

Transcript

Conference Call of Maruti Suzuki India Limited

Event Date / Time : **27th January 2015, 02:30 PM IST**

Presentation Session

Moderator: Good afternoon ladies and gentlemen. I am Moumita, moderator for this conference call. Welcome to the 3Q FY15 earnings conference call of Maruti Suzuki India Limited hosted by Deutsche Equities. At this moment, all the participant lines are in the listen only mode. Later we will conduct a question and answer session. At that time if you have a question, please press * and 1 on your telephone keypad. Please note that this conference is recorded. I would now like to handover the floor to Mr. Aryn Pirani. Over to you, sir.

Aryn Pirani: Good afternoon everyone. On behalf of Deutsche Equities, I welcome you all to the post results conference call of Maruti Suzuki India Limited. I also take this opportunity to welcome the management team from Maruti Suzuki today. Without wasting much time, I would now like to invite Mr. Nikhil Vyas, who will take it from here. Over to you, Nikhil.

Nikhil Vyas: Thank you Aryn; ladies and gentlemen, good afternoon once again. May I introduce you to the management team from Maruti Suzuki? Today we have with us our CFO, Mr. Ajay Seth, Vice President – Finance Mr. Pradeep Garg and other team members from the finance. The concall will begin with a brief segment on the performance and outlook of our business by Mr. Seth, after which we will be happy to receive your questions. May I remind you of the Safe Harbor? We may be making some forward looking statements and they have to be understood in conjunction with the uncertainty and the risk that the company faces. And I also like to inform you that the call is being recorded and the transcript will be available at our website. I would now like to invite our CFO Mr. Seth. Over to you sir.

Ajay Seth: Thank you Nikhil. Good afternoon ladies and gentlemen. Quarter three saw minor recovery in passenger vehicle sales in the Indian market. High sales promotion, excise duty benefit, declining fuel prices and new model launches supported the passenger vehicle sales. Downward trend of global crude prices led to cut in domestic fuel prices. This provided some relief to the customers on the cost of ownership of the vehicle. Over the last one year, petrol prices have come down from Rs.72.3 to Rs.60.6. Although diesel fuel prices have also corrected, the gap between petrol and diesel price continued to shrink, creating demand once again for petrol powered variants. This led to diesel share of the industry declining from 54% in the previous year to 46% during the quarter.

The company was able to outperform the industry with focused sales strategies and new product introductions. The sales team focused on strategies like getting volumes in each and every model, leveraging exchange sales in the top tier cities, selling CNG vehicles and capturing rural sales. During the quarter, the company's much awaited luxury sedan Ciaz was launched after commencement of its booking in the month of

September. With European styling, rich interior and host of up market features, the Ciaz has received positive market response. This was followed by the introduction of the new Swift, with 10% improvement in fuel efficiency. The company also launched the next generation Alto K10, sporting the popular auto gear shift technology and 15% improvement in the fuel efficiency for the outgoing version. Both these variants created excitement in their respective segments. The company has had a better than expected market response to the auto gear shift technology. In both Celerio and Alto K10 and it is working to ease its capacity constraints, so that customer waiting time is reduced.

With this the company's domestic sales grew by 10.1% and market share for quarter three stood at 45.9%. However, industry growth is still not broad based. During the same period, competition sales declined by 3.1% and total industry posted a growth of 2.6%. The situation indicates that a sustainable pick up in the demand will take some more time. Till such time we will have to continue to support sales with incentives and on the ground efforts in sales and customer satisfaction. In one such situation, an initiative taken by the company was an announcement of a massive campaign for its customers whose vehicles were damaged by the recent flood in Jammu and Kashmir. The company mobilized nearly 200 service technicians from its network across the country to support 300 local technicians in Jammu and Kashmir to speed up repairs and restoration of the damaged vehicles. In a record time, these technicians repaired around 5500 vehicles in the State, bringing relief and joy to our customers. Such gestures are valued by our customers and they reward the company in the form of higher sales. In exports we shipped 28709 units at a growth of 43.8% during the quarter. Focus on non-European markets and new model launches in the existing markets, coupled with a low base in the previous year helped achieve this growth.

Now, coming on to financials during the quarter, higher volumes, material cost reduction, initiatives, material cost reduction initiatives and favorable foreign exchange helped the company to improve its operational performance. For the quarter the company registered net sales of Rs.122,631 million, a growth of 15.5% over the same period, last year. Net profit stood at Rs.8022 million during the quarter, a growth of 17.8% with respect to the last year, quarter three.

For the rest of the year there are some significant challenges. The recent increase in excise duty could impact the passenger vehicle sales, mostly in the entry level segment. And customers might take some time to make fresh purchases. Along with this, high base of previous year will make the situation more challenging. We continue to maintain and try and maintain the earlier estimate of 10% growth for the financial year. We can now take your questions, observations or feedback that you may have. Thank you.

Question and Answer Session

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

Our first question comes from Mr. Raghu Nandhan from Quant Capital. Please go ahead.

Raghu Nandhan: Thank you sir. Thank you very much for the opportunity and congratulations on a good set of numbers. Sir, my first question, when are the emission norms in India applicable sir, from Bharat Stage-III to Bharat Stage-IV on a final year basis? Also, what could be the price change of the product?

Management: Just to give you this information that all the products which Maruti manufactures are BS-IV compliant as of now. So, there will not be any kind of impact as far as this emission norm is concerned.

Raghu Nandhan: Sure sir. And sir, on the Q3 sales volumes, any trend specific to rural and urban areas, any slowdown on the rural side?

Management: Rural continues to maintain healthy growth rate. On the urban side, we have witnessed double digit growth during the first nine months of the year.

Raghu Nandhan: And on the rural side sir?

Management: It maintains a healthy double digit growth rate.

Raghu Nandhan: Sure sir. Thank you. Just lastly, the size of exceptional item in your other expenses and also the other income is also on the lower side, whether any shift towards long term FMPs have caused this?

Ajay Seth: I think the other income; I will answer the second question first. The other income is largely the timing issue, where the redemption of these investments happens. Sometimes it happens in a particular quarter. This time I think a bulk of it would happen in quarter four, some happened in quarter two, therefore quarter three is lighter. On the first question you have asked one exceptional item, there was one exceptional item on account of excise duty provision that we had to make and it is a one-time provision on some sales tax subsidy that we were getting earlier. So, there was a provision of 70 odd crores that we were required to make. Second reason is that a large amount of advertisement expenses also got loaded into the third quarter, because bulk of the launches were so positioned and they happened in the third quarter. And therefore advertisement expenses were higher, almost by about 80 odd crores, compared to a normal quarter. I think these are two extraordinary items you will find. But, if you look at it on a whole year basis, things like advertisement will get normalized and this one item of excise duty provision that we have made will not occur again.

Raghu Nandhan: Sure sir. Thank you very much sir. I will come back in the queue.

Moderator: Thank you sir. Sir, the next question comes from Mr. Pramod Amthe from CIMB. Please go ahead.

Pramod Amthe: Hi. We have seen a very strong growth in the case of your Omni and Eeco products versus the entry level cars. What specific actions you have taken there and used a sustainable trend?

Management: One of the factors which was driving the sales of this segment vehicle is the revival in the petrol segment.

Pramod Amthe: But, we have seen almost a double digit growth.

Ajay Seth: So Pramod, also the fact that our market share in petrol has gone up and petrol sales industry wide have grown significantly and diesel is coming down. And Omni and Eeco are largely petrol driven vehicles. So while when petrol sales go up you will find growth all across the petrol models.

Pramod Amthe: Sure. Thanks a lot and all the best.

Moderator: Thank you sir. The next question comes from Mr. Basudev Banerji from Antique Broking. Please go ahead.

Basudev Banerji: On similar lines, what was the overall quantum of diesel units this quarter?

Ajay Seth: Diesel sales this quarter was 83571 units.

Basudev Banerji: And what was the overall blended discount this quarter?

Ajay Seth: We were at the same level as last quarter.

Basudev Banerji: And quantum of export revenue?

Ajay Seth: Export revenue in this quarter were at 1224 crores.

Basudev Banerji: Okay sir. Thanks.

Moderator: Thank you sir. We have the next question from Mr. Kapil Singh from Nomura Securities. Please go ahead.

Kapil Singh: Hi sir, congrats on a very good set of results. Just a couple of questions from my side; firstly, I wanted to check that what kind of operating leverage benefit of margin levers can we expect going forward from the current level, especially given the fact that if I assume that 80 crores this quarter was thought of as an exceptional item, then already our margins are close to 14% levels?

Ajay Seth: So, I think now you are getting to see these benefits already in the results as we will also. So for example, if you take away the exceptional items, the resultant margin that you get, clearly shows that we were getting some benefits of economy of scale. And if the demand goes up further, then obviously you will see some more benefits coming in. But, at the same time we also have to keep in mind things like wage inflation and in the areas where more product launches that may happen in the near future. To some extent we also have to keep that in mind in terms of increased focus on sales promotion and related activities.

Kapil Singh: Okay. Thanks. And sir is there any kind of impact on footfalls that we have seen post the excise duty increase?

Ajay Seth: So far there is no impact on footfalls per se. As per our marketing colleagues, we still see enquiry level etc. going up. The only problem is of

conversion rates and that is where we will have to see for little more time, whether conversion rates improve or they remain where they are. So, the question really is of converting these footfalls into real sales.

Kapil Singh: Okay sir. And sir finally what were the hedging rates that we had for this quarter and how should we look at them going forward, given the hedges that you have?

Ajay Seth: We have a very consistent policy of hedging now. For dollar-rupee we have a natural hedge, so we don't hedge anything. As far as dollar-yen is concerned, we have a policy of hedging one-third for every month. So, this is how we go about it.

Kapil Singh: And sir, this includes the indirect imports and the royalty as well?

Ajay Seth: It includes the royalty, but it does not include the indirect imports. Indirect import is based on the actual average of the three months.

Kapil Singh: Okay. And sir, finally the depreciation also we have seen a slight jump QoQ, so anything happening there?

Ajay Seth: So, there have been additions, we have capitalized the test track, the R&D facility. And the second reason is the small diesel engine facility was capitalized. So, these are the broad reasons for depreciation going up.

Kapil Singh: Okay sir. Thank you. Thanks a lot.

Moderator: Thank you sir. The next question comes from Mr. Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Sir, what is the royalty as a percentage of sales now?

Ajay Seth: 5.7%.

Binay Singh: And how is this likely to go going ahead, given that you are launching more models, but at the same point of time also, doing some bit of R&D now?

Ajay Seth: So, what we have said is and I think in the past also that royalty for the current model will continue on yen. So, if the yen was to depreciate and the way it has been depreciating, the rates are likely to come down. And on the new models, as and when we do some joint development, they will be mutually discussed and decided in terms of what technology we will bring in and what technology Suzuki brings in and then the rate will be agreed.

Binay Singh: Great sir. Thanks a lot. Thank you so much for your time.

Moderator: Sir, the next question comes from Mr. Sahil Kedia from Barclays. Please go ahead.

Sahil Kedia: Thanks for the opportunity. A question sir on the discounts. We have seen now three quarters of discounts actually being pretty high. How should we think about discounts going forward considering that there has been an excise duty change as well that happened, which obviously has caused a surprise increase...and what is the sense that we are getting on the ground as far as the demand is concerned and your view on discounts please?

Ajay Seth: As we said that it will take some more time for a pick up really happening. We don't still see traction in the market. So, we believe that you will have to live with higher discounts for some more time till we see a bounce back. And we believe that not before the second half of the next financial year, we could see a retrieval of discounts going down etc. We will have to keep supporting the sales activity with promotional activity and discounts till such times that demand really takes off.

Sahil Kedia: And sir has there been any shift as far as the discounts are concerned on the diesel side, considering the way the pricing has moved? Is it fair to say that discounts there have gone up, which has resulted in your overall discounts going up?

Ajay Seth: Discounts have been at the same level, as I mentioned as last quarter. But yes, there could be some alignment and adjustment between petrol and diesel models. You are right, a diesel model discount has marginally gone up compared to where they were in the last quarter or earlier.

Sahil Kedia: Okay. And just to close that question out, we have passed on the 4% excise duty completely across all models to the end customers, right?

Ajay Seth: That's right. That's right.

Sahil Kedia: Alright sir. Thank you so much sir. I will come back in the queue.

Moderator: Thank you sir. Sir, we have the next question from Mr. Amyn Pirani from Deutsche Bank. Go ahead sir.

Amyn Pirani: Hi sir. Thanks for the opportunity. Sir, I just wanted to ask you about what will be your capacity right now for the automated transmission? And is there any other model where you are looking to launch this variant in the coming future?

Management: I think AMT has really received a very good response from the market and the demand for this model is quite good, beyond our expectations. So, we have been ramping the capacity since we have launched the AMT variant. And currently around 4000 a month, we are selling the AMT variant. And going in future we have plans to ramp up the capacity further.

Amyn Pirani: Okay sir. Any timeline as to when this could go up to 6000 or 8000? Is that possible right now?

Management: We will let you know at a suitable point of time.

Amyn Pirani: Okay sir. Thank you sir. Thanks for taking my questions.

Moderator: Thank you sir. We have the next question from Mr. Ashish Nigam from Axis Capital. Please go ahead.

Ashish Nigam: Hi team, congrats on the quarter, just some housekeeping questions. You have spoken a couple of quarters back that first time buyers have increased in the mix to almost 42%. So, could you share what that number is now?

Management: It is on the similar lines Ashish, around last time, from the previous year it was around 37% and the share is 44% this year.

Ashish Nigam: It is around 44%?

Management: Yeah.

Ashish Nigam: Okay. That was all from my side.

Moderator: Thank you sir. The next question comes from Mr. Sonal Gupta from Union Bank. Please go ahead.

Sonal Gupta: Hi. Good afternoon sir. Thanks for taking my question, just two-three questions. One is, how much is the JPY depreciation benefit have we seen in this quarter? Have we seen just the indirect cost benefit or even that is sort of lagging because of the hedging or have we seen indirect benefit also flowing through in this quarter?

Ajay Seth: If you were to look at this benefit from quarter two to quarter three, it is not much. The benefit would be something like 50 basis points. But, if you were to look at benefit from last year to now, it is quite significant. I think there is an improvement of about 120-130 basis points compared to last year.

Sonal Gupta: So, on a QoQ, so we haven't tell date seen, then I would think that the indirect benefits are yet to flow through, right?

Ajay Seth: Yeah, that is because of the quarter lag, so you are actually seeing the rates of the second quarter now. And now you will see the rates of the third quarter in the fourth quarter.

Sonal Gupta: So, the benefit then on the raw material cost side is coming because of the product mix or what is that?

Ajay Seth: Variety of reasons, partially product mix, partially commodity prices have been softened a little bit. It is a combination of both.

Sonal Gupta: Okay fine. Thanks a lot sir. I will join back in the queue.

Moderator: Thank you sir. The next question comes from Mr. Rashi Talwar from Ashmore. Please go ahead.

Rashi Talwar: Good afternoon sir. How are you?

Ajay Seth: Fine, thank you.

Rashi Talwar: Great set of numbers. My questions have been answered. Thank you.

Moderator: Thank you. We have the next question from Mr. Ambrish Mishra from JM Finance. Please go ahead.

Ambrish Mishra: Congratulations on a good set of numbers sir. Sir, my question is regarding this 80 crores one time advertisement cost which you mentioned. Is this particularly for Ciaz?

Ajay Seth: I said this 80 crores is exceptional for a quarter. It is not like one time. But, 80 crores should be normalized over the year is what I said. So it is for three models, Ciaz, Alto K10 and the Swift. So, there are three model launches which came in the third quarter, which is very unusual, normally it is spread. So therefore you may see sudden increase in the advertisement cost for the quarter and certainly a decline in the next quarter. Therefore I said that to read the numbers you have to normalize it to an annual number, rather than just seeing it in a particular quarter.

Ambrish Mishra: Okay. And sir, can you just put some thought behind this 70 crores exceptional charge. What exactly is that for, excise duty exceptional fund?

Ajay Seth: There was a recent Supreme Court judgment on any sales tax subsidy that you get. On that as per the Supreme Court judgment, you are required to include that as in the excise valuation and pay excise duty on that. Now, this was the judgment and unfortunately was contrary to the earlier Board circular that Central Board of Excise and Customs had issued. But since this was a Supreme Court judgment, therefore we are required to make a provision for that amount of excise duty that is so payable now, all the incentive that that we would have earned and retained with us. So, this is the amount of incentive that we had earlier earned. Now this scheme is already over. Now, it is not in existence. But, since this is a matter which pertains from 2000 to 2014-2015, therefore all these years you are required to make a provision in the books.

Ambrish Mishra: Okay. And sir the last question on economies of scale. We are already at 85% utilization if I am not wrong, given the rated capacity that we have. In case and our next capacity is only going to be come along once Gujarat is up and running, maybe in 2017 or so. Can you just give a sense, may not be exact, but a rough sense on what kind of capacity we can work on against the rated capacity of 1.55 million, if I am not wrong, that we have today?

Ajay Seth: I don't think we have more scope of going beyond 1.5 million, between Gurgaon and Manesar now. So, our future capacity expansion that will happen is in Gujarat, which we have said will be sometime in middle of 2017. So, our maximum slated capacity would be 1.5 million.

Ambrish Mishra: Because sir, I think what usually we all are building in is at least, given the kind of macro momentum that we are seeing, 14% to 15% volume CAGR. But, if I look at the capacity then, does it mean that at 1.5, we can't go beyond 1.5 or 1.55 million or even in the best case scenario?

Ajay Seth: So what we will then do is to kind of work in our production team to see what support they can extend to us and what correction is required to be done to get whatever output is required. So, it is difficult to tell you what numbers at this point in time. But, as in the past we have been able to deliver. We will work towards it to see that whatever is the market demand, we can deliver.

Ambrish Mishra: Okay, great. Thanks a lot sir and all the best.

Moderator: Thank you sir. Sir, we have the next question from Mr. Kaushal Maroo from Emkay Global. Please go ahead.

Mr. Maroo, please go ahead with your question.

Kaushal Maroo: Hello. What is your outlook on exports and any clarity on timeline of launches in FY16?

Management: The exports this year we are likely to do close to 120,000. And the same number we can see for the next year also. Regarding your query on the new models, we are introducing new model into export market also. So far Ciaz we have introduced in the couple of markets last month, one of them was Egypt.

Kaushal Maroo: Okay, thank you sir.

Moderator: Thank you sir. The next question comes from Mr. S Natraj from Quantum Advisors. Please go ahead.

S Natraj: Thanks for the opportunity. My question was on the raw material side. I think you have alluded to in the earlier questions as well. Just want to get a sense on a slightly longer picture. How are those raw material negotiations going on with your vendors? Are they willing to negotiate for a slightly longer term or how are you changing your negotiating plans? Could you just throw some light on that please? Thanks.

Ajay Seth: Normally what we do is we have either three months or six months contract for steel. And on the other commodities we take view on forward hedges, so depending on where the rates are at a given point of time. So, we are now preparing our next year budget and therefore now we are taking a view on negotiating on steel contracts for the next fiscal, we would try to keep it either three months or six months, longer we believe is better, because commodities are soft at the moment. Similarly we will also take a view based on the commodity picture on all other commodities, whether to hedge the commodities now or to wait, especially softening of commodities, how long will it continue given the global factors? So, that is where we are on commodities. We believe that commodities may not go up in a hurry. And therefore it does not make sense to either go very long or go too short. So, we will take a collaborated view on the basis on the imports and the global factors on commodities.

S Natraj: Okay. Thank you very much.

Moderator: Thank you sir. The next question comes from Mr. Siddharth Bera from Edelweiss Capital. Please go ahead.

Siddharth Bera: Thanks sir. Thanks for the opportunity. Sir just got a query on the commodity part. Can you just highlight what will be the weight of aluminum in your total weight of the car?

Ajay Seth: We have to get back to you. We don't have those details immediately, but we will get back to you.

Siddharth Bera: Okay sir. Thanks a lot.

Moderator: Thank you sir. We have the next question from Mr. Jai Prakash from IndiaFirst. Please go ahead.

Jai Prakash: Good afternoon sir. What was the actual amount of discount for this quarter?

Ajay Seth: It is per vehicle Rs.21000. So, you multiply it with the number of cars and get a figure.

Jai Prakash: And what was the export revenue number this time?

Ajay Seth: This I just mentioned, 1224 crores.

Jai Prakash: Okay, thanks sir.

Moderator: Thank you sir. Our next question comes from Mr. Jamshed Dadabhoy from Citi Group. Please go ahead.

Jamshed Dadabhoy: Hi, good afternoon sir. Thanks for the opportunity. Two questions, first is what are your inventory levels like at the end of the quarter?

Ajay Seth: We had about two weeks inventory. So, the retails are very good and the inventory levels are actually down to all time low.

Jamshed Dadabhoy: Okay. And sir, replacement if I understand is still about 55%-56% of your sales and the first time buyers are 44%. Is it fair to say that most of this replacement is, replacement purchasing is basically happening in the Swift and Dzire?

Management: Jamshed, we categorize the buyers in three categories basically. First is the first time buyer. Second is the replacement. And third is the additional buying. So, if the 44% is contributed by the first time buyers, remaining are replacement and additional.

Jamshed Dadabhoy: Okay. I guess my question is, when you think about the Dzire especially, what percent of the Dzire sales are pure replacement sales, especially on the taxi side? And when you think about the Dzire as a brand or as a fleet vehicle, are you worried about what it might do for the brand image of the vehicle? Not now, but over three-four years down the line.

Ajay Seth: Jamshed, what we have done is that we have categorized, we have got two categories of Dzire vehicles. The old Dzire we call it as Dzire Tour,

which has been labeled as a taxi vehicle. So, therefore Dzire Tour is what you see on the road as a taxi car. But, the new Dzire that we have launched is a car that we sell to the mass customers.

Jamshed Dadabhoy: Okay, I was asking this question sir, because I just see a quite a few Dzire taxis on the road now and it doesn't sort of tie up with the Dzire Tour numbers, which are I think about 2000 units a month.

Ajay Seth: 5000 per quarter is what we sell as Dzire Tour, which is taxi segment.

Jamshed Dadabhoy: Okay, alright. Thank you sir.

Moderator: Thank you sir. Sir, the next question comes from Mr. Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Sir, this is a question on the depreciation. When will see it coming down from current levels? Is that happening in FY17 or FY18?

Ajay Seth: 2015-2016 onwards you will find some deletion of assets which have lived their life. But, I think the incremental amount of addition would be higher than the deletion. So therefore you may see some net increase. But yes, you will see some impact of the Manesar plant one getting fully depreciated in 2015-2016, in 2016-2017 and thereafter. So, there were two cases of investment done in Manesar in SPIL, one in 2007-2008 and one later. So, this 2007-2008 investment would not virtually come to an end by 2015-2016, I think in between 2015-2016. You will therefore see that rundown happening. But, it is not pure net depreciation. In fact it would depend on what the additions are in the respective years.

Binay Singh: Right sir. Second, just a slightly longer term question, like we have seen a very gradual market share gains happening by your company. So, now you also have a lot of margin gain happening from the currency side to commodity side. So, in the upside do you see Maruti will focus more, because are you like contained through this market share and you will sort of see more margin focused or you would rather take market share to 50%?

Ajay Seth: We need to have a balance between the two. So, for us the market share is always very important. And we also try and make sure that we earn a decent margin in the business and we are cut above the competition. But, the market share is very, very crucial. Market share is the key to long term success. So, therefore the market share would always be of prime importance to us.

Binay Singh: Okay. Great sir. Thank you so much. And congratulations again for a good set of numbers.

Moderator: Thank you sir. And the last question comes from Ms. Monika Joshi from Bajaj Allianz Life Insurance. Please go ahead.

Monika Joshi: Gentlemen, just a couple of questions. Could you please breakdown your export volumes across the key geographies? And what would you have

identified as geographies which carry a significant currency risk or a commodity driven economic risk?

Ajay Seth: The markets are Algeria, Chile, Angola, Peru, Indonesia and Sri Lanka. What was the second question, I missed that?

Monika Joshi: We are seeing a lot of these geographies, countries like Angola or Algeria, carrying some sort of an economic risk and it could be because of a specific commodity that their GDP or their economy is leveraged to. So, what is your sense on this? If we take this three or four top countries, would they account for 30%-40% of your volume?

Ajay Seth: If we take the top maybe five, they would account for about, yes, about 30 odd percent of our volumes.

Monika Joshi: Sir, how do we go through this? So, the question is that what are the risks that you particularly see on the export front?

Ajay Seth: Are you talking about the risk with the particular economy or with respect to the currency?

Monika Joshi: Yes,

Ajay Seth: Our major focus is to keep a close watch on the economy in terms of the regulation changes. That is most important. We do keep a track of that.

Monika Joshi: Okay. And the second question, your mid FY17 targets for your new plant in Gujarat is on track?

Ajay Seth: Activity with regard to that plant is already on. Like leveling work etc. is going on. The commissioning time will not be delayed.

Monika Joshi: And lastly does the CAPEX target of 4000 crores does stand for this year? And could you give some idea about how this should be in FY16 and FY17?

Ajay Seth: We are now formalizing our budget for the next year, so we will be able to get you this number little later and not now. But, this year we will end up with spending something like 3500 crores of CAPEX, which is 2014-2015. We are now working towards the CAPEX number for next year. So, the Board has yet to take a call on that and approve it. So, we will be able to give you more exact numbers in maybe a month's time from now.

Monika Joshi: Thank you so much.

Moderator: Thank you sir.

Ajay Seth: Alright. Thank you.

Moderator: Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good day.