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ATL/SEC/21

May 17, 2017

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BSE Ltd.
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Mumbai – 400001.

The Secretary,
National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051

Sub: Transcript of Analyst/ Investor Conference call

Dear Sirs,

Pursuant to Regulation 30(6) and 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that a Conference Call for the analysts and investors to discuss the financial and operational performance of the Company was held on Friday, May 5, 2017.

Please find attached herewith the transcript of the aforesaid call. The same has also been placed on the website of the Company i.e www.apolloyres.com.

This is for your information and records.

Thanking You

Yours Sincerely
For APOLLO TYRES LTD

A handwritten signature in blue ink that reads "Seema Thapar".

(SEEMA THAPAR)
Company Secretary

India, May 5, 2017

Analyst / Investor Conference Call

Fourth Quarter FY 2016-17

Nishit Jalan: Good morning everyone. On behalf of Kotak Securities, I would like to welcome you all to 4Q FY17 Earnings Call of Apollo Tyres. From the management today, we have Gaurav Kumar, Chief Financial Officer and other senior management team from the company. Now I would hand over the floor to Gaurav for his opening comments, post which we will have the Q&A session.

Gaurav Kumar: Good evening everyone and thanks for joining in. We would give brief background on the results post which we would be happy to take your questions.

On consolidated operations, the net sales for the quarter stood at Rs 32.6 billion, registering a growth of 10% on a year-on-year basis, driven by strong volume growth in India and Europe. As mentioned through the year, the volume growth in India is close to double digit in spite of the adverse affect of demonetisation for a couple of months, and the impact of Chinese tyres imports. On a sequential basis, we witnessed de-growth of nearly 5%, which is largely on account of European operations seasonality and currency impact.

The operating EBITDA for the quarter was Rs 3.7 billion, registering a margin of 11.3% as against 16.7% for the same period last year. The fall was primarily on account of the sharp increase in raw material prices. The price increases taken through the quarter would effectively come in through from Q1 FY18 and hence bulk of the raw material impact was felt in this quarter. The raw material basket increased by nearly 13% from previous quarter and will continue to put pressure on margins even going forward. We expect the raw material basket to go up by nearly another 10%. Both the operations,

India and Europe, would need price increases to cover up; however, there would be a lag effect and hence we will continue to see some margin pressure in the first half of the year.

In terms of revenue segmentation, broadly three-fourth of the revenue came from the replacement market and the balance from OEM. In terms of product category wise, the truck and the car tyres contribute more than 80%. For the full year, the revenue was in excess of Rs 130 billion, a growth of 11% over the same period last year. This was majorly driven by Reifen operations which contributed for the full year versus just one quarter last year. EBITDA for the full year was at 14% plus compared to 17% last year. Given the CAPEX program, the gross debts continue to go up. As of 31st March, the gross debt was Rs 34 billion versus Rs 24 billion as of last quarter, with the net debt equity at just under 0.4. The Hungary Operations have started. However, till the time that stabilises, it would continue to put pressure on margins in Europe for the first few quarters.

Moving on to India Operations, for the first time the sales for the quarter crossed Rs 2,300 crores, a healthy growth of 9% over the same period last year, primarily driven by volume growth, particularly in the passenger car and farm category. The EBITDA for the quarter was at about 12% compared to an 18% plus for the same period last year. The major impact or the drop was due to the raw material prices. We have taken price increases of nearly 6% since the start of the year given the raw material pressure and as mentioned earlier, we will need to further take price hikes to negate the entire raw material impact. Post demonetisation, the Chinese imports continue as of now at a much lower level, almost halved from the peak. The decision on the anti-dumping front is still pending. For the full year, the Indian Operations recorded a revenue of Rs 88 billion, a small growth of 2% from last year, where the volume growth being negated by the price reductions that were taken through the year. The EBITDA was at 15% plus compared to an 18% for last year.

In terms of the outlook, we continue to see good demand outlook, even though there is some immediate slowdown in the truck segment given the switch over from BS-III to BS-IV and also with the GST coming in. We continue to work on acquiring the land for our next greenfield in India in Andhra Pradesh, the construction on that would probably start in the second half of this year.

For the Europe Operations, the overall industry scenario continues to be healthy. New vehicle registrations are up, the tyre market also continues to grow and in the current year we have grown much faster than the industry, our car tyre volumes are up 12%. For the quarter, the sales were at Rs 10 billion, a 16% growth over the same period last year on account of strong show by Dutch operations. The EBITDA margin was significantly lower on account of the raw material pressure and also the fact that for Reifen Operations, seasonally, this is the weak quarter. Apollo Vredestein Operations recorded a growth of nearly 20% over the same quarter last year, aided by the strong volume growth. However, margins were under pressure, and will continue to be so both on account of raw material and the startup cost relating to Hungary.

In terms of capacity utilisation, we are now operating in the mid 80's. New capacity additions in Chennai and Hungary will add to the growth going forward as both of these stabilise. That is all from our side, we will be happy to take your questions.

Ashutosh Tiwari (Equirus): How much was the volume growth in Indian Operations, product category wise, PCR and trucks for Q4 and full year?

Gaurav Kumar: For the quarter in passenger car, growth was nearly 20% year-on-year, whereas for the full year also the volume growth is nearly 20%. Truck was flat for the full year and a small marginal growth during the quarter

Ashutosh Tiwari: On two-wheeler side, we do not see much advertisements of Apollo. So, are you really aggressive in the segment and plan to take that volume up over coming years?

Gaurav Kumar: We continue to grow in that segment, though realistically given the size that we came in, volumes would go up gradually. Presently we are at a run rate of about 100,000 tyres per month. And we continue to be very bullish on the product segment and it will keep growing gradually and ultimately become a significant portion of Apollo's portfolio.

Ashutosh Tiwari: On the working capital side, we are seeing a sharp increase in the inventory and receivables, especially inventory days almost 70% jump over last year in terms of absolute number. So, why is that?

Gaurav Kumar: This is with the conscious knowledge of the fact that in a rising raw material scenario, it makes sense to produce as much as you can and also storing the raw materials for the same.

Ashutosh Tiwari: Lastly there is a big increase in the standalone depreciation; is this because of capitalisation of the capacity expansion at Chennai plant?

Gaurav Kumar: That is correct, Chennai brown field plant has now started producing, so the depreciation is kicking in.

Basudeb Banerjee (Antique Finance): What is the volume growth in India and Europe India; volume growth year-on-year?

Gaurav Kumar: 9% overall volume growth in India and about 20% volume growth in Europe

Basudeb Banerjee: As you mentioned, that in Europe you faced margin pressures because of raw material and Reifencom seasonality. But typically since the raw material and Reifencom for Europe is much lesser than that in India. So, was there any major startup cost for Hungary plant this quarter and which might persist for few more quarters?

Gaurav Kumar: The Hungary startup cost will only kick in from Q1 because we went live with Hungary from April. But unlike India, the European tyre industry has not taken any price increases as of now. So, Europe faced almost the similar pressure of raw material, you are right that raw material to sale is lower but it is still a sizeable component.

Basudeb Banerjee: But the industry leaders announced price hikes sometime around initial part of April, so any price hikes for you in April post that?

Gaurav Kumar: Even we have announced price hike but as of now those price increases have not been rolled out in the market by any of the players.

Basudeb Banerjee: So, the raw material impact in Q1 will also be fully borne by the manufacturers this time?

Gaurav Kumar: That is correct. In Europe we are a price follower, we do not have the size or scale to be a price leader and hence we would have to wait for the industry leaders to take pricing action.

Basudeb Banerjee: As you mentioned there could be temporary slowdown in truck demand with GST and BS-IV norms coming in. Accordingly, how do you see this incremental 350 tonnes per day TBR capacity off take ramping up in coming years?

Gaurav Kumar: Firstly, the entire capacity would ramp up gradually. As per the current plans that would come fully on stream by mid-2018. There would be some period where it is not utilised to the extent of 90%, which the earlier capacity was getting utilised at; but those are things you can never fine tune because capacity would always go up in step function, whereas demand and sales follow a linear pattern.

Basudeb Banerjee: By how many years you are expecting that to reach optimum say 90% utilisations from incremental capacity because demand for TBRs has been pretty strong?

Gaurav Kumar: Should be there by FY19.

Basudeb Banerjee: Lastly, please provide the commodity prices item wise for the quarter?

Gaurav Kumar: In Rs per kg, Natural Rubber was 155, Synthetic Rubber 155, Carbon Black 60, Fabric 270 and Steel Cord 110.

Jay Kale (Elara Capital): My first question was regarding the price increases. You mentioned that you have taken a 6% cumulative price increase that would include the price increase taken at end of April and what would be it for just Q4?

Gaurav Kumar: Broadly 3% was taken through Q4 but not right at the beginning of Q4. So, the price increase in Q4, would be even lower.

Jay Kale: My second question was on Reifencor; if you can just throw some light on the margins, what would be those margins in this quarter.

Gaurav Kumar: About a minus 5% EBITDA margin for the quarter.

Jay Kale: And just last on your outlook on the volume growth for FY18 in the replacement segment because I understand trucks would be dependent on how the OEM volume growth pans out which is quite uncertain. But if I talk of the replacement market, how do you see the truck, PCR and farm volume growth for FY18?

Gaurav Kumar: Outlook is looking good also with the focus on infrastructure, etc. we expect the demand outlook to be good. I would say we are internally looking at again a double digit volume growth even in FY18.

Jay Kale: So, what would be the order of price increases that you would be targeting for say in the next quarter to offset the expected raw material price increases and given your purchases, I understand you would have purchased some high-priced inventory. Would you see a sharp drop of raw material basket say from Q2 and Q3 given the current raw material price scenario?

Gaurav Kumar: Price increase is a difficult thing to predict because it depends on industry dynamics. We can target something but it always has to be balanced out vis-à-vis the prevailing industry scenario of how the other players are behaving. So we would look at every opportunity for price increase but timing and quantum is the difficult thing to give. There has been some reduction in the raw material prices now. The overall levels as a basket would probably plateau around the Q1 level. As of now it does not seem coming down; so we just need to get used to a new level of raw material prices.

Nishit Jalan (Kotak Securities): What is the freight cost of your raw material purchase? Because from the exchange we get some different prices of natural rubber.

Gaurav Kumar: Broadly you could say that about Rs 10 to Rs 12 would be the various freight or any form of local duties etc. so, the corresponding price should somewhere be in the 140s for Natural Rubber.

Nishit Jalan: As mentioned earlier, Vredestein margins have taken a hit this quarter. So, what was the EBITDA margin for the Vredestein business and how much price increase have been announced there?

Gaurav Kumar: Vredestein margins were 10.6% and we have announced a price increase of 8% in line with what the industry players have announced. We need to wait for their implementation.

Nishit Jalan: Lastly the interest expenses, have come down on a quarterly basis despite capitalisation of the Chennai plant in India, is there any specific reason, maybe overall net debt has come down on a sequential basis?

Gaurav Kumar: No, net debt has not come down. It is essentially bulk of the borrowings for CAPEX that got capitalised and you will see interest expense starting to go up now from next quarter.

Amyr Pirani (Deutsche Bank): Actually my first question on the depreciation increase in India. Now, while I understand the fact that because of Chennai plant coming and the depreciation should go up, just wanted to clarify that is there any one-off item here which is non-recurring in nature or this is the new level and probably stays higher per quarter going forward?

Gaurav Kumar: The depreciation will remain at this rate and is most likely to increase when the next capitalisation of Chennai plant will happen.

Amyr Pirani: Next, In Europe, historically we have seen that the industry has been more disciplined than India, so this time around is your sense that the leaders have delayed taking a price hike due to some reason, is there a change in

the way industry leaders are looking at it or is this the way it normally happens?

Gaurav Kumar: Players have announced price increases and they have been announced mostly on winter tyres. As of now, there is no winter tyre sale happening. So, effectively you could say that it is implemented from today but on a category which is relevant for at least one quarter plus down the line.

Amyr Pirani: So, nothing on summer tyres as of now?

Gaurav Kumar: Nothing as of now on summer tyres. It is announced but nothing implemented

Pramod Amte (CIMB): This is with regard to the India pricing scenario. If you look at the way the Chinese imports collapse and still the industry struggling to take the price hike, how do you see the scenario changing or it can only get worse as you go forward with the raw material baskets still to be passed on?

Gaurav Kumar: I do not know whether struggling is the right word because at least till today everybody seems to be very happy saying that industry has taken 2-3 rounds of price increase, which has been a fairly quick reaction vis-à-vis the earlier period when the raw material was increasing. It is just that the quantum of raw material increase over two quarters, which is to the extent of 25% and hence there would be some time needed to fully off-set it. The key thing to watch out for is whether the industry is able to, over the next one quarter, take the necessary price increase to fully negate the increase in RM prices.

Pramod Amte: And effectively for full of FY17, what is the extent of blended USP hikes you have taken?

Gaurav Kumar: For the full year, it could probably be only lower because there were price reductions, etc. in the earlier part of the year. The price hikes have happened only in the last quarter which is Q4. Till Q3, there was reduction happening. For the full year there could be a slight reduction only. For the full year the volume growth was 7% and minus 5% on the price front which is why for the full year the growth was only 2%.

Pramod Amte: And second is with regards to the AP plant. What are you planning to produce there, when you plan to commission and what is the CAPEX plan changing for FY18-19 for India?

Gaurav Kumar: Still early days, as of now the diligence and the other formalities are getting completed. We do not even own the land today. On your second point as to what we plan to produce there, given the size of the land we are acquiring which is in excess of 200 acres we could produce all product categories, it is going to be the site for the next Greenfield and capacities would be set up as the requirement comes up. On the first phase, as announced earlier, we plan for two-wheeler; but again, the timing of that is dependent on growth of our own volumes. To your last point, CAPEX for FY18-19, AP would really kick into a very small extent in FY18. FY19 is when it will start coming in, but those plans need to be first frozen internally, approved by the Board before we can confirm anything there.

Kaushal Maroo (DSP Blackrock): Just on the long term margin expectation separately for Vredestein, Hungary plant and Reifencom. What numbers would you be looking for another 3 to 5-year basis?

Gaurav Kumar: Margin guidance is difficult to give for one year, leave alone a 3 or 5 year basis but broadly Reifen on a full year basis is about a 2% EBITDA business. If you look at full year, its margins have only expanded, so if you look at a one year score card of Reifen, it has delivered some of the synergies we expected, it has grown its top line, its margins are better. Similarly margins on the manufacturing and sales operations of Europe, we would see some pressure which is natural when you have a large-scale investment coming on stream and especially a Greenfield plant. We would expect FY19 when the Hungary Operations, given that they would be significantly more cost competitive, starting to kick in and make a difference and by FY20 really pulling up the overall margins of the European Operations. So in 3 years' time, our margins in Europe should be better than what we were doing just with the Dutch Operations.

Kaushal Maroo: And in terms of your margins for the rest basically Hungary and Vredestein combined, would the company be looking at separately, what is the margin profile or the blended margin profile is what you target generally?

Gaurav Kumar: We would target a blended profile, looking at separate margins for both those operations is not the right way because some of the functions sit at common place and now just because of historical reasons, they may be sitting in one entity. But the fact is the tyres would be sold through one sales force which may be sitting in one part of the organisation or the other. So, really you need to see blended European Operations margin.

Sonal Gupta (UBS securities): What was the Vredestein revenue for full year? Reifencor revenue for quarter and full year.

Gaurav Kumar: That was Euro 456 mn in FY17 against Euro 423 mn last year. For Reifen the sales for the quarter was Euro 27 mn and for full year Euro 160 mn

Sonal Gupta: And what is your guidance for CAPEX for FY18 in Europe and India?

Gaurav Kumar: In FY18, the European CAPEX which is Hungary and small maintenance etc. would be about 180 million Euro. In rupee terms overall for India and Europe would be about 2,500 crores, almost split equally between India and Europe.

Sonal Gupta: And lastly, in Q4 also you said that truck volumes were sort of relatively flat in India that is after the Chinese imports have halved like you said, so just to understand why have you or the industry not been able to get benefit of that if there is any, I mean what is happening there?

Gaurav Kumar: The truck volumes grew in Q4. I mentioned they were essentially flat for the full year and that was the impact of Chinese etc. But in Q4, we grew but the growth was still mid-single digit compared to the kind of 20% growth on passenger car or farm.

Chirag Shah (Edelweiss): Firstly, last quarter you highlighted around 8% to 9% price hike required to cover the costs in India. Post the recent correction in rubber prices, what is

the kind of price hikes further required and with 6% hike taken does it require any further price hike by the industry beyond Q1?

Gaurav Kumar: Over the 2 quarters, which is from the December quarter, a 13% increase in March quarter, and for June quarter, another 10 % increase. So, effectively a 23% increase in raw material is happening. That translates into a broadly close to a 15% selling price increases needed if everything else was kept constant. We have taken 6% and in such times there are other decisions taken on the cost front too. But if we were to keep it simplistic, then we needed a 15% price increase to maintain margins of Q3.

Chirag Shah: Second was on your mix, how was your replacement versus OE mix in the quarter for India?

Gaurav Kumar: Quarter replacement was 70% and OE was 30%.

Chirag Shah: As you indicated around 10% kind of volume growth, double digit volume growth driven by replacement is a right assumption? So there is a mix change, what I am trying to understand is the kind of mix becoming favorable for you as the replacement going up and it would aid margin profiling for you?

Gaurav Kumar: The growth this year cross segments would be different. So in passenger car, it was higher in the OEM, in the farm segment it was higher in the replacement segment. In the truck segment, it was more or less even different in bias and different in radial. So, it was not as if across product category it was skewed in only one way.

Chirag Shah: But the trend, will there be a significant change in trend or will it continue on similar lines next year?

Gaurav Kumar: Difficult to say but if fundamentally the investment in infrastructure etc. starts happening, then typically that will generate replacement demand which is a favorable mix also as it continues to shift towards truck radial that itself is a favorable product mix.

Chirag Shah: And last question was on Chinese imports, do you expect Chinese imports to go up in the system or this is a new normal to look at?

Gaurav Kumar: Expectation is that they would go up, to what levels is difficult because right now they have come down to less than 50% of the peak they had reached in the September quarter. GST may act as a further deterrent. So to that extent, there may be few more months before we can say what the new normal for Chinese imports is. Also, some of these are not just the government action, the Chinese have increased the prices by about 10-15% owing to this rise in raw material prices. And that was another factor where the price differential narrowed vis-à-vis the local players and immediately their volumes dropped.

Shrinath Krishnan (Sundaram Mutual Fund): The passenger segment you have grown at nearly 20% for the year and for the quarter. What is leading to this growth sir, is it that as you have been mentioning in the past that the focus is increasing on passenger vehicle segment. Do you think similar quantum of growth can be replicated during FY18 and also again if you could speak on activities that you are undertaking, leading to this growth. Finally, in the passenger vehicle segment I guess you had in terms of capacity you had about 500 TPD, correct me if I am wrong there. So, at what utilisation we are at this point of time?

Gaurav Kumar: For passenger cars, utilisations are about mid 80's, continues to be very high and at this rate probably within this year we will have to start looking at additional passenger car tyre capacity. You are right that there has been an increased focus, we have had some good OEM wins and those models have also done well. So, that has driven the passenger car growth further. We have had higher growth in the OEMs this year which would drive replacement demand and replacement growth in future years. So, we would continue to look at outpacing the industry, we are looking at an aggressive volume growth in passenger car even in the coming year.

Shrinath Krishnan: So how do you define industry growth? it will be something like 8% to 12% growth?

Gaurav Kumar: Full year data has not come in but probably the industry growth should be about high single digits or may be just about a double digit this year.

Shrinath Krishnan: So, you also mentioned that you would be utilising the full TBR capacity that is 700 TPD by sometime in FY19, right. So, in terms of volume growth for the next couple of years if you are also looking at strong growth in PCR, it adds up to something about 15%-16% of volume growth for the company is that what you are also looking at?

Gaurav Kumar: We would look at strong volume growth. Industry too has to support if this sort of growth has to be achieved. In a scenario where individual product segments themselves are growing, we are confident that given some of the ground work that has been done including spends which have reflected in other expenses going up in terms of spends on the brand or R&D, yes we can achieve high level of volume growth.

Shrinath Krishnan: And finally in Europe, the growth rates again have been strong in terms of volumes and that the price increases have not been rolled out in the market. You are very small player I understand. So, what is the timeline considering the efforts that you have been putting in there, you are looking at in terms of utilizing the first phase of expansion in Europe?

Gaurav Kumar: The Hungary plant on passenger car capacity will probably reach full capacity somewhere in FY19. So, FY20 is the first year when we would need to and look at utilising that full capacity. The truck capacity would follow with at least 1 year lag. So, in Europe we still have 3 years to go but with similar efforts to that in India we continue to make progress. We expect to begin OEM supplies in Europe from this year and that would be another big driver of volume growth not just for the OE part but again having the benefits in the replacement segment also.

Jasdeep Walia (Infina Finance): This scale up in the two-wheeler volumes has been subdued over the last year. I think when you started, you started with around 100,000 tyres a month kind of sales volume and the number is still there. So, is the business facing any headwinds in terms of capacity expansion and I think

when you started last year, you said that it will gradually expand over the year 200,000 to 300,000 per month but that has not happened.

Gaurav Kumar: Yes Jasdeep, one big factor which affected the two wheeler product segment the most, was the demonetisation. We did not start with a 100,000 per month but yes we have reached close to that level after a few months and then sort of demonetisation derailed it for a few months and then it crossed the 100,000. So, the average for the year is at 100,000. We are as of last month in excess of that. We would probably target to reach an average of 200,000 for the current fiscal year.

Jasdeep Walia: But 200,000 is also not significant scale-up given that you are starting from a very small base and you have a significant distribution presence on the ground. So is there some constraint in terms of capacity?

Gaurav Kumar: There is no constraint on capacity; I would say the constraint is in terms of ensuring profitable growth. So we continue to price the product in line with what has gone into quality etc. also to ensure that the segment is profitable from day one and it does not get treated as a subsidised segment which is just out there to disrupt the market.

Jasdeep Walia: And in terms of capacity, how much capacity do you have as of now in two-wheeler tyres?

Gaurav Kumar: We do not have any inhouse capacity; we have started this with the outsourced model. Our own capacity post start of work in the new green field would take at least 15 to 18 months. So, I would say at least 2 years away from having our own capacity.

Amyr Pirani (Deutsche Bank): Most of my questions have been answered. Just that on the pricing side, would it be fair to say that right now more price hikes have happened on the commercial vehicles rather than passenger vehicle, two-wheelers is very new for you but broadly is that a correct way of looking at it?

Gaurav Kumar: On commercial vehicle and passenger, the price hikes would be same and the rest of the categories they would be slightly lower.

Sonal Gupta (UBS Securities): Just wanted to understand the higher other income and other operating income in this quarter both in standalone and on the consol.

Gaurav Kumar: The operating income was higher on account of the investment promotion subsidy that comes in and there are other usual items, which may have been higher but there is no specific one-off. There are the investment promotions, the scale of scrap etc. On the other income, again usual items of gain on Forex fluctuation, interest income etc. So, no specific new item, it is just that the quantum is higher.

Sonal Gupta: And just on the tax rate also because tax rate is lower for the quarter, so what should we look at in terms of tax rate going forward?

Gaurav Kumar: This time the tax rate is lower because of the CAPEX and the investment benefit that we got. Going forward, the tax rate is expected to be normal.

Sonal Gupta: And just one if you could give the revenue split for India in terms of the product categories for the full year?

Gaurav Kumar: About 60% of the revenue comes from truck, equally split between radial and bias, 20% for passenger car tyres, 9% from LCV and balance from farm & other categories.

Nishit Jalan (Kotak Securities): Can you give the net debt numbers for both the standalone and the consolidated entity?

Gaurav Kumar: The net debt for Indian operations is Rs 1,250 crores. On consolidated basis this was Rs 2,700 crores

Ashutosh Tiwari (Equirus Securities): Sir what is split between OEM replacements in the PCR segment for us?

Gaurav Kumar: Almost 50-50.

Ashutosh Tiwari: And lastly, currently what is the radialisation level in the truck segment for industry?

Gaurav Kumar: About 45%. Bias as an industry is declining based on various efforts on product improvements and everything; however we have actually had a volume growth on the full year vis-à-vis last year. So we continue to utilize our bias capacity at fairly optimum level and hence this radialisation has impacted different players in a different manner.

Chirag Shah (Edelweiss): So coming back to the Chinese import question, 10% to 15% they have raised the price, the differential would be now around 5% between them and us?

Gaurav Kumar: Chirag it used to be close to 30%. So we have raised prices by about 5% - 6%, they have raised by 10-15. So the differential would have narrowed done by 6%-7%.

Chirag Shah: And if this is the reason that the industry is not going for price hike, so the differential does not narrow. If there a thought process, the industry is not going to take price hike on truck and bias?

Gaurav Kumar: Difficult to say for every player because at the end of the day, if we were governed by the Chinese pricing, we should have taken price reduction much earlier on when they were increasing and increasing at a very alarming pace. But we did not react to that, so I would tend to think that its more domestic players' action which govern the pricing action than the Chinese pricing.

Chirag Shah: The price hike of 5%-6% was in TBB or TBR or both?

Gaurav Kumar: This 5% to 6% was in bias. TBR would be around 3% to 3.5%.

Moderator: Thank you. Ladies and gentlemen on behalf of Kotak Securities, that concludes this conference call for today. I now hand the conference over to the management for their closing comments.

Gaurav Kumar: Thank you all and if there are any further questions, you can write to the IRT. Thank you all for joining us.