quarter but with the launch of the newer vehicles and vehicles meeting the newer emission norms I think our product line up is much stronger and we expect we will be able to recover it in the coming months which has started happening in October but they will continue to keep up the momentum.

Kapil Singh: Where are we in the discounting cycle if you compare it to period of 2010, 2011 as a percentage of ASP where would we be right now and where were we at that time?

C Ramakrishnan: Not specifically to the company, in general I would say the discount levels would have almost doubled from where it would have been about three, four years ago in the industry in general. We have seen deals which we may not have participated in where I have seen on a Rs1.5 million, Rs.1.6 million deal discount levels being at Rs.300,000 or even Rs.400,000, that maybe a little bit exceptional but generally I would say over a three, four year period discount levels or variable marketing expenses in total it can come in different forms whether discount or interest subvention or free AMC and so on and so forth, if we take the total package of variable marketing expenses broadly I would say in three, four years period it would have doubled for the industry.

Kapil Singh: And it has not really come down in the last one year or so despite this strong growth for the industry?

C Ramakrishnan: No, that movement we have not seen, I would say at best it is very marginal.

Kapil Singh: And sir for JLR, do you feel we have seen the worst of the mix as far as the product mix is concerned and our geographic mix is concerned this quarter?

C Ramakrishnan: It is difficult to be so predictive that's why within the quarter also I think compared to July and August I think September was solid performance which I briefly touched upon in my presentation. October, the momentum seems to continue quite strong in almost all our markets, US and UK have grown very substantially, Europe as well. We do have some challenges in Russia and Brazil, October we also saw a growth compared to last year in China. I think the product line up as we have stressed in the past, I think the product line up continues to be strong so far what we have done and what is to follow, so we do believe we will be in a position to deliver a solid second half performance.

- Kapil Singh:** And sir in terms of commodity cost for JLR, have we already seen that benefit in these numbers or that should come in next half?
- C Ramakrishnan:** I think it will play out over a period of time, the commodity cost in general for everyone whether India business or otherwise I think have been benign and the commodity cost benefits also since we also have a hedging program in place it will start playing out overtime.
- Moderator:** Thank you. Our next question is from the line of Binay Singh from Morgan Stanley. Please go ahead.
- Binay Singh:** My first question, actually both the questions are on Jaguar Land Rover margin only. So if you look at it, I know in the past we have talked about JLR margin being in the range of the last five year margin to being in the range of 14% to 16% but in this quarter adjusting for the euro loss we are at around 13.8% or so. So when you say that in the second half you will have a solid volume performance, are you also sort of hinting for a solid margin performance, or in a way are you sticking with the 14%, 16% margin range that we earlier used to talk about?
- C Ramakrishnan:** I was hoping I was being careful at not hinting at anything as far as the margins are concerned, yes the margins have been subdued in this quarter due to a variety of factors that I talked about, the manufacturing startup and ramping cost as well as the launch cost and certain sales mix also being somewhat unfavorable particularly from a regional mix point of view, we have already given you the color of the performance towards the end of the quarter in September as well as in October that we have seen. So I would expect overall including on the margins and on the volume I think the second half should be much better, beyond this I do not want to commit a percentage or a range which normally we do not do.
- Binay Singh:** And sir secondly if I look at quarter one, your margin was around 15.4% adjusting for the other income, in the quarter two your margin adjusting for the euro loss 13.8% and the three reasons that you have given in your presentation for the margin deterioration, one of them is higher manufacturing and launch cost. This cost would have also been there in Q1, is that a fair judgment that the cost would have been there in Q1 and Q2, so is that a substantial reason for the margin going down, if you could quantify that amount.
- C Ramakrishnan:** So to some extent, yes. But I think in Q2 the effect has been more on account of the sales mix and the region mix, but the other factor that you mentioned also had other impact though to a much lesser extent.
- Binay Singh:** So sir could you quantify that between Q1 15.4 going to 13.8, like out of these two factors manufacturing cost and mix, if you could quantify that how, like then it seems it is basically the regional mix only which has deteriorated.
- C Ramakrishnan:** I do not have the breakup or split immediately with me, but we can put in on to the website later on.

- Kenneth Gregor:** Just one additional point that I would make is in quarter one we did have the benefit of, we talked about this in quarter one, we had the benefit of one-off market incentive related to in China and that was there in quarter one, it does not reoccur in quarter two because we book it on a cash basis so we get the full year's benefit of it happens all in one quarter, in this year it happened in quarter one, which does not reoccur in quarter two, that was actually worth £60 million in quarter one which is well over our pointed EBITDA margin.
- Binay Singh:** Yes, the numbers I am looking at is actually adjusted for that, so the margin adjusted for that was around 15.2 and from there it has gone to 13.8 on a very similar volume. And if manufacturing and launch costs are the same between the quarters then it means that the bulk of the deterioration has happened because of mix.
- Kenneth Gregor:** I think probably I will fall back on CRs answer to that, I think it is probably too detailed to get into at this point on the call.
- C Ramakrishnan:** But we will try and see how best we can split it up and put it on the website later.
- Binay Singh:** Right. And just one last question if I could squeeze, we do notice that you have grown in retail sales in China on a YoY basis, could you also talk about the retail sales growth for models like Range Rover, Range Rover Sport, have you seen a rebound in those models also in China?
- C Ramakrishnan:** In October?
- Binay Singh:** Yes.
- C Ramakrishnan:** Ken, would you be able to throw some color at this point of time, I do not have the numbers readily on hand with me.
- Kenneth Gregor:** Yes, so if went to October year-on-year, I do not know if I have got those numbers at my fingertips, I am just going to go through my pages and find them, but Range Rover, Range Rover Sports and Discovery were all up year-on-year in October.
- Moderator:** Thank you. Our next question is from the line of Yogesh Agarwal from HSBC. Please go ahead.
- Yogesh Agarwal:** Sir just two questions, firstly going back on margins, just to confirm, the 80 million impact from euro payables, sequentially that is the entire impact right, so last quarter there was nothing so it is a sequential 80 million impact as well?
- Kenneth Gregor:** No, it is not. There was a little bit of a confusion, just to be clear on that. There was a gain in the second quarter a year ago of about 40 and in this quarter this year there is a loss of about 40, so the year-on-year effect is 80, but it is slightly confusion because it is a non-recurrence of a gain plus the occurrence of a loss on the euro payables.
- C Ramakrishnan:** I think a total swing of £80 million.

- Yogesh Agarwal:** So then we should not look at margins at 13, it is probably close to 13 because then the absolute impact in this quarter is only 40, right?
- Kenneth Gregor:** I think that would be a better way to express, yes.
- C Ramakrishnan:** Yes.
- Yogesh Agarwal:** And then sir just secondly in other expenses, are there any one time dealer commissions or incentives which has resulted in higher other expenses?
- C Ramakrishnan:** In Jaguar Land Rover?
- Yogesh Agarwal:** Yes sir.
- Kenneth Gregor:** We did experience modestly higher level of variable marketing in quarter two compared to quarter one particular in China, that is probably worth about 0.5 point of EBITDA for example.
- C Ramakrishnan:** But that is a trend I think we have been talking about for the last few quarters, since last year I have been guiding that variable marketing expenses are likely to see some pressure going forward. We went through a period of two, three years where in general in the segment the variable marketing expenses have been fairly low.
- Yogesh Agarwal:** But is it the bottom sir, considering China has now kind of stabilized so you think it can improve or is it where it could be going forward?
- C Ramakrishnan:** Will be very difficult to predict, general answer would be I think whatever scale and operating efficiency and platform and product strength that we are bringing into the business and achieve much better operating performance, I think some of that will have to be reinvested in the variable marketing expenses directionally.
- Yogesh Agarwal:** And then this quickly lastly, any comments on discount trends on Range Rovers particularly in China or in US?
- C Ramakrishnan:** I do not know whether model wise, market wise we will be able to discuss discounts and pricing in this call, maybe we should keep it for a different time.
- Kenneth Gregor:** Yes, I think I already said it, I mean in terms of China we have seen a somewhat modestly higher level of variable marketing spending this quarter compared to the last and if we look year-over-year the same trend is there, as CR said that is a trend we have been expecting to see over time as the China market normalizes and we are seeing and broadly that higher variable marketing expense generally is what you see in the market places as the discounting. Outside of China, it has been broadly stable, it ebb and flow with new model introductions and model run out but I think that is about the summary of it. So I think I had already answered it.
- Moderator:** Thank you. Our next question is from the line of Robin Zhu from Bernstein. Please go ahead.

- Robin Zhu:** My first question is again on this variable marketing in China, Ken you said that was a 0.5% impact on EBITDA margin, that's QOQ, I mean do we have a number that is year-on-year how much impact that was versus last year, I am assuming it is pretty material.
- Kenneth Gregor:** I do not have that at my fingertips for the model for the year-on-year breakdown by market, so that is something I will have to follow up on.
- Robin Zhu:** But just in terms of the overall company on a global basis, how much do you think this increase in variable marketing has impacted margins on the JLR as whole?
- Kenneth Gregor:** It is certainly up, but I am trying to avoid giving a number just off top of my head rather than finding out the facts and following-up afterwards otherwise I may mislead you.
- Robin Zhu:** And the second question again on this euro payable, I mean negative £40 million this quarter, positive last year, how should we think about this I am assuming it relates to your payables to Europe. But just looking at the exchange rates, the pound-euro rate went up in Q2 versus Q1 it seems, how do we think about this going forward in terms of what kind of impact you will have in future period?
- Kenneth Gregor:** It is a good question, this one is a bit easier to explain in a way. Yes, it relates to our material cost purchases which are denominated in Euros and roughly half of all of our material purchases that we buy are denominated in Euros and we pay our suppliers on between 45 and 60 day terms, so as a result there is a payable balance which in Euros is in the region of €1.5 billion at any one point in time, now ebb and flows obviously as the production levels have them flow. And in this quarter the Euro rate went from 1.41 at the end of June to 1.35 at the end of September which is about 4% move on the Euros and 4% of around about £1 billion if I now jump back into Pounds is around about £40 million movement that we saw as the negative effect of the revaluation in the quarter. And in the same quarter year ago we broadly had almost exactly the opposite effect as the Euro was beginning to weaken, it went from, I cannot remember the precise numbers, 1.26 to 1.30 something, and that produced a £40 million positive effect. So it is fair to say and this does happen upstairs in EBITDA, so it does and it not so obvious maybe is that as the foreign currency debt rebound we call it out because it is material and just help out I guess in terms of the understanding. But I think you can look to it to ebb and flow month by month unfortunately because of the nature of the size of the balance and the movement in the Euro rate, in October for example it would have gone back the other way by practically the same amount because the rate has gone back up to 140 by the end of October.
- Moderator:** Thank you. Our next question is from the line of Jinesh Gandhi from Motilal Oswal. Please go ahead.
- Jinesh Gandhi:** Sir my question pertains to the FX impact in 1Q, how it would be vis-à-vis 40 million loss in this quarter?
- Kenneth Gregor:** In Q1?

- Jinesh Gandhi:** Right.
- Kenneth Gregor:** In Q1 it was actually, that 40 was 11 million gain.
- Ben Birgbauer:** Ken is right, think about it as a timing thing the reality is that 40 would have pretty much unwound at Base Exchange rate.
- Jinesh Gandhi:** So 11 million gain as against 40 million loss in this quarter, okay. And secondly one of the reasons you have given is higher manufacturing and launch cost, so launch cost you are referring to as XE and the new XF, the higher manufacturing cost pertains to the same models or that is something else?
- Ben Birgbauer:** Yes, we have got also as well as XE that we are launching progressively across markets around the world, we have also got as you said an all new XF we are launching a 2016 model year XJ and we have also got new engine launches in various products, 2016 model year Evoque that we are launching and some of the engine work for example is the installation of our AJ200 diesel engine in various of our models progressively. So to be honest, there is actually a whole range of our models that are having either we have launched some new models or we perform model year upgrades and so the manufacturing cost and the launch cost is higher this quarter as a result.
- Jinesh Gandhi:** And this will normalize over next few quarters as volumes ramp up and production stabilizes?
- Ben Birgbauer:** Yes, but also look out for the fact that we have got an ambitious pipeline of other new models, we are launching the XE, it continues to roll out market by market including into the US in the beginning of next year, we have got the Jaguar F Pace that we announced at the Frankfurt Auto Show, then we have got a derivative of the Evoque that we are launching. So the pipeline and all of those things just described in the second six months of the year, so the pipeline of new model launch continues through this year, clearly overtime as we get all these new models out, we build the volume and the cost per unit if you like starts to normalize, that is clearly what we are intent on driving but I think until then you could expect to see continuation of launch costs quarter by quarter.
- Jinesh Gandhi:** And my last question pertains to China, can you update us on how the locally produced Evoque is doing and when we will be starting production of locally made XF? And in that context, how would you be pricing XE which would be imported model vis-à-vis XF?
- Kenneth Gregor:** I mean locally produced Evoque we are building momentum I think but it is steady as products, in terms of the sales level that we are achieving when you compare it against the sales levels that we were achieving of the import car a year ago and I think that does reflect some of the issues in the Chinese market more generally. So for example in October we sold just under 2,000 locally produced Evoques but broadly at the level we may expect to see going forward. We launched the Discovery Sport in this month in China and we have worked hard to prepare the ground, it is competitively priced up against it's facing competition including from example the Audi Q5, it is a great package for China in terms of the space within the car, the rear and also the potential

for 5+2 seating, so seven seats in total. But you know clearly we are at early phases of that, up until this point we have been selling the cars imported models at a higher price and we have achieved the targets we set for ourselves but as a locally produced car, lower price clearly we want to build the volume but it is too early to comment on what our expectations might be in that respect.

Jinesh Gandhi: But in terms of pricing discount how it is vis-à-vis imported model for Discovery Sport?

Kenneth Gregor: It is around about 20% less than the imported product, it varies derivative by derivative but that is a very typical discount relative to the import product that consumers expect to see to be honest based on the fact that that sort of manufacturers in the past have done and of course that is supported by the lower material cost and manufacturing cost that is achievable in China vis-à-vis and the lower import that is achievable by making it in-country vis-à-vis imports of the car.

Jinesh Gandhi: And can you comment on XE versus XF pricing in China, considering XE would be imported and XF would be locally made?

Kenneth Gregor: You get into a level of detail that I probably have not got on my fingertips, your question was XE relative to XF?

Jinesh Gandhi: Right.

Vijay Somaiya: I think in this call we should have as many opportunities for everyone to ask the question, we are already running a little bit tight on time, I think we just have five minutes left. So have some of these detailed questions maybe we could reserve it as we continue to have one-on-one individual discussions, maybe some of these we can pick it up in due course.

C Ramakrishnan: And when we do that we will of course communicate to others as well.

Moderator: Thank you. We will take our last question from the line of Hitesh Goel from Kotak. Please go ahead.

Hitesh Goel: Sir basically in this quarter can you give us a figure of the hedge book loss above EBITDA because there is some loss which is pertaining to this quarter, can you give that out also?

Kenneth Gregor: Sorry?

Hitesh Goel: Sir basically you have a hedge book right, outstanding hedge book so there is a loss or gain on that right, but pertaining to this quarter what is the loss or gain?

Ben Birgbauer: So realized currency hedges was about £10 million loss in the quarter.

Hitesh Goel: And it was around 60 million in last quarter, am I right there?

Ben Birgbauer: Would have been a bit higher than that last quarter.

Moderator: Thank you. Ladies and Gentlemen, that was our last question. I would now like to hand the floor over to the management for closing comments.

C Ramakrishnan: Thank you very much for joining everybody and I thank also to Ken and Ben for joining the call. I am sure many of you would have more questions and we will continue to engage from the IR team side with all of you and what we discuss and exchange and whatever new points emerge we will share it uniformly with everybody through communication. Thank you very much once again, thank you.

Moderator: Thank you very much members of the management and Mr. Dadabhoy. On behalf of Citigroup Global Markets India Private Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.