Q4FY19 and FY19
Investor Conference Call

April 25, 2019

Moderator: Ladies and gentlemen, good day and welcome to the Maruti Suzuki India Limited Q4 FY19 Earnings Conference Call. As a reminder, all participants' 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 phone. I now hand the conference over to Mr. Nikhil Vyas. Thank you and over to you, sir.

Nikhil Vyas: Ladies and gentlemen, good afternoon once again. May I introduce you 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; Executive Vice President - Finance – Mr. Pradeep Garg; Executive Vice President - Corporate Planning – Mr. Rahul Bharti and Vice President - Finance – Mr. Sanjay Mathur. The concall will begin with a brief statement on the performance and outlook of our business by Mr. Seth, after which we will be happy to receive your questions. May I remind you of the Safe Harbor. We may be making some forward-looking statement that has to be understood in conjunction with the uncertainty and the risks that the company faces. I also like to inform you that the call is being recorded, and the transcript will be available at our website. I would now like to invite our CFO -- Mr. Seth. Over to you, sir.

Ajay Seth: Thank you Nikhil. Good afternoon ladies and gentlemen and welcome once again to Maruti Suzuki's conference call.

As you all know, the financial year 2018-2019 was a challenging year for the domestic passenger vehicle industry and the growth was reduced to 2.7% - its lowest growth in the last five years. The weak demand environment that prevailed during Q3FY19, continue to impact the industry in quarter 4 also.

The Company made concerted efforts to better respond to the prevailing demand environment and allied cost pressures. The production was streamlined to keep network stock under check. With the demand coming down, the onus on enhancing sales lies in generating enquiries through well-calibrated marketing efforts. With the extensive know-how of varied geographies along with the support from all stake-holders, relevant events across urban and non-urban markets were conducted to increase sales.

For the whole year 2018-19, the Company sold 1,753,700 units in domestic market posting a growth of 6.1 per cent. The Company strengthened its leadership position across all the three industry segments - Passenger Cars, Utility Vehicles and Vans. Success of models launched in past along with positive response from the all-new model launches – Ertiga and WagonR – helped enhance sales performance. For the second year in row, all five best-selling passenger vehicle models in India were from the Company.

The Company's LCV offering - Super Carry - registered sales of 23,874 units, a growth of 138% compared with last year. One of the fastest network expansion to 310 outlets spread across 230 cities is a testimony of the good market acceptance of the product.

Challenges like currency devaluation and import restrictions in some of our key markets affected the export sales. At 108,749 units, the Company's export's declined by 13.1% during the year.

Turning to financial performance, the Company registered Net Sales of Rs 830,265 million, a growth of 6.3 per cent over the same period previous year. Net profit for the year stood at Rs Seventy-five thousand six million, lower by 2.9 per cent compared to the same period previous year on account of lower volume growth, adverse commodity prices, adverse foreign exchange movement and higher sales promotion expenses partially offset by cost reduction efforts, higher non-operating income on the invested surplus compared to last year.

In 2019-20, the Auto industry will witness several regulations. Introduction of Anti-lock-braking system (ABS) and implementation of 2nd phase of safety regulations are among major ones. Though BS6 regulation is coming into effect from 1st April 2020, it will be applicable on registration of vehicles and not on production. This means, BS-IV spec vehicles cannot be sold from 1st April 2020 and any unsold inventory beyond 1st April would be of no use. A careful volume planning needs to be done in such a scenario.

Also, all three major regulations will come into effective simultaneously in the financial year 2019-20. These regulations would lead to increase in price and may affect the demand specially of price sensitive entry level cars.

It is also interesting to see how the customers will respond to the change in regulations. There may be a chance that customers may prepone the purchase of the vehicles in anticipation of a price increase. On the other side, customers might prefer technologically advanced vehicles which may not alter the pace of buying. Overall, the year 2019-20 appears to be an unpredictable year.

While, SIAM had shared a guidance of 3-5% for the current year, the Company remains focused on growing faster than the industry.

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

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Pramod Kumar from Goldman Sachs. Please go ahead.

Pramod Kumar: My question pertains to the Gujarat sourcing. I believe this quarter you have had a fair bit of hitbecause of the second plant being inaugurated there and not much of volume demand. So if you can just throw some color on what was the sourcing this quarter from Gujarat and how do you see this shaping up for the course of FY'19 and the models which are being currently produced and what new models will be added in the Gujarat facility?

Ajay Seth: Sourcing from Gujarat was 96,272 cars this quarter. The point we made was specific to the second plant which was just inaugurated in January. I think the point that we were making was that the volume ramp up will happen over a period. And till such time the volume ramp up happens, there will be a load of fixed cost and depreciation that you will have to carry which will then get equated over next six months to one year as you slowly grow up towards full capacity.

Pramod Kumar: The models which are being manufactured there and what new models will get added, will the upcoming new brand name introduction will be through Gujarat?

Ajay Seth: It will be a flexibility that we will continue to work on between Gujarat and Haryana. It will depend on what makes more economical sense and where to produce. So at the moment, we are making the Swift and Baleno there. And in future depending on what makes more sense to manufacture we will accordingly decide.

Pramod Kumar: And Omni has been discontinued?

Rahul Bharti: Not yet.

Pramod Kumar: The deadline is October 2019 if I am not wrong?

Rahul Bharti: Various models have various regulatory road maps and we look at individual models how to bring them to the road map or how to refresh them or how to discontinue, that program keeps going on.

Moderator: Thank you. The next question is from the line of Kapil Singh from Nomura Securities. Please go ahead.

Kapil Singh: My question is on margins. If we see particularly gross margins, they continue to remain under pressure. For last many quarters it has been running in a certain band of let's say 13--16% whereas in last two quarters we have seen a very sharp dip. So is there something that has eased for margins to remain in this band, what are you doing to improve them going ahead given the cost increases that will take place, some color on that will be very helpful?

Ajay Seth: Kapil, a couple of things: One is that this year has been a very volatile year. So looking at margins in each quarter will be little bit of aberration because you have to look at a whole year. First half we had higher wholesale, second half we had more focus on retail, so wholesale were lower which had an impact on operating leverage in the second half. Because if we were able to sell lets say 3-4% more, you would have seen much better margins. That is one. Second is that there have been some one-offs that have happened. Inventories for example in Q4 went down significantly. If you compare Q4 last year with this quarter, just the incidence of fixed cost that gets reduced from the material cost because of the high inventory versus the opposite this year the impact was about 1%. So that is like one-off. So that will go away. Second, as I mentioned to you that Gujarat second plant is ramping up. And we have always said in the past that whenever you have a new plant coming up there will be an incidence of higher fixed cost which will get progressively reduced within six months to one year. So that is another element about 70 basis points that you see now, you will see that waning out over the next year. also the depreciation has gone up by about 1%. That is also part of the new plant which has come up which also will get amortized over the volume increase that happens next year. There are factors like foreign exchange, commodities which have been reasonably high this year but we have seen peak of some of them; commodities have started cooling off, foreign exchange we are now better off than we were in Q4 because as you know we have a quarter lag in foreign exchange. So when we move forward I think we will see some respite in both these factors – commodities and foreign exchange. So there are some positives that we see moving forward. There will be a pressure of volume depending upon how the market demand pans out. First quarter will be tough because till elections we do not see significant improvement in volumes. But thereafter I think if things improve from thereon, then the volumes will pick up and operating leverage will come back and all these factors I mentioned which are one-time will also fade away.

Kapil Singh: Sir, on the cost reduction side, if you can also elaborate, any measures we are doing there, import reduction and other factors?

Ajay Seth: There is a significant target on import reduction. We are talking of a large quantum of import reduction on the vendor side. So this target obviously will not produce result in one year, takes about two to three years to see a meaningful number. But we have looked at about 25% reduction in import content of the existing components and this is not a static target, we are looking at even more. So that is one. Also, productivity improvement in our plants and in the vendors end will continue to be a focus area. So this is one part of the target. Second is we are also looking at every element of cost which is all the overheads that we incur and the discretionary spend that we are doing and we are looking at everything very closely in terms of optimizing our spend everywhere. So we are also equally concerned on margins and we will make our best efforts to ensure moving forward that in spite of tough market conditions, we continue to improve performance.

Moderator: Thank you. The next question is from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: Could you share what is the average discount this quarter?

Ajay Seth: Average discount this quarter were at 15,125.

Sonal Gupta: What is the royalty rate for this quarter?

Ajay Seth: 5%. This includes both ours and Gujarat royalty put together.

Sonal Gupta: What would be the diesel ratio for the quarter and the year?

Ajay Seth: 23% for the quarter, 25% for the year.

Sonal Gupta: One question I wanted to understand that since the Brezza production going to TKM from 2022, is that a part of the production or Brezza will completely move to TKM from 2022?

Rahul Bharti: Those details are being worked out and of course we will follow the option which is the most attractive and which gives us the maximum operational advantage.

Sonal Gupta: Just on the TKM thing, the board has passed the resolution. So we do not still have full clarity on this?

Rahul Bharti: Board has passed the broad resolution and finer details are being worked out and of course we will decide the course of action which works out with maximum advantage.

Moderator: Thank you. The next question is from the line of Amyn Pirani from Deutsche Bank. Please go ahead.

Amyn Pirani: My question was on the BS-VI and you mentioned that there could be potentially a pre-buy because customers may want to take advantage of the lower prices; however in your case, it seems like you have taken the lead in launching BS-VI variants. So in that case, how will it work for you? I am assuming that once you launch the BS-VI variant like in the case of the Alto, you will only dispatch the BS-VI variant. Then in that case, would you see a pre-buy then, if you can help us on that?

RS Kalsi: Some inventories would be there in the system which will get cleared fast, at the same time there maybe customers who will prefer to have more environment-friendly vehicles. So that is the way. Plus we have a portfolio of 16 models. So everything cannot be done in one go. So we will be doing all these in a phased manner. So we cannot really wait till the last quarter in order to implement BS-VI as registration for BS-IV vehicles will stop from 1st of April onwards as you know. We have to do all these in a phased manner and maintain a balance between inventories of the old stocks vis-à-vis the new BS-VI vehicles.

Moderator: Thank you. The next question is from the line of Yogesh Agarwal from HSBC. Please go ahead.

Yogesh Agarwal: Just a couple of questions: Firstly, you actually made a statement that the inventories came down in Q4. I remember Q3 was the same thing which is why the margins got impacted because retail was higher and our view was that in Q4 retail could be lower which should help margins. So that is not how it happened. Is it retail was still higher than wholesale?

Ajay Seth: Yogesh, it has nothing to do with the network inventory. This is something to do with the finished goods and work-in-progress inventory at our end. Now, what happens is that if you were to do comparison between quarters, in a particular quarter the inventory has gone up both in case of finished goods and WIP, then a portion of fixed cost also gets amortized over that inventory. So if we compare Q4 of last year with Q4 of this year, the opposite happen which means in last year the inventory has gone up, this year inventory had significantly got corrected it came down. So between the two, the fixed cost incidence impact is about 1%. So if you look at year level, it will be negligible. But every quarter you can have these kinds of situations of up or down. Therefore I mentioned in the beginning it is more relevant to look at the annual numbers than a specific quarter. And this is temporary. So this 1% may not appear in the next quarter.

Yogesh Agarwal: And then sir generally a big picture, if you look at QoQ volumes are up and the discounts are down quite reasonably by around Rs 9,200 per vehicle and I think commodities and currency also was more flattish, so the benefit has not come but was not negative as well, so the margin expansion did not happen. So there must be something else which has played out because volumes were still up QoQ.

Ajay Seth: I think there has been some expansion in margins but not to the extent that you would have thought. Again, the two reasons – one, I talked about conversion cost. So similarly, full year the impact was 1%, Q3 to Q4 the impact was about 0.5%, 50 basis points. The SMG cost impact because SMG plant started in January both engine and the other plant so there is fixed cost impact because we are working on no profit, no loss principle. So we have to absorb the cost that is incurred there. So that impact is about 70 basis points additional which I am saying will get minimized over the next six months to one year. So between the two there is an impact of about 1.2%. So if you add this in the margin of 7% that we are reporting at operating level, then we are almost there.

Yogesh Agarwal: Lastly, exports outlook with partnership with Toyota. Can we expect some pick up in exports going forward?

Rahul Bharti: There is some plan of tapping the African market and we will have to see how and when we can do it. But at least this year I think exports will continue to be subdued even in the FY2019-20. At some point of time, we have a lot of optimism for the African market. Thanks to this joint cooperation.

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

Raghu Nandan: Sir, my question was again on the margin side. Just wanted to understand like for three or four parameters, how the benefit will come in – One was on the new vendors were setting up plants in Gujarat. So how would that help in supporting cost reduction?

Ajay Seth: Gujarat buying and our buying is all synchronized by our supply chain function. While we do recognize the fact that they will have some additional cost on account of investments that they will be making in Gujarat, but the fact is that lot of it will also get offset with the volume growth that we will have, and also some of the cost reduction that we do year-on-year. So we are reasonably hopeful that we will be able to maintain cost structure the way they are today both in case of Gujarat and in case of vendors in Haryana.

Raghu Nandan: On the royalty rate, whether any reduction is expected in FY'20 versus FY'19?

Ajay Seth: Royalty, we have always maintained that we are moving all our models to the new formula. I think today 40% of the models have already moved to the new formula. Gradually next two to three years all the models will move to the new formula. So two things will happen -- One is that foreign exchange fluctuation that happen will go away. Second, we have also linked royalty payments with certain volumes. So if a particular model attains certain volumes, royalty rates will go down. So both these aspects are going to be positive in terms of the outflow of royalty, a) on account of exchange rate and b) on account of volume discount.

Raghu Nandan: Can you throw some light on the price hike and discounts reduction that had happened in April?

Ajay Seth: Price hikes we have taken in January which will have a full year impact in FY20. We have had 50 basis points impact in this quarter. Next year I think this will have full impact for the full year, that is one. Discount is a question of market demand, as discount is something that is very difficult to ascertain in a given point in time. It will depend on how the markets behave. So first quarter is tough. If markets improve thereafter, discounts will also get corrected.

Moderator: Thank you. The next question is from the line of Aditya Makharia from HDFC Securities. Please go ahead.

Aditya Makharia: Just wanted to know on diesel engines, we have discontinued the 1.3 liter on the Baleno and Swift. Is that correct?

Rahul Bharti: That is not right.

Aditya Makharia: So we have discontinued on the Super Carry or I just want to know what our view is on diesel in general and specifically on UVs once we transition to BS-VI?

Rahul Bharti: It is a matter of further discussion and further detailing. But broadly because of BS-VI there is a huge economic impact and therefore the viability needs to be carefully studied.

Aditya Makharia: Just one housekeeping question. What is the export revenue in FY'19 and the similar one last year?

Pradeep Garg: It is Rs.1,474 crores, for the full year it is Rs.5,335 crores.

Moderator: Thank you. The next question is from the line of Jinesh Gandhi from Motilal Oswal Securities. Please go ahead.

Jinesh Gandhi: Just a couple of clarifications first: The inventory impact you mentioned is 100 basis points on YoY basis, right?

Ajay Seth: That is right.

Jinesh Gandhi: And QoQ would be also there?

Ajay Seth: 50 basis points.

Jinesh Gandhi: Secondly, there are some comments by chairman sir regarding diesel engine been phased out under BS-VI. So that is only pertaining to Carry or overall diesel are we referring to?

Rahul Bharti: It is a thought on the future and we will have to think which model.

Jinesh Gandhi: Not entirely but certain models might go?

Rahul Bharti: It is being discussed and we will share with you.

Jinesh Gandhi: Secondly, was there any negative impact of FOREX and commodity in this quarter?

Ajay Seth: Commodity compared to Q3, no, but FOREX yes because FOREX comes with a lag effect, right.

Jinesh Gandhi: What would be that impact?

Ajay Seth: FOREX impact in this quarter would be about 60 basis points on QoQ basis.

Jinesh Gandhi: What is our CAPEX plan for FY'20 and how much we have invested in FY'19?

Ajay Seth: Rs.4,500 crores this year, about the same next year.

Jinesh Gandhi: This includes the same areas land parcels and product development?

Ajay Seth: This includes the new models investments, it includes R&D, and it includes annual maintenance CAPEX, any investment on capacity and land of course.

Jinesh Gandhi: One clarification; the discount number per vehicle which you mentioned Rs.15,000. On QoQ basis it is quite contrary to what we are hearing about discounts going up further in fourth quarter. So is this impact of any mix or on QoQ basis we have seen such a sharp reduction in discounts?

Ajay Seth: Discounts have been lower in Q4 compared to Q3. Q4 this year discounts have been Rs.15,125. Q3 was all-time high. So it has significantly gone down in Q3, but if you were to compare YoY, then of course discounts were higher by about Rs 1246 against the Rs 13,879 in Q3,.

Jinesh Gandhi: So QoQ reduction of discount is almost 2 percentage points as a percentage of sales?

Ajay Seth: Discounts have gone down by 1.9% compared to Q3 which is a positive. But as I mentioned to you that the other negatives like conversion cost on lower inventory, SMG cost impact of 0.7% which are again temporary factors which should get corrected and FOREX impact of about 0.6%. These are offsetting the impact of discounts.

Moderator: Thank you. The next question is from the line of Basudeb Banerjee from Ambit Capital. Please go ahead.

Basudeb Banerjee: Just wanted to understand that as you summed up the benefit of 200 bps reduction in discounts getting balanced by the various line items. So just wanted to understand that on one side Chairman has been coming on media and saying that there is a structural motive of reducing discounts for your portfolio irrespective of the demand scenario, not the behavior of the consumers getting bad to worse. So one side taking that commentary and on the other side the visibility of decline in Q1, how should one look from a discount aspect at a base of Rs 15,000 per vehicle in coming couple of quarters?

R.S. Kalsi: Discounts are a dynamic situation. In Q3 where we had cumulated lot of inventory in anticipation of a great festival season, but that did not happen. So finally we had to liquidate the inventories at our dealerships. Otherwise dealerships were carrying the burden of inventory carrying cost. But Q4 we adjusted our production accordingly. So we managed healthy inventories at the dealerships. And also we have reasonable discount, which is to the tune of about Rs 15,000 per vehicle. I think moving forward again its a dynamic situation and it would also be a function of how the competitors respond to the market situation, how the sentiment moves. So it is very difficult to forecast discount situation for future months.

Ajay Seth: If I can just add to what Mr. Kalsi is saying that this year I think what happened was that we had a huge buildup of inventory in Q3 and Q3 discounts were absolutely irrational and therefore overall discount looks much higher. We do not want that situation to happen next year. So we will be very carefully watching demand and supply to also ensure that our production and stocks are aligned and therefore if you go by that logic itself, the discounts will be managed and controlled.

Basudeb Banerjee: One more question is against the automotive body SIAM guiding around 3% to 5% growth with BS-VI transition and possible Omni supply getting stopped. What is giving you the confidence of this guidance range which you mentioned beating the industry growth, so if you can elaborate on that outlook as such which segments, which models specifically?

R.S. Kalsi: We have been doing it in the past. If you see our market share it moved from 38.3% to 51.2% over the last seven years. That is an indicator of Maruti Suzuki defeating the industry trend. So 3 to 5% forecast which is there is for the industry and even for the year gone by the industry has grown by 2.7% and that growth is mainly driven by Maruti, competition is almost flat at 0.2% while Maruti is at 5.3%. So moving forward we do hope to beat the industry trend. And our strength is strong portfolio of 16 models and our preparedness to switch over fast to BS-VI norms as well. Also if some model is getting phased out, that is a routine thing, there are other models which will take that position. So all these factors put together considering good monsoon that is forecasted and post elections - historical trend indicate that there is a spurt in the demand for whatever reasons - but certainly these are some of the positives which we look at.

Basudeb Banerjee: The potential rise in competitive intensity especially in the UV segment and all those things are taken into cognizance I suppose?

R.S. Kalsi Yes, competition was there, competition is there, it will be there, there will be new model introductions by the competition, but we have been facing it and we will face the competition.

Basudeb Banerjee: One small question. Wage revision which happens after four years, is that pending anytime soon?

Ajay Seth: No-no, that already happened this year, therefore you see a little spurt in the employee cost also and we have it every three years, so 2021-2022 will be next wage revision.

Moderator: Thank you. The next question is from the line of Gunjan Prithyani from JP Morgan. Please go ahead.

Gunjan Prithyani: Would you be able to share what is the channel inventory now in the system for Maruti?

RS Kalsi: Channel inventory is fairly comfortable at the moment and it is close to 25 to 28-days of average sales.

Gunjan Prithyani: Is there any difference in terms of demand trends that you have seen in the last couple of months with rural materially slowing down because that was something that you have been highlighting earlier that that was holding up the demand, so can you share something around how the growth is panning in rural and urban now?

RS Kalsi: If you see rural and urban, average over the year, rural growth was 10% plus and urban growth was at about -2%, and if you see H1, H2, H2 rural growth has been about 8.5% compared to 13% in H1. So rural story is intact and we are expanding our network in that direction, enhancing our reach as well as penetration to capture the opportunities.

Gunjan Prithyani: So urban has seen a material decline in second half because the overall is -2%, but I am guessing in second half it would be a material decline?

RS Kalsi: Yes, I do agree to some extent, but point here is that in urban the base effect is also much higher. The ratio between urban and rural is to the tune of about 61% to 39%. So the base effect of urban is higher and moving forward I think urban should also look up.

Gunjan Prithyani: Now that you have just started introducing all these BS-VI variants. Would it be possible for you to share something around the cost impact that we will see because we do see the pricing changes, but given the market environment will we be able to pass through the cost completely or we are passing through cost plus some margin, just if you can share anything around the costing for these regulations changes both BS-VI and safety norms?

Ajay Seth: I think in general whenever you have any regulation change the costs are passed on to the customer and I think this will be an industry wide phenomena because everyone will be incurring cost over regulations both on account of safety and emission. So this I think progressively will have to be shared. So I do not see a problem at all. Price increase, etc., again depend on how the market is, how the demand is, and what you can pass on at a given point in time. So that we will have to look at, a) the cost pressures and b) what is required to be done at appropriate time.

Gunjan Prithyani: Both of these put together will be close to about 30,000 to 40,000 kind of an increase or is it broadly in this range or higher than this in terms of cost?

Ajay Seth: It will vary from model-to-model; some models already have safety belt and some models will have both safety and regulations, so it will vary from model to model and we have a strategy in place in terms of how to deal with it.

Moderator: Thank you. Ladies and gentlemen, we will be taking the last question that is from the line of Ronak Sarda from Systematix Group. Please go ahead.

Ronak Sarda: First clarification; you indicated the Gujarat second plant overhead cost of 70 bps. Does it include the depreciation as well or that is separate around 80 or 90 bps?

Ajay Seth: This is what we were talking about the fixed cost, because there is a new plant which - will have a defined fixed cost. Depreciation is separate. So the increase in depreciation as we mentioned would also be partially responsible for increase now which over a period will get settled. It is all the question of operating leverage.

Ronak Sarda: Second question was on the urban demand. If you can highlight something on what is the main reason for the slowdown -- is the first time buyers reducing in the mix, is it more on the replacement side, or the second car buying not happening? What is the reason for decline?

RS Kalsi: Urban demand decline right now I can see it as a temporary phenomenon, one example is Mumbai I generally quote where it takes about hour or hour-and-a-half to cross a stretch of about 3 Kms. The reason being lot of construction activities happening there, metro construction and also widening of the road and all that. So people are little on the back foot on account of this congestion. But as the urban infrastructure develops, the flyovers come up, roads get widened and better traffic discipline prevails, certainly the urban demand would pick up and again the urban area or metro are expanding in all direction, if you see Delhi NCR itself what it was 10 to 15 years ago and what it is today. So people would be in the need of mobility and there would be ease of driving with roads widening and cities expanding and decongestion happening on the core of the cities. So certainly we foresee that there would be a pick-up in the urban demand and current sluggishness can be attributed as a very temporary phenomenon.

Ronak Sarda: Any anecdotal evidence to it -- is it more on the replacement side because what you are highlighting is may be impacting more on the replacement demand or that is something which is not clear as of now?

RS Kalsi: You see our demographics people getting placements in the urban cities and certainly mobility requirement would be there and personal mobility is something which is very important in the sense of very effective mass rapid transport system. So there is positivity in terms of demand expansion in the urban areas as well.

Moderator: Ladies and gentlemen, that was the last question. Ladies and gentlemen on behalf of Maruti Suzuki that concludes today's conference. Thank you for joining us and you may now disconnect your lines.