"Tube Investments of India Limited Conference Call”

August 08, 2011

Moderator: Ladies and gentlemen good day and welcome to the Tube Investments Q1 FY'12 Results Conference Call hosted by Enam Securities Private Limited. As a reminder for the duration of this conference all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time I would now like to hand the conference over to Mr. Farzan Madan. Thank you and over to you Sir.

Farzan Madon: Good afternoon everyone. Thank you for standing by and it is a pleasure to have with us the management of Tube Investments represented by Mr. Ramkumar, the Managing Director and Mr. Balasubramanian, the Chief Financial Officer. Over to you Sir.

Ramkumar: Good afternoon and welcome to this conference. Thank you for sparing time for this conference. This is Ramkumar here. You must have seen the published results of Tube Investments of India Limited standalone. You must have seen the growth in the sales by over 20% and then there has also been a growth in the operating profit PBIT 84 Crores against 65 Crores during the same quarter last year. Then ending up with a PAT of 50 Crores this is 40 Crores last year. We are also very glad to report good growth in the consolidated profits of the company, which includes the financial services. There has been an improvement all over topline operating profit and the PAT.

Now I will quickly take you through the individual segments, which contributed to this growth and the key things that happened during the last quarter and how we look at the future. You know that excepting cycles the rest of the business has got lot of dependency on auto industry. We know that motorcycles grew by 18%, scooter 15%, mopeds 19% and four-wheelers 17%, commercial vehicles 25% over the corresponding period last year, which is the Q1. This meant that our engineering division the value added full round welded segment we grew by 27%. We also improved in market share and in the case of strips narrow width strips, which we supply we grew by 21%. This also meant a growth of upwards of 30% in the revenues of the engineering division with a good growth in EBITDA by 41% and also an improvement in the ROCE of the business. Largely coming from better utilization of the capacities due to higher volumes as well as improvement in operating efficiencies.

That takes us to the bicycle divisions, which is little slow to start in the beginning of the year. We have seen a little slowdown in the secondary sales in March of 2011. That has been seen by many consumer goods industries but we had a good growth in the month of June aided by State Government orders from the Karnataka Government, which also helped the volumes. Overall in terms of numbers finally for the quarter we ended by a growth of 1% and I am sure all of us remember that this division has been growing at the rate of 15% to 18% year-on-year over the last three years despite the growth of 8% to 9% in the marketplace. This meant in the case of e-scooters we dropped in volumes but since June we have been seeing a very good improvement in terms of the demand. Demand has picked up. We used to sell something like 500 scooters now we are able to 700 in the last two months. We believe we can touch 1000 scooters a month in the coming month.

In the case of bicycle coming to the financial there has been a slight growth in the topline with 4% to 3**50** **4:35** Crores. Our EBITDA was affected largely due to the product mix plus lot of pressure on the selling prices. Due to the market not being very strong it has been very competitive in terms of other players also holding on the prices not passing on cost increases. This has definitely affected the profitability, which meant that our EBITDA percentage has comedown and going forward we have taken some action on the pricing. We are also looking at the mix more closely. We expect this percentage to improve over a period of time. The ROCE is still at a very high of 88% though below the last year level of 113%.

In the case of metal formed division, as you know we have a few products. A very good growth happened in the auto chain segment by 24%. We also grew in the Fine Blanking Segment, which is precision component supply to the four-wheeler industry and exports in chains also grew by 33%. We supply doorframes and door sash to the passenger car industry. The volumes are roughly at the same level as last year. Hyundai continuing to be the major customer with a growth of 3% we were badly hit by the drop in volumes of Tata's. We supply to Indica and Nano, both volumes dropped compared to last year by 26%. There was a good growth in CRS sections for Wagons. This is largely the backlog of last year. We continue to have the problem of the government releasing orders late for the Wagons as they did last year; however, the Q1 saw a growth of 137%, which is reflected in terms of the revenues and the profitability.

Overall this division grew by 39% with the turnover of 232 Crores as against 167 last year at a good increase in EBITDA going up to by 68% and the ROCE also jumping from 17% last year to 31% this year, which meant that the significantly better return on profitability during the quarter. What it has been for TI as standalone you must have all seen that the topline grew by 22% and the PAT grew by 24% with slight improvement in return on capital employed.

Coming to the subsidiaries again Chola Insurance had a growth their gross return premium going to 321 Crores as against 246 Crores last year, a growth of 31% and in the case of profit before tax they went up to 6.7 Crores against 1.9 Crores last year which is the significant improvement. We know that last year full year was affected due to the motor pool losses. This has been overcome due to increase in the premium in terms of reduction in the discount and we definitely see a healthier outlook for the year in terms of profitability for this business. Again in the case of Chola Finance having mostly come out of the problems we had in the personal loan portfolio we were able to see a higher disbursement. We saw a disbursement of 1672 Crores compared to 1246 last year. All backed by assets which means it is secured lending and the profit before tax for the company jumped to 62.7 Crores against 23.39 the previous year. This also meant what we consolidate also has improved in terms of the profits in the consolidated statement of TI.

During the year the company expanded 88 new branches and also opened branches in tier II and tier III towns. So this meant in the case of Chola all the portfolio they have vehicle finance, home equity, business finance all this went up in terms of the total disbursement and also the topline, which is in terms of revenues from income and recoveries.

Overall now we have to look at the quarter we are growing through. In the case of automotive industry we have seen a bit of slowdown but we continue to think there will be a quarter-on-quarter growth in all the segments. The percentage growth could come down. We during the last year could not meet all the requirements in the case of chains and tubes, which meant our base itself, could have been higher last year. We are trying to bridge this gap and then we would look for easily a double-digit growth during this quarter, which meant that we will be using and making better use of capacities. The capacities got debottlenecked during the current year by means of various initiatives taken last year, wage settlements, bringing an equipment from overseas in the case of tubes, changing the productivity norms etc. In the case of railways we are waiting for them to release the orders that we believe that they are not likely to release the orders till the Q3, which means that the Q2 the railways turnover is likely to be lower than what we have seen in the last quarter definitely much greater than the last quarter.

In the case of bicycles we have seen a pickup in the month of June. We have also got the order from Karnataka of 3000 plus bicycles. We are executing the orders. The completion of this order will take place during the current quarter. We have also seen a pick up in the secondary demand since June and we believe that there will be a growth during the Q2 over the previous year compared to the Q1 when we had a marginal growth of only 1%. We are also looking at margins. In terms of looking at prices we have already taken up the prices during the month of July and this should reflect in the P&L as we go forward.

So this is the picture as far as we are concerned overall. We are continuing to focus on our long-term projects in the case of tubes because we are full up on capacity. We are planning to expand in the north and we are looking at the large diameter projects to meet the hydraulic cylinder segment we have located land for this it is taken a little longer than we thought in terms of the land registration. We hope this will be completed by the end of August. In the case of chains there will be an increase in the capacity of something like 12% to 15% in the month of October since the current expansion plan at Hyderabad unit is underway later on we will expand by another 5% by improvement of capacity in Uttarakhand and this will be further enhanced when we go for a Greenfield site sometime during the month of March 2012. Efforts are on to look for the land and once we finalize the land for this project we should be in a position to expand. So in the case of bicycles again we are looking at opportunities for starting a plant in the Eastern part of the country because we are running closed to full capacity and this capacity should come into place on time next year plus we are also planning to invest in the higher value added segments of bicycles including exports wherever there is an opportunity tie up with the various customers overseas as well as bringing some technologies to work with us. Broadly if you were to ask me these are the plans in the current status of the update on the various long-term initiatives.

With this I would say that I have broadly touched upon the key points of performance and future plans of the company and I would be very glad to hear from many of you any clarifications or questions that you may have. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from Gowtham Suchariya from UBS. Please go ahead.

Gowtham Suchariya: Just couple of questions one on the bicycle, can you throw some more color on the muted growth rate as well as margins and how that will pan out over the future. Secondly what is the status on the funding for the entire CapEx plans for this year?

Ramkumar: Now in the bicycles as I told you there has been a slowdown in terms of volume but we have already seen in the month of July there has been a volume growth over the previous month same month last year. In terms of margins we are affected because we could not pass on the entire increases of price raw material cost increase which happened in January, but in the month of July we have been able to increase the prices, so both on account the volume and prices we should seen an improvement in the Q2 compare to the Q1.

Balasubramanian: We have not drawn any money for the long-term of course in Q1. What we have done is we have tied up our nonconvertible debentures of 100 Crores at the rate of 9.9% annualized we are going to draw sometime in the next week for meeting the CapEx particularly for land and building and the balance $50 million is what we are talking to various banks in terms of the ECB loan. It is basically because the forward films have come down very drastically on a fully hedged basis it could be as low as 8%. We see there is an opportunity and may be sometimes late end August or earlier September is what we are planning to do that.

Gowtham Suchariya: Thank you sir. All the best.

Moderator: Thank you. The next question is from the line of Farzan from Enam. Please go ahead.

Farzan Madon: Just wanted some clarification in terms of the amount of debt you all have on books?

Ramkumar: As the same the last the closing of margins is around 443 Crores.

Farzan: Thank you Sir.

Moderator: Thank you. The next question is from the line of Kalin Mehta from 21st Century Shares. Please go ahead.

Kalin Mehta: My question is basically on the insurance front and the NBFCs like one is that whether we are-- not in the immediate future, but going forward as many plans to for diverse plan and of separating these two businesses from the current business?

Ramkumar: At the moment there is no thinking about divestment or separating these businesses. As we have maintained always that in appropriate time anything there is a need to do this in order to help the plant of TI or each of these two businesses we will definitely look at it. At the time being the capital adequacy ratio is fairly good which means that they can go on without further infusion of capital for at least a year. In the case insurance we are making a small contribution of 35 Crores and once we reach some size they also **different 17:05** sufficient for sometime so to answer the question there is no plans as of now. But we have always kept the thing open as and when required to increase the values of the shareholders.

Kalin Mehta: Secondly how much are we holding in each of these subsidiaries it is a 100% owned?

Ramkumar: No. Chola MS Insurance 74% on the NBFC 60.5%.

Kalin Mehta: Sir secondly do you have any strict dividend policy payout sort of as a proposition to net profits on an annual basis?

Ramkumar: In the case of Chola MS no dividend has been declared because as you know this is a business, which is coming up that is expect for the bad thing of last year they have generally been making marginal profits so I do not know what policy they are going to follow going forward we will follow that. In the case of Chola Finance also you must have seen they came back with a dividend list last year. This year it is a little better, but overall all our group companies follow a policy of 13% or 1:3 of the distributable profit, PAT and whatever is there.

Kalin Mehta: What are the total investments in our books as of now?

Ramkumar: Insurance we have close 200 Crores and NBFC around 650 Crores___**19:05**.

Kalin Mehta: Our CapEx for the current year is about 150 odd Crores?

Ramkumar: 500 Crores.

Kalin Mehta: Okay can I get the bifurcation of entire…?

Ramkumar: It will be predominantly into the engineering sector where the 300 Crores will be incurred there 100 Crores to the rest of other three divisions __**19:30**.

Kalin Mehta: If you could guide us on those margins that we are operating at the EBITDA level for the current year or may be there is any improvement?

Ramkumar: We will be happy of the margins continue in the same level.

Kalin Mehta: On a standalone basis?

Ramkumar: Yes on standalone.

Kalin Mehta: Thanks. I may come back if I have any other questions. Thanks for my question.

Moderator: Thank you. The next question is from the line of Gowtham Mamrow from Value Quest Research. Please go ahead.

Gowtham Mamrow: What was the outlook on railway division of this year?

Ramkumar: See again every year they are supposed to release the order by April or something. Last year they did it in October. So we could not meet the full years volume and then we have a spill over which is what we have been doing now in June. This year again it is expected at least they do it in October it is fine, but there is a quite a bit of uncertainty about when the will do this. There is delay it should be much earlier actually.

Gowtham Mamrow: Latest by October you are expecting it?

Ramkumar: At least by October.

Gowtham Mamrow: What is the current utilization of this division?

Ramkumar: Utilization in the case of metal-formed chains is full more than 100% and they are still having a shortage after market. Fine blanking is full. Doorframe also is fairly full because it is model specific excepting what we invested for Tata, Indica and Nano hardly Nano's generally regulating 40%, Indica we must be utilizing 50% in the case of railways our utilization may be 30% last quarter would have been 60% this quarter it will come down, because orders are not there.

Gowtham Mamrow: In our engineering segment what were the revues on non-auto?

Ramkumar: You can take 20% of the revenue.

Gowtham Mamrow: What are the margins in non-auto business?

Ramkumar: Normally we do not give that information.

Gowtham Mamrow: Are they better than auto?

Ramkumar: May not be I think it will be very, very similar not much difference.

Gowtham Mamrow: Okay and Sir what is the outlook on this division for the current year?

Ramkumar: Non-auto is fine is basically general engineering, furniture, boilers, little bit of hydraulic, bicycles is that a very great quantity I think it will be steady I think, there would not be a steep drop or something like that.

Gowtham Mamrow: We are expecting 10%-15% growth?

Ramkumar: 10%-12%.

Gowtham Mamrow: So what is the current debt on books?

Balasubramaniam: Debt equity ratio is 0.7. That is around long term is 443 Crores same as what we have this close in March.

Gowtham Mamrow: Thanks a lot.

Moderator: Thank you. The next question is from the line of Sachin Kasera from Lucky Securities. Please go ahead.

Sachin Kasera: Can you just share with us what was the growth in the premium segment in bicycles and what percentage of revenues are coming from there?

Ramkumar: See the premium segment loss Q1 was fairly flat. We could have grown more because we had some supply problems there. Because **the variety explosion these models 23:50** we did not have otherwise we could have grown by 5% we can say minus 3% over the last year.

Sachin Kasera: What was your contribution in your overall cycles?

Ramkumar: In terms of turnover?

Sachin Kasera: Yes.

Ramkumar: That is roughly around two-third.

Sachin Kasera: Two-third is premium.

Ramkumar: Yes.

Sachin Kasera: What is our classification of how do we classify premium versus normal, is it by margins?

Ramkumar: I do not know we have three categories; we call it standard, special and super premium. I do not know which one you are referring. Classification of two-thirds I said is non-standard. Simple work definition of standard is any bike, which is black or green in the traditional way, Dudhwala cycles everything else is special. Out of that there are bikes may be some one lakh cycles or month we sell in the higher contribution there. So that is what we call as premium actually, but special what I said as a premium over standard in terms of pricing and profitability.

Sachin Kasera: Secondly you mentioned about volumes of 500 per month right now in case of e-scooters, what is the type of break even levels that we have, what is the long-term potential of this business because it is a very small volume that we are doing as of now?

Ramkumar: The market has shrunk if we have observed. There used to be so many players and lot of them went out, consumers had lost confidence. So now there are only three, four players, us, Hero and Yo Bykes and all that. Government also recently announced a subsidy. All others also working on some cost reduction or reduce any consumer price. So 500 become 700 as I told you, break-even is around 1000. If you ask me the long-term outlook we need to have some breakthrough products, so we also need to look at more service and reliability of the performance wherever we are doing this, we are seeing an increase in sales. So we are working on this with a separate team, hopefully by six months time we should come out with a plan to take it forward. We know that we need to bring in something new for which lot of works to be done in terms of product development, technology and all that.

Sachin Kasera: **Can over a period of four, five years this division can start selling say in a month is that our or we continue to remain let us 26:30** 1000, 2000 month products?

Ramkumar: This market has to be created. Nobody knows I am sure when mobile phone started nobody knew it will sell like this. We can say that this is going to be a growth area, as I told you the customer gets satisfied when we see a switch already a little bit because of the petrol prices going up too much. So with even petrol prices go up and these products become more steady and reliable and word of mouth also is more confident it will go up. I cannot say in four, five years what will be the volumes, but we are continuing because we see a potential with some more inputs in technology and product. Hopefully by the financial year-end we will have some idea and we can even invest more if required, this is the plan.

Sachin Kasera: One question on the export performance if you could highlight on that what was the export this quarter, what was the growth in various segments?

Ramkumar: In the case of engineering segment, the export was not much. It would have been 5% of the turnover. In the metal form products, there has been a good growth in the chain exports that is what we export in the metal form products we did not export anything else and the chain export grew by 45% and in terms of the turnover the chain export in the metal form is 10% it is a larger percentage of chain turnover, it is 10% of the metal form turnover.

Sachin Kasera: Thank you very much.

Moderator: Thank you. The next question is from the line of Kalin Mehta from 21st Century. Please go ahead.

Kalin Mehta: I just referred to the other income in the current quarter; can you explain what exactly it was on the Q1?

Ramkumar: Other income represents dividend income, there is other income we talked about the class 41, it is excluding the export jobs and those kinds of interest.

Kalin Mehta: Of that what could be **incurred 29:30** of recurring nature?

Ramkumar: All of them are recurring nature; barring the dividend do not come other incomes. So when we talk about the referring top-level line it is pure operational.

Kalin Mehta: Secondly on the standalone numbers in last couple of years from 2009 we have seen a good growth from standalone numbers, the turnover has grown from 2000 to closer to 3000 so almost 50% in two years that is something really strong positive. I just wanted to understand whether similar growth in the next two years in possible from this level?

Ramkumar: We wish it happens, we are ready but as you know we are planning everything in terms of capacity, everything that should be in the market opportunity we would like to grow.

Kalin Mehta: With the capacity being added, what kind of turnover can you get on the increased capacity in the segments that you are doing?

Ramkumar: We can do actually quite a bit, capacity addition can be another 35%, 45% increase with the turnover, which are fully in operation because it take a year for us to put it in place and then a year may be two or three.

Kalin Mehta: Can you come back again Sir?

Ramkumar: Capacity increase will give us 40% to 45% it will take two years because one year to put up the project, one year to realize the full value.

Kalin Mehta: During that phase our margins would more or less remain similar as of today or there could be some downward revision?

Ramkumar: We do not want the margins to drop because we believe that we should provide better service and value addition to retain the margins, if not increase it. But it depends on the competitive pressures also, most of the products we are India's Number 1 and Number 2 in the business. So if we are able to reduce cost and also provide timely deliveries at least we should be able to maintain the margins.

Kalin Mehta: What could be our tax rate going forward or will it be similar to what we have seen in the Q1?

Ramkumar: It is normal except for the dividend income and benefit from the Uttarakhand, which we have is full tax.

Kalin Mehta: Thank you Sir.

Moderator: Thank you. The next question is from the line of M.S. Arun from Capital Market. Please go ahead.

M. S. Arun: Can you share the order book of railways?

Ramkumar: There is nothing really great.

M. S. Arun: What is your current order backlog for that?

Ramkumar: We have order backlog of about may be you can say Rs.20 Crores.

M. S. Arun: Will we be able to clock that last year turnover of railway is about Rs.150 Crores this year also?

Ramkumar: We are hoping we will able to touch last year's turnover with an improvement and volumes in second half like last year.

M. S. Arun: In the CapEx of Rs.300 Crores in the engineering segment could you share **what is that think tanks 33:10** of the company and where it would be invested and with the stainless steel brand also where it is getting used? What is the demand in the industry? Could you share some light on that?

Ramkumar: Stainless steel plants will be housed in the same premises as we make the steel tubes today at Avadi near Chennai. The segment will be non-auto largely food processing, chemical processing.

M. S. Arun: Out of the Rs.300 Crores how much of it will be going into this plant?

Ramkumar: Stainless steel is a smaller plant where it will be Rs.10 Crores, Rs.15 Crores, and balance will go into an expansion in the northern region for our current range of products and setting up of the larger diameter tube project near Chennai.

M. S. Arun: What is the user industry for the larger diameter and where is it getting **registered 34:10**?

Ramkumar: By using Hydraulic Cylinder Applications, the Hydraulic Cylinders are used in forklift truck, it used in escalators, earth moving equipments, offload vehicles then same tubes can also be used for construction as structural; it can also be used in the larger trucks in India.

M. S. Arun: How much will be invested on this front?

Ramkumar: The total investment is Rs.200 Crores I think this year we will put in Rs.100 Crores, the balance will come in the next year.

M. S. Arun: It will be commissioned in the next year only?

Ramkumar: Yes. We are hoping all these plants we are talking about will get commissioned say roughly October, November of next year 2012.

M. S. Arun: In your initial remarks you have told that you will be growing on quarter-on-quarter basis in all segments, for the full year what **is exactly like could you give some 35:0** growth rate?

Ramkumar: Good question but very tough. I would rather pass this at this time may be the end of Q2 we will be in a better position to say, because Q2 is going to be quite tough. Q1 was still good. July was also reasonably good. Every month we have to see now. I am not able to say really because it depends on auto, interest rates, petrol prices so many things happening abroad and the markets are also tanking, so I would rather pass the question.

M. S. Arun: In one of your presentations in the last June quarter presentation you have told that your non-auto share to 50% in five years time in engineering segment, the larger diameter and the stainless steel tube are the only strategy of the company or any other product expansion you are looking at?

Ramkumar: Even if you do railways it is non-auto.

M. S. Arun: For engineering statement all alone?

Ramkumar: Engineering **statement if the 36:13** currently larger diameter. Stainless steel plus structural the larger diameters that are used in building etc., which is what we are looking at. Apart from that we are also looking at if there are any possibilities in the power sector. We get that it will also become **long** non-auto.

M. S. Arun: With the commissioning of these two plants by next year, we could see the product mix change towards…?

Ramkumar: There will be an improvement in percentage of non-auto.

M. S. Arun: Thanks a lot.

Moderator: Thank you. The next question is from the line of Naval Shah from Morgan Stanley. Please go ahead.

Naval Shah: I had one question on the engineering side of the business. What is the volume growth that we would have for the quarter?

Ramkumar: One second, I just mentioned the **(indiscernible) 37.15** welder tubes we grew by 27% and in the case of splits (ph) we grew by 20%.

Naval Shah: Is it that slowdown in automotive sectors was a lag in terms of our operating cycle?

Ramkumar: Not much I think, one month may be maximum because the correct way to incur most of the automotive companies are expecting just in time. We are in tune to their production. **Tracked down** **37:50** 15 days to one month is a correction cycle up or down.

Naval Shah: If my numbers are right then you were saying that at whatever tonnage you are operating right now, you would see a quarter-on-quarter growth from here on is what you are saying?

Ramkumar: What I meant is growth in this quarter over last year same quarter. I am not saying second quarter growth over first quarter.

Naval Shah: You are saying YOY and Sir one more question on the metal form division there is a French Company that we are acquired in 2010 what are the plans there.

Ramkumar: Actually, we are done; I do now know we have missed out somewhere. We have done pretty well. This quarter, I mean they are January to December so this is the first half this is a quarter year. We will be in same quarter during FY'11 at present of March. We confirmed with one quarter lag, so what you are seeing in the consolidation in the financial statements says is January to March there is a quarter, which they will turnover of 50 odd Crores with a PAT of 1 Crores.

Naval Shah: How would that scale up going forward?

Ramkumar: It is doing well like in Euro terms this year they will end up with 13 million Euro. We are looking at a growth there to increasing the product range and working with our sales team as well as an acquisition if possible in the domain in which they are operating. So we want to take it up with 50 millions in four years' time the turnover.

Naval Shah: That would on the basis of acquisition?

Ramkumar: Partly acquisition partly expanding the product range also.

Naval Shah: Thank you Sir.

Moderator: Thank you. The next question is from the line of Deep Shah from Corporate Database. Please go ahead.

Deep Shah: I wanted to know about these large hydraulic tubes. What kind of potential of sale they can bring?

Ramkumar: Sales potential is 300-350 Crores.

Deep Shah: 350 Crores and what kind of margin?

Ramkumar: We hope it is higher than the current margins.

Deep Shah: It could be around 13%-14%?

Ramkumar: That is not possible to say because we have to do some trial production in August. It will not be definitively less than the current quarter.

Deep Shah: No problem. Thank you Sir.

Moderator: Thank you. The next question is from the line of Darshan Tandon from B&K Securities. Please go ahead.

Darshan Tandon: I just wanted to know the way your investments are there in Chola and it is highly **lying 41:28** on your interest portion. So are you of any opinion to lay off few of your holding from Chola to someone and like who are interested in buying?

Ramkumar: As I was saying earlier there is no such plan now while there is an interest cost is also have appreciation in value. So we have to balance between that and the requirement of funds for Chola. For the moment, there is no plan do like what you are suggesting.

Darshan Tandon: Thank you.

Moderator: Thank you. The next question is from the line of Naveen Vyas from Microsec Capital. Please go ahead.

Naveen Vyas: Sir is there any planning demerger of any business in the one or two years?

Ramkumar: Nothing at the moment.

Naveen Vyas: Sir what strategy are you using to make aware that Hercules belong to Tube Investment Of India brand, because if you see there is a listed company Hercules and people tends to confuse that Hercules brand belongs to Hercules company. So any strategy you are using so that the investors can be aware that this Hercules brand belongs to Tube Investment of India and not Hercules?

Ramkumar: We have not done anything in this regard. Actually lot of people who buy Hercules and BSA also do not know may be that it belongs Tube Investment of India.

Naveen Vyas: It is a basic problem. If you will see whenever Atlas Cycle moves up Hercules also moves up. So people have a tendency that Hercules Cycle consists of Hercules only and not Tube Investment of India that is the reason why the people are not giving so much value to Tube Investment of India?

Ramkumar: We can educate people. There are pros and cons. Lux is made by Hindustan **Unilever** **43:20**.

Naveen Vyas: Any strategy for that you are using it?

Ramkumar: We have not planned to change the company's name or anything like that to suite this, what I saying there are pros and cons. It is better to distance sometimes the brand from the company's name because Tube Investments also make other tubes, so people should not be confused with tubes or bicycles. They say Hercules we have kept basically for the consumer and with the consumer it is a very right brand **they call of this** **43:40**. If you ask anybody what is the top brand, they will tell you actually it is BSA, but we did not think of changing the company's name.

Naveen Vyas: No, not changing the name, but making the investors aware.

Ramkumar: Which we can do. Actually I think in all over investor presentation we put the logo or you do not. We do and we would request people will like you also to spread the word. We will do. We will put more on the website. I think it just put more of the brand on investor relations site all those things.

Naveen Vyas: **___44:20** CNBC can be a good strategy I think. Lot of investors are looking at it.

Ramkumar: This is a reasonable in their cost. We will do that.

Naveen Vyas: What growth are you seeing the financial business?

Ramkumar: Pretty good. The think it has been growing so it well in the last-- you have seen the standalone results or you have not? That growth should continue we are hoping they are also under pressure because of the interest rates but otherwise I think last quarter they grew by 25% total income Rs. 272 Crores to Rs. 352 Crores, roughly one-third is Rs.90 Corers.

Naveen Vyas: You will be able to maintain the same growth in financial?

Ramkumar: At least 25% they will do.

Naveen Vyas: Thank you Sir.

Moderator: Thank you. As there are no further questions, I would now like to hand the floor over to Mr. Farzan Madon for closing comments.

Farzan Madon: Thank you everyone for participating. Thank you Mr. Ramkumar and Mr. Balasubramaniam. Thank you very much.

Ramkumar: We can expect you to send up the draft one on this.

Moderator: Thank you. On behalf of Enam Securities India Private Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.