

Operator

Thanking for standing by and welcome to the Maruti Suzuki annual sales conference call presented by top management team. At this time, all the participants are in listen only mode. There will be a presentation followed by a question and answer session at which time if you wish to ask a question please press *1 on your telephone keypad and wait for your name to be announced. I would like to hand the conference over to Mr. Prabhat Awasthi now over to you sir.

Mr. Prabhat Awasthi:

Hi and good afternoon all. Nomura India please to welcome you all to the Maruti Suzuki annual sales conference call. By presenting Maruti today Mr. Ajay Seth, CFO, with K.D. Singh, GM corporate, Mr. Rahul Bharti and Ms. Neerja Bharat from Corporate Planning. The team from Maruti will discuss the numbers released today as well as any questions on Maruti's long-term strategy that investors may have. Before we start the call, I would like to congratulate Maruti's management on the excellent performance they have delivered in what is clearly a very tough market environment. I would now hand over the call proceedings to Rahul Bharti.

Rahul Bharti:

Thanks Prabhat. Good afternoon ladies and gentleman. We normally hold our annual conference call at the time of announcement of annual financial results. We will do the same this year on 21st of April 2009. However, in the recent past there have been a lot of investor questions and request for information on various prospects of the business. We have not been able to take some of these requests. We thought it might be a good idea to discuss all these in a single conference call and this monthly sales release was a good opportunity for us. We have result today on GM corporate Mr. K.D. Singh, our CFO Mr. Ajay Seth, and Ms. Neerja Bharat with us. Mr. Seth will start with a short overview of our business and then we invite questions from analyst. May I also remind you of the safe harbor, we may be making some forward-looking statements? They have to be understood in conjunction with the risks the company faces. Over to Mr. Seth.

Mr. Seth:

Thank you, Rahul. Good Afternoon ladies and gentleman. Thanks for your interest in Maruti Suzuki. I would briefly take you through our March 2009 sales and our annual sales results for financial year 2009. I would briefly touch upon the progress on our key long-term initiatives and then we will share our thoughts on next year. Maruti Suzuki was able to register its highest ever sales both in the domestic market and in the export market in March. In the domestic market, we sold 73,855 units, a growth of 14.6% over last year. In the export market we sold 11,814 units, a growth of 101% over the last year. For the financial year 2009, we crossed domestic sales of 7,22,144 units, a growth of 1.5% over the previous year and on exports 70,023 units a growth of 32% over the previous year. The total sales for the year was 7,92,167 units a growth of 3.6% over the

previous year. Though some industry figures are yet to be confirmed but we believe our market share in the financial year 2008-09 would be slightly higher than the previous year. Our pre-owned car sales grew by 22% to 1,23,102 units. Of these, more than 80% translated to new car sales through exchange. This year was our 25th year of operation, it was also a special year as we achieved some visible milestones and undertook substantial steps in the back end. The first major landmark was our production capacity reaching one million. In fact, we achieved an annualized production run rate of 1 million cars in the month of March 2009. We launched the A-star in India and in Europe as the Alto. The A-star is grouped Suzuki's most fuel-efficient car produced till date. A model reviewed in the Europe are quite positive. We continued with our R&D recruitment and I have increased our strength from 460 engineers to 730 this year. Our next generation engine technology the KB series plant was commissioned this year with a capacity of 2,40,000 units per annum. This engine is light-weight, low noise, and high on fuel efficiency. While there were products of high fuel efficiency, it was only last year that we could announce this officially. Last year the car industry offered to voluntarily display government certified figures of fuel efficiency at showrooms. Once the industry initiative is complete, it will be a big step in favor of the Indian customer. Every year, we pursue customer satisfaction with renewed efforts and for the ninth consecutive year we were recognized the JD power has the best in customer satisfaction. We took steps to strengthen the backbone of our product quality to an extensive tier II vendor up gradation program. To support our export volume, we commissioned a roll-on, roll off (RORO) sea terminal at Mundra in Gujarat with a washing inspection and waxing facility. We are also working on a direct railway line from inside our Manesar plant to sea terminal at Mundra.

Starting December 2008 there was a management restructuring on the lines of Mr. Nakanishi's philosophy of shared leadership and more empowerment and role clarity to Indian managers. We are happy to share the system is showing good results. With this experience, we are taking the people develop an initiative, deeper and wider by making a system of succession planning till the middle management level. We are also documenting role clarity across all levels and all functions of the company. Last, but very important is the issue of road safety in India. Maruti Suzuki has been doing a lot of work in this area for the past 8 years. We have set up two major Institutes of Drivers Training and Research partnership with the state government and 50 smaller institutes in partnership with our dealers. This year we launched a National Road Safety Mission. The mission phase in the next 3 years we will train 500,000 people of India in safe driving. Out of these, at least 100,000 will be from economically under privileged sections of society. In the short term, our business was impacted by the economic slow down, lack of the retail and speed commodity prices. While commodity prices have shown a reduction, we may be able to get the benefit with the lag. The bulk of the commodity benefit may come to us only in the first quarter of financial year 2010. We also have to keep in mind that there has been a huge FOREX impact on our imports and our vendors imports as well. We now come to the thought on financial year 2010. While we are seeing a good sales recovery in the past three months and consumptions sentiment is fine, the next year has its set of macroeconomic challenges and it is very difficult to estimate. Maruti Suzuki is adopting the approach of flexibility and agility. We would

have to study consumer interest very closely. We would have to keep our inventories under control but try to reduce response times and increase our ability to take large fluctuations in volumes and product mix. We are also concerned on our profit margins and have to ensure that growth is profitable for us. Having said this, I would now like to invite questions from you all. Thank you.

Operator:

Certainly, sir. At this time, participants who wish to ask the questions kindly press *1 on your telephone of keypad and wait for your name to be announced. If you wish to cancel your request please press the # or the pound key. First in line, we have a question from Mr. Pramod Kumar from BNK securities. Please go ahead sir.

Mr. Pramod Kumar:

Yeah. Good afternoon sir. Sir my question was more related to the financing environment in the domestic market currently. If you can guide us through to as what is been the change over the last four months in terms of participation of the public sector banks in the financing market and what would be the total ratio of financed phase in the current portfolio, Sir.

Mr. Seth:

Our finance penetration the last year was about 75%, this year it had dipped to something like 61% in the third quarter.

Mr. Pramod Kumar:

Okay.

Mr. Seth:

But in the last two months we have seen a gradual pick up to around 64 to 65% level of February and March. There has been some increase in interest from private banks, but I think it is too early to read the client.

Mr. Pramod Kumar:

Okay. And sir, another thing would be on the opportunity, in the say the Bombay taxi market, which is there right now. As in, I believe, we have been in talks with the Taxi Association for doing some specific deals, so will it be as an if you can throw some more light on that particular as to how much would be in the contribution in the last few month from that segment and what can be expect going forward?

Mr. Rahul Bharti:

The taxi union in Bombay has picked up some of our cars and they are from the preliminary feedback they are happy about them and we keep trying all such consumer segment all across the country, even in Hyderabad, we have sold some cars to that segment. Specific numbers we will not be able to share, but we got a positive responds from them.

Mr. Pramod Kumar:

And sir on the A-star front how many markets have we launched currently in the European region.

Mr. Seth:

Sorry how many.

Mr. Pramod Kumar:

How many countries have we launched the products all ready in the European market. Sir?

Mr. Seth:

I think about six countries we have launched.

Mr. Pramod Kumar:

And what would be the year-end target, as in how many countries will be present by the end year in Europe.

Mr. Seth:

They are broadly 17 countries and we would like to cover all of them.

Mr. Pramod Kumar:

All of them okay. I have more questions but I will come back in the queue. Thanks a lot sir and best of luck.

Operator:

Thank you, sir. Next in line we have a question from Mr. Srinivas Rao from Deutsche Bank. Please go ahead.

Mr. Srinivas Rao:

Hi Sir. Thank you very much for taking this call. I just wanted to get a sense of the retail sales number and if you can throw some light on that, has that been as strong as have been indicated by the dispatch numbers because that will probably indicate significant consumer confidence? Second, if you can throw light on two aspects of your strategy, which you have been highlighting one is the non-metro kind of sales and second is the focus on public sector in the light of the Sixth Pay Commission. It would be very helpful sir?

Mr. Singh:

The question about retail sales, you are probably aware that at the conscious policy we are keeping our dispatches in line with the retail situation, so it is safe to assume that retail has been strong, but as Mr. Seth mentioned that we are not looking at it as you know a definite shift in the trend., we are taking one month at a time, but for the month that have gone past, the retail has been quite strong. So, there is customer confidence visible on the ground. On public sector banks like Rahul just mentioned before me, we are doing tie ups with a lot of public sector banks, their share in terms of total car finance has gone up in the last few months. We are also noticing a focus within the public sector banks towards car finance, so that is giving us some confidence and rural sales, we were doing about 3.5% of our sales were rural until last year, which is 2007-08 and 2008-09 we did about 8.5%. So, there is a huge opportunity, there is a long way to go, but this is the kind of improvement we have seen last year.

Mr. Srinivas Rao:

Sir, I also wanted to check, I mean from the question I wanted to ask is because of recent pay commission high, I mean the employees of the public sector units, they would probably be accounting for a rising proportion of the sales, so any color on that also will be very useful.

Mr. Singh:

Yeah. They have gone out from about 5% to about 11% this year.

Mr. Srinivas Rao:

5% in a FY08?.

Mr. Singh:

Yes.

Mr. Srinivas Rao:

And, I mean from your prospective would that sustain at least for a year or so?

Mr. Bharti:

We think a lot of government departments, the payout is yet to happen and it should continue.

Mr. Srinivas Rao:

Thank you so much sir. I will come back in the queue.

Operator:

Thank you, sir. Participants are requested to restrict one question at a time. Next in line, we have a question from Sonal Kohli from Aim Capital. Please go ahead.

Mr. Sonal Kohli:

Hi. My query was pertaining to discounting of the products? Could you give a sense of what kind of discounting are we folding and how does it compare to the past and what is **equation** on this going forward.

Mr. Seth:

Discounts in the market would really be driven by what the market demand and price may will expectable to them is, at a given point in time. Discounts this year has been high. If you were to look at the total cost this year it is the marketing and sales promotion cost is about 6.7% compared to what was about close to 6% last year. There is up by about 0.7%. Going forward again it will be linked to what the market demand is like and what the competitors in the market are offering as sops in the given month, so discounts will vary from month to month depending on what the demand situation is.

Mr. Sonal Kohli:

So, it is fair that the discounting is only 0.7% as a percentage of sale this year, which is not really very significant.

Mr. Seth:

Yeah. That is right.

Mr. Sonal Kohli:

Okay. Thank you.

Operator:

Thank you, sir. Next in line, we have a question from Mr. Jinesh Gandhi from Motilal Oswal. Please go ahead.

Mr. Jinesh Gandhi:

Hi. This is Jinesh from Motilal Oswal. My question is on export front? a. What would be the pending order by clock for A-star and secondly how other models are doing in exports?

Mr. Seth:

The reviews of about the A-Star in Europe are quite positive. Apart, from this we are also aware that a number of countries have announced stimulus packages. Germany has started it, Italy, France, and now UK is also considering it. So for the extreme sort out things look good, but we do not know whether these stimulus packages will continue the rest of the year or they may be able to figure some sustained consumption to the rest of the year.

Mr. Jinesh Gandhi:

Right.

Mr. Seth:

We have got a pipeline of orders, which runs around a current run rate and this will continue.

Mr. Jinesh Gandhi:

Okay. And what would be the current run rate for A-Star exports?

Mr. Seth:

Total we did about 11,500 exports, 11,800, out of this about more than 8000 would be A-Star exports.

Mr. Jinesh Gandhi:

Okay. And, we had some orders of around what 20-23,000 A-Star?

Mr. Seth:

For Q-4?.

Mr. Jinesh Gandhi:

Right, so that is fully met or?

Mr. Seth:

Almost fully met. We had some supplying issues in the beginning of the quarter.

Mr. Jinesh Gandhi:

Okay, so marginally, this will go to April 2009.

Mr. Seth:

Very small.

Mr. Jinesh Gandhi:

Okay and how other models export doing?

Mr. Seth:

At the movement, they are kind of going slow, we have to watch those markets carefully.

Mr. Jinesh Gandhi:

Okay, so there is clear cut impact on the other models?

Mr. Seth:

Yes.

Mr. Jinesh Gandhi:

Okay. And lastly our A-1 and C segments have been continuously witnessing impact. Are we seeing any clear shifting trend happening for us?

Mr. Bharti:

This year was a finance year challenge, so products like the 800 and the Omni had its problem in terms of customer profile, not being the kind banks would be very happy to lend.

Mr. Jinesh Gandhi:

Okay.

Mr. Bharti:

But challenges continue and lets see when the finance penetration comes back.

Mr. Jinesh Gandhi:

Okay. And one last question is on order from the Nissan? Anything firmed upon from that front for A-Star?

Mr. Seth:

Not as yet.

Mr. Jinesh Gandhi:

Okay, thanks a lot.

Operator:

Thank you, sir. I would request participants to restrict one question at a time. Next in line, we have a question from Mr. Binay Singh from Morgan Stanely. Please go ahead.

Mr. Binay Singh:

Thanks for the call. I just had a question on the new launches? Anything after Ritz that we are planning to do, if you put close light on that?

Mr. Seth:

We would not be able to share the exact details at this time, but you know as we committed that they will be at least one model launch every year and will also beginning in the K-series engines, so that is going to bring some excitement in the product.

Mr. Binay Singh:

Okay. That is it from me.

Operator:

Thank you, sir. Next question comes from Mr. Jairam Nathan from Kotak. Please go ahead.

Mr. Jairam Nathan:

Hi, thanks for the call again. My question was regarding competition with the global majors weakening here a bit, specially from North America. How do you look at the competitive environment, you know, facing you over the next two to three years. Is it did expect from slowing down or?

Mr. Seth:

We are not factoring in any slowing down of competition in our plans. We expect competition to implement more or less what they have already announced, so there is no significant impact in the way we are looking at the future, vis-à-vis competition.

Mr. Jairam Nathan:

Okay, especially, now considering that lot of the competition now is seems to be coming on hatchback segment, which is the kind of your bread and butter, so any thoughts there?

Mr. Seth:

Yes. I think the sense here is that the hatchback segment is again not an umbrella, single segment anymore, it has been split into sub segments and the way we have approaching this sub segment is to have products and fuel options in each of these sub segments, have variants at different price points, so that we covered the entire spectrum, because this is the area, hatchback is the area, which we analyze will be the growth area in the next five to seven years, so we are gearing up for the sub-segments.

Mr. Jairam Nathan:

Okay. And lastly I do not know if you already mentioned this would be, but do you have a best guess for sales growth fiscal 2010?

Mr. Seth:

Would you repeat that question please?

Mr. Jairam Nathan:

Do you have any an estimate for fiscal 2010 sales growth?

Mr. Singh:

Okay. We would not be able to share that estimate at this point, but like Mr. Seth said in spirit that we are approaching this one step at a time and we are going to be very flexible and agile as he said, so basis the market situation, basis the situation in the macro economy, we are going to be extremely flexible in the way we make and sell cars.

Mr. Binay Singh:

Okay. Thank you.

Operator:

Thank you, sir. Next in line, we have a question from Mr. Arjun Dhavan from RR Capital. Please go ahead.

Mr. Arjun Dhavan:

Hi, is Maruti doing anything different this year in anticipation of a prudential slow down in GDP that is far and excess, perhaps, what is being talked about by the government or in most circles?. And I ask that from may I presume your CAPEX plans and your strategy to some extends takes into account. How the countries so it is moving over the next couple of years. I am just wondering to what extend you be, so that the current macrosystem situation counts in terms of your future plans, so anything different happening this year?

Mr. Singh:

Yeah. That is very interesting question. You know we had the solid performance in sales in the last three months. The trend from the management here is we are delighted with what we have achieved so far, but we are not get in carried away with it. So in the way, we are looking at the future and the way we are preparing ourselves with the future, like Mr. Seth mentioned, flexibility and agility, so we have the capacity for a medium cars, and we have a wide range of products, so we are ready to scale up production, should the sentiment continued to be strong as it is now and God forbid, if there is a slow down as you have just mentioned. Then, we would prepare to minimize inventories. We will prepare to be flexibility on the other side. So, to answer your question we have not started with any fixed or rigid assumptions about the future either way. What we began with is flexibility and agility.

Mr. Arjun Dhavan:

Just if I push you on that there has been announcements obviously from the company that they would try to do the same amount of volume this coming year then previous and I am wondering what kind of assumptions that makes the GDP growth?

Mr. Seth:

No, we have not made that statement for 2009-10. The statement is probably made sometime in the middle of 2008-09 when things would not looking so good and the position then was that the least we would want to do is at least to the numbers of the previous year because 2007-08.

Mr. Arjun Dhavan:

I understand. Thank you.

Mr. Seth:

Yeah.

Operator:

Thank you, sir. Next in line, we have a question from Mr. Ritesh Goel from City Group, please go ahead.

Mr. Ritesh Goel:

Hello. Hello Rahul. Basically, I just wanted to know one thing, I just did not get that number what is the percentage sales of PSC on price in the total sales.

Mr. Rahul:

It is about 11%.

Mr. Ritesh Goel:

11%. It was 5% before it right.

Mr. Rahul:

Yes.

Mr. Ritesh Goel:

And there is one question from Jamshed as well.

Mr. Jamshed:

Hi Jamshed here.

Mr. Rahul:

Hi Jamshed.

Mr. Jamshed:

Quick question, actually I noted that your dealerships have increased about 680 from 600.

Mr. Rahul:

Right.

Mr. Jamshed:

Correct. So, what all you are doing in this environment where most dealerships are very constraint from a financing prospective, do you all are able to role out, increase your dealership network for about 12-13%.

Mr. Bharti:

Okay. Very interesting question, it is under goal of our network development department. One is we follow extremely consignable practices with our dealership. We do not give them any credit. So, they pick up cars on cash and if there cost of working capital goes up, we would rather increase their dealer commission. The second is Maruti dealers have got a very good car subsidization model where they are able to meet their expenses from their other revenue stream likes service, like insurance, and like true value. The third is we are increasing dealerships in places where a new places, so that we capture more ground floor work from the market and from our competition rather than reduced the volumes for viability of our existing dealers. In fact, we scaled down our program of dealer expansion to account for our last consideration. We understand our dealers are happier and more profitable in this year than others.

Mr. Jamshed:

Okay. In fact to this, get more clarity on that the new dealerships, which you have been opened geographically are they in tier II cities, tier III cities?

Mr. Bharti:

There is a mix, but we try to capture more ground.

Mr. Jamshed:

Okay. Fine. Thanks.

Operator:

Thank you, sir. Our next question comes from Mr. Sahil Kedia from ENAM Securities. Please go ahead.

Mr. Sahil:

Sir, almost questions have been answered, just wanted your thoughts on factor that would put growth in FY-10 at risk on the domestic side, are they any factor that would really capitalized growth, which we were looking at?

Mr. Seth:

I think in the initial stage we said that we should not get carried away but the three months we have watching each month very carefully. We have to look at the trend continuing for some more time, really see that the growth is for real. There are various factors that had to play this year, the stimulus package by the government, let us hope it continues for a longer period of time. The Sixth Pay Commission was one factor, the credit uptake now is fairly good, and retails finance is coming back, so these are all the positives and if they continue in the next year we should see demand staying good, but it is again early days. We have to see how all these things fan out in the next year and then kind of take call on this.

Mr. Sahil:

Alright sir.

Mr. Seth:

So I think wait and watch policy is the best, let us see the coming first quarter is going to be very critical for us to watch

Mr. Sahil:

Sir. If I may ask one more question. Just wanted to get some more clarity or if there are any cost saving measures that Maruti is doing because last year we had a very volatile scenario as far as raw materials are concerned, so are they any cost saving measures set out that we are doing currently, so that at this time wherein raw materials are lower, we get the maximum benefit of those and what are the targets for the year that is ahead?

Mr. Seth:

Cost control is a continuous process of Maruti. It is not that we have been doing it these times only. So, we have been added on a regular basis. We have also done our home work this year, in terms of what are the areas where we can stretch more and be more cost affective rather than just cutting cost. The focus is more on cost effectiveness and thereby being leaner and no productive. So we have said the target on next year 2009-2010 as well and we will be working on those targets.

Mr. Sahil:

Can you share these targets with us sir.

Mr. Seth:

Yeah. Our targets for the next year obviously we have done with and how we are working with on it.

Operator:

Thank you, sir. Our next question comes from Mr. Aditya Khemani from HSBC Mutual Funds. Please go ahead.

Mr. Aditya Khemani:

Good afternoon, sir. Hello.

Mr. Seth:

Yeah. Hi.

Mr. Aditya Khemani:

Hi, sir. Sir what is the status of diesel capacity expansion, we planned you are expanding from 1 lakhs to 2 lakhs I guess?

Mr. Seth:

Yeah. That capacity expansion is on track.

Mr. Aditya Khemani:

So what is the current level?

Mr. Seth:

200,000

Mr. Aditya Khemani:

Okay.

Mr. Seth:

And next year we would like to scale at about 2 to 3 lakh. Next year means by FY11.

Mr. Aditya Khemani:

FY11, which means March end, somewhere around March end.

Mr. Seth:

Somewhere around, yes. Year-end of FY10.

Mr. Aditya Khemani:

Okay. When did we expand from 1 lakh to 2 lakh, did it happen in the later stages of this year?

Mr. Seth:

Yes, in the later stages, though even the 1 lakh capacity that we had by the way of productivity and innovation we were trying to stretch it for two something like 1.3.

Mr. Aditya Khemani:

Okay. But this 2 lakh can operate at somewhere around 2.5 because we are operating at 1.3 when we had a 1 lakh capacity.

Mr. Seth:

No, not really but I do not think we might need so many engines.

Mr. Aditya Khemani:

Okay. There is one more question you said that public sector sales would be 11% for the entire year. How much would that number be for either Q4 or second half years, just to

get a sense, because majority of the increment would have happened in the later stages of the year.

Mr. Seth:

It is the slightly higher than that around the same figure.

Mr. Aditya Khemani:

It could be somewhere around 20% or something.

Mr. Seth:

No, no, certainly no.

Mr. Aditya Khemani:

Okay. Okay, sir. Thank you.

Operator:

Thank you, sir. Next in line, we have a question from Mr. Chirag Shah from MK Global Financial. Please go ahead sir.

Mr. Chirag Shah:

Hi. Good afternoon everybody. I have question on the export side. You said that A-star run rate could be managed at current run rate. Is it that you are looking at 8,000 kind of average run rate for the year?

Mr. Seth:

No the question was in the first few months, what are the dealer orders in the pipeline.

Mr. Chirag Shah:

Yeah.

Mr. Seth:

So for the first few months it is around that.

Mr. Chirag Shah:

But how are you looking at next year. I mean what is the outlook on the export side, in terms of average run rate or how are you looking at because you are expanding funds almost troubling your reach in terms of next 12 months.

Mr. Seth:

Right.

Mr. Chirag Shah:

So, how are you looking at targets on the export side or the A-star considering the favorable review that has been you have and the cost economics are on your side?

Mr. Seth:

See all of us are aware that Europe work really down sometime back.

Mr. Chirag Shah:

Yeah.

Mr. Seth:

For example, around December and January they grew by something like 26-27% but within that the small car segment has shown some strength and lately the government has announced some packages also, it will be, and we have to watch the situation in Europe very closely, but we are largely looking at around 1 lakh plus in the year 2010-11 and we should be on track on that.

Mr. Chirag Shah:

When you said year 2010-11, is it April 2010-11 or April 2011 you are talking about?

Mr. Seth:

April 2010 to March 11.

Mr. Chirag Shah:

Okay. Great. And second question I had on this dealership, which is a follow-up question basically. You said that you expanded into new geographies. If I can understand how is the comparative intensity in this geographies because that would determine the extend of discounts that you would be offering or is it right to presume that this new location that you have gone into, the kind of competition is not significant, so discounting pressure are not really that high for you. It is the right presumption to make.

Mr. Singh:

No, but network advantage has always been high in the lower cities.

Mr. Chirag Shah:

Okay.

Mr. Singh:

100 to 200, 40 cities ranking.

Mr. Chirag Shah:

Okay.

Mr. Seth:

So we have always had that advantage and we have increased it, the counting to the level of to counter the microeconomic challenges has to continue with the level of meeting competition will not be there. I agree.

Mr. Chirag Shah:

But, there is an understanding that these lower cities are actually fairing well in the large urban area. When I say lower cities inclusive even the rural areas, so even there the macroeconomic challenge should not be that tough, what is your experience on that side.

Mr. Singh:

Just to give you a sense of proportion on these things. You are very correct, when you say that in the smaller cities and in the semi urban areas sales are picking up, but in terms of share of total sales, those are still very small. The bulk of sales, the bulk of our business is still in the top 10 cities, in the top 20 cities and so on.

Mr. Chirag Shah:

But would it be right that top 30 cities would be around about 50-55% of your business.

Mr. Singh:

I think that would be safe to say that top 30 cities would be that much.

Mr. Chirag Shah:

Okay.

Mr. Seth:

Yeah. That would be safe to say.

Mr. Chirag Shah:

Okay.

Mr. Singh:

These are exciting stories for the future and the sale that comes from here are you in that sense these are bonus or incremental sales but they are not yet the crux of our business or they have not pock yet the backbone of our business.

Mr. Chirag Shah:

Last question on my side, again focusing on this cities, beyond top 30 cities, what kind of product offering are in demand in this areas. Is it comparable to your in terms of if existing products mix in terms of, in the top 30 cities or the demand is higher on for the lower versions of the offering, how it is?

Mr. Bharti:

There is some bias in favor of entry level car, you are right. There is some bias but it is not at least that in the lower cities by sales people are not going in for the higher end models, they are.

Operator:

Next in line, we have a question from Mr. Govind Rajan from Credit Swiss. Please go ahead.

Mr. Govind Rajan:

Yeah. Hi, is there any update that you would like to give us on the out-sourcing deal that you have been discussion with Nissan.

Mr. Seth:

Not yet but we should have something in the next one month or so.

Mr. Govind Rajan:

Okay. My second question was on capital expenditure plans. What was CAPEX last year and are you increasing or cutting CAPEX next year, how you are thinking about this.

Mr. Seth:

Fiscal 2008-09 would be anywhere around Rs. 2000 crores of CAPEX. Next year again, the CAPEX would be around the same number. We also are contemplating spend on R&D next year, so that would form some portion out of this Rs. 2000 crores that I am talking about.

Operator:

Next in line, we have a question from Mr. Amit from Anand Rathi. Please go ahead.

Mr. Amit:

Hello.

Mr. Seth:

Hello. Yeah Hi.

Mr. Amit:

Hi sir. Sir can you share your domestic A-star volume for the last three months.

Mr. Seth:

It is broadly going around 4000 numbers.

Mr. Amit:

A month.

Mr. Bharti:

Yes. In the first month, we had supplier constraints

Mr. Amit:

Okay. So the release is 4,000 per month.

Mr. Seth:

Around that.

Mr. Amit:

And same thing from the launch of DZire, what is the number?

Mr. Singh:

Sorry.

Mr. Amit:

Since the launch. What is the run rate per month?

Mr. Singh:

It is about 5,000 plus.

Mr. Amit:

And how SX4 doing on this monthly basis.

Mr. Singh:

The balance in A-3

Operator:

Our last question comes from Mr. Ramanathan Subramanyam from IDSE-SSE. Please go ahead.

Mr. Ramanathan Subramanyam:

Hi sir. Congrats on spectacular sets of numbers for the quarter in terms of volume and I hope that chain continues as well, so I just wanted to get a feel of the number of days of inventory if you could share in terms of the numbers. Just a broad estimate of how it has been moving since the last three months.

Mr. Seth:

We have been network stock to get the dealer stock at the factory for finished goods would be between three and four weeks in this period, December to March.

Mr. Ramanathan Subramanyam:

Okay.

Mr. Seth:

So we have been pretty much maintaining and I think Mr Singh mentioned earlier also that we have been making sure that there is no excess inventory in the systems so therefore we are also keeping a close watch on the retail along with the wholesale that we are doing every month. So retail is also keeping pace and the wholesalers, also very critical for us.

Mr. Ramanathan Subramanyam:

Okay. Fair enough sir. Thank you, very much.

Operator:

Thank you, sir. I would like to hand the flow to Mr. Prabhat Awasthi for final remark. Over to you sir.

Mr. Prabhat Awasthi:

Hello. That concludes our conference call for today. Nomura thanks for Mr. Seth and Mr. Singh and Rahul and Neerja from corporate planning for being with us today and I would like to thank all the participants also for taking part in the call. Thank you. Have a good day.

Operator:

That does conclude our conference call for today. Thank you for participating. You may all disconnect now.