

BAJAJ-AUTO.NSE earnings conference call or presentation 26-May-16 4:30am GMT

Q4 2016 Bajaj Auto Ltd Earnings Call

Pune May 26, 2016 (Thomson StreetEvents) -- Edited Transcript of Bajaj Auto Ltd earnings conference call or presentation Thursday, May 26, 2016 at 4:30:00am GMT

TEXT version of Transcript

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Corporate Participants

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* Kevin D'Sa

Bajaj Auto Limited - President, Finance

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Conference Call Participants

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* Joseph George

IIFL Capital Limited - Analyst

* Ashish Nigam

Axis Capital Limited - Analyst

* Viraj Kataria

Securities Investment Managers - Analyst

* Jay Kale

Elara Capital - Analyst

* Nikhil Upadhyay

Securities Investment Managers - Analyst

* Sumanta Khan

ICICI Prudential Life Insurance - Analyst

* Pramod Kumar

Goldman Sachs Securities - Analyst

* Chirag Shah

Edelweiss - Analyst

* Shirish Guthe

HDFC - Analyst

* Basudeb Banerjee

Antique Financial - Analyst

* Mukesh Saraf

Spark Capital - Analyst

* Aryn Pirani

Deutsche Bank - Analyst

* Himanshu Sharma

Centrum Broking - Analyst

* Kapil Singh

Nomura - Analyst

* Pramod Amthe

CIMB - Analyst

* Jinesh Gandhi

Motilal Oswal - Analyst

* Sonal Gupta

UBS - Analyst

* Abishek Laxminarayan

Catamaran - Analyst

* Mihir Jhaveri

Religare Capital Market - Analyst

* Akshit Gandhi

Aviva Life Insurance - Analyst

* Jamshed Dadabhoy

Citigroup - Analyst

* Ankur Jain

Investment Advisor - Analyst

* Venkat Ananth

Credit Suisse - Analyst

* Raghu Nandan

Quant Capital - Analyst

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Presentation

Operator [1]

Good day, ladies and gentlemen, and welcome to Bajaj Auto Limited Q4 FY16 Earnings Conference Call hosted by IIFL Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. (Operator Instructions) Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Joseph George from IIFL Capital Limited. Thank you, and over to you, sir.

Joseph George, IIFL Capital Limited - Analyst [2]

Thank you, Mallika. On behalf of IIFL, I welcome you all to the post results conference call of Bajaj Auto Limited. I also take this opportunity to welcome Mr. Kevin D'Sa, President, Finance of Bajaj Auto. As we usually do, we'll move directly to Q&A. Mallika, over to you.

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Questions and Answers

Operator [1]

(Operator Instructions) Ashish Nigam, Axis Capital.

Ashish Nigam, Axis Capital Limited - Analyst [2]

Congrats on very strong numbers. Couple of questions. So firstly, what was your currency realization this quarter and your hedges for next year?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [3]

For the fourth quarter, we received at INR67.5 and on a whole year basis we received at INR65.5 basis. This is against last year of INR61.8. And if you take for Q3, it was at INR66. Based on the hedges that we have taken for the next year that is for 2016/2017, we'll be covering somewhere - we will be getting more or less at the spot rate because the hedges are in a forward band, which will probably be - the current forward rate will be somewhere between the hedges, so it will effectively be the spot rate that we will realize. So I expect on an average to realize somewhere near about INR67.5 to the dollar for the next year.

If the rupee depreciates further then actually the upside will come to us, but if the rupee strengthens I will still be by and large protected at INR67.

Ashish Nigam, Axis Capital Limited - Analyst [4]

So your export realizations were up, we know how you calculate export realizations, it was up some 9% quarter-on-quarter. So I know partly driven by the currency, but was the rest of it driven by mix or -?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [5]

It's also the mix change because if you see - or you're talking of quarter-on-quarter as Q4 of last year versus the current quarter.

Ashish Nigam, Axis Capital Limited - Analyst [6]

I'm talking about Q4 versus Q3?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [7]

Okay, Q3 versus Q4, if you see, for example the Pulsar sales had gone up Q4 versus Q3 and that is the major reason for that purpose. And secondly, the realization comes off because the Boxer had tanked in Q4.

Ashish Nigam, Axis Capital Limited - Analyst [8]

Sir, secondly, your gross margin has risen quite sharply this quarter again was this mix or full benefit of commodities, what was the driver for this?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [9]

Again, you're talking of Q3 versus Q4, right.

Ashish Nigam, Axis Capital Limited - Analyst [10]

Both actually, I mean on a YoY and QoQ, your gross margins have been pretty strong this quarter.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [11]

Yes, the reason is basically let me take it Q3 versus Q4. In the Q3, for example, our EBITDA margin was 22%, it's gone up to 23.1% in Q4. One, of course, is the commodity benefit; the second is approximately INR35 crores came on exchange benefit because of this difference in exchange rate. In Q3, as I had mentioned earlier that we had got an exchange rate of INR66 to the dollar and Q4 it was INR67.5, again it is the Avenger sales. In Q3, we sold 40,000 Avengers; in Q4, we sold 83,000 Avengers. In three-wheelers again, we had sold 66,000 in Q3 versus 71,000 in Q4. If I take the previous year that is the Q4 of FY14 is again the basic mix is there, Avengers was 11,000 gone up to 83,000. We have the three wheelers at 48,000 going to 71,000. And, of course, the currency benefit then in Q4 of last year, we restated that INR62 to the dollar as against INR67 to the dollar.

Ashish Nigam, Axis Capital Limited - Analyst [12]

Just lastly how do you see the domestic motorcycle market going ahead, I mean, growth is likely to pick up, but by how much it's -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [13]

I would be - this is my personal view.

Ashish Nigam, Axis Capital Limited - Analyst [14]

Yes.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [15]

I would still be cautious. We are not yet out of the woods. April, as you know has been a very good month of 16%, etcetera. But that I think is also thought to do with the marriage season being all concentrated in April. May as of now is not quoting healthy for the industry still. So I would wait and watch and everybody is hoping on the monsoon. So post monsoon, once should see, my estimate would be somewhere in the - it will be in single-digits, maybe about 6% to 7% is my call at this time. Motorcycle domestic, not two wheelers.

Ashish Nigam, Axis Capital Limited - Analyst [16]

Sure, sure. And on a related note, your volume guidance for FY17?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [17]

On a related note, FY17 is fairly high. We're looking at an average number of approximately about 220,000 numbers, which translates to probably somewhere near a figure of 2.6 million vehicles as against what we've done currently of 1.9 million vehicles.

Ashish Nigam, Axis Capital Limited - Analyst [18]

Okay. And overall, including exports and three wheelers.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [19]

Including exports and three wheelers, we are looking at somewhere near about 4.6 million vehicles, as against the 3.9 million that we did. In this, the domestic three wheelers will be about 300,000 and exports we're talking about 1.6 million vehicles. So it's 2.6 million for the domestic market, 300,000 for the domestic three wheelers, 1.6 million for the exports taking the total figure to about 4.6 million vehicles. Now in this entire expectation, we have factored in the industry growth of somewhere being about 9% to 10%.

Operator [20]

Viraj Kataria, Securities Investment Managers.

Viraj Kataria, Securities Investment Managers - Analyst [21]

Sir, just have couple of questions. First starting with exports, now if we see our key markets like [MING2] Nigeria or LatAm. Overall, we're seeing the major factors like crude moving back to [\$50] the currency, [MING2] will normalize and the overall macro situation incrementally a bit better. So from your reading, how do you look at the end demand in these two markets, I mean has it bottomed out or are we still seeing the demand still being weak incrementally.

Added to that, also from a currency volatility and availability perspective, has it improved or stabilized considering the variables. And the distributor ability to stock inventory, is the distributor now more stressed given the kind of demand weakness we have seen in last couple of quarters. So if you can just provide some perspective on these?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [22]

So let us take the exports, as we have seen happening for the last year 2015/2016. In the first quarter, we did about 4,76,000 and in Q2, we did 5,30,000, so we're hitting our run rate of 1 million. After which we had this oil crisis and the foreign exchange availability problem that came in. And therefore, if we go into Q4 we did just about 3.32 million vehicles.

So for me the view is that the demand in all these countries remain strong. Having said that, it is the latent demand. So I would put it all the demand has actually been postponed and shifted for two reasons. One is the availability of currency, therefore you cannot really get the dollars into the country, even if the customer is willing to pay. And secondly, the severe depreciation in these currencies, let's say the naira versus the dollar, which has made this vehicle extremely expensive. So I think there is still time for it to change, we're not yet out of the woods. Oil has gone up to \$50. Things will take some time. So I would say that for the first half of the current year, export numbers will not be as strong as what we saw earlier, but then I'm very confident that for us, the demand that is there for these products remain. There is no other source of transportation in these countries. So it's more a postponement of the demand and therefore in the second half, if things stabilize [you want to] see higher

growth taking place. Therefore, while I still believe that the figure that we had quoted to you of about 4.6 million vehicles, while domestic is definitely an aspirational target and we're hoping to reach those numbers, I believe in the exports one had got a greater chance to exceed these numbers and hence overall meet our overall target of 4.6 million.

Viraj Kataria, Securities Investment Managers - Analyst [23]

Okay. And from a distributor point of view in those markets?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [24]

In the point of distributor etcetera, they are all holding stocks based on the current demand that is therefore, there is no much money stuck with them in terms of working capital etcetera, but it is all dependent on the currency availability for them to get the dollars. You see as far as the company is concerned, we can always pass on some benefits of the exchange rate rupee to us to the end customer to make a vehicle affordable to the end customer, but when the dollar itself is not available, the distributor is helpless and this is the situation we're facing in Egypt and in Nigeria and in Venezuela.

Viraj Kataria, Securities Investment Managers - Analyst [25]

Okay. And since we still expect the overall end demand to be weak for at least in the first half. I mean, are we providing some kind of a credit support to dealers like incentives?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [26]

Not at all. Not at all, right from the very first day, whether the domestic market or the international market and more so in the international market, no credit is given. We actually start production only after we receive 25% advance. We have our [sighters] in place and shipments takes place out of the factory only when 100% payment has been received.

Viraj Kataria, Securities Investment Managers - Analyst [27]

Okay, second question was on the Pulsar segment, the sport segment, we have done couple of launches in last one year and we have been done a commendable job in terms of arresting the degrowth and helping us achieve a stable market share in the sports segment. But if we see, again, in last couple of months, more so in six to nine months, we've seen an aggressive competition whether it be from Apache or Gixxer with new product launches and doing a monthly volume of 6,000 to 7,000 and even further so from Hornet. So overall competition seems to be increasing. So given that how we are now looking to further build up and increase our market share of Pulsar in the sports segment?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [28]

See if you take the sports segment, our market share was 43% at the start of the year FY15 and the average for FY16 is actually taken up from 43% to 47%.

Viraj Kataria, Securities Investment Managers - Analyst [29]

So that is including Avenger, right sir.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [30]

Correct, I'll say Avenger also [gets it] so it's the whole segment, sports segment. So one cannot just look at Pulsars in isolation. Now, for example, we've brought in the Pulsar RS 200 also that also increased the super sport segment, our market share. For us, we will be coming up with the all new 400cc Pulsar that will come out maybe in the next two to three months time. The Pulsar will go through a upgrade that will come in the second half. So I think as far as the competition is concerned, we are very well geared up to ensure that our market share actually will grow in this segment rather than actually hold steady at the 47%.

Viraj Kataria, Securities Investment Managers - Analyst [31]

Sir, what I really meant was, because the Avengers and the Pulsars cater to a completely different end consumer segment. So what I really meant was, if we just purely look at the sports segment not the cruiser ones, the Pulsar volumes and the market share has been kind of stagnant over the last couple of quarters. So the idea was to just to get a sense, what are we thinking in terms of further building up and increasing because the competition has coming up with new launches and -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [32]

As it is, we will definitely be coming up with a new range of Pulsars that will come in probably in the second half as I mentioned to you and that's how we'll grow the market and the market share.

Viraj Kataria, Securities Investment Managers - Analyst [33]

Okay. And just last question was on KTM, we have seen comments from the KTM CEO that they will be overhauling - they'll be coming up with a new product lineup starting of CY17. So what is the broader thought process of coming up with a new product lineup altogether?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [34]

There is a understanding with KTM in terms of the cc of the vehicles et cetera. So by and large, vehicles below 300cc or so will be made by us. So that understanding is very much there with KTM et cetera and we will see what is the new product lineup in their side, whether it'll be manufactured at managed from Chakan or from [Gatin] that is a mutual discussion that we will be having.

Viraj Kataria, Securities Investment Managers - Analyst [35]

No. Sir, what I really meant was the kind of RC 200, RC 390 and 125, what the comments were that they are going for a complete product overhaul, a new platform altogether. So the idea was to get a sense on what is the thought process behind a new product lineup altogether? And how does Bajaj -.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [36]

That was quoting what Stefan is saying, so I won't really be able to tell you about his thought process at this stage from here. Maybe offline, we can discuss this.

Operator [37]

Jay Kale, Elara Capital.

Jay Kale, Elara Capital - Analyst [38]

Sir my first question was regarding your spare parts revenues. So if you can just throw some light on the domestic and exports spare parts revenues and the growth sequentially as well as YoY?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [39]

Spare parts, we did approximately INR2.5 billion, INR2,541 crores, of which domestic was INR1,850 crores, balance being exports. We grew at about 15% and for the next year also, we should be growing at about 15% to 17% in this band.

Jay Kale, Elara Capital - Analyst [40]

Sir and just on the Avenger and V15, how much of the overall Pan India has been dispatching to terms of V15, has V15 been launched overall in Pan India or there are still markets to be penetrated?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [41]

V15 has been launched by and large - in this month, it will go Pan India. So as you know, with the first month, we did 16,000, next month did 24,000; this month we are expected to hit about 30,000 numbers.

Jay Kale, Elara Capital - Analyst [42]

Okay. And but that would include overall Pan India then there will be the incremental markets.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [43]

That's right.

Jay Kale, Elara Capital - Analyst [44]

Okay. And just on your Discover platform, how fungible is it with your other models because with V15 and with CT100 now and with Avenger, I think Discover still, I mean, is obviously the weaker brand. So how focused are you in terms of launching incremental variants of that or is it going to be more focused on these other three brands?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [45]

In the near-term, we'll be focusing on the CT, the Platina and the V. The Platina, all new Platina rolls out in the next few days. As far as the Discover is concerned, we will not be investing significant amount of time or effort in this year probably. And therefore, we are selling about 12,000 of the Discover 125 per month, that will continue.

Jay Kale, Elara Capital - Analyst [46]

And is the platform fungible with any other model, that is -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [47]

Yes, please.

Jay Kale, Elara Capital - Analyst [48]

It is?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [49]

It is.

Operator [50]

Nikhil Upadhyay, Securities Investment Managers.

Nikhil Upadhyay, Securities Investment Managers - Analyst [51]

Sir, my question is basically on the V segment, so 1 or 1.5 year back when we had our analyst meet, you mentioned that the first focus would be to strengthen our segments in the entry level and the 150 plus premium segment.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [52]

Correct.

Nikhil Upadhyay, Securities Investment Managers - Analyst [53]

And then we would look at how to grow in the 125 cc segment.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [54]

And then we said, we will grow the sports segment, after which we will go into the M3 segment, where we'll try to ship the customer from the M2 Splendor category to the all-new category called M3.

Nikhil Upadhyay, Securities Investment Managers - Analyst [55]

Yes. So how does the V launch help us in moving the consumer or strengthening our base there? So what's the proposition which V provides us vis-a-vis Discover 150 or a Pulsar 150?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [56]

See the Pulsar; let me put it this way. There is the M1 category, which is basically what we all talk of the price of the utility category. That's approximately about 24% of the market.

Nikhil Upadhyay, Securities Investment Managers - Analyst [57]

Yes.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [58]

The other segment, which is the sports and the super sports segment in form, it's not just the cc, it's just form of the vehicle, which is the Pulsar, which is the 150 cc category and that's another 20% of the vehicle. The balance 60% of the customers come in what we

largely call commuter. This starts from 100 cc, it goes all the way up to 150 cc. So what we are saying is that the customer who is buying the 100 cc Splendor or the 125 cc Splendor, we say that the market is right to create a new category altogether in the commuter space, where the form of the vehicle is so different from the rest of the normal vehicle commuter, which is the existing commuter base, it's a very simple bike that gives fuel efficiency, but does not focus so much on the style and the performance. So you are just saying, we created the V, we created the M3 segment and therefore hopefully get the customers, who are tired of the existing M2 segment to move into the M3 segment. Now this is not going to the - so the V is not going to attack 60% of the market. V is trying to attack only about 20% of the market, which will hopefully look at the 125cc and the 150cc space.

Nikhil Upadhyay, Securities Investment Managers - Analyst [59]

So V is basically - so the clear focus as of now is to move the consumer from the traditional segments to a new product segment, which we are trying to create.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [60]

That's right.

Nikhil Upadhyay, Securities Investment Managers - Analyst [61]

But in the executive and the commuter segment, the traditional consumer as of now, how do we look to strengthen our positioning. I understand that we are trying to move -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [62]

We will not in attempt to do it. And if you will recollect what we had mentioned in the conference that we had, the Analyst meet that we had, is actually we will not focus at all on the M2 segment, which is the mid segment. We will try to ensure that the customer, who is in the M2 segment actually moves down to the M1 segment by offering him value or we move him up to the M3 segment, where we'll give him style features and performance.

Operator [63]

Sumanta Khan, ICICI Prudential Life Insurance.

Sumanta Khan, ICICI Prudential Life Insurance - Analyst [64]

Congrats on a very good set of numbers. My question is on the export numbers that you gave on the quarterly basis. Does that includes spare part sales?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [65]

Numbers as in - we give value, yes.

Sumanta Khan, ICICI Prudential Life Insurance - Analyst [66]

Okay, the value it is there.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [67]

Yes, sir.

Sumanta Khan, ICICI Prudential Life Insurance - Analyst [68]

Okay. That's all I wanted to know. Thanks a lot.

Operator [69]

Pramod Kumar, Goldman Sachs.

Pramod Kumar, Goldman Sachs Securities - Analyst [70]

Yes. Thanks a lot, Kevin and congratulations on the good set of numbers. Yes. My two questions, one is on exports, because exports you're guiding for 1.6 million, start of the year April it was 104,000 and if I'm not wrong Ravikumar guided for 150,000 kind of exports at the start of the month. So I just want to understand in the near term, do you see any risk to those kind of guidance even for May or those numbers are fairly secure for you.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [71]

See, when Ravikumar talks of the numbers, he talks of the order book. Now it so happened that the ship may get delayed, the LC may get delayed, the order book what Ravikumar mentioned for the month of May is intact of 1,50,000. The actual dispatch maybe 145,000 or maybe a preponement, it will be coming to 155,000. But when Ravikumar says 150,000 it is 150,000 of the order book, the production plan that has been released. The actual shipment of 5,000, 6,000 numbers may go into June.

Pramod Kumar, Goldman Sachs Securities - Analyst [72]

Okay. So in a way you are guiding that April was very weak; May is going to be very strong, but subsequent it may not be as strong as what the May trend is. So in a way, May number is not clearly a indication as to how the May, June, July numbers are going to roll out.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [73]

100% right.

Pramod Kumar, Goldman Sachs Securities - Analyst [74]

Yes. And second on the related to exports, what is the breakup of three wheelers because you provided for three wheelers domestic, 300,000. What's the number you're looking for exports for FY17 for three wheelers, Kevin?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [75]

For FY17 three wheelers, we are talking and looking at somewhere near about, one sec, let me just see if I have those numbers. For three wheelers, we're looking at about 250,000 numbers.

Pramod Kumar, Goldman Sachs Securities - Analyst [76]

250,000 numbers.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [77]

Yes.

Pramod Kumar, Goldman Sachs Securities - Analyst [78]

That's helpful. And my second question a more detail one is on domestic, Kevin. You are talking about almost a 37% growth in domestic motorcycles more or less in FY17. Last year, if I look at the numbers your volumes and market share is up like 130 bps and volumes were up 130,000 out of which CT100 grew by almost 300,000 odd units year-on-year and economy segment is currently almost a good one-third of your domestic motorcycle volumes. And you had a series of Pulsar launches and Pulsar volume brand overall are still down YoY and Avenger gave you the growth in the premium segment. So I'm just trying to understand as we go towards FY17 and look at a much higher growth rate and significantly higher market share, economy segment, I'm pretty sure you're not hoping on economy

segment being another repeat of last year with volumes going up by another 300,000, 400,000 units and premium segment Pulsar 400, all said and done, it's going to be a niche segment, it's not going to be a mass market, 150 I understand and Avenger is kind of there in the numbers at least for the last two quarters. So I just want to understand, which segments is what you're hoping where the growth comes in, it will be more economy executive or it will be more premium because 37% is like a phenomenal growth you're talking about almost four, five times the growth rate of the industry? So I'm just trying to understand is the market so benign in terms of competition or whether the launch is what you're looking at. I just want to get some of the detail on this because ultimately your market share aspirations are still much higher than what we've achieved so far. I just want to understand which are the pieces in the motorcycle segment which will fall in place this year?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [79]

Okay. Let me put it this way. We're talking of about 2.6 million vehicles that translates to about probably 220,000 numbers a month. 220,000 numbers a month, if we talk of by run rate that is taking place in March and April, we are somewhere near about 190,000 numbers. V is yet to come into play. You have industry growth that we're looking at. So don't look at the whole year as a base because then I started at a very low base and hence the 37% looks high. If I look at a run rate of about 215,000 to 220,000 numbers a month, keeping in fact that I have done 200,000 in April, like I said industry for May-June is week, but hopefully with the monsoons come in, on an average we believe that we should be able to do the 10% growth on these on the existing run rate of April.

Pramod Kumar, Goldman Sachs Securities - Analyst [80]

Okay. Correct me here if I'm wrong, wasn't the last few months number also influenced by a - kind of rejiggered the stock levels at the dealership in terms of a new mechanism to track dealer inventory?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [81]

No, not at all, not at all. Right from July 2014, we are running at 30 days inventory. Not a single vehicle gets into the system, which is higher than the retails.

Pramod Kumar, Goldman Sachs Securities - Analyst [82]

No, the feedback what we had for like last few months there's been a new way at how you measure the stock levels at the dealer and optimum level and that has kind of led to some bit of an increase in stocks at certain pockets clearly that's the feedback. That's why I was just wondering -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [83]

No, I'm not sure, what feedback you're referring to, but I really know what you're talking about in this regard. All we are saying is that dealers will stock vehicles 30 days of the next month sales. And if at all the next month sales do not happen, automatically the stock gets adjusted in the next month.

So for example, in the month of March knowing full well that the April season is the marriage market et cetera, the dealers will stock just like what will happen or what's happened in Dussehra and Diwali, the dealer is stocking before. But the minute that Dussehra and Diwali sale gets over, the stocks come down and those months the billing is much lower than the retails.

Pramod Kumar, Goldman Sachs Securities - Analyst [84]

So you're not saying that that will be a factor clearly, it will be all led by retail demand growth and success of getting back?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [85]

100%, I mean that's my policy right from July 2014.

Pramod Kumar, Goldman Sachs Securities - Analyst [86]

It sounds great. And the last year on the margin front, Kevin, because you're here looking at a export volume contribution being lower than last year or the full year basis and within that your currency is kind of like hasn't done much in terms of spot rates in the last few months. So it's not going to be a delta of what we got last year, where it moved from INR61.8 to INR66 or so. So just wondering how should one look at exports in this context. And, of course, is it also fair to understand that marketing expenditure will increase as we go forward with the new launches in the domestic market. And your staff expense for FY16 is kind of flattish, which I don't remember for any other company like where employees expenses are up only 2.5%, so that's another thing, which I want to check whether it's kind of -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [87]

Believe me, you are asking too many questions in one go. So let me answer one by one the questions. Let's talk of the employee cost. The employee cost last year if you recollect and see your notes had jumped up because of the gratuity valuation that came into play. The gratuity charged last year was about INR95 crores. As against that, the gratuity charge, which is a pure actual valuation taking place because we had funded the account, the gratuity valuation for the current year, for the whole year charge came to [INR35] crores.

Pramod Kumar, Goldman Sachs Securities - Analyst [88]

[INR35] crores.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [89]

As a result, you are getting in the gratuity itself a difference INR60 crores. So all of our members and all of us have been given a 12% increase and that's why. So there's not been any curtailment in salaries, et cetera. So the difference between last year and the current year is purely on account of the gratuity valuation change that took place and therefore if you compare last year versus the year before last, you will see a huge spike in labor especially in the fourth quarter. If you're talking of 2013/2014 versus 2014/2015.

Pramod Kumar, Goldman Sachs Securities - Analyst [90]

Right.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [91]

And 2014-2015 versus 2015-2016, there is a benefit of INR60 crores coming on gratuity valuation because the hike, that is the spike that came in 2014/2015 was at normal, so that takes care of your labor story. And what was the earlier query?

Pramod Kumar, Goldman Sachs Securities - Analyst [92]

Earlier was on the currency and how should one look at margins like given the [INR5 billion exports]?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [93]

So margins that we said, we have always said that our margins will be in the range of 20% or so. The 22% that we've seen in the current year and the 23% that we've seen in quarter four is a combination of two, three things. One is the exchange benefit that we have seen. Please understand that in last year, my average realization to the dollar was somewhere near about INR61 to the dollar. My average realization to the dollar in the current year is INR65 to the dollar, that means it's almost about INR500 crores that has come by way of exchange difference. I don't see the depreciation, and some part of it would have been passed from in the end customer. I also understand that 2014, 2015, 2016 was a year that the material cost was at its absolute low. Things have changed from April 1. Therefore, there will be a material cost impact that comes into play. I will not get the incremental exchange benefit that I've got in the past. The V, which is at margin, which is not a 20% margin will contribute significantly to our numbers as well as the fact that you are having now come into the system, the Bharat IV norms in terms of safety and emission etcetera. So all put together, my estimate is we should be maintaining a 20% margin, but not going as high as the 22% margin that we've seen for the last year.

Pramod Kumar, Goldman Sachs Securities - Analyst [94]

Fair enough, Kevin. I think that's actually very, very helpful. And just on the -

Operator [95]

Sorry to interrupt sir. May I request you to please return to the queue for any follow-up?
Chirag Shah, Edelweiss.

Chirag Shah, Edelweiss - Analyst [96]

Two questions on the in. First on the pricing discipline of industry. So in the past, we have seen industry has been reason, I believe, to pass on the cost pressures. Is any changes you think that is likely to happen this time, one. And on this regulatory costs that you've highlighted, I presume is that a cause of worry, which you're highlighting that the pass on may not be complete because of the way costs are increasing on that side BS IV side.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [97]

No, I think everybody has to pass on the - see unless, I will put it this way, Chirag, that industry has been very, very sensible in terms of pricing because everybody knows that pricing or dropping your price etcetera does not give you market share. If it really make a difference in taking market share, you have to drop the price to almost about INR3,000 to INR4,000 per vehicle in order to seize market share and that doesn't really help because you'll make no money in the long-term. So I see that cost whatever is being there will be

passed on to the customer because that cost is common across all products, of all manufacturers.

Chirag Shah, Edelweiss - Analyst [98]

And there is no major technological advantage that - no major advantage at least for Euro 4 and the on the Bharat IV norms between two players.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [99]

No, and my view is basically is all of us will incur by and large the same amount of cost for meeting the Euro 4 or the Bharat IV norms.

Chirag Shah, Edelweiss - Analyst [100]

And just a clarification on your capacities of V150 as well as Avenger. Earlier, you had indicated that you are going with around kind of a 20,000, 25,000 kind of a capacity for both the model reach. Any change in the view in terms of production capacity?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [101]

As I said, if you see that we have said that the V capacity, - the Avenger capacity we're taking up to 30,000 numbers, which we did. Selling between 25,000 to 30,000 numbers. V also will have a capacity, but right now the capacity is 30,000 numbers. We need any

further production et cetera because we estimate that V to be somewhere about 30,000 to 35,000 numbers on a long-term basis. So capacity is not an issue at all, Chirag. It's all fungible.

Chirag Shah, Edelweiss - Analyst [102]

Yes. So fair point. And on the export side, if I look at what guidance you have shared, you are expecting slight drop in three wheelers versus last year, so we did around 2,80,000 in three wheelers. Similarly on the motorcycle side, we are assuming a flat this year. Are there any new geographies that are likely to contribute to volumes?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [103]

I would put about seven to eight countries, like last year, we added about 14 or 15 countries. This year also, we'll be adding about eight or nine countries, but those country increase will not really compensate for the decline that took place last year.

Chirag Shah, Edelweiss - Analyst [104]

Yes. So you are assuming some uptick to happen or availability of dollars or how are you going to put it in Nigerias and Egypts of the world.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [105]

Yes, I think so. See for example, now today I've just seen a news article, which has just come in the flash, where the Nigerian government has allowed free float of the dollar. So, see things will improve. And that's why in my opening remarks, I said that when I'm talking of 4.6 million vehicles in the whole year, I am much more optimistic of exceeding my 1.6 million target of exports.

Chirag Shah, Edelweiss - Analyst [106]

Fair point.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [107]

Because what does 1.6 million vehicles translate into, 1.6 divided by 12 just comes to 1,33,000 numbers. And 1,33,000 numbers is say for example, Chirag had asked that question earlier, we've done 1,50,000 and 1,05,000 in the two months. So if the run rate of 1.3 is maintained, I believe that this 1.6 is conservative.

Chirag Shah, Edelweiss - Analyst [108]

Yes, because we have reached a bigger number in the past also.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [109]

That's right. So it's just a question of little bit of stability to come in and we should be crossing these numbers.

Chirag Shah, Edelweiss - Analyst [110]

Yes. And just one -

Operator [111]

I'm sorry, sir. May I request you to please return to the queue for a follow-up?

Chirag Shah, Edelweiss - Analyst [112]

Sure.

Operator [113]

Shirish Guthe, HDFC.

Shirish Guthe, HDFC - Analyst [114]

My question is on KTM. Want to understand what are the plans for KTM with respect to new products, new geographies and how is the production being planned for that?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [115]

We hope to do KTM in terms of domestic numbers, we should be seeing an increase from about 30,000 number that we did last year. We should see a surge of about 37,000 numbers. On the export side, we'll by and large meet the same numbers. And I think in terms of new model, new launches and further tie-up with KTM that we will announce shortly. But there are plans to work with KTM in more geographies, but we wait for the official news to come out in this regard.

Shirish Guthe, HDFC - Analyst [116]

Okay, sir. The larger KTM bikes, is there any likelihood that you might look at making those also.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [117]

No.

Shirish Guthe, HDFC - Analyst [118]

And sir, what are the plans for larger cruiser bikes. Is there any such thought on that?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [119]

See once you have got Avenger and the Pulsar in the 220 family, it creates an opportunity for using the same platform to go into two variants, one is basically the Pulsar, which is pure sports and the other is the cruiser. As I mentioned to you, that in two to three months time, we'll be coming up with the Pulsar 390 or 400 cc bike. So that gives the liberty if at all required to use the same platform to go the Avenger route as well.

Operator [120]

Basudeb Banerjee, Antique Financial.

Basudeb Banerjee, Antique Financial - Analyst [121]

Your volume sequentially has gone down by 8% as compared to your other expenses have gone up by 12%. There is a huge divergence in other expenses only related to launch expenses or -.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [122]

No, no. I was expecting this question earlier and if it had not come, I'd have clarified.

Basudeb Banerjee, Antique Financial - Analyst [123]

Yes.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [124]

The Q4 expenses of INR529 crores of other expenses include INR65 crores on CSR.

Basudeb Banerjee, Antique Financial - Analyst [125]

Okay.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [126]

You see as a company we are very - CSR 2% has to be spent. It is not mandatory, but as a company, we are very committed to the CSR and we make sure that we actually spend the money of the CSR. So my total budget of CSR was about INR85 crores. In the first three quarters for lack of good projects, we could disburse only INR20 crores. And in the fourth quarter, we had to disburse INR65 crores, INR63 crores to be exact and that's sitting in the INR529 crores over there.

Basudeb Banerjee, Antique Financial - Analyst [127]

So for next year, that is going to continue.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [128]

Yes, CSR is mandatory. So next year, I'll have to spend somewhere near about INR92 crores to INR94 crores.

Operator [129]

Mukesh Saraf, Spark Capital.

Mukesh Saraf, Spark Capital - Analyst [130]

My first question is again on the export side. Recently, there was this agreement between the Industrial and Commercial Bank of China and the Nigerian Central Bank to make the Yuan settlement direct. So just wanted to check, would this give the Chinese exporters some bit of an edge because they can directly settle in the Yuan and the USD issue will not be an issue for them actually.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [131]

It does help.

Mukesh Saraf, Spark Capital - Analyst [132]

So could this kind of drive some bit of a market share decline for us because we did mention that we are close to 60% market share in Nigeria. So what can be the impact there for us?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [133]

Too early to make a comment on that.

Mukesh Saraf, Spark Capital - Analyst [134]

What would be the monthly run rate in Nigeria actually for us because January you mentioned we are at about 40k.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [135]

So 40k, 45k is what would be the normal run rate, but It depends on the variations. So we will be somewhere near about 20,000 numbers.

Mukesh Saraf, Spark Capital - Analyst [136]

And second question is again on exports, you mentioned seven to eight new markets. Would Iran be one of the market because recently -.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [137]

Iran is already existing.

Mukesh Saraf, Spark Capital - Analyst [138]

But it has opened up in a large way.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [139]

It opens up. Yes, so Iran opens up bigger. So when I'm talking seven to eight markets, I'm talking about virgin territories.

Mukesh Saraf, Spark Capital - Analyst [140]

Virgin, okay.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [141]

Iran has already been factored up in my target of 1.6 million.

Operator [142]

Amyr Pirani, Deutsche Bank.

Amyr Pirani, Deutsche Bank - Analyst [143]

Sir, my question was just on KTM. While this year we've seen strong domestic volumes; on the export side, we saw a decline. So any particular reason, any product rationalization happening?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [144]

No, it's just a pure reflection of the demand.

Amyr Pirani, Deutsche Bank - Analyst [145]

For the product that you make?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [146]

That's right.

Amyr Pirani, Deutsche Bank - Analyst [147]

And sir just on emission norms, the Bharat Stage IV, so as of now do any of our vehicles already comply with it or will the BS IV variance be launched only closer to the date.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [148]

No, all our vehicles will have to be meeting - there are two parts, one is the safety parameters and then there is the emission norms. As far as safety norms are concerned, all new products launched from April 1, 2017 will require the safety parameters, which will come in. So the existing products do not get covered in it. The existing products for the Bharat IV norms come into play from April 1. So all our existing products are to meet those norms. Now you cannot switch all the products, all the platforms exactly in the fourth quarter.

So you have to phase it out in that manner. So therefore from each company we'll have to decide different dates of when each platform gets shifted. But from April 1, 2017 all existing vehicles will have to meet those norms.

Amyr Pirani, Deutsche Bank - Analyst [149]

So you will have a lot of variant launches then I'm assuming for all your vehicles over -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [150]

It's all internal. They're not variant launches as such. They are all internals. So it'll be the same Eliminator; it will be same Pulsar; it will be the same vehicle, but you'll have to do internal changes, (inaudible) variant, variant as such.

Amyr Pirani, Deutsche Bank - Analyst [151]

Okay. But it could lead to a price increase for [part 3 ones].

Kevin D'Sa, Bajaj Auto Limited - President, Finance [152]

100%.

Amyr Pirani, Deutsche Bank - Analyst [153]

Yes. And just on Nigeria, just want to clarify, you mentioned that 40,000 to 45,000 is the normal run rate, which right now because of the weakness is down to 20,000.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [154]

Which is, I'm talking about that shipment that takes place in both. So I would have normally shipped about 45,000 motorcycles every month to Nigeria. But now it hovers between 15,000 to 20,000 numbers.

Operator [155]

[Aneesha Chetna], Arya Fin Trade.

Unidentified Participant [156]

Yes, what is your average waiting period for Avenger and V15?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [157]

There is no waiting period, ma'am.

Unidentified Participant [158]

And your non-current investments this year has shown a great increase for about 165%. So what does that lead to?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [159]

As per the accounting standards, it is all depending on when this particular instrument matures.

Unidentified Participant [160]

No, but I'm talking about the asset side.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [161]

I'm talking of the asset side only.

Unidentified Participant [162]

Okay.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [163]

So, for example, if I invest a fixed deposit, maturity of three years, it's going to be non-current. As the two years lapse and I come closer to one year and in that particular year, the same asset from non-current becomes current.

Unidentified Participant [164]

And your realization has increased in the quarter four. So do you expect the same to continue in the next year also?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [165]

A combination of exchange rate, a combination of mix.

Operator [166]

Himanshu Sharma, Centrum Broking.

Himanshu Sharma, Centrum Broking - Analyst [167]

I have two questions. One can you give us more color in terms of -

Operator [168]

I'm sorry, sir. We are not able to hear you clearly.

Himanshu Sharma, Centrum Broking - Analyst [169]

Yes, hello? Is it better?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [170]

Yes, much better.

Himanshu Sharma, Centrum Broking - Analyst [171]

I had two questions. One can you give us more color on the geography wise mix in the exports and more in terms of - so if I was talking of top five markets, what is their contribution today and what was it say, two years back. So that'll be the first question, sir.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [172]

Yes, by and large, let me put it, Africa contributes approximately about 45%, you have 17% coming from Latin America; you have 22% coming from Sri Lanka, Bangladesh, Nepal and Egypt and the balance from ASEAN countries, which is primarily Philippines.

This is by and large the structure. Quarter-on-quarter will vary a little bit. In case for example, Nigeria falls a little bit and then for no reason, Sri Lanka goes up in the overall average.

Himanshu Sharma, Centrum Broking - Analyst [173]

Yes. And sir, if I was to think of contribution from five or say, top seven markets, how would have that moved in the last two years?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [174]

That I'm saying would have all fall in because, for example, the primary ones will be Nigeria; where the second one will be Sri Lanka, where the markets are not very robust. Philippines, just flattish. So this is where it stands, the entire growth that we are looking at is basically in Africa.

Himanshu Sharma, Centrum Broking - Analyst [175]

And sir just one more thing, how will IFRS impact our reporting, especially in our other income?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [176]

It's IndAS. So IndAS is for us, we have two implications, one is the MTM gain or loss that are we seeing, which keeps changing quarter-on-quarter and creates a lot of variability in the P&L that will no longer be routed through the P&L, but will go through what we call the OCI, other comprehensive income. So that makes the P&L of Bajaj Auto going forward less (Technical difficulty).

Himanshu Sharma, Centrum Broking - Analyst [177]

Volatile or - Hello?

Operator [178]

Hello, Mr. D'Sa, we are unable to hear you. Ladies and gentlemen, request to kindly stay on hold, while we try to retrieve Mr. D'Sa's line. Thank you. (Technical Difficulty) Ladies and gentlemen, thank you for your patience. The management line is now connected. Sir, please go ahead.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [179]

Sorry, we got cut. As far as the IndAS is concerned, the MTM will no longer come to the P&L. So therefore, the volatility in the P&L gets eliminated. And the second is, like I mentioned, the fixed maturity plan that the company has invested approximately [about] INR7,000 crores, we account it in the P&L only when it matures. So therefore, if I've invested INR100 in the FMP and it's for a three-year period. If at the end of the three years, it becomes INR125, the INR25 gets accounted only in the third year. Now under IndAS, the INR125 will be accounted one-third every year. These are the two major changes that are there. Rest are very, very minor for us.

Operator [180]

Pramod Amthe, CIMB.

Pramod Amthe, CIMB - Analyst [181]

Congrats on good set of numbers. Two questions. One is basically with regard to the customer profile of Avenger. Is it more coming from the RE type of customers or is it cannibalizing from your Pulsar type of customers. What is the customer profile there?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [182]

I would say that out of, let me put it, 20,000 Avengers we do, my gut feel is about 6,000 to 7,000 numbers come from the existing Pulsar. The balance is, market expansion a lot coming from the existing 150 cc category of the Yamahas and the Suzukis and the rest of the people. Because if you see, the Avengers are selling off the 200 cc and 220 ccs, it's the 150 they are selling almost 60%. From Royal Enfield, I believe it'll be maybe 4,000 or 5,000 numbers or 3,000 numbers is the most. But I won't be able to comment significantly on that.

Pramod Amthe, CIMB - Analyst [183]

And second is with regard to the two wheeler vehicle finance. After a long time of gap, we are seeing some manufacturers tying-up for 18% type of interest rates. What is your take? Do you guys have to also go for it? Is it more subvention driven or what's your take on that?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [184]

It is whoever is offering 18% on a IRR basis will definitely be offering subvention because the normal IRR for any of the finance company for two wheelers will be in excess of 24%. So yes, manufacturers will go for this purpose especially during certain periods, when there is a lull in order to liquidate stocks at the dealerships.

Pramod Amthe, CIMB - Analyst [185]

But will it increase the competitive scenario in two wheelers?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [186]

It will all be a part of the overall admin and publicity budget, sales promotion budget, now it is left to the individual marketing teams to decide whether they would like to go into the print mode or whether they'd like to do direct financing or whether it's like in some companies give insurance off. It's all a part of the overall ad budget.

Operator [187]

Kapil Singh, Nomura.

Kapil Singh, Nomura - Analyst [188]

Just a couple of clarifications from my side. Firstly on the staff cost, was the entire impact of gratuity changes in the fourth quarter or otherwise how much -?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [189]

So what we do now, Kapil, is we do the valuation only in the end of the year. So for the whole year basis, I assume it, like say for example, I mentioned it was INR90 crores. So I assume it could be around INR45 crores based on my estimate of what I see the interest rate curve, et cetera. And on the basis of INR45 crores, I apportion quarter one, quarter two, quarter three and the fourth quarter is the balancing figure. So to that extent, if at all there is a surge, it all gets hit on the fourth quarter. All the benefit it comes in the fourth quarter.

Kapil Singh, Nomura - Analyst [190]

So this year, that number would be what about INR50?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [191]

INR26 crores as against last year INR90 crores.

Kapil Singh, Nomura - Analyst [192]

So INR26 crores came in the fourth quarter.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [193]

No, INR26 crores is the total liability.

Kapil Singh, Nomura - Analyst [194]

What I was trying to understand is that, what is the normalized run rate of employee cost, it will be around -?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [195]

INR230 crores.

Kapil Singh, Nomura - Analyst [196]

INR230 crores. Yes, okay. The second thing was, you briefly touched upon commodity prices going up. So has there been some impact of the minimum import price on steel as well that you're seeing. And I believe we had taken some price increase. So does that cover for it?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [197]

See the minimum import price is one part. But basically, what happens is that there is a capacity utilization that takes place because of that. So the minimum import price per se may not affect the steel that is being used by the auto manufacturers.

But with the steel capacity going up, automatically for them the bargaining power goes up and therefore the overall cost of steel has gone up for all the automobile manufacturers. We

have passed on some part of the cost on middle of April for the motorcycles and the three wheelers. And I think industry too has passed on. To the best of my knowledge, I think as I understand my competitors have also done that.

As you go forward, one needs to see whether the material costs remains where it is or whether it goes up or down. And like I said, for us the industry, the cost increase will come in form of a meeting those emission norms. That again I would believe that the industry will pass on.

Kapil Singh, Nomura - Analyst [198]

Okay. So, so far, whatever increase we have seen we have largely been able to pass on.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [199]

Yes. But when I say pass on, it's just actual cost.

Kapil Singh, Nomura - Analyst [200]

Got it. And any color on export market pricing and three wheeler pricing, how it has moved in the last few months.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [201]

We have maintained the price of the last year. And in the current quarter, for example, the rupee realization is the same as what we have got in the fourth quarter.

Kapil Singh, Nomura - Analyst [202]

Understood.

Operator [203]

I'm sorry to interrupt sir. May I request you to return to the queue for any follow-up.

Kapil Singh, Nomura - Analyst [204]

Yes. I'll return.

Operator [205]

Sonal Gupta, UBS.

Sonal Gupta, UBS - Analyst [206]

And just continuing with Kapil's question, I mean, what was the price increase taken in three wheelers this quarter?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [207]

It was to the end customer INR1,500. So for us it will translate to about INR900. And for motorcycles it was INR500, which to us translates to about INR350.

Sonal Gupta, UBS - Analyst [208]

Right. And anything in terms of - also just wanted to touch upon I mean Sri Lanka, there has been a slowdown because of the duty increase etcetera. So do we see that coming back or I mean one is, what was the exact change there. And then do we see some -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [209]

I think everything has a lot of moving parts all over the place. So therefore, I'm saying for me country to country, what's happening, etcetera is not there. Like I said, therefore, in totality, we are looking at the first half being a little slow. In that sense, the second half ramping up and therefore, we arrived at a figure of INR1.6 million. There are a lot of positives; there are also a few negatives. So it's very difficult to pick up each country and each state and see how things are moving over there.

Sonal Gupta, UBS - Analyst [210]

Okay. And just lastly, Kevin, what was the percentage of financing in domestic sales, how has that moved.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [211]

It is about 32% or 33% of what we are achieving. So when I'm talking about 32%, 33%, this is more of reflection of Bajaj Finance's penetration levels. I may add another 7% to 8% for, let's say, ICICI is not so much in the market, HDFC and other parties. So I would put a figure of about 38% for us financing.

Sonal Gupta, UBS - Analyst [212]

But there will be some unorganized players also, right?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [213]

That I don't have a tracking of, Sonal.

Sonal Gupta, UBS - Analyst [214]

Right. No, I'm saying, I mean in terms of -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [215]

So again let me be clear, when I'm talking of this 38%, I'm talking of taking a whole average of a very general average, which is also considering the sale taking place in the concerned place, where financing is not available.

So if I was to take a place, average sales of where finance is available then the rate may go up to almost about 50%, 55%.

Operator [216]

Jinesh Gandhi, Motilal Oswal.

Jinesh Gandhi, Motilal Oswal - Analyst [217]

Couple of questions. First is on domestic two wheelers, where you're guiding for about 2.64 million. This is based on 30,000 each for Avenger and V15 on monthly basis, would that be the -?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [218]

No, internal numbers we leave it, again, I'm repeating the 2.6 million, of course, is a stretched target. There's no doubt about that. All I'm saying is in the 2.6 million vehicles, we are looking at what is the run rate of March and April. See what happens is when you take last year's average and then divide it seems very, very high.

Jinesh Gandhi, Motilal Oswal - Analyst [219]

That doesn't make sense, yeah.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [220]

It doesn't make sense. But if you take my April numbers, just take April numbers, the growth was 32%. Because the last April was a disaster.

Jinesh Gandhi, Motilal Oswal - Analyst [221]

Very bad, right.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [222]

Right. So don't go by that. All I'm saying is, I'm saying that, if I take March and April or let's say April when my numbers are in place, is I'm looking at somewhere near about 190,000 to 200,000 numbers. I'm also factoring in a bit of industry growth of 7% to 10%. Talking of the V coming in now full steam, I'm talking of the new Pulsars coming in. So for me, I'm saying 215,000 to 220,000 numbers a month seems doable. Now if the industry does not grow and industry goes into a decline, then actually these numbers are not there.

So this is a way. And secondly, what I'm trying to say is, when I'm looking at 4.6 million, 100% I'm agreeing with you that 2.6 million is a stretch, but we are trying for it. But on the other side, the 1.6 million of exports, I believe there is a potential of upside.

Jinesh Gandhi, Motilal Oswal - Analyst [223]

Sure, which is a fair point. And in domestic, we are guiding for about - domestic three wheelers, we are guiding for about 17% growth or so.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [224]

That's 300,000 as against 254,000 that we did last year.

Jinesh Gandhi, Motilal Oswal - Analyst [225]

Right. So are we seeing any new markets opening up or further new permits coming in.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [226]

This is driven by a) not only permits but the success that we are achieving in the diesel segment and the fact that we have come into cargo.

So cargo, for example, we introduced it only in the fourth quarter last year, where we did [13,000] numbers. So this year, there's no reason why we should not do 24,000 numbers.

Jinesh Gandhi, Motilal Oswal - Analyst [227]

Right. Yes, fair point.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [228]

So if I look at non-cargo vehicles, I'm talking about growth only of 8%.

Jinesh Gandhi, Motilal Oswal - Analyst [229]

Sure. But are we seeing any new permits coming up?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [230]

Permits are there around 50,000 numbers of permits in a year seems easily possible. And we're factoring about 50,000 incremental permits coming in the year 2016/2017. And that's why you've seen, I have started the year very well with about 25,000, 26,000 numbers in April. May also going to be in the similar range. So I think as far as the 300,000 numbers are concerned, we should be comfortably reaching those numbers.

Jinesh Gandhi, Motilal Oswal - Analyst [231]

Okay. But this 50,000 new permits would be in which markets?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [232]

It'll be a combination of Maharashtra, NCR Region, Hyderabad all over.

Jinesh Gandhi, Motilal Oswal - Analyst [233]

Okay, understood. And sir, lastly, what would be our CapEx for this year?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [234]

About INR250 crores.

Jinesh Gandhi, Motilal Oswal - Analyst [235]

INR250 crores, largely maintenance.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [236]

When I'm talking of INR250 crores, I am talking of actual spends.

Jinesh Gandhi, Motilal Oswal - Analyst [237]

Sure, sir.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [238]

Yes, so it'll be INR250 crores to INR300 crores at the most.

Operator [239]

Akshit Gandhi, Aviva Life Insurance.

Akshit Gandhi, Aviva Life Insurance - Analyst [240]

Just one question. If I understood you correctly, the emission norm impact in absolute terms will be similar for a CT100 and a Pulsar.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [241]

No, I said, it'll be similar for all industry players. The question was asked whether it's a single - any industrial player has got an advantage who does not have to invest in that.

Akshit Gandhi, Aviva Life Insurance - Analyst [242]

Oh, all right. So if we can have some numbers just to understand -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [243]

That I won't be able to share.

Akshit Gandhi, Aviva Life Insurance - Analyst [244]

All right. So let me rephrase it, is it fair to say that the ability to pass on the emission norm cost increases would be higher in a higher end motorcycle versus a lower end motorcycle.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [245]

See, pricing is a situation, where you also see the competitive action. In a high-end bike with that particular price, where you're a market leader and where the customer is willing to pay for it, the ability is much more. But at the lower- end bike, where price is the main thing, you may have to pass on the cost without adding the profit margin in that.

Akshit Gandhi, Aviva Life Insurance - Analyst [246]

All right, okay. And one more question since we will be booking the FMP income, I believe our tax rates would come lower.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [247]

No, the tax rate will not be affected at all by that.

Akshit Gandhi, Aviva Life Insurance - Analyst [248]

So what would be your tax rate guidance for the next year?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [249]

32%.

Operator [250]

Abishek Laxminarayan, Catamaran.

Abishek Laxminarayan, Catamaran - Analyst [251]

Couple of things, first in terms of the BS VI, which is what the government is pushing for from BS IV to BS VI and when does it get applied in Bajaj and what are the changes?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [252]

As far as BS VI is concerned, it's just the government pushing, so there's no applicable date as such.

Abishek Laxminarayan, Catamaran - Analyst [253]

And does it change our fuel injection system to a better one?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [254]

No, that's a technical question. It will be unfair for me to answer because I may give a wrong answer.

Abishek Laxminarayan, Catamaran - Analyst [255]

Sir and in terms of the volume growth last year in two wheelers, ex-Africa what has been the volume growth?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [256]

I don't have the -.

Abishek Laxminarayan, Catamaran - Analyst [257]

Ex-Africa exports.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [258]

I don't have that figure readymade, but I think it would be flat.

Abishek Laxminarayan, Catamaran - Analyst [259]

And the last question on electric vehicles, any thoughts on how are we thinking about it, is it like three year forward or -?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [260]

Well the R&D department works on multiple models, multiple transmission et cetera and they definitely work in the electric piece as well. When does it fructify into the development stage and where it gets commercialized that I will not be able to share.

Operator [261]

Mihir Jhaveri, Religare Capital Market.

Mihir Jhaveri, Religare Capital Market - Analyst [262]

Just two questions. One is on the excise benefit, which is going off in Pantnagar, if you can throw some light when exactly it will be?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [263]

2016/2017 is the last year.

Mihir Jhaveri, Religare Capital Market - Analyst [264]

2016/2017 would be the last year. Okay. And secondly, Kevin if I have heard correctly you have given an industry guidance of 6% to 7% and you are growing at 35% with a market share of 20%. So in a way you are suggesting - in a way, am I reading it correctly that Bajaj, the rest of the industry would have a negative growth or a flat growth is what you're hinting at?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [265]

It's very simple, look at the April numbers. I'm starting from a very low base.

Mihir Jhaveri, Religare Capital Market - Analyst [266]

So Kevin, I agree with your point, but I think then the industry should grow in double-digits, right, if it's the case of Bajaj also growing at 30%, 35%?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [267]

Okay I'm being humorous in my reply and I know it's being recorded, I know it's been recorded, but I'm being humorous in my reply. If you take all the manufacturers projection for themselves, the industry would grow at 30%.

Mihir Jhaveri, Religare Capital Market - Analyst [268]

Fair enough.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [269]

All I'm trying to say is, I repeat to you is the target that we have given of 2.6 million, of course, is a tough target. Of course, is a tough target. But also let me tell you that in the overall scheme of things the 4.6 per se million that we have said, has a combination of some misses and some hits we are confident of achieving.

Operator [270]

Jamshed Dadabhoy, Citigroup.

Jamshed Dadabhoy, Citigroup - Analyst [271]

Hi, Kevin, two questions. First one, you just mentioned you all have seeded a lot of markets internationally. And obviously, we can't see those numbers, because Nigeria and some of your larger markets are in a slump. Would you have some sense if you take a slightly longer-term picture of what the potential is of these 10, 15 new markets you all have seeded in aggregate?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [272]

In aggregate, they should give us approximately about 15,000 to 20,000 incremental numbers per month.

Jamshed Dadabhoy, Citigroup - Analyst [273]

Okay. So the way to think about it is and this would be over like a two, three year time frame.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [274]

Two year time frame.

Jamshed Dadabhoy, Citigroup - Analyst [275]

Okay. So this will in some senses make up for the shortfall that you're seeing in Nigeria as of now.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [276]

Which is exactly what has happened in the last six months.

Jamshed Dadabhoy, Citigroup - Analyst [277]

Okay. Second question, could you give us some sense of the total cost loading that will happen due to emission norms.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [278]

I won't be able to quantify the figures. Let me also take one step forward on this, Jamshed.

Jamshed Dadabhoy, Citigroup - Analyst [279]

Yes.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [280]

You see in the near term, this cost pressure will be there on the end customer because the companies will have to pass it on. It's not in two digits, it's definitely in excess of INR500, let me be that much specific. Now my only belief and this is my personal view, let me repeat, this is not Bajaj Auto's view, my personal view is these costs to the end customers will hopefully get nullified and the motorcycle will cost almost similar to what it cost day, when GST comes in.

Jamshed Dadabhoy, Citigroup - Analyst [281]

Okay. No, my question was more because from April 2018, I think CBS, ABS also become mandatory.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [282]

April 1, 2017.

Jamshed Dadabhoy, Citigroup - Analyst [283]

That's also 2017, okay.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [284]

For new products introduced from April 1, 2017, those become mandatory. From April 1, 2018, existing products also would become mandatory. So let's say [mota mota], I'm not confirming this figure. Let's say it's INR1,500 all put together. Today our GST applicable rate is 30%. With GST coming in, the rate will be hopefully 20%. 10% on a motor cycle costing INR45,000 will be there on the table to nullify this cost, incremental cost to the end customer.

Jamshed Dadabhoy, Citigroup - Analyst [285]

So, that's kind of the way you all are thinking about it, okay.

Operator [286]

Akshay Saxena, Credit Suisse.

Venkat Ananth, Credit Suisse - Analyst [287]

This is Venkat. Congratulations on a good quarter. Just a couple of questions related to the FMP. So clearly on that INR7,000 crores there would have been no income booked in FY16. .

Kevin D'Sa, Bajaj Auto Limited - President, Finance [288]

No, in FY16, if you see the first quarter there was about INR300 crores that was accounted because that included an FMP that matured in that year.

Venkat Ananth, Credit Suisse - Analyst [289]

So basically what I was getting to is on your other income what will be the differential that will come in because of this accounting change.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [290]

That we will work out, we will not be able to share right now. But I would put it on a rough basis, on an annual basis, it would be approximately about INR150 crores to INR200 crores.

Venkat Ananth, Credit Suisse - Analyst [291]

Okay. And on the three year FMP, there will be some part that did not get booked in FY16 because you were following a different accounting practice. So does it happen that in FY17 you booked for two years or you will book for only one year.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [292]

No, only for the year. What had not been booked in the first year will get adjusted in the revaluation that will come in the opening balance sheet changes.

Venkat Ananth, Credit Suisse - Analyst [293]

Okay. So it will not be routed through P&L then or will it be routed when it matures?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [294]

No, so therefore, the balance sheet as of the March 31 2016, which we published will be reworked considering all these things to create a new opening reserve and a new opening balance for April 1, 2016, under Ind GAAP.

Venkat Ananth, Credit Suisse - Analyst [295]

Okay. And that will be available only when you publish your March - ?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [296]

No, that will be available on March 31 or it will be available in September 30, when THE requirement is there for us to publish the assets as well, asset liability and the P&L.

So for the first quarter of the current year, I will give you the P&L under Indian GAAP, the new Indian standards, with the corresponding figure of the last year under the same standards, so it will be comparable.

Venkat Ananth, Credit Suisse - Analyst [297]

Right. And just again to kind of re-clarify this. The first year thing that you booked directly to the balance sheet that does not flow at all through the P&L or will it flow through when it matures.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [298]

It will not go through the P&L at all.

Operator [299]

Ankur Jain, Investment Advisor.

Ankur Jain, Investment Advisor - Analyst [300]

Kevin, my question is about the brand V15, so since it is using the material of INS Vikrant, so there is going to be some limited amount of material, whether it is going to be available for three years or five years, but still at the end of the day, there is going to be a limited quantity.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [301]

That's right.

Ankur Jain, Investment Advisor - Analyst [302]

Is it correct to think that this brand V15 will have a limited brand life.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [303]

We don't think so. But let us say for example, this is really not a results discussion, it doesn't come in that topic so it's not really my subject and so let's take the next question on finance.

Ankur Jain, Investment Advisor - Analyst [304]

Okay. No, I don't have any other question. Thank you.

Operator [305]

Raghu Nandan, Quant Capital.

Raghu Nandan, Quant Capital - Analyst [306]

I had a query on Qute, the Quadricycle, how has been the ramp-up on the exports and how are you seeing the trend to pan out in future and also any update on the domestic markets, when we could start off with the product?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [307]

As far as the domestic market is concerned, the matter, as you know, is still in the Supreme Court. The Supreme Court has now shut for the summer vacation. So it opens only in June, July. So the next hearing is scheduled for July. As far as the export market is concerned, we are planning and we have a vision of selling approximately about 10,000 numbers Qute in the international market in the current year.

Operator [308]

[Nikhil Bunsen], Karvy.

Unidentified Participant [309]

I just wanted to congratulate you on a stellar Q4 performance and I had a similar question about Qute, so I think you answered that.

Operator [310]

Thank you. Sir I just wanted to confirm if we can continue taking questions.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [311]

Another five minutes is okay.

Operator [312]

Jay Kale, Elara Capital.

Jay Kale, Elara Capital - Analyst [313]

And sir just one similar question on spare parts revenue. You gave the spare parts revenue for the full year, if you can just give for Q4 and Q3.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [314]

INR670 crores for Q3 and INR684 crores for Q4.

Jay Kale, Elara Capital - Analyst [315]

And how much of that would be domestic and export.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [316]

Domestic was INR488 crores in Q3, INR497 crores in Q4.

Jay Kale, Elara Capital - Analyst [317]

INR497 crores in Q4. Okay.

Operator [318]

Jinesh Gandhi, Motilal Oswal.

Jinesh Gandhi, Motilal Oswal - Analyst [319]

Sir, just one question on this Pantnagar part, what kind of impact do you expect because of expiry of Pantnagar fiscal incentives on margins and tax rate.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [320]

Nothing much. You see as far as, I have always said that the excise duty is really not the big benefit. The big benefit comes from the tax break. And therefore in any case, 70% of the benefit have already gone. So therefore when someone had asked me a question earlier, was my tax levy likely to go up and that's why I said 32% as against the 31% odd that we're seeing right now.

Jinesh Gandhi, Motilal Oswal - Analyst [321]

Okay. And then there will be benefit of FMP related income.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [322]

No, that automatically gets adjusted. Our effective tax rate will be something near the 32% mark.

Jinesh Gandhi, Motilal Oswal - Analyst [323]

Okay, understood. And lastly in terms of our product lifecycle, so you indicated there will be new Pulsars in second half and new Platina in next few days.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [324]

Yes.

Jinesh Gandhi, Motilal Oswal - Analyst [325]

So beyond that, do we expect any further products considering we already have a fairly refreshed product portfolio.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [326]

Like I said, the all new Pulsar comes up is the 390 cc, 400 cc Pulsar that comes up in maybe August or so; then the Pulsar upgrades and then the Platina. Beyond this there's nothing significant that is there for the current year.

Jinesh Gandhi, Motilal Oswal - Analyst [327]

: Okay. No new product platform as such.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [328]

No.

Operator [329]

Chirag Shah, Edelweiss.

Operator [330]

Chirag Shah, Edelweiss.

Chirag Shah, Edelweiss - Analyst [331]

Kevin, just one basic question on BS IV, at least if you can share whether the carburetor technology can be managed -.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [332]

No, I'm not a technical person and be wrong. And as you know, I won't like to say something, which I'm not sure about.

Chirag Shah, Edelweiss - Analyst [333]

Yes. And any indicative cost pressures in Q4, in terms of your price negotiations on the commodity side including rubber and all that, what kind of -?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [334]

(Multiple Speakers) on April 1, prices have gone up across the board.

Chirag Shah, Edelweiss - Analyst [335]

So what kind of increase that would lead -

Kevin D'Sa, Bajaj Auto Limited - President, Finance [336]

No, I can't share that.

Chirag Shah, Edelweiss - Analyst [337]

Fair point. This was helpful. Thank you.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [338]

And again I would say that this is there for the industry, it's not only for Bajaj.

Chirag Shah, Edelweiss - Analyst [339]

Yes. Fair point. Just wanted to understand the magnitude because some of the steel or the quality we may be using may not have seen the same pressure as it is seen in the spot markets.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [340]

So like you said, it's a negotiated point, it is confidential.

Operator [341]

Amyr Pirani, Deutsche Bank.

Amyr Pirani, Deutsche Bank - Analyst [342]

Sir, just on the Pantnagar benefit, you said that the excise duty is not a large number, but just want to get a sense a 12%, I mean you basically get a 12%.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [343]

Excise duty benefit is only on the value addition that takes place over there, so that because on the input cost itself, you don't pay - it's a built up excise duty.

Amyr Pirani, Deutsche Bank - Analyst [344]

Okay. And what products are you making in Pantnagar right now, sir.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [345]

All.

Amyr Pirani, Deutsche Bank - Analyst [346]

Even Avenger and Pulsar?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [347]

CT, Platina, Pulsar, the V.

Amyr Pirani, Deutsche Bank - Analyst [348]

Okay. And just on this KTM association in Indonesia is concerned, obviously Indonesia has been a tough market and we've been there, but we were trying different combinations, any update on what exactly is this association with KTM related to?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [349]

That is not directly related to this. I think we'll take it offline.

Operator [350]

Himanshu Sharma, Centrum Broking.

Himanshu Sharma, Centrum Broking - Analyst [351]

Just one small thing, as we go into next year FY17, how should we think about our marketing spend given the new launches and we'll continue expanding in new geographies?

Kevin D'Sa, Bajaj Auto Limited - President, Finance [352]

We're always very conservative in marketing spends and therefore, the marketing spend as you see today whatever figures, it includes almost about INR80 crores to INR100 crores that we spend on the foreign markets, where it is required for brand building. But I don't see a significant change as a percentage of the total spends.

Himanshu Sharma, Centrum Broking - Analyst [353]

Okay. Sir, can you share the number for FY16 the full year number advertising or the marketing spend.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [354]

Not yet.

Operator [355]

Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Joseph George for his closing comments.

Joseph George, IIFL Capital Limited - Analyst [356]

Thank you, Mallika. I thank Kevin for taking out time for this interaction and thank you all the participants. Yes, have a good day.

Kevin D'Sa, Bajaj Auto Limited - President, Finance [357]

Thanks, Joseph.

Operator [358]

Thank you very much. Ladies and gentlemen, on behalf of IIFL Capital Limited that concludes this conference call. Thank you for joining us. And you may now disconnect your lines