Q2FY19 and H1FY19
Investor Conference Call

October 25, 2018

Moderator: Ladies and gentlemen, good day and welcome to the Maruti Suzuki India Limited Investor Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Nikhil Vyas. Thank you and over to you, sir.

Nikhil Vyas: Thank you Janis. Ladies and gentlemen, good afternoon once again, may I introduce you to the management team from Maruti Suzuki. Today we have with us our CFO - Mr. Ajay Seth, Senior Executive Director (Marketing and Sales) - Mr. R.S. Kalsi, Executive Director (Corporate Planning) - Mr. A. K. Tomer, Senior Vice President (Finance) - Mr. Pradeep Garg, Vice President (Corporate Planning) - Mr. Rahul Bharti and Vice President (Finance) - Mr. Sanjay Mathur. The con-call will begin with a brief statement on the performance and outlook of our business by Mr. Seth. After which, we will be happy to receive your questions. May I remind you of the safe harbor. We may be making some forward-looking statements that has to be understood in conjunction with the uncertainty and the risks that the company faces. I also like to inform you that this call is being recorded and the transcript will be available at our website. I would now like to invite our CFO - Mr. Seth. Over to you, sir.

Ajay Seth: Thank you, Nikhil. Good afternoon, ladies and gentlemen. To begin with a piece of good news, the Maruti Suzuki Dzire has achieved the fastest 300,000 sales mark in Indian passenger vehicle industry. This unique feat was achieved in just 17 months since its launch. Also the new Ciaz with smart hybrid is being received well by market with over 70% customers preferring to opt for the top variant. While the good reception of our new products is encouraging, it also reinforces the Company's focus to serve and delight its customers with relevant offerings and technology. To better understand the customer's requirement recently, the Company has flagged off prototype electric vehicles for field testing. The extensive real life usage of the vehicles in multiple terrains and climatic conditions will help the Company get valuable insights that will help in validation and successful launch of electric vehicle technology in India.

Turning to Quarter II performance, during the second quarter of the current financial year domestic passenger vehicle industry posted a decline of 3.6% with the Company registering a decline of 1.2% during the quarter. The Company continues to witness a healthy growth in its light commercial vehicle offering Super Carry which had received positive product feedback from our satisfied customers.

The shift of consumer demand towards petrol segment is now more evident with petrol segment contributing to 63% of domestic passenger vehicle volumes during the quarter. The Company along with its suppliers had also put in concerted efforts to significantly improve the supplies of models that were on waitlist earlier. The efforts are however in place to further reduce the waitlist for Vitara Brezza.

The unfortunate floods in Kerala were a cause of national concern and the Company took an array of measures to provide 24×7 supports to the affected customers. The floods in Kerala and the heavy monsoons in certain pockets of the country did impact the demand environment which was further impacted to a certain extent with the rise in fuel prices, interest rates and the hike in insurance cost. The non-urban markets although continue to post a healthy double-digit growth.

The export markets' business environment is also challenging. Export markets are facing challenges like currency devaluation and import restrictions which is affecting the demand. Export sales for the Company had declined by 15.2% during the quarter.

Turning to the financial performance in Q2FY19, the Company registered Net Sales of 215,519 million a growth of 0.5% over the same period last year. The Operating Profit was Rs. 27,101 million lower by 9.5% over the same period previous year on account of increase in commodity prices, adverse foreign exchange movement and higher sales promotion expenses, partially offset by cost reduction efforts. Net Profit for the quarter stood at Rs.22,404 million lower by 9.8%.

However, the first half of the fiscal witnessed a growth of 10% as per the plan and the Company remains committed to achieve healthy growth amid host of external challenges.

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

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-answer session. We would take the first question from the line of Jinesh Gandhi from Motilal Oswal Securities. Please go ahead.

Jinesh Gandhi: My question pertains to the demand environment now considering Kerala market seems to be normalizing. Sir, for FY19 what is demand outlook we are maintaining, are we maintaining double digit growth for FY19? And second is on discounts what the trend is, how was it in second quarter? What is the trend now?

R.S. Kalsi: Well, in the introductory message Mr. Seth mentioned that the market had faced adverse effect of floods. So, it was not just Kerala but couple of other states as well particularly, UP, Uttarakhand and also some of the states on the eastern part of the country. Now it takes some time for the people to come out of it and then think of cars. The first priority is to set their house in order, rebuilt the house particularly in places like Kerala where the disaster was of a much higher magnitude. So, gradually it is coming to normal and I think, moving forward over next couple of months the pent up demand should emerge from these markets. That is one thing. Talking about discounts, certainly discounts are not determined by us alone, a lot to do with the overall market conditions, how the competition is responding to those market conditions, our competition increases the discounts then we also have to respond. So, various factors are there and festival season certainly we increase the discounts and moving forward we will keep monitoring the market and then take a call and do some course correction either upward or downward depending on the market conditions purely.

Jinesh Gandhi: But what where average discounts in the quarter, second quarter?

Ajay Seth: Average discounts in the second quarter were at Rs 18,750. So, they were higher by about Rs. 3,500 per vehicle compare to same period last year.

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

Kapil Singh: Just wanted to follow up on the previous question, could you also share the demand outlook for the full year and how was the festive season progress so far both in terms of enquiries and retail sales?

R.S. Kalsi: Well, in the beginning of the year we had mentioned that we will be targeting double digit growth and we are on track as far as H1 is concerned. Now, as we enter into H2 there has been couple of disruptions so far. One major disruption being 3 years of third party insurance premium that customer has to pay upfront which translates to about Rs. 8,700 - quite high. And then increase of about 17% on fuel prices as far as petrol is concerned, 26% on diesel and also there is an increase in the interest rates by 35 basis points compared to the beginning of the year. So, all these factors are sort of detrimental to the overall sentiment in the market place. Now having said that coming to festival sales, festival sales so far are flat when it comes to retail but bookings are good and we have almost another 20 days to go Dhanteras and Diwali particularly. These are the big dates and we look forward to demand picking up during this time. And moving forward certainly our endeavor would be to match our targets what we had set in the beginning of the year for ourselves.

Kapil Singh: Second question was on financials. I can see that other operating income has seen a significant increase around 880 crores compared to 650 crores in Q1. So, is there any one-time item over there? And secondly also on the cost reduction efforts, if you can share some examples of what exactly we are doing because despite a sharp increase in discounts the raw material to sales ratio has actually come off a bit Q-o-Q.

Ajay Seth: So, on the operating income the one difference has been that there has been a recovery of engineering services fees the work that we have been doing on behalf of Suzuki for certain models which are being developed here. So, whatever works we are doing there is a recovery mechanism post our change in the way the royalty was to be calculated for the new models and we do some work then the cost that we incur will be recoverable from them. So, that got plugged in the second quarter because the MoUs and agreements have been finalized only now.

Kapil Singh: So, will it continue at this level?

Ajay Seth: No, so there is one-off in this. So, there is about 200 crores that we have recovered which will be one-off because that pertains to previous year 2017-2018. This work has started in 2017-2018 but the recovery has now been made once the contracts and all have been finalized. So, there will be a one-off of about 200 crores in this.

Kapil Singh: And how to build this going ahead?

Ajay Seth: It will depend on the quantum of work that we will keep doing. So, every quarter may have different quantum of amounts depending on what kind of work we are performing on various models. So, it is very difficult to quantify at this stage but there will be some recovery how much will it be is difficult at this point in time to quantify. It will depend on the efforts and number of hours and completion of each project. So, these would be the factors that will eventually determine what amount will be there.

Kapil Singh: And sir, my query on the raw material to sales and cost reduction?

Ajay Seth: So, for us the challenge was really on one side commodities and foreign exchange and on the other side discounts as well as you mentioned. We have been working very hard on cost reduction programs as you see bulk of it has been offset with the cost reduction program that we have been running. So, the total quantum of increase on account of commodities, Forex and discounts, bulk of it has been erased out on account of cost reduction.

Moderator: Thank you. Next question is from the line of Anubhav Bajpayee from Goldman Sachs. Please go ahead.

Pramod: This is Pramod here. Sir, my first question pertains to the JPY impact we do understand that the indirect exposure comes with quarter lag. So, if you can just help us understand what is the indirect exposure currently and while addressing that if you can just refresh our memories on the JPY exposure in terms of direct, indirect and royalty. As to how much of the royalty is actually in JPY and how much of the royalty is moved to Rupee? So, if you can just provide some color on that, sir.

Ajay Seth: So, exposure in terms of royalty would roughly be 60% still in JPY and 40% moved to Rupee because the models which have moved to Rupee are largely the big volume of our models including Brezza, Dzire, Swift and Ignis. So, these are the models that are in Rupee royalty now. The others are still in the older format. So, 40% of our royalty would be Rupee based and 60% would be still on Yen basis.

Pramod: And the direct exposure and indirect exposure, sir on the component side?

Ajay Seth: So, our exposure as percentage of our net sales is about 15% as a percentage of net sales. Direct would be about 5% and indirect would be about 10%.

Pramod: The export revenues are, sir roughly around 8% of revenues, right …

Ajay Seth: It is about 7% at this point in time, yes.

Pramod: And now the second question is linked to the current currency rates, sir. Earlier we understand big chunk of the components we do not have much of a local supply in terms of auto electronics for example. But given that back then Rupee rate was 65 now at a Rupee rate of 73 does the math change at all which warrants a serious look at localizing this particular significant components which are largely imported across the industries. So, is there as case now for this to be made in India?

Ajay Seth: so certainly I think we have been very aggressively pursuing the localization program. We are also looking at all the items including electronics. There are some technology challenges that comes in some of the areas of component localization. But we are examining along with our parent and the relevant technology providers. There is also a very definitive plan in terms of what we are going to localize in the next one year and it is a large chunk of quantum that we are now working on localizing. Because the direction is very clear you cannot sit on high import content although we are much less than the industry. But it is very clear that we have to significantly increase our localization efforts and direction of board is also very clear and we are working towards it to significantly up the localization from where we are now.

Pramod: Any annual number which we can get earlier, you have guided that 100-200 bps will be localized annually but anything which you want to share given the way Rupee has behaved?

Ajay Seth: We are just trying to formalize our plans in terms of the numbers and timelines. We will come back to you on that.

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

Amyn Pirani: Sir, my first question was actually on royalty, can you share the royalty number for the quarter?

Ajay Seth: 5.7% this quarter.

Amyn Pirani: And if I am not wrong this is not entirely in your other expense line part of it is in your raw material which comes from SMG**,** right?

Ajay Seth: No, 5.7% figure that I am giving you is the total number, part of which will be if I was to break it up as per the SEBI format between royalty and material cost then this number would be 5.0% will be on in the head of royalty and 0.7% will be material cost.

Amyn Pirani: And sir, secondly just a clarification you mentioned this 200 crores in the other operating income was pertaining to FY18. And so going forward you are saying this will be more of lumpy in nature or is there like a quarterly way in which you will account for it going forward?

Ajay Seth: Now the cycle will be every quarter. So, the quantum of work we will do will get accounted for in the respective quarter.

Moderator: Thank you. We take the next question from the line of Hitesh Goyal from Kotak Institutional Securities. Please go ahead.

Hitesh Goyal: Sir, can you just talk more about the individual impacts on the P&L on commodities and FX on a Q-on-Q basis, while we know discounts have impacted margin by 100 bps on a Q-on-Q basis. But just on commodity and FX if you can give us that number as well.

Ajay Seth: So, y-o-y basis**,** foreign exchange impact has been about 120 basis points. Similar impact has been there on account of commodities as well about 120 basis points. Discounts we have already mentioned was higher by about 3,500 per vehicle. So, all put together there will be an impact of about 350 basis points.

Hitesh Goyal: And sir, can you please tell us something about this cost reduction which keeps on coming in, I mean on a quarterly basis how this kind of impact can be offset, so like 300 basis point cost reduction without any impact on mix. Can you tell us what the thought process behind this is? Is it because vendor cost reduction, vendor price impact which is helping this margins how should we look at margins? Because it is very difficult to project this cost reduction.

Ajay Seth: See, we run a program for cost reduction which includes inner part localization, value analysis and value engineering, standardization and also volume discounts. So, all that put together, there is a plan that we run and we try to maximize it to the extent we can, and as you can see the effect of this in this quarter as well and on half year where in spite of certain adversities that we have seen on account of the factors that we just talked about still material cost to net sales ratio has been maintained more or less at the same levels.

Hitesh Goyal: And sir, any thought process on price increase in January because most of your competitors are talking about price increase because of Rupee depreciation, any thoughts on that?

Ajay Seth: I mean there is no thought at the moment on price increase. We have to examine how the market goes. Mr. Kalsi explained to you that at the moment the markets are flat. So, we will have to consider all those factors before any decision on this has to be taken.

Moderator: Thank you. We take the next question from the line of Aditya Makharia from Motilal Oswal Asset Management. Please go ahead.

Aditya Makharia: Just on royalties how should we look at royalties going in the next 2 to 3 years because your R&D kicks in the local R&D and also you converted, I mean you change the formula to as Rupee royalty instead of Yen?

Ajay Seth: So, there are 2 parts to it, as we said that all the new model agreements will now move to Rupee base formula. 4 of the models are already in a Rupee based formula and I think subsequently whenever a new model is launched or a full model change happens that will keep moving on to Rupee formula. So, that is one part. Second is also we have said earlier that if there is, we achieve certain volume in case of certain model there will be a volume discount also given alongside. So, definitely one we will eliminate exchange risk that we today carry on our royalty exposure and if the volumes of our particular model are high you will get lower royalty on that. So, directionally the royalty will come down.

Aditya Makharia: But, I mean would it be in the range of 100 to 150 bps, so that be a fair assumption?

Ajay Seth: This is for you guys to guess here, I have given you all the details.

Moderator: Thank you. We take the next question from the line of Raghu Nandan from Emkay Global. Please go ahead.

Raghu Nandan: Sir, just wanted to understand that there are recent increase in commodity and currency. How do you see the impact in the coming quarter?

Ajay Seth: See, commodity impact would be there. I think, we will also see some more impacts especially on account of steel in the second half. Other commodities are more or less stable now. So, we do not see much increase on other commodity because steel being the significant quantum. We will see some increase but not as deep as it was in the first half. So, commodities of course, continue to show some increase but not as much as we saw in the first half. Exchange is more complicated one because the exchange rates moved only in the last few months where you saw adverse Dollar-Rupee movement. The worry is only Dollar-Rupee because Dollar-Yen and Dollar-Euro are more stable. So, Dollar-Rupee moved from last year 65 to now 73. The indirect impact comes with the quarter lag. So, I think some impact that we will witness over the third and the fourth quarter are on account of indirect imports. That is one area of concern. On the direct exports we also have a natural hedge. There will be some additional impact even in direct imports but because of natural hedge, I think part of it will get mitigated. But definitely the impact would be more than what we have seen in the first half.

Raghu Nandan: And sir, how do you see the export outlook given the import restrictions and the devaluation of currency in some of the markets which you alluded to. Do you think you will be able to achieve a flat growth this year or would it be a decline?

Rahul Bharti: There are many headwinds globally on exports. The Rupee has declined with respect to the Dollar but the other currencies have declined much more with respect to the Dollar. So, most of our export markets are facing some kind of economic slowdown. Secondly, during these times some kind of trade protectionism can also be seen in many countries. They raise some kind of import restrictions. I think, it will be difficult to meet a flat export number this year.

Raghu Nandan: And sir, the last question coming to domestic market how are you seeing the rural and urban growth?

R.S. Kalsi: Well, urban growth so far is flat and rural markets are showing high growth in fact close to 13% the reason being that we had consecutively third good monsoon this year and we are seeing clear cut buoyancy in the rural market plus Maruti has put a lot of efforts in the rural markets in terms of expanding our network enhancing the man power there and apart from this we have lot of events we are doing in the rural market. We are in a way making it happen there.

Moderator: Thank you. Next question is from the line of Chirag Shah from Edelweiss. Please go ahead.

Chirag Shah: Sir, my first question is on market share versus margins. Going ahead how should one look at Maruti's you have achieved strong market share over last few years incrementally market share versus margins how should one look at which is more priority?

R.S. Kalsi: I think it is more of a management question and if you ask me, our focus is on both the things, if there are no margins there is no point in enhancing the growth and if the market share is not gained that means you are performing less than the industry. So, I think both things are equally important for us and we have to maintain a good balance.

Ajay Seth: Chirag, it is a like chicken and egg problem, right. So, I think both are equally important. So, normally we would think that market shares, volumes are very important and key for us, but at the same time the management is keep putting pressure on ensuring that you maintain margins as well. So, the call is how to do it and you have to devise ways and methods of doing it.

Chirag Shah: And sir, second question was on any update on the new products in the immediate term that we are looking to launch if you can just update us on that?

Rahul Bharti: We will keep informing you about the products as and when they come. We always try to retain the excitement before the products.

Chirag Shah: And a clarification that the other incomes seems to be on the lower side any specific reason? Is any regrouping or a mark-to-market issue and how should we look at other income going ahead? Other income?

Ajay Seth: Other income is lower because in the first quarter last year we had a mark-to-market adjustment as you have seen. So, because of that the other income was lower but I think this quarter we are slightly better than last year but if looking forward if the interest rate stabilize then the other income will become normal. I think it should in fact increase from the period of previous year.

Chirag Shah: So, 700 odd crores quarterly run rate for next 2-3 quarter, is fair assuming interest rates remain stable that kind of number looks reasonable or 7%-odd kind of yield is a reasonable number to work with?

Ajay Seth: We have a book size of about 33,000 crores at fair market value. The current interest rates are about 8%. So, you can calculate if interest rates were to remains stable we should be making an earnings of about 8% on that.

Chirag Shah: And one clarification there were media report in between that you are looking to shift the Gurgaon plant to outside of Gurgaon to nearby areas like Sohna or something like that and there were lot of question that we used to get is there a thought process internally on that side?

Ajay Seth: One should not get carried away by the media reports. Have you heard it from the company's side?.

Moderator: Thank you. Next question is from the line of Pramod Amthe from CGS CIMB. Please go ahead.

Pramod Amthe: Two questions. First one is with regard to your LCV division which is Super Carry you seems to building a decent fraction. Would you help us understand what is the product plan and distribution plan and what are your market share ambition in with 3-4 years' time frame? What are you looking at?

R.S. Kalsi: See currently we have a network of 200 plus for selling a Super carry and we are already number 2 in the market place though market share is relatively less. So, moving forward we will continue our efforts on that and our products are known for their durability and cost of ownership which is particularly important in this segment where we are selling more of a livelihood rather than the luxury. So, moving forward we are bullish about it.

Pramod Amthe: And second one is with regard to your export markets. If I have to look at your overall exports since 2010 it seems to be hovering in the same range 125,000 to 150,000 per annum basis. This is in spite of the fact that Suzuki gave a free hand to you to develop many of the emerging markets and the African markets. When you expect this to take off? Even though you might be basically struggled with some capacity limitation recently. What are the big steps you are taking up to take it to a next big level?

Rahul Bharti: See most of these markets have not picked up much and if you notice exports for other manufactures from India are also quite flattish. We will have to wait for these markets to pickup also at this point of time for some time we have our capacity and we would like to serve the domestic market first. So, not much action on this in the next few quarters.

Pramod Amthe: And if I can ask one more question. With regard to your Gujarat plant what has been the production for this quarter and what products you plan to do in the coming quarters from the same plant considering the fact that all part of the new capacity is coming in Gujarat.

Rahul Bharti: This quarter was 67,000 units and our next line will be commissioned in early 2019 and we are expecting a third line in mid-2020 and each plant is about 250,000 per annum capacity. We should give a reasonable period of about 4 to 6 months for ramp up, you can calculate.

Pramod Amthe: And the product plans to fill the same?

Rahul Bharti: See, we are never in a position to share our products in advance because it affects existing model sales and we also want to retain excitement in the market. But definitely there is a strong commitment of providing at least one new model every year that customers can look forward to and within the product plan one more very interesting phenomena will be on the power train side. We will have to, with the environment and energy pressures we will have to come up with more and more efficient models with the mix of electric, hybrids, CNG, etc. So, lot of action is happening on the power train front.

Moderator: Thank you, we would take to the next question from the line of Kumar Rakesh from BNP Paribas. Please go ahead.

Kumar Rakesh: My first question was related to your Toyota partnership. Has there been any progress **made** which has reach to Maruti Suzuki level? Any update which can share with us?

Rahul Bharti: Not after our last press release and we would suggest that we keep an eye on the press releases as and when we have some information we put it in the public domain.

Kumar Rakesh: Any timeline which can share on that?

Rahul Bharti: I am afraid nothing so far.

Kumar Rakesh: And one bookkeeping question, what was the export revenue for the quarter?

Rahul Bharti: For the quarter, it was 1,427 crores.

Moderator: Thank you. We take the next question from the line of Sahil Kedia from Bank of America. Please go ahead.

Sahil Kedia: I have 2 questions. One the Gujarat plant localization levels. We understand that not all of your vendors have fully localized production at the Gujarat plant. So, can you just give us a sense of where we are now and then going into next year once your new line starts how should that ramp up?

Rahul Bharti: See in 2019 we will be reaching 5 lakhs capacity in Gujarat and apart from vehicle assembly we will have engine production also there. Along with that there will be a quantum jump in suppliers putting up plants around Gujarat and this process will continue all the way till 2020 also. So, I believe the local production of vendors in Gujarat will keep on going up for the next 2 years and as and when it goes up there will be some amount of efficiencies also coming from the plant.

Sahil Kedia: Can you help us quantify in terms of, I mean of whatever you guys source, where are we today? They may be supplying from let say our northern facility. I am just trying to get a sense of how much is now being procured in and around Gujarat for SMG at this point. Would you know that number?

Rahul Bharti: See it is slightly more complex than that because it may happen that within the same vendor plant the last part of the value addition is done in Gujarat while the inner parts are still coming from North India. So, we are trying to deepen localization. What we can tell you is by 2020 when we have the third plant running at 7.5 lakhs capacity, we will be closer to Haryana levels of production.

Sahil Kedia: Second question is on CNG mix change. There were couple of comments made by Chairman that the fact that there is now more CNG outlets open up. He is of the view that CNG mix will go up. How should we think about this over the longer term because you will have Café norms, etc., also becoming important at some stage? Is it fair to say that a mix towards CNG, etc., will be margin dilutive or would have been margin accretive? If you can just help us understand how should we think about if there is a mix that happens towards CNG how would that affect your business?

Rahul Bharti: See CNG is a mega opportunity for both India and Maruti and the automotive industry. Because one, it is environmentally very clean. It gives you energy security. Instead of importing crude oil you have domestic gas available. A very small amount of gas can power a big CNG fleet and it can solve many problems in the economy and for the environment. We should not think much on margins. The other options in Café which you have to reduce CO_2 are far more expensive. For example electrification, we know there is a huge viability gap. Hybridization, still there is a viability gap. CNG is one of the most economically attractive options also in addition to environment.

Moderator: Thank you. We will take the last question from the line of Raunak Sarda from Systematix Shares. Please go ahead.

Raunak Sarda: Couple of questions. One, can you please highlight what is the inventory level as of today and what is the target level, say post Diwali festive and also if you can highlight some geographical flavor in that is some region which has much higher inventory as compared to others?

R.S. Kalsi: See our average norm for the inventory is one month of the average sales. So, currently the inventories are at a reasonably okay level and moving forward this being the festival season we further expect these to come down. Now point is that why some of the dealers might be saying that inventories are at a high level because continuously for past 2-2.5 years they have been operating on very low inventories because of the heavy bookings on say 4 or 5 of our models on an ongoing basis. So, based on the market feedback, we enhanced our production as a result of this it was a very healthy movement in the sense that before festival season we should have healthy inventory, so that there are many customers who are impulsive buyers they do not get disappointed. Now, having said that moving forward we do not think that there are any issues on that account. Now if you talk about geographical disparity yes, Kerala there were problems because of heavy floods, then there are certain markets that get impacted because of stock market movements particularly Mumbai and Gujarat. So there is slight slowdown. However, in the rural areas the markets are doing very well and particularly we have got 3 continuous good monsoons and MSP has increased. So, we are seeing a very healthy growth in the rural areas. So, that is how the overall retail scenario and this is coupled with the inventories scenario as well.

Raunak Sarda: And sir, second question is on the current liquidity issue which has kind of raised questions on the financing side as well. So, if you can just highlight if there is any issue on retail financing or is the customer is buying a car if he is facing any liquidity issue and also your dealer financing or and if there is some pain, is Maruti ready to step up and do some kind of interim financing as well?

R.S. Kalsi: There are absolutely no issues on retail financing because our car in terms of the NPA is a very good asset for the financers and we have 3 categories of financiers. There are PSU banks who decide in terms of their credit evaluation, then there are private banks who are little more liberal. Then there are NBFCs who purely go by customer relationships rather than their banking documents. So, all 3 categories of financiers are there and we have close to 82% finance penetration and as far as inventory funding is concerned again the dealers have enough sanctions from various banks and the dealers who are operating in a transparent way are not facing any problem absolutely on inventory funding as well.

Raunak Sarda: As of now there is no such thing which has come up from Maruti across dealers?

R.S. Kalsi: No, there is absolutely no concern so far and in fact 4 days ago only ICICI had issued a press statement where they are doing 100% finance for the vehicles during the consumer season and also they are talked about their turnaround time of 4 hours. So, that is the kind of scenario which is there and I do not think there is any cause of worry on that front.

Moderator: Thank you very much. Participants, this seems to be the last question for today. Ladies and gentlemen, on behalf of Maruti Suzuki India Limited, we conclude today’s conference call. Thank you all for joining us, you may disconnect your lines now. Thank you.