

Transcript

Conference Call of Maruti Suzuki India Limited

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Presentation Session

Moderator: Good evening ladies and gentlemen. I am Raymond, moderator for this conference call. Welcome to the Maruti Suzuki Q4 FY15 and Annual results conference call hosted by Motilal Oswal Securities. At this moment, all the participants are in the listen only mode. Later we will conduct a question and answer session. At that time if you have a question, please press * and 1 on your telephone keypad. Please note that this conference is being recorded. I would now like to handover the floor to Mr. Jinesh Gandhi of Motilal Oswal Securities. Sir, please go ahead sir.

Jinesh Gandhi: Thanks Raymond. Good afternoon everyone. On behalf of Motilal Oswal Securities, I welcome you all to the post results conference call of Maruti Suzuki India Limited. I also take this opportunity to welcome the management team from Maruti Suzuki today. I would now like to invite Mr. Raamdeo Agrawal, Joint Managing Director of Motilal Oswal Securities, who will make the opening remarks and then hand it over to the management of Maruti Suzuki. Over to you, sir.

Raamdeo Agrawal: Good afternoon friends. It is a pleasure to speak on this call. It is the beginning of the season for earnings and for Q4. And this is one of the major companies which has surprised positively. So, that is a good beginning. But, coming to the company itself, I think the change in the dividend policy, as stated by them earlier and now adhering to that and coming to almost 25% to the payout ratio. We hope that such positive and pragmatic policies carry forward in the years to come. Other things are going to come up in the Q&A and Rahul will take it forward from here.

Rahul: Thanks Raamdeo-ji. It is an honor and a privilege to be associated with an iconic figure like yourself. And we take your inputs on the dividend policy also. Ladies and gentlemen, good afternoon once again and welcome to Maruti Suzuki conference call for Q4 and Annual Financial results year 2015. May I introduce you to the management team from Maruti Suzuki. Today we have with us our CFO Mr. Ajay Seth, Executive Director – Marketing and Sales Mr. R.S. Kalsi.

R.S. Kalsi: Hi everybody.

Rahul: Vice President – Finance, Mr. Pradeep Garg and other team members from finance and corporate. The concall will begin with a brief segment on the performance and outlook of our business by Mr. Seth, after which we would be happy to take your questions and comments. May I remind you of the Safe Harbor. We may be making some forward looking statements which have to be seen in conjunction with the risks that the company faces. I will also inform you that the transcript of the concall will be available at our website. And now may I invite our CFO Mr. Seth. Over to you, sir.

Ajay Seth: Thank you Rahul. Good afternoon ladies and gentlemen. And thank you for your interest in our annual financial results. The financial year 2014-2015 was a challenging year for the industry. Of eighteen manufacturers, only five posted positive growth. Sales of the industry, excluding those of the company were down 1.4% during the year. However, reduction in fuel prices, following international conditions and excise duty benefits on passenger vehicles, for the large part of the year, provided some relief to passenger vehicle buyers.

During the year consumer sentiments were also boosted by a stable Government at the center and new model launches by the industry. High sales promotion provided additional support to the industry sales. Based on these factors, domestic passenger vehicle industry grew 3.9% during the year, against a drop of about 6% in 2013-2014.

With the Government deregulating diesel prices, the gap between petrol and diesel prices came down further. It is now expected to remain stable. Due to this share of diesel vehicles in the total industry sales came down to 48% from 53% in 2013-2014. To arrest the decline in diesel sales, the company revisited its diesel sales strategy and tweaked sales promotion expenses to support diesel variants. Owing to these timely initiatives, the company's diesel sales grew by 2.8%, while industry diesel sales declined by 6.2%. The growth in company's sales of petrol vehicle was 15%, broadly in line with industry sales.

During the year the company launched the much awaited mid-sized, premium sedan Ciaz. With European styling, rich interiors and a host of up-market features, the model has received a positive market response. The company also introduced the new Alto K10 with 15% higher fuel efficiency than the previous version. The auto gear shift technology launched in the Celerio in February 2014 and offered in the Alto K10 has enthused customers. The company is working to increase its manufacturing capacity to reduce the waiting time for the customers.

The company also introduced refreshed versions of Swift and Dzire. The new versions are about 10% more fuel efficient and offers numerous new features.

Along with this, the company put tremendous efforts in the field to revive sales. These efforts included focus on all models, initiative on exchange sales and increase in CNG variants. Sales to smaller towns provided healthy support to the domestic volumes by addition of new outlets and increase in dedicated manpower for sales to such towns.

With these efforts we are happy to share that we were able to meet our volume growth expectations for the year. Domestic sales posted a growth of 11.1% and market share increase by 2.9% to reach 45% share of the passenger vehicle industry.

During the year the company expanded the product portfolio for the export markets. Popular models like Swift, Dzire, Ertiga and Ciaz were introduced in some of the major markets in Africa and Latin America. These models have received a positive response. Due to this, for the first time, annual sales to non-European markets crossed 100,000 units and total exports sales posted a growth of 20.1% during the year. The company remains focused on enhancing sales to Africa, Latin America and Asia and is working to expand sales network and strengthening service and supply of parts in these markets.

The company registered net sales of Rs.486,055 million and a net profit of Rs.37,112 million, up 14% and 33.4% respectively, over the same period last year. During the year higher volumes, material cost reduction initiatives and favorable foreign exchange contributed to growth in profits. Along with these factors, reduction in sales promotion expenses enhanced the company's financial performance during quarter four.

In line with the new dividend guidelines created by the board, we are happy to share that the board has recommended dividend of Rs.25 per share translating into a payout of 24.5% for 2014-15, up from Rs.12 per share, translating to a payout of 15.2% during 2013-14. The company's performance during the year helped improve the payout ratio. We will continue to make efforts to perform and to carry on rewarding our shareholders.

At the same time, we seek their understanding and support in years where the business or cash conditions are not so benign.

Outlook: With a new stable government in India focused on manufacturing, infrastructure investments and ease of doing business, there is optimism on an economic recovery. Fuel prices are lower than in recent years and deregulation will help to align capacities better with demand. There is also an expectation that the trend of higher interest rates in recent years may be reversed unless the inflation inches up again due to untimely rains.

Today, it is difficult to forecast when the Indian economy will regain the path of rapid GDP growth. The Company remains focused on growing faster than the industry, supported by a robust product portfolio, brand strength, efficient operations and a quality network of sales and service outlets across the country.

The Company also aims to achieve annual sales of 2 million vehicles in the medium term. It is preparing the value chain for this goal. It is focused on sustaining and improving Quality in all areas of business. Besides, continuing to offer technology and innovations that enhance the car ownership experience of customers in India and abroad.

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

Thank you.

Question and Answer Session

Moderator: Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question.

Our first question comes from Mr. Yogesh Agarwal from HSBC.

Yogesh Agarwal: Hi, good evening sir. Great results. Couple of questions. Firstly, on margins, it has been a great quarter. Do you believe that most of the benefits from yen weakness and commodity weakness is in the margins or there still some, which can come in the later quarters, considering we saw some yen depreciation in the fourth quarter as well?

Ajay Seth: Most of the benefits that you are seeing in forex, a bulk of it is captured in the fourth quarter. Now, it will depend on how the currency moves forward. The only additional benefit that we may get is because of the euro weakening. Because, euro till about quarter four was little stronger, it has weakened thereafter. So, we will have to look at how euro pans out. On dollar per se, we will have to see, because rupee has been losing ground against dollar. So, there could be some impact of the dollar strengthening against the rupee and that is something that we will have to closely watch. That is on the forex bit. Commodities have been more or less stable. They are likely to remain stable in quarter one also.

Yogesh Agarwal: Okay sir. And then anything on the discounts, because there was something on the media which talks about 15,000 or 16,000 average discounts in the quarter. Can you please let us know what is happening there?

Ajay Seth: Discounts in quarter four has been lower at Rs.15,000 as compared to discounts in quarter three at 21,000. But, it is very difficult to give a trend of discounts for the full year, next year, because discounts are largely market driven. If markets are good, there is adequate demand, you might see discounts being where they are now. But, if they are not, if we have a push effect in the market, then discounts are likely to be higher.

Yogesh Agarwal: Right, okay. Thank you so much sir.

Moderator: Thank you sir. The next question comes from Mr. Jai Khale from Elara Securities.

Jai Khale: Thanks for taking my question. Just one thing on the discounts. Is there any specific reason why the discounts have come down?

Ajay Seth: I think that is largely the market phenomena, when there is a little pull in the market, discounts tend to be low. Also, the fact is that there has been some reduction in the petrol vehicles discount compared to the diesel vehicles which have been going up. Our proportion of diesel is much lower than petrol. So, on an average therefore the discount gets corrected a little bit. But, it is largely market driven as I said. So, there was a general pull effect in the fourth quarter. We have had good sales and therefore discounts were lower.

Jai Khale: Okay. Sir, my second question was regarding our capacity. Going forward for your incremental capacity, what ratio of petrol to diesel would you be comfortable with, because diesel and petrol demand has been quite volatile? Last couple of years has been good for diesel and now it is petrol. So, going forward what ratio are you looking at to decide on your incremental capacities?

Rahul: So far we don't expect any major deviation from the current ratio. And our capacity is geared up to meet this.

Jai Khale: Okay. Just one last question on your capacity in AMT, what would be right now and how do you see it ramping up?

Rahul: We are delivering about 4,000 a month. And in some point of time in the future, we would like to take it up further.

Jai Khale: Okay, great. Thanks a lot. Thanks a lot that is all.

Moderator: Thank you sir. The next question comes from Mr. Rashi Talwar from Asmore.

Rashi Talwar: Good afternoon sir. Congratulations on a great set of numbers.

Ajay Seth: Good afternoon. Thanks.

Rashi Talwar: Sir, question was more on, I think on the same lines, but just a little bit more of detail than the previous person, that you are witnessing a certain amount of pull in terms of your products in the markets, where obviously the market is not witnessing a significant pull. So, are you seeing that the products that you are selling, you could reduce discounts, or was there a mix factor to the discount is what I am trying to ascertain.

Ajay Seth: So, variety of factors, mix could be one. For example, on new model sales, like Ciaz and Celerio, discounts are lower. As I mentioned to you, diesel and petrol mix also makes a difference. So, these are the variety of factors. Also, the market helped a little bit. So, therefore 15000 is something that you can't kind of take as a thumb rule for next quarter or next year, moving forward. It will largely depend on how the markets shape up. Some of these new models for example, over periods also starts going on to some level of discounts. So, we will have to really see how the market growth is in the next year.

Rashi Talwar: And sir, which specific regions are you all finding pull for your product coming from more?

Rahul: So, one is our sales efforts all across the country. And I must say a lot these discounts reduction is because of a lot of hard work in reach out efforts and innovative sales measures by our sales team. But generally North and West are having a better pull than the other zones.

Rashi Talwar: Fair enough. Thank you so much. And feedback is, the increase in dividend is great. So, thank you so much for that.

Rahul: Thanks.

Moderator: Thank you ma'am. The next question comes from Mr. Kapil Singh from Nemura.

Kapil Singh: Hi sir. Congratulations on a strong set of results. Just a query on the staff expenses. We have seen a sharp increase there. So, if you could just help us understand that.

Ajay Seth: So, based on the good performance, I think there is some bonus to be paid to the employees etc., which has been built in, in this year. Part of it was built in, in the first half. But since looking at the revised guidance for profits, we built in a much larger provision in the fourth quarter.

Kapil Singh: Okay. So, largely we should go by the full year number when billing.

Ajay Seth: That is right.

Kapil Singh: Okay. And secondly, I just wanted to understand on the discounts, this entire 15,000 or 20,000 that we talk about, this is entirely netted off from net sales or some portion of it also comes in other costs?

Ajay Seth: No, this is entirely netted off in the net sales.

Kapil Singh: Okay. And on the material cost side, do we expect more benefits to come in or have we fully seen that in this quarter itself? Because, the quarter, the contracts runs for slightly longer periods as well.

Ajay Seth: The variables are the foreign exchange rate and the commodity prices. It is difficult to predict. So, as I said, for first quarter we know now with certainty. But, it is very difficult to talk about second and third and fourth quarter. It will depend on how they move and therefore what will be the impact of that.

Kapil Singh: Sir, you talked about some euro imports. So, what is the content in the overall cost and how are we placed now on import content, both direct and indirect at the end of the year?

Ajay Seth: They are about 22% of our imports. Euro was at about Rs.80 and now it has I think dropped to slightly below 70. So, that has some bearing. So, some benefit of this would be seen moving forward, because I think it remained at about 78 in the third quarter and then it dropped thereafter. So, you will see some benefits of that moving forward.

Kapil Singh: And sir overall import bill, where are we as a percentage of total sales, in terms of direct and indirect and any targets if there?

Ajay Seth: We will be between 15% and 16% now.

Kapil Singh: Okay. And where do we see that going in the next two-three years?

Ajay Seth: I don't think it will change much now. It may go down by 100 basis points or so. But, I think the large part would be when the electronics are localized, which has a long lead time. It may take about three to four years. So, bulk of the localization efforts have now fructified. But, some small efforts will continue.

Kapil Singh: Right. And sir, finally on the volumes, we have I think we are looking at 10% to 12% kind of growth, that is what I saw in the media. So, but I just wanted to check, if in the second half of the growth turns out to be much higher, is the company and the vendor base prepared for let's say 20% growth in the second half?

Rahul: We don't think it could shoot to those levels. But, yes of course, with adequate lead times we keep preparing them and keep some cushion.

Kapil Singh: Okay, thanks. That's helpful. Thank you so much.

Moderator: The next question comes from Mr. Pramod Kumar from Goldman Sachs. Sir, please go ahead.

Pramod Kumar: Thanks a lot for the opportunity and congratulations on a very good performance. My first question pertains to your Swift family, more particular on the Swift Hatchback. The volumes have been largely flattish for the year and this is despite the facelift which happened during the year. I was just wondering whether, is there something which you are bothered about that the volumes are not going up in that category, though the segment I think has not done that bad in totality. So, I just want to understand your view on that and also an optionality of AMT in that particular segment of premium hatchback.

Ajay Seth: Pramod, I think the point is, this year industry growth has been fairly muted. Excluding Maruti, Industry has de-grown. During the year, we have either tried to maintain our volumes or grow, let's say the new segments that we have entered. So, obviously when the industry revives, the numbers would be much better than where they are. They will certainly look up.

Pramod Kumar: And the second bit of the question of AMT optionality for the segment?

Ajay Seth: What about the AMT?

Pramod Kumar: As in, is AMT a possibility for this particular segment of engine size of 1.2 liter on the petrol and 1.3 on diesel?

Rahul: Future products and features are something that we keep working on and we will keep announcing at the appropriate time. We have seen a very good response for the Celerio and the Alto. Our immediate concern is to raise capacity and we will do that with a significant jump. And whether it would be applicable to a particular segment is something that remains to be seen for the future.

Pramod Kumar: Okay, thanks a lot. And my second question is on the rural demand, because there is so much of negative press that you get on rural demand nowadays. Just wondering how do you see on the ground activities in terms of, is the unseasonal rain started to weigh on car demand in the last few weeks is what you have seen? What is your feedback so far from the ground on the rural side?

Rahul: One thing that we should be positive about the country as diverse as India is that we have so many avenues and opportunities of growth. In the bad times, sales to smaller towns did help us and now their contribution is more than 30% to total sales. On this high base, even if we get a low growth number, it is not something which is discouraging. As of now we are more excited about urban rather than smaller cities growth. And I think it is a matter of time that the other segments will also catch up.

Pramod Kumar: Okay. And the final question Rahul is on the premium dealership is what we have been reading in the press off late. I just want to understand

your thought process; the company's thought process on this premium dealership rollout. And what will be the total numbers you are ultimately looking at and whether the company will now co-invest in this dealership along with the dealers?

Rahul: So, this is one area that we are still consulting internally and discussing internally and we will come back to you at an appropriate time.

Pramod Kumar: Fair enough. Thanks a lot and best of luck for the future. Thank you.

Rahul: Thanks.

Moderator: Thank you sir. The next question comes from Mr. Jamshed Dadabhoy from Citigroup.

Jamshed Dadabhoy: Hi, thanks for the opportunity. So, one question on your export revenues. Could you just share the export revenue number for the quarter please?

Ajay Seth: Jamshed, the export revenue for the quarter was at 1,203 crores.

Jamshed Dadabhoy: Okay. And second question is, given where rupee-yen is currently or the cross between rupee-dollar and dollar-yen, is the import content, direct plus indirect plus royalty, could you just give us that split please as a percent of sales for this quarter end?

Ajay Seth: So, we said import direct and indirect imports put together would be about 16% of our sales. And royalty is about 5.7% of our sales.

Jamshed Dadabhoy: This is for the quarter?

Ajay Seth: This is for the year full I am talking about. For the quarter, royalty would be at about 5.4% and import content would be the same number, 16%.

Jamshed Dadabhoy: Okay, 5.4%. And sir, can I squeeze in a third question?

Ajay Seth: Yeah, go ahead.

Jamshed Dadabhoy: Just one question actually on your dealership network. We have been reading that a lot of dealers are in financial distress. What percent of your dealership network would be profitable today on a cash profit basis?

Rahul: Maruti partners are profitable.

Jamshed Dadabhoy: So, all your dealers are making cash profit, is it?

Rahul: We have a very sustainable model. If at all there is a situation where they come into this kind of a problem, we will either scale down our cost or do something about the inventory or have some superior business practice, which takes care that they don't go into losses. So, we are very particular about that.

Jamshed Dadabhoy: Is there any dealer support cost which is there, which is part of your top line today, which might come back to you all, once the business outlook improves?

Ajay Seth: There is none. There is no such cost.

Jamshed Dadabhoy: Okay, fine. Thank you.

Moderator: Thank you sir. The next question comes from Mr. Pramod from CIMB.

Pramod: Hi sir. Congrats on a good set of numbers. With regard to the exports, in spite of the tough environment, you have done well with 20% growth and now you seem to be expanding the portfolio. So, what is the growth outlook for the short term and medium term there?

Rahul: In the next year we hope to do as much as this year at least. And also build enablers like our network, sales and service network there. And over the medium term, we are quite ambitious.

Pramod: Okay. And second is with regard to your quarterly numbers, the contribution or the sales minus the raw material seems to have jumped up very steeply, almost like around 300 basis points improvement in contribution on a quarter on quarter basis. Would you give some color in terms of how much of that might have come from the absolute commodity price drops and the currency or the other product mix, basically to understand how much sustainable are these going forward?

Ajay Seth: It is largely driven by discounts, that is one factor. Cost reduction, that we continue to do, that is the second factor. And the exchange benefit from Q3 to Q4, that is the third factor. So, that is largely the three factors that have contributed on to the increase in profits.

Pramod: Okay. Sir, the reason why I was asking was that basically your EBITDA margins are now standing at historic high levels, if you look at last almost around ten years type of a trend. So, how much more levers you are left with in your hands to improve it further, other than just volume moving up?

Ajay Seth: Pramod, what we can do is that the areas where we need to control cost. Productivity, higher capacity utilization, discounts, etc. we will continue to work on that. The variables which are not in our control, things like forex, we are working on localization to the extent that we can. The commodity prices are not in anyone's hands, so it depends on how the commodity markets move. So, I think these are the variables.

Pramod: Sure. Thanks and all the best.

Moderator: Thank you sir. The next question comes from Mr. Govind Chellappa from Jeffrey's.

Govind Chellappa: Hi, good afternoon. I have a couple of questions. One, what was the CAPEX during the year and where was this spent? And what is the CAPEX

planned for the next two-three years, whatever timeframe that you can talk about? And where would those investments go in?

Ajay Seth: CAPEX this year was about 3000 crores. And the areas where it would have been spent are: new product launches, marketing infrastructure, research and development and also the annual maintenance CAPEX that we incurred on our plants. So, these are broad areas where we spent ~3,000 crores. That is on the CAPEX side. Next year, our CAPEX guidance is about 4000 crores.

Govind Chellappa: Okay. So, your own CAPEX is about 6% of sales and this is not including any capacity expansion. Should we think of it as percentage of sales? How do we think of it going forward?

Ajay Seth: So, if there are more products being launched, the CAPEX to that extent will be higher. It also depends on what is the marketing infrastructure investment that we are making in a particular year. So, these are two variants. Our annual capital budget typically would be about between 1000 crores and 1200 crores a year. Other than that it will depend on these factors. So, R&D for example, we still have some cash flows, money to be spent on Rohtak R&D center. So, that is where the bulk of the money will go. Other than that our annual CAPEX which is the maintenance of the two plants would be in the vicinity of about 1000 crores to 1200 crores.

Govind Chellappa: Okay. My second question was on the payout. I know a lot of investors are happy with your payout. Honestly it seems much lower than what you can pay out. What is stopping you from paying out a higher number?

Rahul: Govind, this is a conscious policy that our board took some time ago and announced it, between 18% to 30% subject to some conditions. Now, this is the best wisdom of the board. And one has to keep in mind, many, many years ahead, I do not know how long is the investor perspective, but a promoter perspective runs into decades, if not centuries.

Govind Chellappa: Fair enough. I just wanted to highlight that last time, your payout today in terms of the absolute amount is lesser than the EBITDA you generated in 2004. So, I think eleven years is a long enough time. But, anyway it is the board decision and I accept that. Thanks.

Rahul: Thanks. We have to keep in mind that there are eighteen manufacturers in India and they are all taking up some part of the market. So, we have to be prepared for bright days as well as rainy days.

Govind Chellappa: Thanks Rahul.

Moderator: Thank you sir. The next question comes from Mr. Hitesh Goel from Kotak Securities.

Hitesh Goel: Thank you sir. Good afternoon. Sir, can you give us a sense on the launch schedule, basically this is for S-Cross and you were also talking about the premium hatchback and the LCV, which may come this year?

Rahul: So, we mentioned last year that we are getting into a strong product launch cycle and some of these products you have already seen. Celerio and Ciaz have been good successes. We are happy with their performance. And there are some more in the offing. You have mentioned the names of some of them. And let's hope they perform well.

Hitesh Goel: I was asking, is there a timeline at least for the next launch? Can you give a timeline when it will be launched?

Rahul: Not in the public domain so far.

Hitesh Goel: Okay. And sir, there is discount reduction which has happened. Has it come mostly from Alto Wagon R, so can you give the buyer as a proportion over the industry, what is that number now? And it is going up versus a second hand buyer?

Rahul: As Mr. Seth had pointed out earlier also, it is a combined effect of a lot of reasons and efforts of our sales team. If they are able to expand their reach more, have more innovative ways of selling. We could look at the granular breakup of discounts and see where they can be pulled back. Some new products have also been launched. And new products we are all aware do not carry discounts. So, all those factors have, as a sum total have resulted into this.

Hitesh Goel: Okay. Can you just give me that number sir, of a first time buyer as a proportion of your overall sales or the industry, whichever?

Rahul: About 44%.

Hitesh Goel: Okay, thank you.

Moderator: Thank you sir. The next question comes from Mr. Sonal Gupta from UBS.

Sonal Gupta: Hi, good afternoon. Thanks for taking my questions. Sir, to start with one, diesel volume for the quarter, what is the number?

Ajay Seth: Diesel volume for the quarter is 87,329.

Sonal Gupta: And sir, could you sort of give a specific number for rural demand for this year? What percentage of sales was it for FY15 and what sort of growth did you see year on year?

Rahul: One is, we are increasingly finding that a lot of convergence between small towns and rural. So, we would prefer to call it smaller towns. And this is about 34% contribution.

Sonal Gupta: Right. If I am not wrong, that is something 35 or 36 last year, right?

Rahul: No, no, it wasn't as high.

Sonal Gupta: Okay. And have you seen growth in this segment?

Rahul: Yes, 23% this year.

Sonal Gupta: 23% year on year, okay. And just coming back Rahul, because you mentioned that first time buyers are coming back, but we have not really seen any sort of major improvement like the Alto, Wagon R segment combined year on year also. So, just want to understand as to, and especially now if you are more excited about the urban growth versus the rural, it seems like rural if it slows down, then that will again impact the entry segment, because that is a big portion now in the entry segment I guess?

Rahul: We have to keep in mind that overall the growth of Industry was 3.9%. Alto has grown by 2.4% during the year as compared to negative 3% in the previous year, so that is a big swing.

Sonal Gupta: Okay. So, are you seeing increased numbers of first time buyers with Swift and Dzire?

Rahul: We will have to check.

Sonal Gupta: Okay. And overall in terms of, could you just give us some sense on what is the profile of the rural buyer really speaking, in the sense that are these self employed or are these largely Government employees etc.?

Rahul: So, within the village segment there are some influential people who can afford cars. They could be the village sarpanch (head); they could be the bank manager in a village counter. It could be the block development officer. It could be the village headmaster of the school or even the big provision store retailers or traders or transporters. So, this is the profile.

Sonal Gupta: Okay. But, is village a big, within the rural or the smaller towns, how big would be the village?

Rahul: We will have to go on a road trip.

Sonal Gupta: Okay. And sir, would you have the diesel, petrol mix for the industry for FY15, I don't know if you have said that already.

Rahul: Yeah, we have. Industry diesel penetration is 47.8% for FY'15.

Sonal Gupta: And what would it be for Q4?

Rahul: It was 45.1%.

Sonal Gupta: Thank you Rahul. Thanks a lot.

Rahul: Thanks.

Moderator: Thank you sir. The next question comes from Mr. Amyn Pirani from Deutsche Bank.

Amyn Pirani: Hi, thanks for the opportunity. Most of my questions have been answered. But, just on the growth for fiscal 2016, just wanted a clarification. Have you given a guidance of 10% to 12% growth for the year?

Rahul: What we have said is that we will try to grow better than the industry, at just about double digit for the year, as compared to SIAM figure of 6% to 8% for the industry.

Amyn Pirani: Okay, fair enough. Just on the first time buyers, could you give us historically, is 44% higher than what it used to be or is it lower and what number do you feel it could settle at, in your understanding?

Rahul: Okay. We have seen figures as high as 50%. And in the past slowdown, we saw them gradually coming down from 50% to 40% to 37% and now we are seeing a spring back. So, there is some headroom more.

Amyn Pirani: Okay, fair enough. Thanks. Thanks for taking my question.

Moderator: Thank you sir. The next question comes from Mr. Sahil Kedia from Barclay's.

Sahil Kedia: Sir, thank you for this opportunity. Two questions sir. In the balance sheet there seems to be a pretty large change in your trade investments, which has resulted in the overall cash balances coming down. Can you just help us understand what that is? And secondly, on your discount number, was there any impact of the year end change which is basically the model you had changed, which caused the discounts to be slightly lower on a seasonal factor, which may have attributed to the discounts coming down on a QoQ basis?

Ajay Seth: Not really, I don't think discounts; there is anything which is seasonal or linked to a model. Overall discounts have been lower compared to the last quarter. Your first question was on the trade investment, right?

Sahil Kedia: Yes sir or non-current investment basically as it is reported in the balance sheet.

Ajay Seth: Let me just take out the item that you are talking about, non-current investments. There is an increase that you are talking about, right?

Sahil Kedia: Yes sir.

Ajay Seth: Yeah, these are mutual fund investments for a longer term holding. So, since we are holding it for a longer term, therefore they come as non-current investments over a longer period. So, earlier the philosophy was to hold it for a specific period of time with some tax. Now, we are required to hold it for a longer period of time to get the tax breaks on these investments.

Sahil Kedia: Okay fine sir. I just wanted to clarify. Thank you so much sir.

Moderator: Thank you sir. Ladies and gentlemen, due to time constraints, we are closing the Q&A floor. Now, I handover the floor to Mr. Jinesh Gandhi for closing comments.

Jinesh Gandhi: Thank you Raymond. On behalf of Motilal Oswal Securities, I would once again like to thank all of you for joining the call today. I will also thank the management for giving us this opportunity to host the call. Thanks and we close the call here.

Ajay Seth: Thank you.

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