



“Maruti Suzuki Limited Q1 FY 2015
Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Maruti Suzuki Q1 FY 2015 Results Conference Call, hosted by Motilal Oswal Securities Limited. As a reminder all participants' line will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should 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. Jinesh Gandhi from Motilal Oswal Securities. Thank you and over to you Mr. Gandhi!

Jinesh Gandhi: Thank you Karuna. Good afternoon everyone. On behalf of Motilal Oswal Securities, I would like to welcome you all to 1Q FY 2015 post results conference call of Maruti Suzuki Limited. I would also take this opportunity to welcome the management team from Maruti Suzuki. At this point, I would hand over the call to Mr. Nikhil Vyas who will take it from here. Over to you Nikhil!

Nikhil Vyas: Thank you Jinesh. Ladies and gentlemen, good afternoon once again, may I introduce to you 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 Finance. From corporate, we have General Manager Corporate and Government Affairs, Mr. Rahul Bharti. The concall will begin with the 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 harbour, we may be making some forward-looking statements they have to be understood in conjunction with the uncertainty and the risks that the company faces and I may 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. Welcome once again to Maruti Suzuki's Conference Call. You maybe aware that financial year 2013-14 was a tough year for the auto industry. The industry declined by around 6% during the year, consistently high inflation and lower economic growth and a consequent decline in consumer sentiment impacted the car market.

These factors affected the first-time buyers and their proportion came down significantly during the year. The government acknowledged these tough market conditions and announced an excise duty cut on passenger vehicles closer to the end of the last financial year.

We started financial year 2014-15 with a similar backdrop. There was no change in the consumer sentiment or the economic environment and sales were supported by higher consumer offers. In April passenger vehicle sales again declined by 9.5%.

Post election results in May we have seen distinct change in consumer sentiment. Extension of excise duty benefit, higher levels of sales promotion expenditure and some optimism on economic recovery helped increase our sales.

Extensive efforts in marketing and sales both in urban and rural India also helped increase company sales. With first-time buyers coming back into the market, the sales of entry level cars saw considerable movement in June. After a long time, Alto sold 30,000 units and Wagon R posted all time high sales of 17,000 units.

Percentage of first-time buyers increased from 39% in Q1 last year to 43% during the quarter. In another positive development, urban markets posted a growth of 12.7% in June. With continuous rise in diesel prices, the fuel price gap between diesel and petrol is reducing. This led to diesel penetration correcting from 54% in quarter one last year to 50% during the quarter at industry level.

Our rural sales continued to do well and grew by 26% during the quarter. During the quarter, passenger vehicle sales in India excluding Maruti Suzuki declined by 4.8% while the company sales could grow by 10.3%. This led to increase in company's market share from 40.4% in quarter one last year to 44% this year, a gain of 3.6%.

We are hoping the current sentiment-led recovery will convert to investment and job creation-led recovery. Till that time, we stay cautiously optimistic. In exports, we shipped 29,251 units and achieved a growth of 38.7% during this quarter.

Favorable foreign exchange rates during the quarter helped improve export realizations. During the quarter, higher volumes, favorable exchange rate, and cost reduction initiatives helped improve operational performance. Cost reduction initiatives and our efforts on localization will continue through the year.

For the quarter, the company registered net sales of Rs. 1,10,735 million, a growth of 10.8% over the same period last year, net profit stood at Rs. 7,623 million during the quarter, a growth of 20.7% over the last year quarter one. With this, we can now take your questions, observations or feedback that you may have. Thank you.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question & answers session. First question is from the line of Kapil Singh from Nomura Securities. Please go ahead.

Kapil Singh: Sir I just want to check on demand side, are you seeing some pullback on the rural sales because of weak monsoons or they still continue strong, I know, we have seen very strong numbers in first quarter but what beyond that?

- Ajay Seth:** As of now, we have not observed any weakness in rural sales.
- Kapil Singh:** The growth is still largely driven by rural is it because if I remember correctly from the commentary, we saw some 12-13% growth in urban markets in June that was still lower than overall company growth, so is the rural still the bulk of growth driver?
- Ajay Seth:** Yes, but what we are positive about is for the first time urban has posted positive growth and that figure is about 12.5%-13%. So now onwards we expect urban also to start growing.
- Kapil Singh:** Okay, so June was the first month of growth after a long time for urban sales and may I know the discounting for this quarter?
- Ajay Seth:** Discounting continues to be high. This quarter was record discounting. So, average discount in the quarter would be close to about Rs. 21,000 per car.
- Kapil Singh:** Sir, I mean, in some sense is this the best time for the consumer to buy a car because sales are starting to pullback and discounting is really high even after the cut on the excise duty it has not really pulled back so much, so when do you start to see this going back?
- Ajay Seth:** Discount is a market-driven phenomenon. Once you see genuine demand in the market coming back, you will automatically see discount also going down. So far you know it is more sentiment driven. Once you find that demand is more economy recovery-led demand then of course discounts over a period will go down.
- Kapil Singh:** Sir because you know despite the sharp increase in discounting what we have seen is that it has not really impacted the margins. So, any color on that...
- Ajay Seth:** If we compare it with last year, we have been able to sell more cars, capacity utilization has been better; exchange rates have been more favorable. so these are the benefits that we have been able to get. Also efforts on cost reduction and localization continues although there were pressures of commodity increase compared to last year first quarter, but we have been largely, we have been able to offset all this through our other cost reduction initiatives, so this is broadly how the margins have stayed where they are.
- Kapil Singh:** Sir, can you just elaborate on the exchange rate, what was it this quarter compared to the fourth quarter?
- Ajay Seth:** So if I was to tell you compared to the fourth quarter, we would be about the same, so there is not much of difference, but if you want to compare it with last year first quarter then of course, there is impact of almost about 150 Crores between the two quarters.

- Kapil Singh:** Last question from my side. On the tax rate, do you expect a rise because of increasing tax on FMPs?
- Ajay Seth** See, we are internally evaluating in terms of what are the options available, but there could be some impact on tax rate because now the FMPs, which will mature after July 11, 2014 will not qualify as long-term capital gains. We are looking, evaluating other options in terms of how do we mitigate the impact, but it is too early to say, but there could be some increase in tax rate.
- Kapil Singh:** Thank you Sir.
- Moderator:** Thank you. We move onto the next question from the line of Binay Singh from Morgan Stanley. Please go ahead.
- Binay Singh:** Thanks for the opportunity. First question, is there any royalty related to provision rollback in this quarter or any other one off in your expenses?
- Ajay Seth:** No there is none.
- Binay Singh:** Secondly could you also share with us what are exports in value terms?
- Ajay Seth:** Our exports in value terms this quarter were at Rs.1243 Crores. Last year was Rs.907 Crores.
- Binay Singh:** Last question, any views on the AMT. We have always had this discussion with you where you said that you are in a wait and watch mode on the technology. Could you talk a little bit about your plans on AMT, how has it been vis-à-vis your expectation and how do you plan to rollout this technology on other models?
- Ajay Seth:** Our experience has been quite positive on AMT and currently there is almost 40% of the total demand of Celerio in the AMT variant. We have also increased our production to some extent and we are also watching if it is a good feature to be introduced in other possible models.
- Moderator:** Thank you. The next question is from the line of Jamshed Dadabhoy from Citi Group. Please go ahead.
- Jamshed Dadabhoy:** Thank you. Good afternoon, two questions from my side. First one, could you give us a sense in terms of what new models you will be launching this year and what the timeline is and second question is on the, given that June and from June onwards there seems to be have been some bit of pick up in terms of demand. Are you all revising your thought process in terms of how FY 2015 will play out in terms of volumes and this is linked to the fact that sometime in April or May Mr. Pareek had mentioned that Maruti would be looking to do double digit growth in this fiscal?

Rahul Bharti: I will answer your second question first. We have seen a distinct increase in retail level interest, our bookings, our enquiries all have gone up, but as Mr. Seth had mentioned this is still sentiment-driven demand because nothing materially would have changed in a couple of months after election results. We believe that true growth, the robust growth, will also come from investments coming up in the country and some job creation happening from those investments, which generally have a lead time and you gentlemen are experts on that, how much lead time it involves, till such time we hope that the momentum continues. Now we have the festive season ahead of us, so that will also help to increase the momentum starting from South India and West India and then coming to North India. All this will help our sales performance.

Coming to your first question on new product launches, I think Maruti is poised at a very interesting point in time where we are entering a strong product launch cycle, a number of these models we had displayed at the auto expo earlier this year, so we will come out with a Sedan, the Ciaz, and the LCV is also planned in a timeframe of about next 12 months from now. Along with that we also have refreshments of existing products.

Jamshed Dadabhoy: Rahul just coming back to the first question on the volume growth, could you give the sense in terms of how much your conversion ratios are looking and how much footfalls have increased?

Rahul Bharti: In our industry, we call it enquiries because some of those enquiries are footfalls in the showrooms, some are telephonic or web enquiries, so enquiries have gone up by ~ 10%.

Jamshed Dadabhoy: Okay, the conversion of these into actuals is?

Rahul Bharti: See conversion could be a misleading figure because some of these enquiries are kind of customer pull and some of these are sales push kind of enquiries, so depending on the mix of the two, the conversion rates change.

Jamshed Dadabhoy: I will come back for more questions. Thank you very much.

Moderator: Thank you. We have next question from the line of Srinivas Rao from Deutsche Bank. Please go ahead.

Srinivas Rao: Thank you very much sir. First question, could you give us what is the royalty for this quarter?

Ajay Seth: The royalty payout for this quarter was at 6.2% of net sales.

Srinivas Rao: My second question is any particular reason why depreciation has started to inch up or it is just normal or there are no exceptions there?

- Ajay Seth:** We have had the impact of the expansion that we did on Manesar plant C, so you have the impact of that. Also the diesel engine plant which was also installed in September of 2013, so that impact is now being seen if you compare with last year. And the third impact, it is not very large impact, but it is a small impact on account of some change in depreciation because of the New Company's Act, which is also I think stated in the SEBI report that you would have seen. So these are the broad reasons, if you really compare it with the fourth quarter the difference will not be so much, but if you were to compare it with the first quarter of last year you will find the gap to be large because of these two big items that i just mentioned.
- Srinivas Rao:** Sir finally could you throw some light on you mentioned indigenization and that is probably seems to have very successful effort at least for the last four quarters where almost the increase in discounts seems to have kind of offset by that. What is the level now of the yen exposure and how has that come down over the last 12 months?
- Ajay Seth:** Total import content as of March 31, 2014 was at about 16% of our net sales, so that was where we were and this has been coming down from a level of 24% to 25%. If you were to look at 2010 - 2011 or thereafter, the import content was as high as 25% to 26%, so it has almost come down by 8% - 10% in these three or four years. So, this focus moving forward will continue in terms of more localization. We have mentioned our major bottleneck is with electronics. That is an area which we need to crack now to get into the next leap of localization. With governments initiative of now focus on electronic as and when we have these new units we will see something happening. But it will depend on how fast these new electronic initiatives can come up and how fast we can localize all these items, but whatever is remaining which is other than electronics will be localized progressively over the period of next one or two years.
- Srinivas Rao:** Is it fair to say that will probably get down to say 12% to 13% and not more than that because of these bottlenecks?
- Ajay Seth:** I think yes 12% to 13% would be about the peak unless you can have a crack on the electronics.
- Srinivas Rao:** This is really helpful. Thanks a lot.
- Moderator:** Thank you. We have the next question from the line of Govind Chellappa from Jefferies. Please go ahead.
- Govind Chellappa:** I had two questions, first could you tell us what the diesel car sales for yourself was in the first quarter and also what the current capacity is and when the next line which I think has been postponed when it is likely to come that is first question. Second I am little confused on the royalty number even though the currency has moved favorably, the royalty as a percentage of sales seems to be inching up, has

there been any change in the way royalty is calculated, as far as I remember all royalty is Yen based, so why do we take all currency risk, has that changed at all?

Ajay Seth: I will answer both the questions. One, the first question that you asked was on the diesel sales, so first quarter was diesel sales were at 85,543 units. These were slightly higher than quarter one of last year.

Govind Chellappa: And the capacity as well.

Ajay Seth: Capacity, we have now got a capacity of 300,000 at Manesar and 150,000 at Gurgaon plant. So between the two plants we have got a capacity of 450,000 units. We also have the additional flexibility of taking up to 100,000 from Fiat, which obviously is now going down because we do not have that quantum of requirement. So capacity between the two is at 450,000.

Govind Chellappa: The other line of 150,000 which was supposed to come up?

Ajay Seth: So that is at the moment not coming up because we do not see demand of that magnitude moving forward, so therefore there is no plan to have additional capacity on diesel. On your second question of royalty, there is not significant depression on the exchange rate basis between last year, first quarter and now because when we did mark-to-market of royalty as of June 30, 2013 virtually the rates have been same on dollar-yen-rupee basis on both the quarter, so there is not really an exchange impact on the two quarters, the only other impact that we have had is that we have discontinued Maruti 800 this year. There were some Maruti 800 that we were selling last year and on Maruti 800 there was no royalty being paid because it was a very old model. So to that extent because that mix has changed, so therefore, we find a slight change in the percentage.

Govind Chellappa: But to be sure you still pay royalty in JPY?

Ajay Seth: That is right.

Govind Chellappa: On all cars. There is no change in that.

Ajay Seth: That is right.

Govind Chellappa: Thank you Sir.

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

Chirag Shah: My question was on spare parts I wanted to understand generally spares parts are 10% of our sales broadly on annual basis, is that quarterly there is a variation in terms of the actual booking of spare

part could happen, how does this spare part mix as a percentage of vehicle sales on quarterly, which is also remain in that 10% range or it really varies significantly.

Ajay Seth: First of all it is not 10% it is much lower than that. We will be, I think between 7% and 8% and mostly it is in that range quarter wise also. There could be a minor variation, not very significant.

Chirag Shah: So that will not have a big impact in your selling prices on quarterly basis?

Ajay Seth: No.

Chirag Shah: Secondly is the clarification on the forex side I believe, can you just clarify what kind of hedges you were having in terms of quantum and the rates and is it generally earmarked for royalty or is a general cover that you take which utilize for royalty or input content and a related clarification is when you highlighted your indigenization program this 25% coming down to 16% on like-to-like cross currency basis how would that number look?

Ajay Seth: So if I was to look it, there is obviously some impact of currency in this as well. Exchange rates have come down to a level of 0.59 - 0.60 now, they were much higher earlier. But the significant impact is not because of currency, but because of genuine localization.

Chirag Shah: Ok. Your hedge program if you can just share?

Ajay Seth: What we have been doing this year is that on dollar yen we have been largely hedging on a policy of one-third hedge for the exposure for the quarter, we hedge each month one-third and we keep topping it up, also on royalty we hedge based on one-sixth concept, so six months before the royalty we start hedging the exposure. We have been cautious in terms of taking aggressive covers this year because we believe that dollar yen is range bound and is not too choppy, so we are hedging as per our risk policy and also not going overboard on hedging. On dollar rupee, most of it is natural hedge we have exports on one side and we have imports, so we are not covering our dollar rupee exposure, also the fact that dollar rupee is also steady and range bound at the moment.

Moderator: Thank you so much. We have next question from the line of Hitesh Goel from Kotak Securities. Please go ahead.

Hitesh Goel: Thanks Sir for taking my question. Sir it is on Celerio, what is the waiting period on Celerio right now?

Rahul Bharti: It is about four-and-a-half month.

- Hitesh Goel:** What are the monthly sales which you can do, you are doing 6,000 - 7,000 a month that is the production capacity right on Celerio right now?
- Rahul Bharti:** That is right. But the automatic version we are doing ~ 2,000 a month.
- Hitesh Goel:** Okay, the constraint on the AMT is more from Magneti Marelli or it is all certain parts? it is from Magneti Marelli right and we have also heard they are setting up a plant in Gurgaon, so can you give more color on that, when this capacity will go up on the automatic side?
- Rahul Bharti:** So we are watching the demand closely and we also have other products that we can think of, so we will pursue our expansion plan as per that.
- Hitesh Goel:** Sir can you also give us some sense on dealership inventory because we have been hearing for last three to four months the retail volumes have been higher than wholesale, so can you give some color on that.
- Rahul Bharti:** Four to five weeks.
- Hitesh Goel:** Four to five weeks. No, but that is the same as it was last quarter, there is not material change in retail and wholesale sales for the last three to four months?
- Rahul Bharti:** It could have slightly come down. There is not a very significant change, it would have slightly come down. If I think now we need to start building up for the festive season gradually.
- Hitesh Goel:** Thank you very much.
- Moderator:** Thank you. We have next question from the line of Jay Kale from CIMB Securities. Please go ahead.
- Jay Kale:** Two questions, one how do you read the competition from Honda especially post the Amaze launch and still Dzire doing well and the recent price position of the Mobilio?
- Ajay Seth:** We have seen several launches across segments, earlier they were limited to upper segments, now they are coming in volume segments. So this is now a way of life, but we are confident. We should watch the figures hereon but we are quite confident of our products.
- Jay Kale:** And since we talked about LCV launch what is the offering you are planning because it is already a overcrowded market in the small commercial vehicle of the LCV market, what will be the Maruti preposition there, second what will be the distribution strategy, will it be the same as existing, will you be asking them to put up a separate lines, how committed will you be on that new product pipeline?

- Ajay Seth:** Okay, as far as the distribution is concerned, we will be happy to share details at an appropriate time, of course we have to keep in mind that the car customer has to get the full car shopping experience and that is supreme in our mind. On the product, I think we have a distinct advantage in terms of product offering and therefore we are optimistic and hopeful that we will be able to garner good volumes.
- Jay Kale:** Thanks a lot.
- Moderator:** Thank you. We have next question from the line of Sonal Gupta from UBS Securities. Please go ahead.
- Sonal Gupta:** Good afternoon. Thanks for taking my question. Could you just tell us what was the retail growth during the quarter for you year-on-year?
- Rahul Bharti:** It was about 12%.
- Sonal Gupta:** The other thing is that I missed the number on rural sales growth for this quarter, so it was like 24%?
- Rahul Bharti:** 26%.
- Sonal Gupta:** Is your market share increased over the last year or so coming primarily because you are more dominant in rural and rural still seems growing, how is your market share moved on the urban side, if you could just elaborate?
- Rahul Bharti:** Market share has benefited us both from the rural areas and the urban areas.
- Sonal Gupta:** Have you seen a meaningful change in urban as well or it would be marginal?
- Rahul Bharti:** Marginal.
- Sonal Gupta:** Right, last question on the second phase of the diesel engine capacity was the one which was going to be small, diesel going to be used to be for the LCV, so can do a small diesel engine from your existing 150,000 in Gurgaon as well.
- Rahul Bharti:** This is a question that we will answer closer to whenever we have a new product.
- Sonal Gupta:** Thank you so much.
- Moderator:** Thank you. We have next question from the line of Sahil Kedia from Barclays. Please go ahead.

- Sahil Kedia:** Thank you for this opportunity. My question is regarding the new launches. I just wanted to check in the Suzuki presentation of the Tokyo Motor Show, you did highlight about 14 new models for India over the next three to four years and also they seem to be upgrading their engine series as well. Is it fair to say that we will also potentially be kind of upgrading our engine series, is there timeline that you have in my mind for this?
- Rahul Bharti:** See, on engines you have to make very careful decision. There are customer parameters like power and fuel efficiency and there are regulatory parameters like emission and so it is very considered decision. One more factor that goes into, it is the kind of volumes that you will garner because it is a very capital intensive investment so it is a careful decision and generally we plan at least 5 years ahead as far as power trains are concerned. So there is plan in place and we have to keep watching, we have to be ahead of the market in terms of these parameters. In terms of vehicle models, yes, the next few months we have a powerful lineup, we are entering the SUV segment with full bandwidth. We have cars like CSUV and we also have an LCV and the normal refreshments continue and product plans are on generally, a product cycle is something like four years, so you have to plan at least four years ahead.
- Sahil Kedia:** One more follow up question here, can you give us an update on your R&D facility Rohtak and what is your Capex outlay target for the year please?
- Ajay Seth:** R&D Rohtak is on track. I think the initial facilities have already started working. There are some building etc., which have to be laid out which will take I think some more time, but there is staff who is already there and they have started working from Rohtak. So part of test track facilities are commissioned. The total outlay on the entire project of R&D, capital cost would be something like 2000 Crores, but bulk of it has already been spent and there is small amount of money that will be spent in the subsequent years. Our capital expenditure would be vicinity of about 4000 Crores in this year.
- Sahil Kedia:** Could you elaborate in terms of where that is going because it seems to have pretty large number.
- Ajay Seth:** So the capex would be largely, there are number of product launches that we just talked about, so it will be in the area of product development. As I said, some R&D expenditures, which will be on the R&D center at Rohtak. We have taken up a new initiative on the marketing infrastructure, so there will be money invested into that, stockyards, warehouse etc., and then we have a normal maintenance capital expenditure, so these are the large categories in which you will find capex going.
- Sahil Kedia:** Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Akshay Saxena from Credit Suisse. Please go ahead.

Akshay Saxena: Two questions, first on the discount's increase, can you just make a qualitative comment on how much of this is the mix impact and how much is the absolute increase in discounts on certain products and talking more on quarter-on-quarter basis?

Ajay Seth: See mix impact is very nominal, not so much because as we mentioned diesel sales have been more or less static so it has not changed from what they were last year, also I think the mix has also not so much changed to have a significant impact. So it is largely driven by increase in discount across models.

Akshay Saxena: The second question is in terms of launches that you have spoken about the Sedan and SUVs. All these would be at price point which is higher than the traditional Maruti price point so what is it that the company is doing to ensure that it gets success at these higher price points?

Ajay Seth: Good question. I think, one is we have revamped our entire dealership network so that the customer gets a very good shopping experience. The training of the dealer sales executive has been done in quite organized manner, the training of service executives, also the service advisors is also being taken very seriously as these are the customer touch points. As far as product is concerned, which is the first thing that builds a brand, we are very positive about it. At an appropriate time, we will talk about features which will place these products superior to competition and therefore we are confident that they will be successful.

Akshay Saxena: But the brand remains the same Maruti Suzuki, there is no intention of creating a sub brand or something like that?

Ajay Seth: I would like to submit that the product and the interaction is the one which builds the brand so if you provide a compelling proposition in your products, if your interaction is honest, these are the things that go into building the brand first. If you are talking just about name tag, I think that the Indian customer is too intelligent to be willing to pay a premium only for a name tag without any substance beneath it. That might be true for some higher segments like 20-30lacs.

Akshay Saxena: Thank you.

Moderator: Thank you. We have next question on the line of Ambrish Mishra from JM Financial. Please go ahead.

Ambrish Mishra: Thanks for the opportunity. Sir can you throw light on exports and how do we see it panning out over the next let us say not one year, but let us say over three years?

Ajay Seth: So we had undertaken this expansion of our exports function sometime back particularly after global parent requested us to handle some markets directly and these markets are Africa, Latin America and

Middle East and some parts of Asia. So the first thing that we have done is launched more products in existing markets. We are increasing our network in some of these markets and we are also exploring new markets, but exports, we should keep in mind that they are always volatile because some market or some country either have some economic issue going on or will come out with some technical rule or some non-tariff barriers because of which particular markets the volume can come down significantly. So it will be a volatile journey upwards, but may be two to three years from now, our export numbers should look much better.

Amrish Mishra: Last question of now given that a lot of investments have gone into R&D and in fact the operations at R&D have also begin and over a period as you have highlighted in the past more and more product developments and other activities would be carried out, out of India and share of Indian R&D would be higher for our operations. Would you like to just highlight how the royalty will move forward after this?

Ajay Seth: In any situation where we have joint development for any product by using the engineers who work on development of the products in India and Japan, so there will be an equal apportionment based on the efforts and technology leveraged by either side on calculating royalty. The core technology will continue to flow out of Japan, for example the PowerTrain, the basic platform so that will continue come from there, but if there is any design or any other work that we do here to that extent that will be reflected.

Moderator: Thank you. We have next questions from the line of Aniket Mhatre from Standard Chartered Securities. Please go ahead.

Aniket Mhatre: Thanks for the opportunity. Just going to check in your notes we have mentioned that the impact on depreciation because of the new companies act is Rs.19 Crores so, can we analyze the impact for the full year?

Ajay Seth: It will be Rs.66 Crores for the full year.

Aniket Mhatre: Would you like to given the volume growth guidance for both domestic and exports volumes for the full year?

Ajay Seth: We have talked about the double-digit volume growth in the domestic market. Exports are still uncertain, but I think we should be able to do the same numbers as we did last year.

Aniket Mhatre: Please elaborate on export given that we have grown at 38% in 1Q should not we aim at a higher growth in exports?

- Ajay Seth:** I think that is the case of optical aberration. It is on low base because we had specific issues in some markets in the previous year. We should look at the absolute numbers. We are doing something like 29,000 units in a quarter that is roughly 1.2 lakhs a year, which is our annual average anyway. So if there are issues in specific markets, we try to work on other markets to expand our numbers. As of now the visibility is that we might be able to do the same numbers as last year and domestic market. I think it will be very dynamic.
- Moderator:** Thank you. We have next question from the line of Kapil Singh from Nomura Securities. Please go ahead.
- Kapil Singh:** Sir, could you give us R&D spent for FY 2014 and any number for FY 2015?
- Ajay Seth:** R&D spent in FY 2014 was about 1.6% of our net sales.
- Kapil Singh:** I should record this for FY 2015?
- Ajay Seth:** I do not have the numbers for FY 2015, so we will update you later on this
- Kapil Singh:** I mean, full year sort of, will it?
- Ajay Seth:** Will be about roughly the same numbers as this year.
- Kapil Singh:** Thank you. That is all.
- Moderator:** Thank you. Ladies and gentlemen due to time constrains that was the last question I would now like to handover the floor back to Mr. Jinesh Gandhi for closing remarks. Over to you sir!
- Jinesh Gandhi:** Thank you Karuna. On behalf of Motilal Oswal Securities, I would once again like to thank all of you for joining the call today and also thank the management of Maruti for giving us this opportunity. Thank you.
- Moderator:** Thank you all. On behalf of Motilal Oswal Securities Limited that concludes today conference. Thank you for joining us. You may now disconnect your lines.