Maruti Suzuki India Limited Q3 FY18 Earnings Conference Call

January 25, 2018

Moderator: Ladies and gentlemen, good day and welcome to Maruti Suzuki India Limited Q3 FY'18 Earnings Conference Call hosted by UBS Securities 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. In case you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sonal Gupta from UBS Securities. Thank you and over to you sir.

Sonal Gupta: Hi! Thanks, Aman. Good Afternoon, everyone. Welcome to the Maruti Suzuki Q3 FY'18 Results Conference Call. We are delighted to have with us today the senior management team from Maruti Suzuki led by the CFO – Mr. Ajay Seth. I now pass on the floor to Mr. Nikhil Vyas to take the proceedings forward. Over to you, Nikhil.

Nikhil Vyas: Thank you, Sonal. 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; Senior Executive Director, Marketing and Sales – Mr. R.S. Kalsi; Executive Director, Corporate Planning – Mr. A.K. Tomer; Senior Vice President, Finance – Mr. Pradeep Garg; Vice President, Corporate Planning – Mr. Rahul Bharti; Vice President, Finance, Mr. Sanjay Mathur.

The concall will begin with a "Brief Statement 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 that have to be understood in conjunction with uncertainty and the risk that the company faces. I also like to inform you that this 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. Welcome once again to Maruti Suzuki's Conference Call. I am happy to share with you that coming February the company would launch the all-new Swift, a car that has crossed 5.8 million sales globally and 1.7 million sales in the country since launch. The iconic Swift which continues to feature amongst the top-5 best-selling cars for over a decade now comes with a brand-new design. I am hopeful that the new generation Swift would further strengthen our strong product portfolio and would be able to meet the demand and aspiration of the ever-evolving customers.

Coming to the 3rd Quarter performance, while the passenger vehicle industry posted a growth of 6.1%, the company could once again outperform the industry and posted a growth of 11.7%, taking the nine months domestic share growth to 15%. The growth was largely driven by Compact and UV segment. The two segments following the trade for last few quarters continue to grow faster than the industry growth. The decline in diesel sales in passenger cars segment largely indicates the high preference now being accorded to diesel in primarily utility vehicle segment only. For the company as well, petrol segment grew by 13.8% against 6.8% growth in diesel segment during the third quarter of the current financial year. While there was a slight decline of 1% in the export sales, it is expected to be covered up in the subsequent quarters to meet the exports target. The net sales and profit in the third quarter of Rs.189,400 million and Rs.17,990 million registered a growth of 13.9% and 3% respectively for the same period last year. Increase in the share of company's higher segment models, cost reduction efforts, slightly lower sales promotion and marketing expense contributed to growth in profits. It was partially offset by the adverse commodity price movement and lower non-operating income during the quarter.

The board discussed and approved a revision in the matter of calculating royalty which would result in lower royalty payments for new model agreements starting the Ignis. This would be implemented after approval by the Board of Suzuki Motor Corporation.

We can now take your questions, feedback and any other observations that you may have. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the Question-and-Answer Session. We will take the first question from the line of Raghunandan from Emkay Global. Please go ahead.

Raghunandan: Can you please explain the revision in method of calculation for royalty?

Rahul Bharti: The revision is yet to be approved by the Suzuki board but we are looking forward to a reduction in the royalty for new models starting the Ignis. Whenever the details are available, we will share with you.

Raghunandan: Also, can you explain the fall in other income?

Ajay Seth: In this quarter, there was a sudden increase in GSec rates and government bond rates especially we saw the spurt in the month of December and therefore now as per the new accounting standards, you have to mark-to-market your entire portfolio. So therefore, there was a capital loss on account of mark-to-market which we have to take into account. Those are notional, and it will keep changing based on where the interest rates move going ahead, but we have to take a mark-to-market provision of Rs.313 crores in this quarter, that is the reason for non-operating income to be lower.

Raghunandan: Thankyou sir, just one last query, led by the lower kharif output, is there any near-term weakness expected in rural demand? Do you expect recovery closer to rabi harvest and if you can share rural, urban growth it will be helpful?

R.S. Kalsi: Rural growth so far has been quite robust, and we are at 19% growth YoY for rural markets. If we talk about our overall growth it is at about 15%, so rural growth is ahead of urban growth. I think the momentum is going to continue.

Moderator: Thank you. We will take the next question from the line of Deepika Mundra from JP Morgan. Please go ahead.

Deepika Mundra: Sir, my first question was what was the royalty amount in this particular quarter?

Ajay Seth: For the quarter we had 5.3%.

Deepika Mundra: Sir, would you be able to quantify in terms of what would be the royalty on Ignis and the other models as per the revised formula?

Ajay Seth: So as we said that once we finalize and get the final approval from the board of Suzuki, we will share the details with you at that point in time.

Deepika Mundra: Sir, secondly, just wanted to understand how is the ramp up of the Gujarat plant progressing? So far margins have been fairly robust. Is the vendor localization program also on track?

Rahul Bharti: We are happy to inform the second shift in Gujarat plant has started and we are doing a run rate of about 20,000 per month.

Ajay Seth: The localization program is running as per our target and we are hopeful that this is the timeframe of about three years in which we will have bulk of vendors moving in there and it is going as per what our plan is in terms of vendor moving near the Gujarat plant..

Moderator: Thank you. We will take the next question from the line of Jinesh Gandhi from Motilal Oswal. Please go ahead.

Jinesh Gandhi: Can you indicate what was the discount level in this quarter?

Ajay Seth: This quarter the discounts were at 17,900, it was higher than Q2 because Q2 we were at about 15,200 and typically in Q3 discounts which tend to be higher than Q2.

Jinesh Gandhi: Secondly, in terms of Gujarat plant, any sense on what kind of contribution was there in terms of volumes in this quarter?

Ajay Seth: This quarter was 36,000 units.

Jinesh Gandhi: Gujarat plant Phase-2 is on track for 4Q FY'19, right?

Nikhil Vyas: Yes, it is for January '19.

Moderator: Thank you. We will take the next question from the line of Amyn Pirani from Deutsche Bank. Please go ahead.

Amyn Pirani: Just going back on the royalty question, just a clarification, would this reduction in royalty be application to all new models or will there be some correlation with what R&D are you doing with respect to which model will it be or will it be like a blanket reduction for all future models?

Rahul Bharti: It will be a reduction for all future models and obviously any other R&D work done in India has to be adjusted suitably.

Amyn Pirani: In that sense, should we expect that CAPEX outlay for you in the coming years, Maruti could increase materially, is there any timeline for that, how should we look at it?

Rahul Bharti: We are setting up the Rohtak R&D center for a total investment of Rs.4,000 crores, out of which Rs.2,000 crores is done and Rs.2,000 crores needs to be done further and there are many more areas of investment, for example, new model, tooling development, etc., which will continue in the future.

Amyn Pirani: So the guidance for this year at least remains at around Rs.4,500 crores, right?

Ajay Seth: Rs.4,000 crores.

Amyn Pirani: Secondly, just on your capacity. Obviously, demand environment may change, but based on capacity what can be the growth that you can do in FY'19, do we have a sense of that right now?

Rahul Bharti: Generally, Maruti effort is that we try to meet the market demand as far as possible and this will continue even this year also, we are quite confident.

Moderator: Thank you. We will take the next question from the line of Suraj Chheda from IIFL. Please go ahead.

Joseph: Hi, this is Joseph. My question is in relation to the definition of new models on new agreements. So for instance, the new Dzire and the new Swift would that also be considered as new models for the purpose of the royalty discussion?

Rahul Bharti: Yes, they will be.

Moderator: Thank you. We will take the next question from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Just continuing on the royalty which seems to be the favorite subject today, what is the reason for doing it now, could you share some thought process behind that? Secondly, what is the reason for disclosing it if it is not finalized, just to understand the full background to the subject?

Rahul Bharti: It was in the discussion mode for a long time. So whenever it materialized we shared it. So there is nothing particular about now which makes it a wrong time to inform. The moment we sent it to the board and the board discussed it, we shared it.

Binay Singh: What is the argument for reducing the royalty – is it because the R&D content of India is rising sharply, is that the key argument here?

Rahul Bharti: It was a pending discussion for a long time. We had to find a way of figuring out how should new models be treated, what is the right level of royalty that should be paid. So, it was in discussion and in any negotiation there are always arguments for and against the figures.

Binay Singh: Any timeline by which we will get the next update, how does the process work from here on?

Rahul Bharti: It should happen in due course. As and when we get the details we will share with you.

Binay Singh: My second question is on the pricing side. If we notice the price hike that you took at the start of the year, fairly moderate. So given the fact that you have a lot of waiting period across key models, should we expect better pricing power through the coming year from Maruti and also if you could quantify what exactly is the commodity hit, has it been fully passed on or is there more headwind to come?

R. S. Kalsi: Well, it has always been a Maruti's policy that whatever little bit of fluctuation happens in terms of input cost and all, we do not pass it on to the customer and try to stay always customer-friendly. So idea is that not to really overcharge the customer in case there is a waiting. We maintain a balanced approach. In view of that whatever basic minimum price increase was necessitated because of the input cost, we had to actually pass it on to the customers.

Ajay Seth: Commodities have been hardening, in fact, this is visible in the third quarter results as well. But I think, we will have some more impact going forward as lot of commodities have since moved up. So commodities we will have to watch in terms of where they are heading and certainly in Q4 there will be an impact of commodity and our endeavor is how much can we set it off against our cost reduction programs and we would work on a more stretched basis to either reduce the impact or make it zero but certainly commodities are pain point at this point in time.

Moderator: Thank you. We will take the next question from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: Could you share the export revenues for the quarter?

Ajay Seth: Rs.1,430 crores.

Sonal Gupta: What would be the average price increase you have taken from January?

Ajay Seth: It would be ~0.75% or thereabouts.

Sonal Gupta: How much is now the share of government employees in your sales?

Nikhil Vyas: Sonal, in this financial year, it is a little above 21, 22%, but largely you can consider about 20%, as it keeps on varying.

Moderator: Thank you. We will take the next question from the line of Chirag Shah from Edelweiss. Please go ahead.

Chirag Shah: Thanks for the opportunity and congrats on the good set of numbers. First question is on Gujarat plant. What would be the YTD production?

Ajay Seth: ~95,000 units so far YTD.

Chirag Shah: So, if the demand growth is in double-digit for next year, you are reasonably confident of meeting them at least around low double digit, is that the right way of looking at it? Is the production aligned for a reasonable 10-12% kind of volume growth in the system?

Nikhil Vyas: Chirag, currently, we are in a budgeting process, we are evaluating all possible options to meet the demand for the next year. Once we finalize our numbers, we will share with you.

Chirag Shah: On the commodities, is it possible to quantify what kind of impact you would have seen in this quarter? Also, in last six odd months as well as on the currency side how the currency would have behaved because yen has been appreciating reasonably off late?

Ajay Seth: Currency is more or less neutral if you compare Q2 and Q3 there is hardly any impact, but commodities so far we would have had about 30 basis points impact on account of increase in commodities. As I mentioned to you that there is more pain in moving forward. So you will therefore see higher impact on accountof commodities in Q4.

Chirag Shah: We would have some impact even in Q2 on the commodities, right sir?

Ajay Seth: Q2 was negligible because it is a lag effect.

Chirag Shah: Large part of impact is yet to come?

Ajay Seth: Yes.

Moderator: Thank you. We will take the next question from the line of Basudeb Banerjee from Ambit Capital. Please go ahead.

Basudeb Banerjee: Thankyou sir for taking my question. A couple of things; if I see your sequential ASPs have improved whereas price hikes have been from December and this quarter mix also was not significantly better. So can you explain that? ?

Ajay Seth: Realizations have improved largely on the back of higher sales of certain higher value models. So that proportion has increased and therefore realizations are on that count better. Responding to the second part, I think the mix is pretty much sustainable over the next 12-months or so. In terms of realization, if we were to compare, I think it is more or less stabilized. You may not see that kind of a jump moving forward in terms of realizations.

Basudeb Banerjee: If you can highlight the impact of cost reduction initiatives because absolute quantum of other expenses like lowest in last four quarters whereas volumes are decently higher, so if you can explain the quantum of benefits you have got?

Ajay Seth: Cost reduction has many elements in it. There is cost reduction on account of value engineering, value analysis, standardization, inner part localization so there are variety of things. I think all this in a blended way gets embedded in the material cost to net sales ratio. This quarter we had been able to offset the increase in commodities and other increase that we saw in crude price, etc., through our cost reduction effort. Whatever increase that we had in commodities, etc., we were able to more than offset through cost reduction efforts.

Basudeb Banerjee: But it cannot get quantified per se?

Ajay Seth: We do not share the individual details in terms of how much is, on what account ever. So I can only say that we have been able to do more on cost reduction than the increase in the area of commodities and other parts. That is why you see that impact on material cost to net sales ratio in spite of higher sales promotions cost.

Basudeb Banerjee: Every quarter you share the diesel volume, how much is it?

Ajay Seth: 113,948 units.

Moderator: Thank you. We will take the next question from the line of Kapil Singh from Nomura Securities. Please go ahead.

Kapil Singh: Is there any timeline you can share on third and fourth line for the Gujarat plant?

Nikhil Vyas: No Kapil, at this point of time we just have understanding that the decision about third line has been taken but the exact timings we will inform you later.

Kapil Singh: Ok. On this royalty agreement, whenever this gets finalized, this will be from retrospective effect or prospective?

Rahul Bharti: So, all new models starting the Ignis and the Ignis was launched in Jan '17. So all new model agreements as and when the new model starts. The first of these models started in January '17.

Kapil Singh: So from Jan '17 onwards we will get some revised calculation.

Rahul Bharti: Yes.

Kapil Singh: Also on the tax rate, it is a bit high maybe because of lower other income, so what is the full year guidance going ahead?

Ajay Seth: One, of course is because of lower other income, second, there were two benefits we had till last year; one was investment allowance, so that has gone away and second was R&D which was at 200%, now it is at 150%, therefore this increase. I think effectively the rate that you see now should be the rate going forward.

Kapil Singh: What kind of demand momentum on footfall growth are we seeing currently?

R.S. Kalsi: The enquiry growth is quite robust and we see YoY there is about 20% increase in the enquiries.

Moderator: Thank you. We will take the next question from the line of Pramod Amte from CIMB. Please go ahead.

Pramod Amte: With the new Swift coming on board, where you plan to produce it and what will be the product mix for Gujarat plant?

R.S. Kalsi: The new Swift is going to be produced in Gujarat and currently Baleno is also being produced there, so that is our product mix.

Pramod Amte: So, does that release some capacity for your waiting products like Baleno or even the Vitara Brezza and can you indicate how much the capacity is going up, some indication?

R.S. Kalsi: Certainly, the enhancement in production capacity at SMG Gujarat supplements our production from Gujarat as well as Manesar. So we will be producing about say 150,000 vehicles from SMG this year and next year would be full year of double shift production and our capacity there is 250,000 p.a., so that is how we are planning.

Moderator: Thank you. We will take the next question from the line of S Natraj from Quantum Advisors. Please go ahead.

S Natraj: Just wanted to touch a couple of issues. Can you just touch on your expansion plans and CAPEX? We hear news of you buying real estate for your distribution and that being either capitalized or whatever. So how do you look at the long-term CAPEX? I am looking way beyond one year. So how do you tie your investment and CAPEX plans and distribution plans and how do we model it? My 2nd question is obviously, we had indicated that the Gujarat plant would start production. The cost of manufacturing in Gujarat plant would be almost similar to that of Maruti Suzuki's current production cost once it kind of reach the requisite maturity. So when do you think that cost structure the Gujarat plant will reach compared to what we have now?

Ajay Seth: CAPEX plans are worked out each year and of course we have a roadmap for what real estate, etc., we will be investing on. This year we will be investing about Rs.800 crores on acquiring land and similar numbers are being worked out for future as well in terms of overall properties and locations that we will be acquiring land in. So that is what is the plan. In terms of future CAPEX requirements, it will be largely linked to new products, it will be linked to our R&D facilities, our routine annual CAPEX, etc., so that is the area where we will be spending. Of course capacity expansion per se would be done by Gujarat and they would be spending on it. So that is broadly on the CAPEX side. On the other question, as we had mentioned that, over the next few years, most of our vendors will eventually move to Gujarat and obviously when you scale up and when you are at the full capacity utilization, the parameters would be quite measurable with the current parameters on what we have in our own plants.

S Natraj: Just two follow-ups, when do you think that would be based on – 2020-21 or much earlier?

Ajay Seth: We have a timeline of about three to four years in which the localization would get completed.

S Natraj: Just a follow up on the CAPEX and investment. If this is the guidance in the long-term directionally speaking, the Maruti cash balances will go up like really substantially. I know you have stepped up your dividend plans recently. Looking beyond a couple of years what will be your long-term ambitions… what do you expect to do with the cash?

Ajay Seth: I think there is so much action in the industry at this point in time and there is so much more that is required to be done moving forward. One will have to again work out in terms of what the priorities are, one is talking about electric vehicles and so many other things. So there will be lot of investments that one will be required to make in future. So it is too early to say that excess cash or utilization. I think we are working on it in terms of what are the priority areas, how much money required to be invested and what all the areas. Of course, we will revert from time-to-time in terms of telling you that what is the effective utilization of cash and also productivity, where is it going in business.

Moderator: Thank you. We will take the next question from the line of Pramod Kumar from Goldman Sachs. Please go ahead.

Pramod Kumar: My first question pertains to the vendor localization bit. You did mention that it takes around three to four years. But if you can just help us understand what percentage of the current sourcing of Gujarat is kind of localized and what percentage you would ideally like it to be because if I am not wrong for your existing plants you have localization or co-location of vendors which is close to 90%, so how would you look at the Gujarat three years from now?

Ajay Seth: We would be currently at about 15%-odd and we are scaling up. Basically also have to ensure that all the heavy material is first localized and then the other bit. So we are working on a plan accordingly. We believe that in about four years we should be at least 60-70% localized in Gujarat.

Pramod Kumar: So that would entail meaningful reduction in logistic cost and…?

Ajay Seth: Yes, absolutely.

Pramod Kumar: That in a way probably secures the near-term kind of margin range you are operating at the EBIT margins of around excess of 12% what you have for this quarter with not so great volume and depreciation has already started to kind of stabilize in absolute terms and probably declining in the next few quarters. So is it fair to assume that this record margin levels of 12% can be kind of sustained unless there is some really big change in the industry structure or something like that?

Ajay Seth: There are so many variables in the business that it is very difficult to predict, these are some of the positives that we are talking about, but at any point in time you have so many surprises that keeps spurring up. I think we will have to take a call based on what the situation is at a given point in time, where the industry is moving, how the product mix is moving, what are the commodity prices and so on and so forth. So it is very difficult to give a sustainable number to a margin, but our efforts would always be to ensure that we do our best in whatever parameters that we are working on to give best to the shareholders.

Pramod Kumar: Excellent! Second question pertains to the electrification plant. We did hear recent media interaction where the CEO did say that you are looking at sourcing of lithium ore from either Latin America or some of the other continents which implies that you will be manufacturing the lithium cells yourself which is probably first for any Indian company as far as electric vehicle goes. So if you can just share how this progress of that joint venture between Suzuki, Toshiba and Denso is progressing and if any timeline you can provide us to when the first battery will roll out from that joint venture which probably could support reasonably strong hybrid from your side?

Rahul Bharti: Thanks, Pramod for that. Our lithium ion plant, the Suzuki, Toshiba, Denso joint venture plant should be rolling out its first battery in the year 2020 and it would be manufacturing both battery and cells. Of course, as of now we have not been able to locate lithium and other metals in India and we are taking our parent help for the same. I think it is a very dynamic situation, it will keep evolving and we have to keep learning and exploring all the time.

Pramod Kumar: On that point, recently Toyota invested I think a few hundred million dollars in Australian mine. So is Suzuki and Maruti given the balance sheet strength what you have and the kind of free cash flow what you are generating and the fact that CAPEX on your books is going down or at least on the production side is going to be not so great, so is there a thought that you would like to secure the supply as well and do something on the lines of what Toyota did?

Rahul Bharti: As of now, we have not thought to this extent, there may be some thoughts which Toyota Japan and Suzuki Japan might be exploring. Nothing in our mind as of now.

Moderator: Thank you. We will take the next question from the line of Vivek Gedda from HSBC. Please go ahead.

Yogesh Aggarwal: A couple of questions; firstly, on dealer profitability, last couple of quarters some of them may have been impacted by GST and then the insurance profits have come down as well. Is that margin risk for you in case you will have to increase the dealer margins in the coming days?

R.S. Kalsi: We do monitor our dealers' profitability on an ongoing basis and we have a department here which continuously assist dealers and understands their revenue streams and their expenditure. One is that we are working in a big way towards productivity enhancement with our dealerships, we are making our showrooms digitally equipped and providing tablets, etc., to all our dealer sales executive so that our productivity goes up. Similar activities we are doing at survey front as well. As far as insurance revenues are concerned, I do not think so there is any change, there was 15% cap earlier by IRDA and the same cap continues and dealers in fact they continue to get their insurance margins. So there is no concern on that front, particularly the upward movement of the ticket size of the vehicle also helps dealers in making more money per vehicle and the models being in the waiting, the discounting schemes are relatively conservative. So all these factors put together are helping our dealers towards robust financial health.

Yogesh Aggarwal: That is very helpful sir. Any update on ARENA, how is it progressing and has it helped your customer demand?

Ajay Seth: Till date we have launched 30 ARENA channels and another 32 would be launched within this fiscal year and then moving forward we have a plan and over let us say two years' time we intend to convert 100% of our showrooms to ARENA. The customer feedback has been a delight. Customers who are visiting these showrooms they are very happy about it particularly when we are aligning the showrooms online, offline and then back to online experiences with the customer, so whatever research the customer has done online he fixes an appointment with the dealership from there. Our dealer sales executive can really understand that up to what level he has done the research, what model he has shortlisted and from there he takes him forward offline. So it is a great experience for the customers and I think our enquiry to retail time is getting compressed with this kind of technology enablement at our dealerships.

Moderator: Thank you. We will take the next question from the line of Jatin Chawla from Credit Suisse. Please go ahead.

Jatin Chawla: Hi Sir, thanks for the opportunity. The question was on the other income side where clearly with bond yields come down sharply compared with the last quarter. How do we think about this going forward – is it going to remain very volatile or once you start reaching the third year in terms of your maturity, then it starts kind of stabilizing at a certain level?

Ajay Seth: The entire portfolio first is invested into debt mutual funds under various categories. Every quarter this will be subject to interest rate movements. Now over the last one year, the interest rates on account of GSec and government bonds are actually coming down and therefore our returns were quite robust. But of late in this year the interest rates have actually been going up for various reasons with the worry of fiscal deficit slippage, etc., crude prices going up. Every quarter you have to do a mark-to-market and in previous years we had actually capital gains accruing while doing mark-to-market and we had taken that into account. In this quarter we had significant capital loss because interest rates went up by almost 56 basis points. That results in a capital loss and therefore you have to mark-to-market. These are notional. You can always time your exit depending on where the interest rates are because we can hold it for a much longer period. So it can remain volatile if the interest rates are volatile. But if interest rates are steady, you will see more steady income trends every quarter. It will keep varying depending on how the interest rates move.

Jatin Chawla: If interest rates remain steady, will the quarterly other income level, will that be similar to the last two quarters or …?

Ajay Seth: Yes, that is right, it should be similar to last two quarters or maybe shade better because cost has gone up slightly, so it could be a shade better, but yes, it will be in line with the last two quarters, that is what we believe we should be at unless there is a sharp increase or reduction in interest rate which can work both ways.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Sonal Gupta from UBS Securities for closing comments. Thank you and over to you.

Sonal Gupta: Thanks, everyone. On behalf of UBS Securities, I like to thank the Maruti Suzuki management team for taking the time out to discuss the results and thanks everyone for joining in. Have a good day.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of UBS Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.