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Ladies and gentlemen, good day, and welcome to TVS Motor Company Limited Second Quarter FY '19 Post Results Earnings Conference Call hosted by SBICAP Securities Limited. (Operator Instructions) Please note that this conference is being recorded.

I now hand the conference over to Mr. Chirag Jain from SBICAP Securities. Thank you, and over to you, sir.

Chirag Jain, SBICAP Securities Ltd., Research Division - Lead Automobile Analyst [2]

Thank you, Aman. Good afternoon, everyone. On behalf of SBICAP Securities, I welcome you all to the second quarter FY '19 post results conference call of TVS Motor Company Limited.

Today, we have with us Mr. K. N. Radhakrishnan, President and Chief Executive Officer; and Mr. K. Gopala Desikan, Chief Financial Officer of TVS Motor Company Limited.

I will now transfer the call to Mr. K. N. Radhakrishnan for his opening remarks to be followed by Q&A session. Over to you, sir.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [3]

Good afternoon. Good afternoon, everyone. And Q2 two wheeler sales has grown 14% over last year. Scooter is 18%; motorcycle grew by 15%; mopeds grew by 5%. Domestic two wheeler sales during this quarter grew by 11% over last year.

Export sales of two wheelers by 30%. Three wheeler sales grew by 57%. Revenue grew by 22% from INR 4,098 crores to INR 4,994 crores this quarter.

Profit after the underlying PBT for 2Q of last year which was a fair valuation gain was INR 255 crores. The current quarter basically is INR 306 crores, therefore, a percentage of growth of 16%.

Last year, we had INR 32 crores towards fair valuation of TVS Credit shares. Consequent to TVSCS becoming a subsidiary of TVSM, in September 2017 the fair valuation of such investment is no longer required.

EBITDA for this quarter is 8.6%. Sequentially, EBITDA has gone up by 90 basis points. Profit after tax from this quarter has grown by 11%.

Last year, it was -- same quarter, it was INR 190 crores. This year, it is INR 211 crores. In the board meeting today, we have declared an interim dividend of 2 point -- INR 2.10 per share, 210% absorbing a sum of INR 120.28 crores, including the dividend distribution tax for the year 2018/'19.

We have a very good portfolio of products. TVS -- recently we have launched Jupiter Grande, this is strengthening the Jupiter portfolio. TVS NTorq and Apache RTR 160 4V launched during Q4 of this year -- Q4 of last year when the -- calendar year 2017, '18, '19.

Excellent response from the customers as both have crossed 1 lakh sales. Commuter motorcycles was strengthened with the launch of TVS Radeon. The feedback for TVS Radeon is extremely good.

We have launched from the season the new Star City Plus and Sport, Apache 180. These are the new colors and the new refresher. Exports continue to grow ahead of the industry, and we will continue to invest behind brands and technology.

Material cost, there is an upward bias. We are working on cost reduction projects, localization, alternate sourcing vis-à-vis to mitigate the cost. We took up price 0.6% from -- during the quarter.

The third-party insurance increased and the personnel accident insurance is definitely putting some pressure on the customer. We have seen that during this time.

However, going forward, we are confident that Q3 and Q4 with very good portfolio what TVS has got we will continue to grow ahead of the industry, both in international market and domestic market.

Thank you.

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Questions and Answers

Operator [1]

(Operator Instructions) First question is from the line of Pramod Kumar from Goldman Sachs.

Pramod Kumar, Goldman Sachs Group Inc., Research Division - Executive Director [2]

Sir, congratulations on a good set of numbers. Sir, my first -- before I get to the two questions on the business, just had 1 clarification on your other income movement between 1Q and 2Q. We see there is a -- there is a classification, there is a change in other income for -- and revenue for 1Q. If you can just talk about what is that and what nature of that other income reclassification is, and how big is that during this quarter, sir.

K. Gopala Desikan, TVS Motor Company Limited - CFO [3]

Okay. See this reclassification has been done in line with Ind AS requirements. The interest income arising through the contract with the customers has to be shown as part of revenue from operations. This is the clarification then. The impact of this for this quarter is 0.2%, and we have done this, we have restated for the previous quarters also for comparison in line with the Ind AS requirements.

Pramod Kumar, Goldman Sachs Group Inc., Research Division - Executive Director [4]

0.2%, is it? And this will continue to be in the same line item going forward? It is a operational income, basically.

K. Gopala Desikan, TVS Motor Company Limited - CFO [5]

Yes, this is a requirement under the Ind AS now.

Pramod Kumar, Goldman Sachs Group Inc., Research Division - Executive Director [6]

Okay. And then my question on the business is pertaining to the domestic demand and of -- if you can provide some color on how the season so far for you because the general feedback on the industry is not so great. And also in context of the fact that demand hasn't been that great at the industry level, how are we positioned on our inventory at the channel level sir? Is there a bit of a stress at the channel inventory?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [7]

See, festive season for TVS has been moderate, and we have the best range of products, moped ES, Jupiter Grande, Radeon, XL, Ntorq, Apache 160 4V. I think the recent challenges because of the insurance cost increase in the entry-level, especially in the entry-level two wheelers is a little bit affecting. However, if you look at the Diwali season, the major part of the festival season yet to come. So we are pretty confident in terms of very good sales during the season.

Pramod Kumar, Goldman Sachs Group Inc., Research Division - Executive Director [8]

So -- and how much of the sales of the season is normally skewed towards Diwali Dhanteras sir versus say Dussehra and the first half? And then how is the -- what is the special like broadly?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [9]

See more than 75% comes post Dussehra season. After Dussehra there is 10 days and then Dhanteras and Choti Diwali boom like that.

Pramod Kumar, Goldman Sachs Group Inc., Research Division - Executive Director [10]

Okay, so there's still some hope for the industry as well then?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [11]

Yes, very good hope is there, because I think initially there is a lot of confusion also because of this insurance, definitely insurance has gone up. And there has been lot of confusion also in customers mind, it is at a fair issue because everything happened from 1st of September and there was -- this was because of the third-party and then the accident insurance. It went up and then we were able to bring it down thanks to IRDA, we represented and it has come down to 1 year now. So -- because confusion happened in the first 2, 3 weeks of September. So I think now it is stable, and I think industry should do well and we will do better than the industry.

Pramod Kumar, Goldman Sachs Group Inc., Research Division - Executive Director [12]

And how is the channel inventory for us sir? Is there a cause of concern or will it still be a challenge for few models?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [13]

See, during season, definitely we will also add little bit of inventory, but we always use the principle of 4 to 5 weeks forward sale. So post the season, that will be the standard.

Pramod Kumar, Goldman Sachs Group Inc., Research Division - Executive Director [14]

And the second question is on the performance of TVS Credits. There is a lot of concern around the NBFC liquidity position and so -- and given the fact that ours is a unlisted subsidiary, it will be great if you can provide some color on the performance of TVS Credit in the quarter gone past, and also how is the business doing in the current uncertainty around access to liquidity for NBFC. If you can provide color on that, that will be great.

K. Gopala Desikan, TVS Motor Company Limited - CFO [15]

Okay. The book size is growing, and it now stands at INR 7,000 crores. The PBT for the first half is INR 88 crores and PAT is at INR 61 crores. The TVS Motor Company stake in the company, in TVS Credit services is 85%. The TVS Credit caters 50% of the finance for TVS Motor Company two wheelers. As far as the liquidity is concerned, there are no -- we are going -- there are no issues. We have covered for the season and post season also, and we don't see there is any concern with regard to the liquidity. And TVS Credit Services is truly in compliance with the RBI norms with regard to the borrowings. And therefore, we don't see any great strain or challenge at this point of time.

Operator [16]

(Operator Instructions) The next question is from the line of Basudeb Banerjee from AMBIT Capital.

Basudeb Banerjee, AMBIT Capital Private Limited, Research Division - Research Analyst & VP [17]

A couple of questions. One, as you said, channel inventory any how for you is 4 to 5 weeks. But in states like UP, Bihar, or eastern part of India, what is the state of your dealer inventory presently?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [18]

We don't give state wise or region wise. As a company, during season, definitely like any other company, we will also add little bit of stock, because during that time, the peak sales happen during Dussehra, Diwali, few days before and after. But what I said is on a stable steady state, we always keep 4 to 5 weeks of forward sales.

Basudeb Banerjee, AMBIT Capital Private Limited, Research Division - Research Analyst & VP [19]

So do you see any possibility of any alarming destocking in the months post Diwali as such?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [20]

We're expecting good growth during Diwali season. I said very clearly in September up to 3 weeks, we had lot of confusion. And there were definitely the -- especially in the entry-level, there were issues on with sudden increase in the insurance. It is almost like 8% to 10% of the ex-showroom price, so that creates huge uncertainty in the minds of the consumer. But now that it is stable, we are quite confident that the line of portfolio what TVS has got with Jupiter Grande, Radeon, moped ES, NTorq and Apache 4V we are confident that we will grow well.

Basudeb Banerjee, AMBIT Capital Private Limited, Research Division - Research Analyst & VP [21]

And sir, like now with exports being almost 20% of your volume and the rupee weakening to almost 73, 74 level, so what's your rise in position, when -- how will you realize that if you -- down the line, if you can describe that?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [22]

We will grow because the range of products, what we have in two wheelers is extremely good. And like I said last time also, the stability and increase in the oil prices, stability of the currencies in many of the countries in Africa or many other countries, we find that there's a very good acceptance of our product rates. So exports continue to grow for us and of the industry. And definitely, the -- we don't plan much on the gain from dollars because it can go both ways. So we focus on absolute growth and positive growth in terms of the export.

Basudeb Banerjee, AMBIT Capital Private Limited, Research Division - Research Analyst & VP [23]

Yes, but -- by when one can see the full impact of present levels getting reflected in your quarterlies?

K. Gopala Desikan, TVS Motor Company Limited - CFO [24]

No. The company has an approved Forex policy where we cover the net exposures, and TVS Motor Company is a marginal exporter and the benefit of the rupee depreciation will be flow-through.

Operator [25]

(Operator Instructions) The next question is from the line of Binay Singh from Morgan Stanley.

Binay Singh, Morgan Stanley, Research Division - Executive Director [26]

Just wanted a clarification. So you said TVS Credit finances around 50% of sales of TVS. Is that correct?

K. Gopala Desikan, TVS Motor Company Limited - CFO [27]

No -- again, come back, please?

Binay Singh, Morgan Stanley, Research Division - Executive Director [28]

That you said that TVS Credit finances around 50% of the sales of TVS?

K. Gopala Desikan, TVS Motor Company Limited - CFO [29]

No, of the retail finance. See the retail finance penetration today is around 45% and TVS motor -- TVS Credit Services has 50% share in that, after 40%, 45% of retail penetration.

Binay Singh, Morgan Stanley, Research Division - Executive Director [30]

Okay. And who do the other -- like what will be your overall NBFC share?

K. Gopala Desikan, TVS Motor Company Limited - CFO [31]

The retail finance penetration of TVSM for this quarter is around \$0.46 and as I said the credit services share is 46% of that.

Binay Singh, Morgan Stanley, Research Division - Executive Director [32]

Right, right, and so in a way the other -- in a way your NBFC as a percentage of say your finance will be quite high. Okay, that's fine. The second question is, when we look at the upcoming 2 years, we have the ABS/CBS transition and then the Bharat Stage VI transition, any early indications on what sort of price increase will come because of this?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [33]

See, ABS/CBS, if you look at it, many of our products are already -- we have changed it over, for example, if you look at -- there's already an Apache with ABS variant, okay. If you look at the synchronized braking technology, we have, for example, Jupiter, Wego, NTorq, Star City Plus, Sport, Radeon all of them have got either half or almost 70% we have changed over. So as far as the ABS/CBS technology, it's a smooth transition into -- before April 2019, okay? So the focus we need to project what we are now trying to do is on BS VI, okay? BS VI at this point of time moving up, the technology is going on on all products. And very close to the launch time, we will be able to share what is the cost impact and how we are planning to manage it.

Binay Singh, Morgan Stanley, Research Division - Executive Director [34]

You got any early indication? It is going to be like 10% or so of the cost increase or if it is like an incremental increase?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [35]

Too early to give any kind of indication at this point of time, closer to launch, I will share the exact kind of impact.

Binay Singh, Morgan Stanley, Research Division - Executive Director [36]

Right, right. And then just last question, like, we are entering into the festive season. Typically, we see that the advertising, sales promotion spend rises during the festive season. So what you are witnessing in Q3, is it in line with seasonality? Or are you seeing more requirement to sort of spend per bike on sales promotion? Like are you seeing cost of acquisition rising or is it broadly in line with what you budgeted?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [37]

I think the -- if you look at the competition point of view, we have seen discounting from some of the competition from Q1, okay? So they're continuing that. The surprise element was this insurance whatever I highlighted, because the insurance impact especially in the entry level is close to 10% of the ex-showroom price. That was a surprise, but it happened in the first week of September, okay? Other than that, there is no surprise we are looking at. Only thing is because of the sales -- the oil prices being stable and at a little higher level, the material cost may continue to be little higher in second half.

Binay Singh, Morgan Stanley, Research Division - Executive Director [38]

Right. And the 0.6% material cost hike that you gave is basically what you took through the year, right, the Q1 and Q2 combined?

K. Gopala Desikan, TVS Motor Company Limited - CFO [39]

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Q2.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [40]

Which one? Can you repeat the question?

Binay Singh, Morgan Stanley, Research Division - Executive Director [41]

Like in your comments, you said that you've taken a 0.6% price hike.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [42]

Yes, yes. It was only Q2.

Binay Singh, Morgan Stanley, Research Division - Executive Director [43]

And 0.5% in Q1, so?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [44]

Yes, correct. That's correct. Q1, we took about 0.5%. Q2, we have taken 0.6%. Correct.

Operator [45]

(Operator Instructions) The next question is from the line of Kapil Singh from Nomura.

Kapil R. Singh, Nomura Securities Co. Ltd., Research Division - Auto Analyst [46]

Sir, first of all, wanted your thoughts on growth for various segments. Where are you seeing slowdown, if at all? And do you think industry growth is likely to be lower than what was your original estimate? Or you think will quickly come back to the levels that you were expecting at the start of the year? So if you can give by segments like mopeds, scooters and motorcycles. Within that also, if you want to give some thoughts qualitatively on entry and premium segments.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [47]

If you look at the industry in Q2, we have seen the industry grew by almost 11%, okay? Domestic two wheeler industry -- I'm removing the exports. I thought your question is more related to domestic, right?

Kapil R. Singh, Nomura Securities Co. Ltd., Research Division - Auto Analyst [48]

That's right. That's right.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [49]

So if you look at the domestic two wheeler industry, it grew by 11% -- sorry, the industry grew by 5%, which is little lower than what we expected definitely, but we grew 11%, okay? So that was the positive. And the area where what we have seen is scooters growing at 2% in Q2, okay? The quarter 1 was 12%. So scooters, we are able to see little lower growth,

but these things happen when you have some competition in pricing, their entry-level motorcycle is at moped prices, sometimes these things happen. But we are confident, and of course, the third dimension is this higher cost of insurance and the petrol prices. This is definitely affecting the customer sentiment, especially the insurance cost increase during the first week of September, which is directly seen especially in the entry-level. So I am pretty confident monsoon being close to normal this year, I think rural will pick up and the major portion of the season is likely to happen in the next 10, 15 days. So I think this should start growing better in the coming days. Maybe there is little moderation than what we expected, couple of points, but may not be significantly. We originally thought the industry will grow around 12%, maybe it will grow around 10% in the second half, still for the industry, but we will grow much better than the industry growth, we will grow faster, that we have confidence, it would be a very good product range.

Kapil R. Singh, Nomura Securities Co. Ltd., Research Division - Auto Analyst [50]

Right. This is quite helpful, sir. And within segments, you think scooters could grow slower than the industry growth, this year?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [51]

I think scooters will come back. I think today, the percentage has been a bit slow which is seen by other products also, but it will come back, because scooters have been growing close to almost 16 quarters at CAGR of more than 15%. So sometimes 1 or 2 quarters, these things happen. Okay. And this is only for -- also scooters have gone up substantially, now 33%, 34% of the two wheelers category is also scooters.

Kapil R. Singh, Nomura Securities Co. Ltd., Research Division - Auto Analyst [52]

Right. And sir, one question was on financials. Just wanted to check the rupee depreciation that is taking place. If it stays around the current levels, should we expect that to benefit profitability of exports? Or there is some pass on taking place in the export markets as well.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [53]

I think export volumes and -- they will grow ahead of the industry and it will definitely help profitability of the company to grow.

Kapil R. Singh, Nomura Securities Co. Ltd., Research Division - Auto Analyst [54]

Specifically referring to rupee?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [55]

We are a net export company, so definitely it will help, only thing is...

Kapil R. Singh, Nomura Securities Co. Ltd., Research Division - Auto Analyst [56]

Are you able to retain the benefits?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [57]

Yes, only challenge is the -- it's too -- we are all hoping that the material cost will soften, so maybe a little portion of these benefits may be required to be used for the increasing material cost.

Operator [58]

(Operator Instructions) The next question is from the line of Jay Mehta from Edelweiss.

Chirag Shah, Edelweiss Securities Ltd., Research Division - Research Analyst [59]

Chirag here from Edelweiss. Sir, one question on your quarterly, you generally sell lot of seasonality in your margins, if you look from quarter-to-quarter. So is it -- what is the right way of analyzing the results? Is it on Y-o-Y basis a better way of looking the results or Q-on-Q? What I am highlighting is when I look at your quarterly margins generally Q2 is the best margin and then we drop off significantly in between from there. So is there -- the cost provisions you make is based on Y-o-Y basis or how should we look at it?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [60]

See, it's all because of when the festival happens, festival periods are always good period even for the industry you can look at it, okay. And if festival falls in fully in Q2, you will see a different result; if it is split between Q2 and Q3, you will see a different result. Otherwise, okay. Otherwise, it is also -- 1 important factor we have to look at is when the material costs are higher or expected. There are some changes with what happens in, for example, last year, Q4 we suddenly saw the VTD, okay. Sometimes it all depends upon if there are any change in the budget, so otherwise, this is fairly stable.

K. Gopala Desikan, TVS Motor Company Limited - CFO [61]

Again, the expenses are provided based on the interest basis. We cannot provide in 1 quarter and ought to provide in the other quarter, that's not the way. As and when we are expected to incur that are being provided for.

Chirag Shah, Edelweiss Securities Ltd., Research Division - Research Analyst [62]

Yes, because if I look at along Q1 onwards, our margins have been very reasonably volatile on quarterly basis. So second question was -- any specific that if I look at Y-o-Y basis, our margin is still showing some drop from 8.9 to 8.6. So is it largely -- how should one look at on the annual pressure on profitability?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [63]

I think last year, the festival was in October and...

Chirag Shah, Edelweiss Securities Ltd., Research Division - Research Analyst [64]

Yes. So that is the primary reason?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [65]

Yes, that is the primary reason. And also, if you compare last year to this year, you know the material increases this year and the custom duty increase, which was not there last year.

Chirag Shah, Edelweiss Securities Ltd., Research Division - Research Analyst [66]

Yes. And sir, one last question on three-wheelers on the export market. If you can throw some color, any specific countries or regions that are showing strong growth or potential growth, if you can throw some color over there.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [67]

I think Africa is growing, again, I highlighted the key reason being oil prices are very tough and currencies are stable, definitely it is very good for many markets in Africa. Africa is growing, and we are also growing in Africa, and we are also gaining market share there. If you look at other markets, Nepal is doing well. Asian markets started now. It was doing extremely well, came down as an industry, now it's slowly picking up. So overall three wheelers outlook is going to be positive in Q3 and Q4.

Chirag Shah, Edelweiss Securities Ltd., Research Division - Research Analyst [68]

And we can expect a strong -- like 20% kind of a growth from industry perspective or from Indian exporters perspective?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [69]

Industry, I think, will continue the same momentum, is my belief.

Operator [70]

The next question is from the line of Sumit Mangal from Goldman Sachs Asset Management.

Sumit Mangal, [71]

Sir, my question pertains to TVS Credit. Sir, I was looking at the numbers, our net NPAs have actually gone up from 0.6 to 2.1 in last 2 years despite our credit costs, which have also gone up from 0.6 to 2.1, is it because there is an accounting change? Or the slippage has been much higher than what you are expecting?

K. Gopala Desikan, TVS Motor Company Limited - CFO [72]

You are not very clear on the question. Is it on TVS Credits, you are asking?

Sumit Mangal, [73]

Right sir.

K. Gopala Desikan, TVS Motor Company Limited - CFO [74]

What's your question, please?

Sumit Mangal, [75]

Sir, in TVS Credit, if I look at it, our net NPA used to be 0.6 in 2016, now it has become 2.1 now, despite the fact that the provisioning for this slippage has actually gone up, let's say, our credit cost in 2016 was 1% and it was 2.7% in 2018. So is it because you provided nearly 1.7% extra credit rate cost despite of that our NPAs have actually gone up from 0.6 to 2.1. Is it because of an accounting change or the slippage has been much higher in the books?

K. Gopala Desikan, TVS Motor Company Limited - CFO [76]

No. I think you're asking too much about TVS Credit Services, and I may not be able to answer here those issues now. But the fact is the delinquency of TVS Credit Services is very much under control. It's lower than the industry norms, that much I can say. And the provisioning is done as per the requirements of the regulations.

Operator [77]

The next question is from the line of Sumanta Khan from ICICI Prudential Life Insurance.

Sumanta Khan, [78]

My question is on your raw materials, what percentage of your total raw materials is localized? And how much of it is that you import from outside the country?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [79]

Yes. Sorry, sorry, sorry. You want to know the import content?

Sumanta Khan, [80]

Yes, import content.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [81]

Yes, import content is close to 14% now. It will come down. We are taking lot of initiatives in localization and finding the capacities. We are in some of those -- we are also investing in setting up the facility. So it will come down quarter after quarter.

Sumanta Khan, [82]

So by March end, where can this number go down to? Maybe it can come down to single-digit?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [83]

Yes. March end, possibly it will be around 10% because our volume being really healthy. Therefore, manage in such a way that the local capacities are built and they are able to deliver. So there's a lot going on.

Sumanta Khan, [84]

And at current exchange rate, do you think localization can help you improve your -- I mean the cost of content?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [85]

Absolutely, absolutely, absolutely.

Operator [86]

We'll move to the next question. That is from the line of Jinesh Gandhi from Motilal Oswal Securities.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [87]

Yes, my question pertains to the retail growth for TVS in first half, what it would be?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [88]

We don't generally give the retail growth, but all that I can tell you is, we keep up with the forward stock. Looking at the forward sales, they keep 4- to 5-week stock. During the season time, we a little bit increase the stock. But post-season, again, we bring back to 4 to 5 weeks of stock.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [89]

Right, right. Okay. And our second question pertains to this other income reclassification. So what will be quantum in crores?

K. Gopala Desikan, TVS Motor Company Limited - CFO [90]

No. It's 0.2% of the EBITDA. Again, even the earlier quarters are around the same percentage. And this is being done simply in line with the accounting standard requirements.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [91]

Okay. Because the earlier quarter it was about INR 15 crores, INR 16 crores, so a bit dissimilar quantum.

K. Gopala Desikan, TVS Motor Company Limited - CFO [92]

Yes. We are on that number, below that even.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [93]

Okay. And lastly, other expenses in this quarter has gone -- I mean, on Q-o-Q basis has remained stable as a percentage of sales, and this is despite volumes going up on Q-o-Q basis by about 17%. So is there a very low level of fixed cost now as compared to in the past?

K. Gopala Desikan, TVS Motor Company Limited - CFO [94]

These are the cost reduction initiatives, as explained by Mr. K. N. R, is very much in place. The fixed cost is reduced by 0.7% in H1 of '18-'19 when compared to H1 of '17-'18. This is what it is.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [95]

No. I'm referring vis-à-vis first quarter, second quarter also has been stable on other expenses as a percentage of sales despite volumes being higher by 17%.

K. Gopala Desikan, TVS Motor Company Limited - CFO [96]

This is mainly because of the cost reduction initiatives that are in place now. We are controlling the fixed cost. That is getting reflected here.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [97]

Okay. We would have expected to be lower given the volumes and operating leverage benefit but..

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [98]

Overall, overall, when the volumes go up, we have very clearly said that there will be benefit of scale.

K. Gopala Desikan, TVS Motor Company Limited - CFO [99]

One more reason is the -- again, the last quarter this was explained. The price output to the dealers which was part of the other expenses. Now earlier, now that is being adjusted against the revenue as per the accounting standard requirement. That's also the reason. Last year, last quarter it's there. This is not a new change.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [100]

Right. So that's one. Okay, no problem. And lastly, the balance 50% of financing is done by banks or it's mixed between banks and NBFCs?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [101]

This is the retail finance, right?

K. Gopala Desikan, TVS Motor Company Limited - CFO [102]

Yes. It's a mix between banks and NBFCs.

Jinesh K. Gandhi, Motilal Oswal Securities Limited, Research Division - SVP of Equity Research [103]

Okay. And maybe beyond that number, how it splits between banks and NBFCs?

K. Gopala Desikan, TVS Motor Company Limited - CFO [104]

I don't have that number, sorry.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [105]

So far, we don't have it, but we can give you later.

Operator [106]

The next question is from the line of Prateek Poddar from Reliance Mutual Fund.

Prateek Poddar, [107]

Sir, just one question in terms of supply bottleneck. Given the season and the outlook, are you creating any supply bottlenecks when it comes to demand for the products like new products like Radeon, NTORQ, Apache 160 4V? Is there any kind of supply bottleneck or what kind of investment is needed by your suppliers to ramp up?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [108]

See, there are no supplier bottlenecks. Any new product, we ramp up in line with the retail what is happening. So in short, if you look at it in the last few days, we have ramped up to the next level. And we are now doing from about 15,000 per month, now we are coming closer to 20,000 as we go to 25,000. So it is a very planned way of ramping up and there are no bottlenecks. Same way with the 160 4V, that is also getting ramped up without any problem. Radeon, we said we will deliver in the first 2 months 15,000. Now that ramping up is happening. This month we will deliver 15,000. So I think the ramp-up and the capacity buildup, today, I don't think there is any constraint when it comes to supplier capacity.

Prateek Poddar, [109]

And sir just one more question. With respect to our product slate, any more spaces which you think we will need to fill in or you think this product slate is decent as of now? Just some thoughts on that.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [110]

See, customer demand drives the new streams. So we have to constantly look at how the category has been moving, which are the customers who are considering us, who are not considering us. That's why it's a continuous journey. And the new products will be based on this journey. So that we will invest and we will come up with more and more new products.

Operator [111]

The next question is from the line of Rajat Chandak from ICICI Prudential Mutual Fund.

Rajat Chandak, ICICI Prudential Asset Management Company Limited - Fund Manager [112]

I have 2, 3 questions, a couple of them more clarification. Sir, you mentioned that import content is close to 14%. That is as a percentage of sales and is it including the indirect and direct imports weighting just to clarify?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [113]

This is the percentage on the material cost. It's not on fixed cost.

Rajat Chandak, ICICI Prudential Asset Management Company Limited - Fund Manager [114]

And this is including indirect and direct imports total?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [115]

Yes, it's total.

Rajat Chandak, ICICI Prudential Asset Management Company Limited - Fund Manager [116]

Okay. And on ForEx hedging once again, I heard that we hedge only the net ForEx exposure. But that is again for, let's say, next 3 months, next 6 months, next 1 year, if you can throw some light on that?

K. Gopala Desikan, TVS Motor Company Limited - CFO [117]

The next 3 months.

Rajat Chandak, ICICI Prudential Asset Management Company Limited - Fund Manager [118]

Okay. And lastly on the domestic market in terms of pricing. Any light on what kind of price increases you would have taken in H1 and any further price increase in October or if not looking ahead?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [119]

Yes, the price increase is a constant journey. We look at how much is the opportunity. So the vendors are there. There have been material cost increases. You see that in Q1 and Q2. Q1, we have taken 0.6% price increase. Q2, we have taken - sorry, Q2, we have taken 0.6% and Q1, we have taken 0.5%. So we will very, very closely look at the market and we look at the opportunity. And then this is a decision we will continuously be reviewing.

Rajat Chandak, ICICI Prudential Asset Management Company Limited - Fund Manager [120]

And anything so far in this quarter like October in terms of pricing actions?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [121]

We have taken. October, I think we have taken a small price increase. I think average price increase of about -- I think about INR 250 to INR 300 average we have taken up prices in October. Immediately, I'm not able to convert it into percentage, but across all models we have taken up the price.

Operator [122]

The next question is from the line of Ruchit Mehta from SBI Mutual Fund.

Ruchit Mehta, SBI Funds Management Private Limited - Analyst & Fund Manager [123]

Just a couple of questions. One is that, could you give me what was the realized FX rate in quarter 2 and what that was in quarter 1?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [124]

What is realized?

Ruchit Mehta, SBI Funds Management Private Limited - Analyst & Fund Manager [125]

FX rate, rupee-dollar rate.

K. Gopala Desikan, TVS Motor Company Limited - CFO [126]

The first quarter was INR 67 and the second quarter is INR 69, INR 69.5.

Ruchit Mehta, SBI Funds Management Private Limited - Analyst & Fund Manager [127]

INR 69.5. Okay. And second is that, just on the scooter side, given where petrol prices are and the lower mileage that typically exist for scooters vis-à-vis motorcycles, do you see some shift away from scooter consumer to motorcycle?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [128]

See, urban scooters, the current scooters, the difference in fuel efficiency between a commuter motorcycle and a scooter have significantly come down. That's point number one. Number two, scooters have got some unique advantages, especially convenience, multiuse and more customer friendly for the urban market. So I don't think significantly -- already, we have a 33% category share in scooter. So certainly, the trade volume of scooters have also gone up. And please understand when somebody discounts a brand hugely, there will be some short-term impact. That's what we have seen. So scooters will come back because it has got its own benefit to the consumer, especially in the urban market.

Operator [129]

The next question is from the line of Hitesh Goel from Kotak Securities.

Hitesh Goel, Kotak Securities Limited, Research Division - Associate Director & Automobile Analyst [130]

So based on news flow which is going on that in Dussehra, there's 15% to 20% drop industry sales. Do you have any figures for the share of sales for yourself or for the industry?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [131]

We have started with a moderate growth. I don't know about the industry growth and I don't want to comment on that. But definitely the insurance confusion, one is the increase and the confusion it created in the first 2, 3 weeks of September. As I explained, the third-party insurance is per year now. That is almost, in certain products, it is almost 10% of the total price, especially in the entry-level product. Definitely, that is affecting the market. But if you look at after that, we have the accident, which was 5 years and it was brought down to 1 year. So there was a lot of confusion. Now all those are over so we are hoping that definitely -- and these have just started, okay, so the major part of the festival season is yet to come. And with the kind of product portfolio, what we have with the ES moped and the Jupiter Grande and Radeon and NTORQ and Apache 4V, we are confident that we will do well.

Hitesh Goel, Kotak Securities Limited, Research Division - Associate Director & Automobile Analyst [132]

And sir, the second point was on the Ind AS change that you're talking about, this interest income part. Is there a change in accounting norms in this quarter because Ind AS has been implemented long back. And we have not seen this kind of change in accounting by any other companies. Everybody is taking interest income in the other income. So can you please clarify this?

K. Gopala Desikan, TVS Motor Company Limited - CFO [133]

So this is Ind AS' 115 clarification where any income arising out of a contract with a customer is forming part of revenue from operations. And therefore, this is in line, simply in line with the accounting standards.

Hitesh Goel, Kotak Securities Limited, Research Division - Associate Director & Automobile Analyst [134]

So this came in this quarter, the clarification?

K. Gopala Desikan, TVS Motor Company Limited - CFO [135]

Yes. The clarification came very recently, and we took a decision now.

Hitesh Goel, Kotak Securities Limited, Research Division - Associate Director & Automobile Analyst [136]

Okay. And finally, sir, on the rural sales, we have been hearing that there's some issue in rural demand which has happened recently. Can you give us some sense on what was the rural growth in this quarter and what is your outlook, especially on the moped model?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [137]

I think rural continues to grow. Only challenge is because this year the monsoon has been good and the reservoir levels are reasonably good in most of the market. And the recent policy support on agriculture, that has been good. The insurance increases was creating the confusion. And definitely, in rural market entry-level product, there is a huge headwind because of the insurance increase, very steep increase. So otherwise, I think now that things are looking stable, I think going forward it should stabilize and it should continue to grow.

Operator [138]

The next question is from the line of Gunjan Prithyani from JPMorgan.

Gunjan Prithyani, JP Morgan Chase & Co, Research Division - Analyst [139]

Two questions from my side. Firstly, on the scooter, your NATORQ, of course, has done very well, but Jupiter has been seeing some kind of tapering. So is this a cannibalization that you're seeing across market that 125cc will grow and the base segment will see saturation at these levels? Can you share some thoughts on this? And also on NATORQ, I recall that you shared 20,000 unit run rate as the initial target. Given the way the product has done, how much do you think that this can scale up to?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [140]

I think scooter sales for TVS Motor has grown much better than industry. Industry has got a little bit of problem, but we have been growing at 18%. And in H1, if you look at it, we have grown 15.4% as against the industry growth of 6.3%. Okay. Last time also, I told you, a product like Jupiter and when you have a product like NTORQ, the first 1 or 2 months, when you look at such a product, some of the customers who look at the new product, that one with a connected technology, there is a chance that they will look at the product. But a core Jupiter customer will never move into NTORQ because NTORQ is very clearly positioned for young customers, youthful customers. So we are very clear. And as long as overall grows, okay, and Jupiter has been a very stable brand and it has done extremely well. So both Jupiter as well as NTORQ has contributed in the growth when the industry has not grown. We understand that the scooter has grown much, much ahead of the industry. Now coming back to NTORQ, 20,000, I think that was the target we set for Q4. We are extremely happy that it's happening now. And whatever is the capacity, demand that we constantly review and keep investing behind the capacity. And today, completing and expand capacity, we can satisfy it in 3 months' time. That is a regular journey we'll always look at.

Gunjan Prithyani, JP Morgan Chase & Co, Research Division - Analyst [141]

So going forward, this could be, what, 25,000 units a month is what you stated, is that your target for the next quarter?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [142]

I don't want to give a number. We will make sure that NTORQ becomes yet another key product in the list of our brands, whatever we have.

Operator [143]

The next question is from the line Aryn Pirani from Deutsche Bank.

Aryn Pirani, Deutsche Bank AG, Research Division - Research Analyst [144]

Most of my questions have been answered. Just going back to the change in the revenue accounting, so this interest income arising out of contract with customer, I mean, is it an interest income on the like the security deposit? So what is the interest income on actually? Just wanted a clarification on that.

K. Gopala Desikan, TVS Motor Company Limited - CFO [145]

This has been explained. This is strictly in line with the accounting standard requirement with that interest income. Any income arising from a contract with a customer, the Ind AS very clearly states that it has to be part of the revenue from operations. That is what we have done.

Aryn Pirani, Deutsche Bank AG, Research Division - Research Analyst [146]

Okay. So no, I understand that. I was just wondering that, so in this case, this is interest arising out of, say, a booking amount? I mean, is that kind of a number or is it like these are advances?

K. Gopala Desikan, TVS Motor Company Limited - CFO [147]

It's a combination of dealer advance and also the facility extended. It's a combination. Any contract with a customer which is inextricably connected with the business, it should be treated as revenue from operations.

Amin Pirani, Deutsche Bank AG, Research Division - Research Analyst [148]

Okay. Okay. And you mentioned that retail finance penetration is around 43%, 45% for you now. What was this number, say, last year in FY '18?

K. Gopala Desikan, TVS Motor Company Limited - CFO [149]

It's very similar.

Amin Pirani, Deutsche Bank AG, Research Division - Research Analyst [150]

Okay. Okay. So your retail finance penetration, it would be higher than the industry, is that a correct understanding?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [151]

No. I think industry will be almost similar. I think if you look at industry, I think industry, every company will be having a retail finance penetration of about close to 40%, 43%, 45%. I think varies from company to company, but it will be on the same kind of a range.

K. Gopala Desikan, TVS Motor Company Limited - CFO [152]

And TVS Credit Services is growing. And in every opportunity, they will only use that and their book size is growing. They will step in, in case of any opportunity available for retail funding.

Amin Pirani, Deutsche Bank AG, Research Division - Research Analyst [153]

And is there a push, intentional push by the company to increase the share to, say, I don't know, maybe 50% or higher? Or is it like it just depends on what the customer wants? Or is there intention to push this to drive demand?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [154]

See, it is based on the customer requirement, okay? There is no target set to it. I think we will make sure that every dealer and every subdealer will have this facility. So that expansion is a continuous journey.

K. Gopala Desikan, TVS Motor Company Limited - CFO [155]

It's the customer's choice. I don't think we can push that.

Operator [156]

The next question is from the line of Priya Ranjan from Antique.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [157]

We may use it for softening the insurance pressure on the customer.

Operator [158]

The next question is from the line of Priya Ranjan from Antique.

Priya Ranjan, Antique Stockbroking Ltd., Research Division - Research Analyst [159]

A couple of question. One is under your cost-saving programs and value engineering and value addition, et cetera. So do you have some kind of target? I mean, what kind of quantum we want to save from these cost programs, et cetera? And second part is on the demand side, regional dichotomy in terms of demand. So do you see, I mean, some segments or some areas like east and like west or east having very different demand trajectory? And again on demand side, what is the outlook on West Bengal after the recent restructure there? That's all.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [160]

See, if you look at, we don't give region-based demand classification of how it is moving up or down. Overall, if you look at it, in Q1, we have seen, there were pressure in the entry-level primarily because of discount issues, discounting by some of the competition. In Q2, unfortunately because of the insurance increase, we find that there is again a pressure on the entry-level, okay? So these are 2 important areas. Another important thing is, West Bengal, they had some challenges, but it is over now. We are hoping that this will continue smoothly from November 15 also. So the business has started in West Bengal.

Operator [161]

The next question is from the line of Abhishek Salunke from Trivikram Consultancy.

Abhishek Salunke, [162]

My question is on the capacity front. So currently, we are having capacity of producing 4 million two-wheelers and 120,000 three-wheelers. So correct me if I'm wrong, for FY '18, we were at a run rate of more than 80% utilization. So what are the expansion plans, like until when it will be completed and the cost of expansion and by how much the capacity will be expanded?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [163]

Yes. We have 5 million capacity as of now. And capacity expansion is not a big challenge primarily because higher than our plan. We can do that in 3 to 4 months' time. And did you ask for the CapEx? Did you ask for the CapEx?

Abhishek Salunke, [164]

Yes.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [165]

Yes. CapEx is around INR 800 crores for this year.

Abhishek Salunke, [166]

And it would be for?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [167]

For putting the new product, everything put together.

Abhishek Salunke, [168]

Okay, okay, multiple things. And my last question would be on the EBITDA margin side. So provided the situation is normal, what would be the sustainable EBITDA margin going forward for the business?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [169]

We will continuously grow. We don't want to give a guidance on EBITDA margin, but we will continuously focus on that. We have many initiatives we have put in terms of growing revenue ahead of the industry, having a good portfolio of very good brands, growing the export ahead of industry again and systematic initiatives on cost reduction in terms of localization, in terms of VA/VE, in terms of scale benefits. So overall, put together, we are confident that the EBITDA margin will continue to grow.

Operator [170]

The next question is from the line of Krishnakumar from Sundaram Mutual Fund.

Shyam Sundar Sriram, Sundaram Asset Management Company Ltd. - Research Analyst [171]

This is Shyam Sundar Sriram from Sundaram Mutual Fund. Sir, my question is on the economy and the executive segments where we seem to be losing some market share. Happy to hear of the good acceptance of Radeon. Other than that, are we seeing more white spaces that can help us stem this loss of share?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [172]

We had a big opportunity through Radeon. That is why we have launched that. Looking at the white spaces is a regular work because as the market matures and as it grows, you will be able to see many areas where we can come up with either variants or new product, and that is a continuous journey.

Shyam Sundar Sriram, Sundaram Asset Management Company Ltd. - Research Analyst [173]

Okay. Okay. Sir, there's just one more question on our export revenues for this quarter, the actual amount.

K. Gopala Desikan, TVS Motor Company Limited - CFO [174]

Export amount. Export sales constitutes around 23%. And value-wise, it's around INR 1,140 crores.

Operator [175]

We'll take the next question. That is from the line of Kumar Rakesh from BNP Paribas.

Kumar Rakesh, BNP Paribas, Research Division - Analyst [176]

My first question is around the festival demand so far. So in the 2 weeks since Dussehra, which we have seen the retail demand seems to be down by around 13%, but moped demand seems to be down by, significantly high, the high 20s, 28%, 30% down. So are you seeing some structural shift happening over there in the moped demand, especially after the insurance increases or this is just a blip which we have seen?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [177]

Kumar, I don't want to comment on whatever number you've pegged on the decline in the demand, okay? Definitely, overall, given the kind of portfolio, what TVS has got, we had a -- start has been moderate, the season start, but we are confident with the kind of product range, we will do very well because most of the season is yet to come. Diwali season is yet to come, number one. Number two, definitely, this increase in insurance and the confusion it created in the first 2, 3 weeks of September, I think there were a lot of impact due to that. And the third point that is insurance also is affecting more in the entry-level. That is also a fact. So the entry-level product, including moped, including commuter motorcycle, this is affecting. So given the product folio like electric start mopeds and Radeon, Jupiter Grande, NTORQ, 160 Apache and all the other refreshers, we are pretty confident that season will do well. And we will continue to grow ahead of the market.

Kumar Rakesh, BNP Paribas, Research Division - Analyst [178]

Okay. That is helpful. My second question was about the quarterly performance. So when I'm looking at your gross profit margin, for the last 2 quarters, it has been declining on a Y-o-Y basis by more than 200 basis point. So apart from the usual commodity pressure, is there anything more than that which we are seeing on your gross profit which is impacting higher customer acquisition cost or you are not able to pass on all the price hikes that you intend to?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [179]

Are you asking between last year's Q2 to this year's Q2?

Kumar Rakesh, BNP Paribas, Research Division - Analyst [180]

Yes. The first quarter and second quarter of this fiscal year, the gross margin has declined by more than 200 basis point Y-o-Y. So what is beyond commodity which is impacting that and is...

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [181]

Last year to this year, if you compare Q2 to Q2, I explained last year Q2 had entire season delay. This year, it is between this quarter and the next quarter. That is Q2 and Q3. Second one, last year's Q2 to this year's Q2, last year, the material cost increases this year, plus the BCD increase are effected this year.

Kumar Rakesh, BNP Paribas, Research Division - Analyst [182]

Okay. Because in this quarter you still had around...

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [183]

And also, Desikan, you wanted to highlight that last year's Q2?

K. Gopala Desikan, TVS Motor Company Limited - CFO [184]

Yes. Last year's Q2, the receipt for freight cost increases for the accounting standard, it should be right at 74.8%. And the difference is now 75.7% and 74.8% and not 75.7% and 73.2%. It has to be right at 74.8% if the accounting standard implication is given effect to.

Kumar Rakesh, BNP Paribas, Research Division - Analyst [185]

Okay. Okay. So you're not seeing anything beyond these in the market environment and which you have provided?

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [186]

Yes, yes.

Kumar Rakesh, BNP Paribas, Research Division - Analyst [187]

And the cost of acquisition being higher or your price increase is not reflective enough.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [188]

No, no, no.

Operator [189]

Thank you. Ladies and gentlemen, due to time constraints, that would be the last question. I now hand the conference over to Mr. Chirag Jain for closing comments. Thank you, and over to you, sir.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [190]

So I just wanted to conclude, first of all, thanks to everyone. I just wanted to highlight that we are still continuing to deliver superior value to all our customers. Last 3 years, we have won, as you know, J.D. Power customer satisfaction in service. All our products are extremely doing well and are being bought. And we have grown in all categories if you look at just Q1 and Q2 put together. And the vehicle market is continuing to grow. And most importantly, our EBITDA will continue to grow. And one marker I wanted to leave with all of you is that if you look at 2012-'13 to 2017-'18, our profit after tax has grown from INR 115 crores to INR 663 crores. Our EPS has grown from INR 2.44 to INR 13.95, okay? Thank you very much.

Chirag Jain, SBICAP Securities Ltd., Research Division - Lead Automobile Analyst [191]

Thank you, everyone. On behalf of SBICAP Securities, we would like to thank TVS Motor for providing this opportunity to host the call. And special thanks to Mr. K. N. Radhakrishnan and Mr. Gopala Desikan for taking time off for the call. Thank you, again, and have a good day.

K. N. Radhakrishnan, TVS Motor Company Limited - President & CEO [192]

Thank you so much.

K. Gopala Desikan, TVS Motor Company Limited - CFO [193]

Thank you very much.

Operator [194]

Thank you very much. Ladies and gentlemen, on behalf of SBICAP Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.