



“Tube Investments of India Limited Q1 FY17 Earnings Conference Call”

August 05, 2016



**MANAGEMENT: MR. L. RAMKUMAR – MANAGING DIRECTOR, TUBE
INVESTMENTS OF INDIA LIMITED**

MODERATOR: MR. KASHYAP PUJARA – AXIS CAPITAL LIMITED



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Moderator

Ladies and Gentlemen, Good Day and Welcome to the Tube Investments Q1 FY17 Earnings Conference Call hosted by Axis 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. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kashyap Pujara from Axis Capital Limited. Thank you and over to you, sir.

Kashyap Pujara:

Good morning, friends, and thank you for standing by. It is a great pleasure to have with us Mr. Ramkumar, the Managing Director of Tube Investments for the Q1 FY17 earnings call. Without taking too much time, I now hand over the floor to Mr. Ramkumar. Over to you, sir.

L. Ramkumar:

Thanks you, Kashyap. Good morning to all and thank you participating in this con-call. We have had a good quarter; you might have seen the numbers. The first quarter of this year, we have grown by 6.4% in terms of turnover. The more important thing is; we have improved much better in terms of profitability. Our profit before finance cost and exceptional items moved up to 8.03% which was 5.98% for the similar quarter last year. Of course, we did have the benefit of reduction in finance cost because of the money inflow we have had end of last year and the repayment of loans which we are doing progressively during the last quarter and complete this quarter, and hence the PBT went up to 5.79% of sales against 2.62% in the first quarter last year. The profit after tax as well jumped, so we ended up at Rs. 42 crores and Rs. 18 crores for standalone company.

Now coming specifically to the individual businesses, we had almost flat performance from TI Cycles. The major reason being that in the same quarter last year we had significant government orders, last year we did something like 2 lakh cycles of government orders, this year we did only 1 lakh cycles. We did grow in the trade segment, some of our new products got a good traction, we grew by 6.5% in the trade segment but we went down in the institutional or the government segment, which meant overall we were down by 2% in the overall volume, trade plus government. This had an impact in terms of profitability, we did have some additional cost on promotion and other cost of inauguration of the new plant and running of two plants, etc., during the first quarter, and hence the profits have been affected in this particular segment.

The new plant which can make up to 2,50,000 cycles per month at Rajpura was inaugurated on June 9th. As we are talking, the plant is very quickly ramping up. Our new products have been well received in this segment.

In the case of Engineering, we had a very significant performance on all fronts. First is, we did grow in all the segments, we grew in the domestic market of strips and tubes, the precision tubes and cold rolled steel strips in the range of 10% to 11% overall. We had a very good jump in exports, we almost doubled the quantity of export which we did in the similar quarter last year.



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And the new plant which was taking time for us to stabilize also did far better, because we had a positive EBITDA in the first quarter compared to the negative EBITDA of last year same quarter. All this together has contributed to a big jump in terms of profits and profitability of this division. Another underlying reason for the growth has been the good growth in the automotive sector, in all the three sectors to which we cater to, basically the two wheeler, the passenger cars and commercial vehicles have done very well in the first quarter. And as we talking in the second quarter, we do see the momentum continuing in terms of whatever started in the first quarter.

The Metal Formed Products, broadly it is chains, fine blanking and door frames. We had a reasonable growth in each of these segments, thanks to the automotive sector and depending on the models to which we were supplying. And this is shown in terms of the numbers which has come. Overall, finance cost as you see has come down from Rs. 35 crores last year to actually Rs. 14 crores because the Rs. 10 crores other income is the income from surplus funds which we would have otherwise used to repay loans, so we can actually net it off with the Rs. 24 crores. This money will be used to repay the loans which are used during the current quarter. Overall we did debt repayment of something like Rs. 650 crores to Rs. 700 crores between the first quarter and second quarter.

In the case of Metal Forming division, we grew by 3% to 5% in all various types of chains. We grew in railway products, in terms of wagons we did not do much, but in coaches we had a good growth. And door frames had a growth of 2%, largely driven by our supplies to Hyundai.

So, broadly this is the situation as far as the individual businesses are concerned and the volumes. We see the automotive sector, as I said, what momentum started in the first quarter to be continuing, all we need to see, wait and see whether this continues throughout the year, because last year we have had very volatile kind of situation.

Coming to Shanthi Gears, we did report revenue of Rs. 46 crores against Rs. 41 crores last year and our profit was better, both at the PBT and the PAT level, largely due to product mix and also better execution and service focus. We are also into the service business where the margins are little better. Shanthi Gears, again, we are building up our businesses in various sectors, including defense and railways which we believe over a period of time will improve our turnover and profits.

Chola Finance, an associate company, has done exceedingly well. Again, I am sure you must have seen the results. And Chola Insurance, it is subsidiary of our Company, has grown by 28% in revenue and 83% in EBIT. Overall, PBT of Chola Finance over 2015-16 first quarter is Rs. 85 crores and PAT is at Rs. 49 crores. We continue to see growth in both the financial services basically CIFCO and Cholamandalam Insurance.

Overall, this is what I have to say as my opening remark. Now, I will be very glad to answer any questions or clarifications which you would have. Thank you.



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- Moderator:** Thank you very much. We will now begin with the question-and-answer session. Our first question is from the line of Srinath Krishnan from Sundaram Mutual Fund. Please go ahead.
- Srinath Krishnan:** Sir, my first question is on the engineering segment. You mentioned that your exports has doubled and the new plant has started ramping up. Would it be possible to quantify the exports during the quarter and the revenue from the new plant?
- L. Ramkumar:** I will just tell you. Any other question, sir?
- Srinath Krishnan:** Yes. And secondly, the Metal Form products, so you have grown by about 10%. So in this Rs. 264 crores of revenues, how much would be chain contribution? And your competitor has also opened a new plant, so are you seeing any competitive intensity into replacement market, because he has opened it close to Pune.
- L. Ramkumar:** Competitive intensity is always there, nothing new, maybe it will get more intense. And you were asking about...
- Srinath Krishnan:** New plant and exports contribution in Engineering segment.
- L. Ramkumar:** Yes, new plant basically I think the total turnover we did Rs. 28 crores during the quarter compared to Rs. 15 crores last year.
- Srinath Krishnan:** And the exports contribution in Engineering segment?
- L. Ramkumar:** I think we did around, of the total turnover 10% to 12% is exports.
- Srinath Krishnan:** So where is the growth coming from, sir, such sharp level of growth?
- L. Ramkumar:** Actually we have been supplying to people in Southeast Asia and Europe, so we have tied up with some OEMs, I do not want to reveal more than this. And they have been increasing the uptick from us and that has helped us to get this growth.
- Srinath Krishnan:** Which segment would this be?
- L. Ramkumar:** Automotive.
- Srinath Krishnan:** In automotive which segment would this be?
- L. Ramkumar:** Well, if say that then I have given away the answer, but we will wait, till the growth really happens I will give you all the details.
- Srinath Krishnan:** But, do you think this is sustainable, sir?



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- L. Ramkumar:** We believe it is sustainable, though I would rather wait and tell you it has sustained for four quarters, six quarters then we can give you more details.
- Srinath Krishnan:** And sir, I missed the initial comments, on cycles what has been the segment wise growth within cycles, like sports?
- L. Ramkumar:** We said that in the trade segment we grew by 6.5%, in the government sector we went down by 50%, last year we did 2 lakh cycles in the same period and now we have done only 1 lakh cycles. So overall number is almost around the same.
- Srinath Krishnan:** And for the whole year, what is the growth you are expecting in cycles?
- L. Ramkumar:** We would expect that we will grow by 5% to 6% on cycles.
- Srinath Krishnan:** Because last year was a strong base, on that you are expecting a 5% to 6%?
- L. Ramkumar:** Yes, we must not forget last year had a very major portion of government orders. So we have basically planned for a growth in the trade segment, so that is where your competition intensity, everything you need to do. Government sector is not entirely under our control, it depends on how many things are floated there we will try to maximize our share.
- Moderator:** Thank you. Our next question is from the line of Vipul Shah from Sumangal Investment. Please go ahead.
- Vipul A. Shah:** I just wanted to know, why this year only standalone results have been given and why consolidated results which contains the Chola Insurance and Chola Finance numbers, they have not been included? There is a note, but I could not understand. So if you can...
- L. Ramkumar:** Briefly, we are required to follow IndAS as methodology of accounting and reporting from this year onwards. Now, for us to consolidate, our subsidiaries also need to be on the same format. They being in financial services, they need to follow this only after one year or two years, they have got time till 2018 to follow this. So to that extent, I think it will not be something which can be consolidated, that is the reason we have not done that. However, I think if you go to our website, we have given a more detailed usual what we used to publish earlier, there we have briefly given the performance of subsidiaries, Cholamandalam Finance's income from operations, profit after tax and Cholamandalam Insurance company and also given what is our proportion of ownership, from there you can get a picture of how it would be.
- Vipul A. Shah:** And sir, is it possible to give capacity utilization in each of your main segments, like engineering, cycles, meta form products, gears?



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- L. Ramkumar:** Cycles, at this point of time will have a very good capacity gap, because we just setup a new plant, so we are just ramping up. So we will have sufficient capacity. But if you come to Engineering, we will be at the brim.
- Vipul A. Shah:** Sorry?
- L. Ramkumar:** In the Engineering division if I take the new plant which we have setup for making larger diameter tubing, our capacity utilization may be 30% - 35%. But the balance, this 35% will progressively go up every month. But in the balance, the main business of auto, etc., which they services, we will be close to 95%to 100%.
- Vipul A. Shah:** So when, means when will you reach the optimum capacity utilization in new plant for engineering products?
- L. Ramkumar:** Probably there are two parts to this new plant, one if the tube mill which we originally itself said we can use only 50% - 60% because we need to do balancing for the investment to go further. Whatever is optimum capacity will happen by end of 2017-2018, but it is progressively moving towards that.
- Vipul A. Shah:** And sir, my next question relates to Metal Form Products, so car door frames, it falls under this vertical, right?
- L. Ramkumar:** Right.
- Vipul A. Shah:** So for a particular car model, what is the upfront investment in a prototype or can you throw some light on that?
- L. Ramkumar:** It keeps varying from company to company, and the tooling costs is what we need to keep doing, many equipments can be reused with some changes and there is a formula of sharing the tooling cost between the OEM and us, I think it varies from anywhere between Rs. 15 crores to Rs. 30 crores depending on the model.
- Vipul A. Shah:** So, out of that how much is recovered from OEM, suppose that model does not work or does not go as per our expectation, sales of that model does not go as per expectation, so how much of the tooling cost is recovered, how much of this Rs. 15 crores to Rs. 30 crores cost is recoverable from the OEMs?
- L. Ramkumar:** Tooling cost is initially itself we fix what OEM will pay and how much we will pay, but I said, it can vary again from 13% to 16% depending on the OEM. And once you have started, if the model does well you recover everything, the model does not do well, it is a business risk.
- Vipul A. Shah:** So it is our business risk, right?



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- L. Ramkumar:** Yes, it is our business risk or our business upside.
- Moderator:** Thank you. Our next question is from the line of Roshan Chutke from ICICI Prudential Asset Management Co. Please go ahead.
- Roshan Chutke:** Can you talk a little bit about your general insurance numbers, what were the combined ratios like and what are the combined ratios claimed this year?
- L. Ramkumar:** 103%.
- Roshan Chutke:** And claims ratio in this?
- L. Ramkumar:** I do not have it ready, we can give it to you later.
- Roshan Chutke:** And what would be the GWP increase?
- L. Ramkumar:** GWP is Rs. 652 crores against Rs. 480 crores last year same quarter.
- Moderator:** Thank you. Our next question is from the line of Vinit Sambre from DSP BlackRock. Please go ahead.
- Vinit Sambre:** I just wanted to know how much debt have we repaid during this first quarter and how much we propose to pay in the second quarter?
- L. Ramkumar:** We have repaid Rs. 425 crores in Q1 and in Q2 we will repay Rs. 275 crores.
- Vinit Sambre:** And just wanted to understand your outlook, if the GST were to sort of get implemented by next year, how is that going to impact some of our businesses and also the logistics currently what we have, how do you see the impact of GST in our business?
- L. Ramkumar:** It will be positive from logistics as well as the P&L perspective also, we have done some, of course we do not know the exact rates that are going to come out, but going by what we make, what we buy and the credits which you can take, even a couple of years back when we were expecting, our Company will have a positive impact, it will have a positive impact on our profits.
- Vinit Sambre:** And the impact, this positive impact is all across all the three or four divisions we have?
- L. Ramkumar:** I think so, yes.
- Moderator:** Thank you. Our next question is from the line of Kashyap Pujara from Axis Capital. Please go ahead.



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- Kashyap Pujara:** Actually, could you give us a sense on the volume numbers for this quarter in terms of how many cycles we sold?
- L. Ramkumar:** Cycles, we did 12.7 lakhs
- Kashyap Pujara:** And this should be how much versus the same period prior year?
- L. Ramkumar:** 12.9 lakhs.
- Kashyap Pujara:** And that dip would be largely because of the government institutional order?
- L. Ramkumar:** Correct.
- Kashyap Pujara:** And are you seeing any premiumization in trend panning out on the cycle business, I mean shift to special getting a bit faster within your own mix?
- L. Ramkumar:** See, always the first quarter is good for specials, it keeps changing, second quarter is still that, third will be largely standard, fourth again it picks up. But overall, the higher price cycles, Rs. 7,000 and above, there is a good traction in terms of growth, though it is still not a very large percentage in the market.
- Kashyap Pujara:** So this would imply that over time, while volumes will grow at 5% - 6%, but the realization mix will keep getting better by 2% - 3% per year, so broadly we can look at maybe 8% to 10% kind of growth on cycle over a long period of time?
- L. Ramkumar:** Provided, mix of government is not very high because that will pull down the realization.
- Kashyap Pujara:** Yes, but government comes and goes, it is more election driven, etc.
- L. Ramkumar:** Last year we did 1 million cycles in government itself.
- Kashyap Pujara:** Sir, on the tube front, what would be the total volume, I mean if I were to exclude the large diameter plant and look at the core volume?
- L. Ramkumar:** If I take strip, tubes combined exports and everything, it is around 55,000 tons - 56,000 tons.
- Kashyap Pujara:** And this was below 50,000 tons same period last year?
- L. Ramkumar:** 48,000 tons.
- Kashyap Pujara:** And sir, a question would be that since you are running at your optimal capacity in the old business, do you think that it makes sense to look at expansion now?



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- L. Ramkumar:** Yes, we are going to quickly do some debottlenecking and undergoing expansion as well.
- Kashyap Pujara:** So sir, the debottlenecking would take care for how many years of growth or how much can you get in one year?
- L. Ramkumar:** Debottlenecking will carry for one year, but if you want a 20% - 25% growth you will have to do a little higher level of investment than just thinking about what needs to be done.
- Kashyap Pujara:** And this debottleneck largely, essentially you are factoring growth based on the current trends that you have seen in the automotive that are playing out?
- L. Ramkumar:** One is current, second is we mentioned that we do see there will be growth in exports, that also will require some capacity.
- Kashyap Pujara:** Sir, just on the export front, I mean, tube essentially is a hollow product and when we look at exporting it, there is obviously air which gets filled in, so essentially we are also transporting air. So generally this business was not as viable from an export perspective earlier. So is it that at the current exchange rate it has become hugely favorable?
- L. Ramkumar:** I would not say that, even with transporting air we were competitive. I think we had to get qualified with some big players, we were going to many customers. So that would be volatile, sometime they will buy distributors for example, so the distributors business for example in the US we are doing a lot, but then the market goes up and down and from this distance they destock, stock. But we have been consciously making an effort to work with OEMs. So OEMs directly buy then you have a certain plan they give you in advance. So our current thing is not to go to too many customers but go to three, four big customers for whom our volume will still be not very high, but for us it will be a good growth.
- Kashyap Pujara:** And sir, the export realizations, would it be better than presumably compared to the domestic realization?
- L. Ramkumar:** Yes, I will say it will be comparable or better in some cases in terms of realization and margins.
- Kashyap Pujara:** And sir, having entrenched the customers now, would it also imply that over the next few years there could be a steady ramp up and export as a percentage of total volume could be larger than what we are at the current point?
- L. Ramkumar:** See, that is the goal, but as you know, these markets are very demanding, we would be very hesitant to say this, as somebody else is asking, four to five quarters we would like to do continuously ramp up, market is there, the requirements are very exacting so we are also upgrading our technology, capability including attitude of people, everything. So once we get that, I think we can really say, but the ultimate goal is that it should become a significantly higher percentage of turnover right now, we have made a beginning I must say.



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- Kashyap Pujara:** And lastly in the large dia plant, I think at 30% utilization if we are EBITDA positive, it is a huge step. And I think if we were to reach optimal utilizations in the next couple of years here, then it would imply a huge margin traction there. Would that be a fair assessment?
- L. Ramkumar:** Yes, I can at this point of time say that the contribution from large dia will only keep contributing positively for the next 24 months, till we reach some optimal capacity, it will be better quarter-on-quarter.
- Kashyap Pujara:** So sir, just to extend this as a last point, on one side if we are having a debottlenecking which is incremental cost for debottlenecking will be a bit low, so it would be usually ROE or ROC accretive and on the other side exports in large dia would be margin addition. So essentially my return metric and profit per ton of this division should gradually keep improving over the next few years?
- L. Ramkumar:** Few months is definite, few years not possible, as I said in the base business you will have to then do a jump in investment and wait for turnover. But in the large dia it is possible, what you are saying every month the ROC will improve in large dia because we are quite a bit to catch up.
- Moderator:** Thank you. Our next question is from the line of Sahil Shah from Crest Investment. Please go ahead.
- Sahil Shah:** Sir, my question is, again I am trying to find my luck here, do you have any plans of restructuring your business in terms of demerging the financial services and the manufacturing part?
- L. Ramkumar:** See, nothing at the moment, we have mentioned in the past also, we constantly keep looking at different business models and no decision is taken and nothing as it is I can say about this.
- Sahil Shah:** Yes, but as per your internal estimates, if I understand correctly, probably we are amongst top 10 player in terms of gross return premium for Chola and general insurance. So when we are looking at, let's say, top three players, so how different are we from them in terms of the distribution, strength or in terms of underwriting? So how are we different, I mean, are we very similar or is there any structural difference?
- L. Ramkumar:** I would think it requires a very long discussion, with my limited knowledge I can tell you couple of things, one is that we are pretty much largely dependent on retail, we do not have large corporate accounts on general insurance. Secondly, we use technology very effectively in terms of orders, booking, demand, communication with the customer, we have even set up something like ATMs, some nearly 80 to 100 in Tamil Nadu, we will do it across the country where you can go there and with some help you can get the policy across after getting some id cards printed and taken with you. So I think we use technology more effectively, we are using bank assurance very



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effectively with our partners, we are also doing very largely retail rather than going for usual kind of insurance which would be the large difference I would say.

Sahil Shah: But just to summarize, am I right in saying that the demerger process is under active consideration as of now?

L. Ramkumar: See, I would not be able to say anything by use of the language, I have only said that we had considered a few things and I do not have anything to say at this point of time.

Moderator: Thank you. Our next question is from the line of Sandeep Baid from Quest Investments. Please go ahead.

Sandeep Baid: Sir, one, can you elaborate on-your medium term strategy with regards to Shanthi Gears, where do you see this business heading over the next three to five years and what kind of EBITDA margins can we see in this business from a medium term perspective?

L. Ramkumar: See, we have reconnected with all the customers whom the Shanthi Gears has lost from their peak, we find all of them have got alternatives now, not one but more than one, and many of them used to depend only on Shanthi Gears. But we are working out with them to get a part of their business back, we are trying and getting some orders back from them, that is one thing on the existing business which the Company used to do. Simultaneously, we are focusing on defense and railways where there is more and more purchasing from India. We had some success last year and they will continue in terms of railways. In the case of defense, you had some orders and some are in the stage of sample, development, approval, like that. This is a little slow process, probably it will take one or two years, but later on you can take off vertically in terms of growth. We are also looking at service business which can be quite lucrative, we have done some good work during the last six to nine months which will not only help our turnover but also the profitability. And I think we are also seeing, probably we have seen cement and all this is going to grow is being projected, but it will also encourage us in terms of more volume. So as you see, we have also reported I think in the press note, the order booking is going up, we are progressively looking up in the turnover. If you ask me what is the outlook for next three, four years, our endeavor is to improve the margin by another 4% to 5% from what it is today.

Sandeep Baid: And do you think this business can see 15% - 20% CAGR growth over the next three to five years?

L. Ramkumar: I think it is possible.

Sandeep Baid: And sir, on the cycle business, I think this year given that you are targeting 5% to 6% growth, you would be doing close to maybe 5 million cycles. Now what percentage of that would be the premium category which is more than say Rs. 7,000 as you mentioned? Last year I think the



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super-premium grew by 78% and so what kind of growth are you seeing for the premium category over the next three, four years?

L. Ramkumar: There are three categories, out of these category we talk about only the government sector, basically tenders are announced by the various state governments, you have standard bicycles which is not a very large portion for us for TI Cycles, we will be maintaining the trade volume and slightly improving it. We will do maybe around 30% - 35% of our volume in the trade will be in this category, balance 60% - 65% will be specialty bicycles. Of the balance 60% - 65%, maybe I think around 10% to 12% is the premium, mass premium. This we see growing at 20% - 25%.

Sandeep Baid: So premium you are saying growing at 20% - 25%?

L. Ramkumar: Yes, that 10% of the balance I told you, the standard and all that, so it is a small portion and as years go by that will become a more significant portion.

Sandeep Baid: And I assume that the margins in the premium segment would be far superior to the other segment?

L. Ramkumar: Yes, definitely.

Moderator: Thank you. Our next question is from the line of Ujwal Shah from Quest Investment Advisors. Please go ahead.

Ujwal Shah: My question pertains to high dia business, so what is the peak capacity utilization possible for this segment and the peak revenue and margin potential we see from this business particularly?

L. Ramkumar: The capacity has to be defined properly, there are two parts of the capacity there, one is the basic tube making where right now we have to use only 50% to 60% of the basic tube making. Because a large portion of the output will go in the precision steel tube which is the cold rolled welded tube which is done after the tube making. So first endeavor will be to use 90% to 100% of that downstream capacity, that is where we are ramping up the capacity. And once that reaches the peak, we will have to replicate that. So the basic tube, hollow as we call it, being planned in next three years is 50% to 60% whereas in exports we are planning something like 90% to 100%. I think it will happen in 2018-2019, we would be able to touch the peak.

Ujwal Shah: And in terms of margins, what kind of margins this business can earn once we reach that 55% - 60%?

L. Ramkumar: Potentially the margins are planned to be better than the current business, but at the moment we are seeing some, the market is not pickup fully so the prices are competitive, but it needs to be better than the base business.



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- Ujwal Shah:** And sir, what has been our investment in this business, sir?
- L. Ramkumar:** We have invested Rs. 250 crores.
- Ujwal Shah:** And sir, you said we need additional CAPEX to be done, so what kind of CAPEX would we require in this business?
- L. Ramkumar:** In engineering business?
- Ujwal Shah:** Yes sir.
- L. Ramkumar:** Yes, to do a debottlenecking, anyway every year we spend in this business Rs. 70 crores to Rs. 75 crores of CAPEX. So maybe we may have to spend another Rs. 40 crores - Rs. 50 crores, etc., for debottlenecking.
- Ujwal Shah:** And the next leg of CAPEX is being planned currently, so that we will come to know over the next few quarters?
- L. Ramkumar:** Yes, I think as we see this year and once we form up our exports and once we see how the momentum is going on in automotive, we have planned the next year, sometime in January we will have a firm view of next level of CAPEX.
- Moderator:** Thank you. Our next question is from the line of Vipul Shah from Sumangal Investment. Please go ahead.
- Vipul A. Shah:** Sir, what is the capacity of this large dia business?
- L. Ramkumar:** Capacity, as we mentioned is around 3,000 tons per month of precision steel tubes and basic tubes which is not cold drawn, another maybe 2,500 tons per month. Because you need basic tubes to make these 3,000 tubes and on top of this we can make the base tubes around 2,500 tons.
- Vipul A. Shah:** Sir, would you repeat because I was not able to listen you because of some problem in the line, would you repeat what you have said.
- L. Ramkumar:** See, there are two parts in the tube making, this is why I am finding difficult to explain. First is, the tube is rolled and then the tube is drawn, the draw portion we have a capacity of 3,000 tons per month, the rolling portion will have a capacity of 5,500 tons to 6,000 tons.
- Vipul A. Shah:** And what should be higher percentage realization as compared to conventional tubes?
- L. Ramkumar:** It can be upwards of +2%.



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- Moderator:** Thank you. Ladies and Gentlemen, that was the last question. I would now like to hand the floor over to Mr. Kashyap Pujara for closing comments.
- Kashyap Pujara:** Thank you so much to the Management and to analysts, investors to be part of the conference call. And look forward to speaking to you all again in the next quarter. Thank you, sir.
- L. Ramkumar:** Thank you.
- Moderator:** Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.