



Daiwa-Maruti Suzuki Q4 FY11 and Annual Results Conference call April 25, 2011



MODERATORS:

MR. S. NAKANISHI – MANAGING DIRECTOR & CEO, MARUTI SUZUKI

MR. S. MAITRA – MANAGING EXECUTIVE OFFICER, SUPPLY CHAIN

MR. MAYANK PAREEK – MANAGING EXECUTIVE OFFICER, MARKETING AND SALES

MR. AJAY SETH – CHIEF FINANCIAL OFFICER

MR. H. SAKAMOTO – EXECUTIVE OFFICER, FINANCE

MR. PRADEEP GARG - CHIEF GENERAL MANAGER, FINANCE

MR. KD SINGH – GM, CORPORATE

MR. RAHUL BHARTI – HEAD, CORPORATE PLANNING

Moderator Ladies and gentlemen thank you for standing by and welcome to the Q4 FY11 and annual results conference call of Maruti-Suzuki India Ltd. At this time all participants are in the listen only mode. The call will commence with the brief from the management of Maruti on the company's performance in FY11 followed by a Q&A session. Should you need assistance during this conference please signal the operator by pressing * and 0 on your touch tone phone. Please note that this conference is being recorded. I would now like to hand over the conference to Mr. Ambrish Mishra from Daiwa Capital Markets India PVT Ltd. Thank you and over to you.

Ambrish Mishra Good afternoon to all of you on behalf of the Daiwa Capital market, I welcome you all to the post results conference call of Maruti Suzuki India Ltd. I also take this opportunity to welcome Mr. Shinzo Nakanishi, MD and CEO of Maruti Suzuki, along with the management team. I would now like to hand over the call to Mr. Vivek Kumar, who will take it from here. Over to you.

Vivek Kumar Ladies and gentlemen good afternoon once again. May I introduce you to the management team from Maruti Suzuki today. We have with us our MD and CEO, Mr. S Nakanishi. We have with us our Managing Executive Officer – supply chain, Mr. S Maitra. Managing Executive Officer, marketing and sales, Mr. Mayank Pareek. From finance we have CFO, Mr. Ajay Seth. Executive Officer Mr. H. Sakamoto. Chief General Manager Mr. Pradeep Garg. And team members from finance. From the corporate, we have General Manager, Mr. K. D. Singh and Head of Corporate Planning Mr. Rahul Bharti.

Since some of us may not have received the results may I announce the financial results again before we start. For Q4, the net sales was Rs. 98.63 billion, net profit after tax was Rs. 6.59 billion, for FY2010-2011 the net sales was Rs. 361.28 billion, net profit after tax was Rs. 22.88 billion.

The con-call will begin with a brief statement on the performance and outlook of our business, by our Managing Director, 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, they have to be understood in conjunction with the uncertainty and the risk 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 MD, Mr. Nakanishi. over to you sir.

Shinzo Nakanishi Thank you Vivek. Good afternoon ladies and gentlemen. In our annual report of 2007-2008 Titled "One million promises", we have made a promise to our shareholders of achieving sales over 1 million cars in the domestic market and 1.2 million in total. Since that time the economic environment gave some surprise, first negative and then positive. The competitive environment also holds a higher level of challenge than ever before. We try to meet uncertainty with increased flexibility, agility, innovation, efficiency and customer focus. I am

happy to inform you, on behalf of all employees, vendors and dealers of Maruti Suzuki that, we were able to deliver on our promise.

We sold a total of 1,271,005 units this year. This is a highest ever sales by the company and translates to 24.8% growth over the last financial year. It was a landmark year for the company and for the first time, we crossed 1 million mark in the domestic market. This growth in the domestic market was driven by positive consumer sentiment, easy interest-rate and a strong festive season. This year also saw an increased rate of competitor's activity with new model launches in our core segment and high advertisement and high discount in some of the models.

We were able to marginally increase our market share from 44.6%, last year to 44.9% this year, in the passenger vehicle market. You may be aware that we have started reporting market share in the overall passenger vehicle market including MUVs also. This is a more strict way of looking at our own performance and helps us surpass ourselves in the absence of an external benchmark.

The increase in the market share was possible because of strong addition to our product portfolio like Eeco, Alto K-10, New WagonR and SX4 Diesel apart from CNG models with I-GPI technology, and the sport luxury sedan Kazashi. Maruti Suzuki provides the best value over the lifecycle of a car. Central to this strategy was the introduction of high technology, highly fuel efficient, lightweight, low friction K-series engine; these are now available in a much wider range of cars.

We think cost of ownership and fuel-efficiency will continue to be a major consideration in the car purchase decision. Our customer once again rated us the best in India in both sales and service satisfaction in the survey held by JD Power. Maruti Suzuki has now the leadership in customer satisfaction for the past 11 consecutive years.

Our project on R&D capability development is on stream with more than 1000 engineers and a plan of testing facility at Rohtak R&D test course. Work on the Manesar B and C line, both with a rated capacity of 250,000 units is on stream and the B line is expected to be ready by October, in the current financial year.

In the field, we expanded our network to cover 668 cities, through 933 sales outlets and 1395 cities with 2946 service outlets, with this network penetration we could further grow our rural sales and now it accounts for 20% of total domestic volume. Export this year was impacted by the absence of scrappage incentives and economic uncertainty in some of the European markets. Our efforts to develop the non-European market helped and they contributed 55% of the total export, up from 20% last year. We however closed the year with a decline of 6% over the last year.

In March, northeast Japan was hit by a severe natural calamity. There were concerns over the supply of parts imported by Maruti Suzuki and our vendors from Japan. As of now all operations are running smoothly. We will keep you updated with any development in this area.

We will now move over to the financials. I will now discuss our financials of Q4 and the financial year 2010- 2011. In the Q4 the company registered net sales of Rs. 98.63 billion a growth of 19.8% over the same period last year. Our net profit after tax stood at Rs. 6.59 billion, a growth of 0.5% over the same period, the previous year. With this we closed the financial year with net sales of Rs. 361.28 billion, a growth of 24.8% over the previous year. The net profit after tax for the year stood at Rs. 22.88 billion a decline of 8.4% as compared to the previous year.

We think, to even out the effect of individual quarters the result can be best seen for the full financial year as a whole. Our profit was impacted due to adverse currency movements particularly on export, higher commodity prices, new model launches and royalty.

I would now come to our outlook for the financial year 2011-12. In the medium to long-term the Indian economic growth is fundamentally strong, However, in the short-term there is uncertainty on factors like rising fuel prices, interest rates and commodity prices. We have to also keep in mind the high base effect of good growth rate in the past two years.

Last year saw an increase in competitive intensity. We have been able to meet it well. Without getting complacent we will work hard to continue to delight the customer. In case the growth momentum continues into the next year, we are prepared. Our engineers have worked on innovation and productivity improvement projects and now we are capable to produce at the rate of 1.4 million per annum for the first half of the current financial year. In the second half Manesar B line will add additional volume.

In export we will keep our focus on non-European market and continue to watch European markets closely.

On profit margins, our efforts will be to work towards protecting and increasing from current levels—While there are challenges like steel prices and foreign exchange fluctuations we have to work on localization and efficiency improvement to offset the cost increase. I would now like to invite any questions or suggestions you may have. Thank you.

Moderator

Thank you very much. The first question is from Promod Kumar from JM financials. Please go ahead.

Promod Kumar

Just a couple of queries regarding our expense lines, can you just explain why our employee expenses are down unusually this Q4, which is counterintuitive considering the general

inflation that we are seeing in employees expense everywhere. So if you can just throw some light on that and also if you can throw some light on the Forex impact on the other expenditures side, which is again a bit unusually high for this particular quarter?

Ajay Seth

On the first question which you asked on the employees cost, in the third quarter we had this exceptional item of the salary increase, that we have given to all the employees and therefore there was increase of 72 crores on that account. In this quarter there is a slight decline primarily because of some writebacks that we have had on provisions for gratuity and leave encashment. Since the interest rates indicative of higher than what we have been providing, there was actually a write back that we had to make because of that you see that this quarter has been lower compared to all the other quarters.

Promod Kumar

What is the extent of the write backs?

Ajay Seth

We have had about 20 crores of write backs on accounts of leave encashment and gratuity.

Promod Kumar

And other expenditures side what is the ForEx impact there?

Ajay Seth

In Forex there has been a gain of 14 crores in this quarter.

Promod Kumar

Despite that there has been an increase in other expenditures that is primarily because of discounts?

Ajay Seth

The other expenditures have largely gone up because of increase in the area of R&D and repairs and maintenance. There has been an expense on account of repair of gas turbines and things like these, under repairs and maintenance. Second area is the research and development on account of work going on new models etc. so two accounts put together is about 50 crores increase, that is what you are seeing here.

Promod Kumar

Out of these 50 crores, I think the one which pertains to research and development I think they will be more like an ongoing expense going forward right?

Ajay Seth

Yes, the R&D expense.

Promod Kumar

Thanks a lot.

Moderator

Thank you. Next question is from Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh

I have two questions, firstly could you comment on the Japan situation, has the production impacted the facilities, what kind of run rate is it? What kind of visibility do you have in terms of the production schedules in the coming month? Because you are saying that it is kind of smooth operation where as when we see Toyota and all, they seem to be planning for a sharp production cut?

- S Nakanishi** The Japan situation is all in the newspaper. On Suzuki, it is already announced that all employees started the production but on a 1-2 shift basis, anyhow they are gradually improving and continuation of the production is being done.
- Binay Singh** In a way we have good visibility that there should be minor disruption at max?
- Ajay Seth** As far as Maruti specifically is concerned, we are very closely watching and in touch with Suzuki Japan, even with all of our Indian vendors who are importing components from Japan. As of now there is no change in any of our production plans.
- Binay Singh** Could you comment upon the discounts in the last quarter, how do you see them going ahead because typically Q4 the discounts tend to come down after the second quarter, how did it play out this time around?
- Mayank Pareek** Discounts are a reflection of the market situation. What competitors are giving, what is the general market sentiments. Based on that discounts are generally decided. As you've seen in April already the discounts are lower than what they were in Q4.
- Binay Singh** Q4 discounts, I remember in the Q3 what you gave out was a number of 10,700 for the December quarter, could you give us a similar number, just to get an idea about directional how things were?
- Ajay Seth** I think what will be more important is what have been the discounts for the full year and we will be in the vicinity of about Rs.9,500 discount for the full year.
- Moderator** Thank you. The next question is from Pramod Amthe from RBS. Please go ahead.
- Pramod Amthe** Wanted to know, compared to September 2010 and now, how has been the footfalls and the conversion rates considering the interest rates and fuel have gone up pretty steeply during the period?
- Mayank Pareek** This effect of rising interest rates and fuel prices has slightly affected the footfalls. Yes, there is a stress in the market. Till December it was very good.
- Pramod Amthe** In terms of conversion ratios, is there an improvement or there also ?
- Mayank Pareek** No, there has been a decline in the conversion ratios also.
- Pramod Amthe** So it is a double impact on the demand?
- Mayank Pareek** Yes.

- Pramod Amthe** Coming to the financials, the depreciation has seemed to be gone up. Is more to do with the capex which you have done in the last quarter, because there is almost over 25% increase QoQ on the depreciation or there is any change in the depreciation policy?
- Ajay Seth** Partially the capex but there has been one change that has happened in this quarter, so far as the tooling that we were giving to vendors, which we are selling to the vendors, vendors were amortizing that as part of the material cost, to that effect and also to align it with IFRS as we will be implementing it next year, we have, as a policy bought back those assets from them and the cumulative effect of that has been accounted for that in this year. The total effect of depreciation would be about 50 crores which has gone up just because of the change in the policy of tooling which was earlier being amortized as part of the material cost.
- Pramod Amthe** And his entire 50 crores is in this quarter itself?
- Ajay Seth** That is right.
- Pramod Amthe** And any reason for lower tax rate, is it again linked to the depreciation?
- Ajay Seth** Lower tax rate is largely because of the R&D benefit. As you see the R&D expenditures stepping up, both revenue and capital, so the allowance is 200% and that has got a play on the net profit therefore the tax rate in the quarter has been much lower at 21% compared to last year.
- Pramod Amthe** Thank you
- Moderator** Thank you. The next question from Srinivas Rao from Deutsche Bank. Please go ahead.
- Srinivas Rao** What is your outlook for the next year, is there a change given that you have mentioned the footfalls have started to fall and there is a decline in the conversion ratio? Would you have any guess on the industrial growth and your strategy around that? Especially when your competitors are facing production constraints, that is number one. Number two is a just number in terms of scrap sales numbers for this quarter if you could give that?
- Mayank Pareek** As I said there is a stress in the market and footfalls is declining, this is a cumulative result of fuel price increases in the last 12 months as well as the interest rates. As most of you know that 67% of the cars are purchased through finance that really it is having an effect. As of now I think we are not revising our outlook, we'll stick to the outlook given by the SIAM, around 10 to 15% growth projected and we will stick to that.
- Ajay Seth** Scrap scales has been higher with the (a) production and (b) also realization. So scrap sales has been at 81 crores compared to 65 crores last year.
- Srinivas Rao** It was for the full year or quarter

- Ajay Seth** For the quarter
- Srinivas Rao** Thanks a lot.
- Moderator** Thank you. The next question is from Rajat Chandak from ICICI Prudential Mutual Funds. Please go ahead.
- Rajat Chandak** What are the export sales for the quarter end and the full year?
- Ajay Seth** Export sales for the quarter is at 30,951 units.
- Rajat Chandak** In terms of value?
- Ajay Seth** Export sales for the quarter is at 870 crores and for the year 3830 crores.
- Rajat Chandak** Just to clarify one thing that was asked earlier in terms of the depreciation going higher and you mentioned that 50 crores there is one-time adjustment, so that earlier was taken into raw material cost and now has been into depreciation, is that correct?
- Ajay Seth** Yes, that is a correct understanding.
- Rajat Chandak** And going forward it would stay like that?
- Ajay Seth** That is right.
- Rajat Chandak** What would be the tax rate going forward, will it remain at 20-25% or may go higher also, any comment on that?
- Ajay Seth** We should be in the vicinity of 26 to 27%, given the R&D expenditure allowance which we will get, but the effective rates should definitely keep going down as we go along and step up on the R&D expenditure.
- Rajat Chandak** Difference between the standalone and the consolidated profit, actually what it was last year has slightly come down this year? Any reasons for that?
- Ajay Seth** Broadly we are restructuring one of our insurance businesses therefore that was not in operation for some time so therefore we have not had any profits there, that is the only reason. Otherwise for all other associates and joint ventures profits are actually gone up.
- Moderator** The next question is from Jatin Chawla from IIFL, please go ahead.

- Jatin Chawla** Yeah, questions have been answered. Just on the tax rate clarification, your full year tax rate is 26.5 and quarter tax rate is around 21, so why the divergence particularly in this quarter-end and going forward Ajay I think, you mentioned it will be around 26% only.
- Ajay Seth** That is right.
- Jatin Chawla** So the divergence this quarter was related to the depreciation going up or what was it related to?
- Ajay Seth** There was R&D spends done in a particular quarter which was higher both on capital account and revenue account. So that allowance was accumulated, which we have taken this quarter.
- Moderator** Thank you. The next question is from Kapil Singh from Nomura, please go ahead.
- Kapil Singh** Just wanted to know, what is the R&D expense revenue and capital that we have done this year and what is it that we are looking to do next year?
- Ajay Seth** We are currently at about 1.1% of our net sales and this will progressively go up.
- Moderator** Thank you. The next question is from Hitesh Goel from Kotak Securities, please go ahead.
- Hitesh Goel** Just wanted to know the Capex number for this year and guidance for next two years?
- Ajay Seth** This year we spent 2200 crores on Capex and next year the plan is slightly over 4000 crores.
- Hitesh Goel** Okay and from FY13, it should start coming down?
- Ajay Seth** Yeah, that is right.
- Hitesh Goel** Okay and can you also give us some color on the new model launches that are planned for next year?
- Mayank Pareek** As a policy we really do not share what new models which we are going to launch. However, as a market leader it is imperative that we continue to launch new cars and we have announced that at least one new model we will launch every year so we will stick with that.
- Moderator** Thank you. The next question is from Arvind Sharma from the Citigroup, please go ahead.
- Arvind Sharma** Yeah, sir, can you just throw some more light on your new capacity addition as when will it start, what is the timeline, at Manesar?
- Rahul Bharti** The new capacity we are expecting some time in the second half of this year, for some operations of the plant and that will add about 250,000 units per annum.

Arvind Sharma Sir, broadly by that time the total capacity would be 1.4 million right now plus 250 that is 1,650,000, is that correct?

Rahul Bharti 1.4 million is with a lot of stretch and we will add about 250,000 to that.

Arvind Sharma Okay, basically 1.65 million.

Rahul Bharti Yes.

Arvind Sharma Okay, thank you sir.

Moderator Thank you, the next question is from Sonal Gupta from UBS Securities, please go ahead.

Sonal Gupta On the R&D side you said you spent about 1.1% on sales but that includes I guess, both recurring as well as capital spent. Could you tell us how much is the P&L spend on R&D, for this year?

Ajay Seth P&L spend on R&D is 185 crores.

Sonal Gupta Thank you so much

Moderator Thank you. The next question is from Sahil Kedia from Enam, please go ahead.

Sahil Kedia I just have one question, sir. Have we changed any of our yen hedging policy? Last time on the call you mentioned that from February we were open. Has that changed or have we taken any kind of hedges at all?

Ajay Seth No, we were open only because we believe that yen has kind of bottomed out and it should correct at these levels and therefore we were keeping a close watch on it. We did hedge there after. We have covered about 40% of our exposure, on the yen side as well as on the export side. So at the moment we would be covered for about 40% of our exposure for the next year.

Sahil Kedia For the next year? So for FY12 we are 40% covered and 60% is still open.

Ajay Seth That is right.

Sahil Kedia Okay, so to that extent we have changed our stand from what it was last quarter?

Ajay Seth Yes.

Moderator Thank you. The next question is from Amit Kasat from Standard Chartered, please go ahead.

Amit Kasat My question has been answered, thank you.

- Moderator** The next question is from Jinesh Gandhi, from Motilal Oswal Securities Limited, please go ahead.
- Jinesh Gandhi** Hi, my question is on your realization improvement for Q4. There has been significant improvement on sequential basis, what would be the reason for that?
- Ajay Seth** Two things which have impacted realization in the fourth quarter, one is that we had this SX4 diesel launch and the Kazashi, so in the mix you find the impact of both SX4 diesel and Kazashi which has improved the realization compared to third quarter.
- Jinesh Gandhi** Would there be any sequential savings in discounts?
- Ajay Seth** No, I think more or less it is in line with last year, so if you look at the full year, they are more or less in line with the last year.
- Jinesh Gandhi** Okay and we have taken price increases from April, what would be magnitude of increase in domestic and export markets?
- Ajay Seth** About 1%.
- Jinesh Gandhi** Both in domestic and exports?
- Ajay Seth** We did only in domestics. Exports are very small but domestic largely is 1%.
- Jinesh Gandhi** Okay and secondly you mentioned about the change in accounting policy on depreciation. Would that be the key reason why even our RM cost sequentially has seen savings, say about 50 basis points.
- Ajay Seth** Yeah, that is right. That is the main reason for the RM cost. Otherwise sequentially I think the raw material to net sales is same as the third quarter.
- Jinesh Gandhi** Okay, that is largely same but we would have entered into fresh contracts now in April? Any indication on what kind of price changes would have happened on that?
- S.Maitra** Yes. Among the commodities, steel is likely to go up from 10 to 15%, ofcourse we are negotiating right now. Some of the other commodities are natural rubber and copper. These are the three main commodities which are likely to go up.
- Jinesh Gandhi** So, one would see increase in RM cost in 1Q or other first half of FY12 for sure.
- Ajay Seth** We would also like to offset it by doing our cost reduction which we always keep doing. We would still try to maintain the RM cost.

Jinesh Gandhi And sir just to clarify one thing, you mentioned about Forex gains of about 14 crores, that is accounted in other operating income or other expenditures?

Ajay Seth Other operating income.

Jinesh Gandhi Okay, so that's the net impact of ForEx in this quarter?

Ajay Seth That is right.

Jinesh Gandhi Okay sir, thanks

Moderator The next question is from Chirag Saha from MK Global, please go ahead.

Chirag Shah Good afternoon everybody. Sir, my first question is a follow-up on this capitalization of tooling. Can you indicate what is the amount that you have capitalized and also is it pertains to previous years also or is there any kind of adjustment also involved over here?

Ajay Seth No, whatever was the net asset value as of 1st April'10, so that has been taken back by us and though it will be amortized as per our policy of tooling, which is four years, so the remaining amount would be depreciated for the balance life which is left now for those assets. So according to the gross block has changed and the P&L impact has been adjusted both in the material cost side and on the depreciation side.

Chirag Shah Okay, so is it right that I need to apportionate it over four quarters to determine the impact on quarterly basis?

Ajay Seth No, the adjustment has been done in this quarter itself, so the cumulative effect has come in this quarter.

Chirag Shah Okay, second question was on this gratuity and leave encashment adjustment you indicated. Now also this is more of adjustments that pertains to year-end activity or it is of a non-recurring or one-time event kind of a thing?

Ajay Seth We do actual evaluation every quarter and based on the evaluation if there is a provision to be created or write-back to be done and that are accordingly done so it is a quarterly exercise.

Chirag Shah So it can go up or go down every quarter based upon the assumption that is how it is?

Ajay Seth That is right.

Chirag Shah And also if you can just share the breakup of volumes for Europe and non-Europe on the volume side on the exports?

- Vivek Kumar** 60% is non-Europe and 40% is Europe.
- Chirag Shah** on the hedging side you indicated 40% is covered, how are you looking at it? Are you looking at a rolling cover or as of now again because yen has once again appreciated against dollar, so the activity has gone slightly slowed down or you can throw some light over there?
- Ajay Seth** We do it on rolling basis. We keep a tap on, what the market is like and try to take anywhere between 3 to 6 months cover. So we have already done about 40%, we are again keeping a close watch on Yen and we get a lot of insight from Japan as well on this, so we have some levels in mind and we will be again taking call on that, as soon as the levels approach.
- Chirag Shah** Okay, thanks a lot.
- Moderator** The next question is from Srinivas Rao from Deutsche bank, please go ahead.
- Srinivas Rao** Just wanted to check with you, any timeline on the launch of new Swift or the shortened Dzire?
- Mayank Pareek** What is new Swift and what is Dzire?
- Srinivas Rao** The new Swift, the one which is already in the market in Europe and the Dzire is what we have been hearing that it will come in a smaller than 4mtrs size to kind of take advantage of the excise duty norms.
- Mayank Pareek** Yeah, Mr. Rao, I also saw that news item but as I said earlier, we do not really comment on our future offerings. It (Swift) is very much in market and it is selling very well.
- Moderator** The next question is from Kapil Singh from Nomura, please go ahead.
- Kapil Singh** Sir, just wanted to check on this business from insurance. What was the total revenue last year and how much is it this year and whether the restructuring is complete, so we can see increase revenue from next quarter?
- Ajay Seth** For this business was being run out of a separate subsidiary and therefore you only see as part of the consolidated accounts. It is not part of the standalone accounts that is number one. Number two, last year this business gave us profits of about 60 crores but since we are restructuring the business therefore there has not been any activity in this business for a good part of the year so therefore there has not been any income out of this?
- Kapil Singh** But is that restructuring complete. Can we expect that 60 crores to come back next year?
- Ajay Seth** We are still working on the restructuring and as soon as it gets over and we are able to draw the new structure, we will come back on that.

- Kapil Singh** Okay, Sir, also is it fair to say that we have seen the worst of yen as far as movement is concerned for the company or we will see some more impact of that in the next quarter because on average Q4 perhaps would have been a worst?
- Ajay Seth** It is very difficult to say whether we have seen the worst of yen because the currency and commodities have been very volatile for the last couple of years. But what we do as a risk mitigation is to at least try and cover when we get good levels to cover. So as I have said that 40% of our exposures for this year we have covered. Now if we were to compare this with the average rates of last year it will slightly be lower than the average rates of last year because last year we ended up with an average rate on yen about 87, it is no way that you can get an average rate of 87 to a yen. But we are trying to cover at the best possible rates and 40% of our exposures at this point in time is covered.
- Kapil Singh** Okay, but compared to last quarter, we should have been able to get better rates now?
- Ajay Seth** Yeah, compared to last quarter we will be better off in the market at this point in time.
- Kapil Singh** Okay, thanks.
- Moderator** Ladies and gentleman, we will take one last question from Rajat Chandak from ICICI Prudential Mutual Fund. Please go ahead.
- Rajat Chandak** Just one clarification you said that, you have hedged almost 40% of your currency exposure for FY12, would it be only for the direct imports or it would also include you indirect imports for our vendors?
- Ajay Seth** Now what we do is we try to give them advisories but at the moment we do not have a structured way to know how much of it has been covered except for a few vendors which are very closely monitored, but this exposure which I'm talking about is only for direct.
- Rajat Chandak** Any rates you can give, at what it would have been hedged at?
- Ajay Seth** These are at the different prevailing market rates. I do not have the averages with me now. But we have been hedging ever since the Yen improved from to the levels of 83, all the way to 85-86 so we have been taking hedges at different rates.
- Rajat Chandak** Another data point if possible in FY11 what would have been our average yen rate?
- Ajay Seth** 87.
- Rajat Chandak** Thanks a lot and all the best.

Moderator Thank you. Ladies and gentlemen that was the last question. I would now like to handover the conference back to Mr. Ambrish Mishra for closing comments.

Ambrish Mishra Hi everyone, thanks for joining and I really appreciate and thank the management of Maruti Suzuki for taking the call. Thank you everyone.

Ajay Seth Thank you.

Moderator Thank you. Ladies and gentlemen that concludes the conference call. Thank you for joining us and you may not disconnect your lines. Thank you.