



“Tube Investments Q4 FY16 Results Conference Call”

May 04, 2016



MANAGEMENT: MR. L. RAMKUMAR – MANAGING DIRECTOR

MODERATOR: MR. KASHYAP PUJARA – AXIS CAPITAL LIMITED



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Moderator

Good Morning, Ladies and Gentlemen, Welcome to the Tube Investments Q4 FY16 Results 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 would now like to 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 thanks for standing by. It is an honor to have with us the Management of Tube Investments for the Conference Call related to Q4 FY16 Earnings. Without taking too much time I now hand over the floor to Mr. Ramkumar who is the Managing Director. Over to you, sir.

L. Ramkumar:

Thanks, Kashyap. Good morning to all for taking time off to join this concall. I will quickly take you through the results which have been published. I will start with the standalone:

We crossed a turnover of Rs.1,000 crores during the last quarter largely contributed by a good increase in the bicycle business turnover. Overall for the year we ended up Rs.3,940 crores, the total income from operations which is a growth of 3%. And during the quarter our profits also increased. We had profit from operation before other income, etc., of Rs.64 crores for Q4 as against Rs.56 crores for the similar quarter last year. Overall for the year we are at Rs.240 crores against Rs.222 crores, the percentage improving from 6.1% to 6.3%.

The finance cost was around the same or slightly less compared to last year. We have profit after finance cost but before exceptional items, it is comparable one Rs.139 crores against Rs.121 crores of previous year, again a small improvement in percentage. We did have an exceptional item as we had already mentioned. This has arisen due to the sale of stake in Chola Insurance to our partners Mitsui Sumitomo. There is a profit on sale which has been booked and hence you have this three digit figure of Rs.821 crores and the resultant profit before tax after exceptional item and profit after tax ending at Rs.730 crores. The proceeds of this insurance stake sale will go towards retirement of debts. Definitely the sale has increased our net worth by which the long-term debt-to-equity by the end of the year 31st March, 2016 is 0.57, as we retire more debt we hope to retire something between Rs.600 crores to Rs.700 crores out of these proceeds. The overall debt-to-equity of the company will come down to roughly around 0.35 from 0.7.

Coming to the individual businesses:

Bicycles turnover grew by 45%, large component of it was a government order which we executed for the West Bengal Government. Bulk of it having being over in the year 2015-16.



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Engineering Division grew by 5%, Metal Form Products by 6%, overall the turnover as we already said that gone up during the quarter by 19%.

In the full year we see that Bicycles turned in a good performance with a 13% growth, Engineering dropped to 5.5%, a large part of the drop is also due to the drop in realization because of the lower commodity prices and steel cost during the last year. The Metal Form Products grew by 2.6%.

In the case of volume growth which we have been talking about in all these analyst meetings, the overall bicycle volume grew by 13.5% year-on-year by the end of the year 2015-16. In the case of Engineering division, the tubes were almost flat, the quantities were the same as the previous year and in the case of strips there was a marginal drop. As far as current year is concerned, 2016-17, I must say on the new plant which we setup, the largest diameter tubing plant is getting stabilized and during this year every quarter we expect the volumes to pick up and we see a good traction from customers.

Coming to the Metal Forming division – there was a small drop in the door frames by 5% whereas there was a good growth of 6% to 8% in Auto, Industrial Chains as well as Fine Blank products in this particular division.

As far as consolidated results are concerned – the numbers are not comparable because during the month of August 2015 Cholamandalam Finance seized to be subsidiary of TI, so the top-line is not consolidated and hence the resultant numbers are different.

I shall take you through these numbers of Insurance and Cholamandalam Finance:

Cholamandalam Finance again has done exceedingly well. They ended the year with a Rs.4,214 crores income as against Rs.3,715 crores last year and profit before exceptional items, profit before tax was Rs.879 crores as against Rs.666 crores the previous year and after tax they ended up at Rs.575 crores against Rs.444 crores which is an excellent growth compared to the previous year. And they also increased their total assets, disbursements, etc., as it is during the last year.

Coming to Cholamandalam Insurance – They also turned in a good performance on the top-line. In the case of gross written premium they went up by 30% and the underwriting results were almost the same. Overall if we see, their profit before tax ended up at Rs.213 crores as against Rs.200 crores of the previous year.

In the case of Shanthi Gears, you might have seen the results, we turned in results better than the previous year. There has been growth in both the turnover and a good growth in profits. We also talked about total orders booked up to Rs.195 crores during the last year and we have good pending order book situation as we started the year.



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Going forward, we see the company will continue to look at improving the market share. The new subsidiary we started, TI Tsubamex Private Limited with an investment in for dies and tools has commenced the operation and we are happy to say that there has been a good traction in terms of order load from various customers, we are in the process of stabilizing and executing the various orders for this company.

So, overall this is a situation as far as Tube Investments of India is concerned. We will be very happy to take any questions from any of you. Thank you.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from the line of HR Gala from Panav Advisors. Please go ahead.

HR Gala: Going ahead you have given flavor of FY17, can you tell us a little bit more about how do you see different businesses shaping up?

L. Ramkumar: See, Bicycle business we are seeing the trade is being very flat, maybe hardly there is a growth of 2% to 3%, the standard bicycle sales are coming down overall except for the compensation happening from the government sector where the margins are not always very good, but it helps us to recover the fixed cost. So basically volume of 1.1 million bicycles from the government 2015-16...

HR Gala: These are all standard bicycles?

L. Ramkumar: Standard bicycles. So this we did last year, this is the highest and we have not done this kind of quantity. I cannot say the same will repeat, it depends on the various governments but normally we have done around 0.5 million steadily from the government sector. Now I can also say that the high end sector of the bicycles is growing very well with a lot of people taking up to cycling or as more sale of bicycles of value above Rs.5,000. Even though this is a small percentage of the market the percentage growth in this market is pretty good. This will definitely improve our margins going forward. This is as far as bicycles is concerned, we made a beginning in exports. We do sell children's bicycles to Europe, that has been increasing, maybe that also will increase this year by another 20%, 30%. We did 60,000 cycles, we will do probably 100,000 cycles during the current year. These are the improvement as far as the bicycles are concerned, we are also setting up a plant in Rajpura, we will inaugurate this plant for production sometime in June 2016 which will give us some advantages in terms of proximity to vendor base and proximity to the northern India market, we already have a plant in Noida but the capacity has not been sufficient there, so we have shifted there. That is as far as the bicycles is concerned.

HR Gala: So sir how much CAPEX we will be spending on this new bicycle plant?



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- L. Ramkumar:** It will be around Rs.100 crores plus, I think we spent most of it last year itself, there is not much we left for this year 2016-17.
- HR Gala:** So FY16 itself we have spent?
- L. Ramkumar:** Yes, correct. Now coming to Engineering division...
- HR Gala:** Before that if you can just tell me, as far as bicycle is concerned out of total revenue how much is standard and how much is high end?
- L. Ramkumar:** See, the take away 1.1 million bicycles, government is all standard out of the total of 4.5 million, of the balance 3.4 you can say 40% is standard, the balance 60% will be the non-standard bikes.
- HR Gala:** Do you expect margins to remain in this....
- L. Ramkumar:** Yes.
- HR Gala:** You can take us through Engineering.
- L. Ramkumar:** Yes, we talk about Engineering, we see that the new plant which I talked about should turn in a good performance, that has been one of the reasons the engineering divisions profitability was affected in the last two years. This year there will be a revival because the capacity utilization will increase with higher volumes and the last month of the year I think we made on the plant alone positive EBITDA. So that trend continues and then we should do more EBITDA to cover the depreciation, interest, etc, so that will be a good upside as far as this division is concerned. The balance of this division is dependent on the growth in the auto sector, we have a fairly large market share in precision tubes in two wheelers and four wheelers in this particular division. If the pickup in the market is good, we will get the benefit of it and the upside will be very good here.
- HR Gala:** In Engineering how much turnover do we expect in large diameter at an optimum capacity utilization?
- L. Ramkumar:** Optimum we should do upwards of (+300) crores.
- HR Gala:** When do you think we can reach that threshold level?
- L. Ramkumar:** We should do it in three years, 2016-17, 2017-18, 2018-19.
- HR Gala:** Metal Forming sir?



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- L. Ramkumar:** Yes, the balance one is related to car door frames where whatever we are doing with Hyundai is doing very well, there has been a good growth with Hyundai and others is changing depending on their model mix. Whereas our chains or fine blank products these are linked to again passenger cars and two wheelers again. These are doing well, they have been growing in the aftermarket. Here, the growth could be in the range of 6% to 7%. This year also we grew by 6% to 8% in a market which is not very conducive because we have been introducing new products or we are getting new programs or we are improving our market share with various people, this will be the broad outlook for Metal Form products.
- HR Gala:** Shanthi Gear, how much is the pending order position?
- L. Ramkumar:** Rs.106 is the pending orders.
- HR Gala:** I think Shanthi Gear there has been a remarkable recovery?
- L. Ramkumar:** It has recovered, we would like to see even better results.
- HR Gala:** Sir, just one small question, how much of CAPEX we will have in FY17 different projects?
- L. Ramkumar:** We are talking about Rs.178 crores.
- HR Gala:** And this will be spread over which divisions?
- L. Ramkumar:** All divisions, I think Engineering division always has maximum CAPEX because of the nature of the business, there is a little more heavy investment, more replacement and some marginal capacity addition, I mean debottlenecking. Next will be Metal Form products, Bicycle will be less.
- HR Gala:** Yes, because we already spent Rs.112 crores?
- L. Ramkumar:** Yes.
- HR Gala:** So you expect overall next year to be quite good?
- L. Ramkumar:** Yes, as we are starting the year we have to be very positive, the match has just started, first over, I think we should win.
- HR Gala:** At least the first month has been quite good on the auto side, at least see what kind of growth.
- L. Ramkumar:** Yes, first month has been surprisingly good, normally we have seen that March is very high, April there is a little lull, so April has been good actually. Let us hope and pray.



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Moderator: Thank you. Our next question is from the line of Roshan Chutkey from ICICI Prudential. Please go ahead.

Roshan Chutkey: Sir, I would like about the General Insurance business, did this high growth in gross premium that you have generated what is the corresponding OPEX growth that you have seen this quarter?

L. Ramkumar: Operational expenses?

Roshan Chutkey: Yes, that is right.

L. Ramkumar: Total expenses of management went up by 15%.

Roshan Chutkey: Is it year-on-year?

L. Ramkumar: Year-on-year, correct.

Roshan Chutkey: Sequentially have you seen any rise, I am not sure about your last quarter's number.

L. Ramkumar: Q4 total expenditure went up from Rs.408 crores to Rs.479 crores, this is something like 17%.

Roshan Chutkey: Sir Rs.408 crores is Q4 of FY15?

L. Ramkumar: Yes, and FY16 is Rs.478 crores.

Roshan Chutkey: What was the number in third quarter?

L. Ramkumar: Third quarter was Rs.388 crores, Rs.388 crores became Rs.480 crores, now I would really reserve my comment on why it has gone up unless I check with them, if you want we can always give you offline.

Roshan Chutkey: Sir, would like to know the details further, I will take it offline.

L. Ramkumar: There is an incurred claims net of reinsurance recoveries has gone up by Rs.50 crores, it seems to be the main thing. But you can check with Axis...

Roshan Chutkey: Are you seeing any serious increase in commission here, commissions that are paid?

L. Ramkumar: No, frankly I must say that I do not have the full information on this, I do not want to mislead you. Tell Axis Capital, we will get the information and give it to you.

Moderator: Thank you. Our next question is from the line of Vipul Shah from Sumangal Investment. Please go ahead.



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- Vipul Shah:** My first question relates to, can you give me capacity utilization in each of our division means Bicycle, Engineering, Metal Forms? And second question, this precision tube is mainly used in cars or it is in two wheelers also?
- L. Ramkumar:** Largely two wheelers as well, I will tell you both the questions I will answer. Capacity utilization, Bicycles will be almost 90% but as you know we are coming up with a new plant so that will take up the capacity sometime during the year.
- Vipul Shah:** And what is the capacity being added by new plant?
- L. Ramkumar:** See, we will be having a capacity of 2.5 lakh cycles.
- Vipul Shah:** At new plant?
- L. Ramkumar:** New plant, but we will be replacing an existing plant also which has around 1.5 lakh cycles progressively.
- Vipul Shah:** So net it will be addition of 1 lakh?
- L. Ramkumar:** 12 lakhs per annum.
- Vipul Shah:** So that will take our total capacity to how much sir?
- L. Ramkumar:** Maybe 54 lakhs or something.
- Vipul Shah:** 5.4 million?
- L. Ramkumar:** Correct.
- Vipul Shah:** So last year capacity utilization was 90% in Bicycle division?
- L. Ramkumar:** Very difficult to say, on months it will be very low, on months it will be close to 100%.
- Vipul Shah:** No, I am talking about yearly average.
- L. Ramkumar:** It is very difficult to say because I do not know what you are wanting, you want to divide total production by capacity, we do not look at capacity utilization like that, we look at how much room is left. See there are seasons, during the season we use nearly 100% or we need more than that, during off season we use only 70%. So if you want to know how much room we have we cannot just add like that, we have to keep for the peak season.
- Vipul Shah:** Regarding other divisions capacity utilization?



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- L. Ramkumar:** Other divisions and all, it is all very tough to say but we are running to the brim, you can say tubes is 85% to 90%, chains is also 85% to 90%, see for the models we are doing well we will be using nearly 100%, for the models where we are not doing well it will be virtually zero, it is like that.
- Vipul Shah:** And last question sir, in General Insurance can you give any ballpark market share movement over the last one year, means have we gained have we lost?
- L. Ramkumar:** I think we have gained, I do not remember the number.
- Vipul Shah:** Okay, can I take it off line?
- L. Ramkumar:** We will get it for you, no problem.
- Moderator:** Thank you. Our next question is from the line of Kashyap Pujara. Please go ahead.
- Kashyap Pujara:** Sir, just a couple of questions. One is regarding the balance sheet, while the debt has gone down long-term and short-term to Rs.640 crores from I think close to Rs.1,100 odd crores in the same period prior year, there is a large amount of figure in other current liabilities close to Rs.800 crores if I am right, so could you just articulate what is the current portion of debt that is sitting there because we have Rs.734 crores of cash which is sitting on the books which is I think a function of the stake sale in Insurance, so could you just articulate the current portion of this year's debt and would we be fair to assume that the cash will get knocked off against the debt?
- L. Ramkumar:** You have asked the question and answered it as well, so this Rs.826 crores includes Rs.(+700) crores of current debt due within one year and bulk of the cash, say around Rs.650 crores to Rs.700 crores will be used to knock off this debt.
- Kashyap Pujara:** Which means that the net debt by the end of this year, if I were to look at it assuming moderate CAPEX Rs.170 crores would basically remain around 600 - 700 level which is where we are right now?
- L. Ramkumar:** Correct, you are right.
- Kashyap Pujara:** And sir just one more aspect is that since the debt equity of the company goes down do we get a benefit of the interest rate because you have mentioned the rating has been upgraded, I think in the last quarter it was there if I remember right. So what would be my total borrowing cost now going forward?
- L. Ramkumar:** When we go for rerating now, what we call review of our rating, we believe our rating will go up. Already our rating is very good in short-term, I think we will get very fine rates, I am not



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sure how much. We will get some of the best rates and probably we will have a better rate in the long-term after this rerating is done which I am sure will give us one notch above at least.

Kashyap Pujara:

Sir your net fixed assets have come down, so it implies that CAPEX has virtually been near depreciation levels and also there has been write-off that we have done around Rs.37 crores - Rs.38 crores related to assets in the Metal Forming division, so could you articulate what are those write offs that we have taken for?

L. Ramkumar:

There is some impairment of assets for investments we have made is not yielding results, one is, investment we made for railway projects in Uttaranchal for wagons which has not been doing well, we have been reporting in all these conferences also and we have seen for three years things do not seem to be improving. So we thought probably it is better to write-down these assets. Similarly we made investment for a particular model of a company for Metal Form products and that is not doing well at a particular location, I do not want to mention the name of the company, so this particular asset is also not by and large used at all. Then we have one or two specific assets for a particular segment in Chennai area which has been carrying on for four, five years, some years we get orders, some years we do not get orders, it goes up and down. Taking all these things together we have provided for Rs.37 crores of impairment.

Kashyap Pujara:

And would it be fair to assume that since the impairment has been taken and we have brought it down to realizable value, would it be fair to assume that we would be open to monetizing these residual values whenever we can?

L. Ramkumar:

Wherever possible, actually the rate is done is to take the realizable value and take only the balance and we are definitely looking at if there is an opportunity we would like to monetize this.

Kashyap Pujara:

And a lot has been said about railways that CAPEX is picking up and hopefully the business should do well, you do not see any green shoots in this side because railways and you are predominantly in wagons and that is where you have taken the impairment?

L. Ramkumar:

Yes, but then we do some small portion of our business for coaches i.e. for the passenger coaches which has shown a very significant improvement during the year. We used to do maybe two to three sets of coaches per month, I think today we are doing something like 12. So we see an improvement there.

Kashyap Pujara:

And lastly, before I go back to the queue just wanted to know the number, like the return on capital the Bicycle division is suppressed because of the investment made in the Rajapura plant so that hopefully should normalize, likewise the return on capital in Engineering is suppressed because of the investment made in large diameter. So probably while the number reported is 16% or so, if one were to axe out the loss from the large diameter than what would be my return on capital on the core business currently?



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- L. Ramkumar:** It is a very classified information, but whole business returns on capital employed is very healthy, +25%.
- Kashyap Pujara:** And hopefully in the next two years once the normalization of this large diameter plant comes through because the large diameter product would have a higher margin then could we expect that this entire bucket of engineering products can go to the traditional return on capital that we have seen in that division?
- L. Ramkumar:** Yes, I think it is possible as the capacity utilization picks up, definitely it will go up, finally it will settle down at a rate around or more than 25%.
- Moderator:** Thank you. We have the next question from the line of Nilesh Gandhi from Destimoney Securities. Please go ahead.
- Nilesh Gandhi:** I have a question on Shanthi Gears, we have been listening to your commentary for last few quarters, so earlier we had been investing in all others to cover our base cost as those were the low margin orders, now we are seeing that the margins have improved. So if you can guide us, I mean we are at what stage where we are able to decide to skip the low margin order to choose higher margin order, if you can guide on which parts are we really out of that track where we can completely skip the low margin orders?
- L. Ramkumar:** See, the plan is to have a mix of orders by which the average margin will be at least close to what we have seen in the last year. Progressively there is an effort to improve the margin obviously, it is not that we completed exited the low margin order, earlier maybe in between one year we went all out for top lengths but recently it does not make sense, so that means some rationalization consciously we say. We are also slowly getting into what percentage of our products will come from high, what percentage will come from medium, what percentage will come from low so that the weighted average margin is good, it is the way we are working. And we also believe that if you want high margin you should do something slightly different. You cannot do a standard product and ask for a high margin. So there are a number of sectors we have entered. Last year, we have done some base work, this year we will get some actual orders. Then going forward in the years to come, as the business builds up, we will really see the impact of margins.
- Nilesh Gandhi:** So sir in the press release that you have mentioned that you have entered into different segment, so in which class you will refer to these orders, these are high margin or low margin, can we quantify?
- L. Ramkumar:** It will be medium to high.
- Nilesh Gandhi:** And sir, sale side comes from the government can we assume that it will be stretch on balance sheet in terms of releasing of payments?



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- L. Ramkumar:** Cannot say actually, we are not seeing because some of the orders we are doing, the government is giving very high priority for developing in India or additional source. So, at the moment, we do not see a major issue in terms of payments.
- Nilesh Gandhi:** Sir another question was on the balance sheet of Shanthi Gears, if you look at the balance sheet on the asset side the flows and advances, long-term loans and advances have increased to Rs.13 crores as compared to somewhat Rs.6 crores in last year, so any particular reason or someone time arrangement there?
- L. Ramkumar:** I do not see anything very drastically, I do not think we can give the detail actually. As I remember it will be a normal thing month end something which will get adjusted in the next month like that.
- Moderator:** Thank you. We have the next question from the line of Vipul Shah from Sumangal Investment. Please go ahead.
- Vipul Shah:** Can you give the competitive intensity, some color of competitive intensity in all your three main segments I mean Bicycle, Engineering and Metal Formed products?
- L. Ramkumar:** Yes, in the of Bicycles the major competitor, the largest bicycle maker in India, definitely as I said the standard bicycles are not growing, the non-standard bicycles are growing. So apart from them, there are couple of other players also. So, everybody is getting into this special segment. And there is lot of activity in terms of pricing, promotions, etc. Where we are trying to score is in terms of providing a superior product quality, maybe, we do charge a premium compared to others for certain models. So, that puts a lot of pressure when your pricing is not the lowest. So we are not playing on the lowest price but we are playing on the best value. Since the market is not growing, the intensity is very-very high.
- Vipul Shah:** So premium means you call above Rs.5,000 above Rs.10,000, means what is the threshold level you call premium bicycles?
- L. Ramkumar:** Say above Rs.6,000, there still the market is growing so everybody is having their say but below that....
- Vipul Shah:** In premium segment what type of market share we are having, roughly?
- L. Ramkumar:** I think probably we will have some 35%.
- Vipul Shah:** 35% in the premium category?
- L. Ramkumar:** Yes.



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- Vipul Shah:** And regarding other two divisions, sir?
- L. Ramkumar:** See, Engineering Division and Precision Steel Tubes, we are a very significant player, in upwards of (+50%) market share, there are other players, one or two of them have become weaker, one or two of them are becoming bigger.
- Vipul Shah:** Any major competitor, sir?
- L. Ramkumar:** If you see the list the nearest competitor maybe be 7% to 8% market share.
- Vipul Shah:** Can you name them?
- L. Ramkumar:** I do not want to name them on the concall, so you will have to find out.
- Vipul Shah:** And last, Metal Form division?
- L. Ramkumar:** Yes, Metal Forming, as far as door frame is concerned there is not much competition, actually there are not many players and people prefer us also. But in the Chains it is a two-layer situation between us and another player in the south, it is neck to neck in terms of the OEM competition. In the aftermarket, our competitor will have a larger share than us. And Fine Blanking, I think we are growing, you know the best players in fine blanking, they are bigger but I think we are catching up there. Industrial chains, we are bigger than competition in the domestic market.
- Moderator:** Thank you. Our next question is from the line of Kashyap Pujara from Axis Capital. Please go ahead.
- Kashyap Pujara:** Sir, could you just give a sense of what were total volumes for cycle and the engineering products division this year for the full year?
- L. Ramkumar:** Cycles, we ended up at 45.6 lakhs, engineering would be...
- Kashyap Pujara:** If you look at strips and tubes combined.
- L. Ramkumar:** 220,000 tons the corresponding to what you are asking.
- Kashyap Pujara:** And sir, while we have discussed many times on this, but just wanted to take your sense that in the portfolio that we have currently across various divisions and including Tsubamex what according to you would be the brightest points of the portfolio where you see to be most optimistic in terms of the growth that is going to come through and which are the ones where you expect normalized stagnant growth or where you see generally a bit more weaker?



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- L. Ramkumar:** I think in the near term maximum growth will come from engineering followed by metal forming followed by cycles.
- Kashyap Pujara:** So cycles will continue on the 5% to 8% kind of growth and institution orders were basically more like one-off in this year?
- L. Ramkumar:** No, not everything is one-off, 50% could be repetitive the balance may or may not be there.
- Kashyap Pujara:** And margins are basically hopefully going to sustain?
- L. Ramkumar:** Yes, correct.
- Kashyap Pujara:** I think there was a mention where I think I did see that you did have a larger premium bicycle in the range like tie-ups with Bianchi and you have your own Montra, so you can really from marked segment have offerings right up to the premium segment, so do you see this premiumization story panning out over time which can actually lead to higher contribution of specials which can actually drive margins for us, though volumes might not be really a big driver but the margins can really still be a good driver for overall profitability?
- L. Ramkumar:** So whatever you said is possibility, that is what is happening but since the premium segment you are talking about is still not significant the tipping point has not taken place. Once the premium segment becomes a more significant percentage then you can sell less bicycles or almost the same bicycles and make more money.
- Kashyap Pujara:** And when do you see, I mean overall if one were to take a time horizon, the reasonable expectation of this tipping would be what, three years down the line, five years down the line, when should one look, how should one look at it?
- L. Ramkumar:** I wish I knew the answer, but my guess is it maybe 10 years.
- Kashyap Pujara:** So a long way to go there.
- L. Ramkumar:** Because see, you must also understand the moment you want to buy a cycle of Rs.15,000 and all that it becomes a more discretionary purchase, in all this conditions and all these things come into play, something drastically happens there it will just jump.
- Kashyap Pujara:** And lastly, I will take the last question from my side at least, what is your expectation of the automotive growth because excluding the bicycle segment we are largely dependent on automotive and typically how the growth in two wheelers, four wheelers, etc., shapes up, so what is your industry reading on the automotive segment growth going forward?



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- L. Ramkumar:** See before the beginning of this year the feeling was it will be moderate 6% to 7% but the year has started very well as you know, if it continues like this it will be very good for us. We also have a say in the infra growth where it will impact our large business as well as Shanthi Gears, so if the infra growth is good there will be somebody also who will benefit.
- Moderator:** Our next question is from the line of Nilesh Gandhi from Destimoney Securities. Please go ahead.
- Nilesh Gandhi:** Sir my question was on Shanthi Gear again, what was the CAPEX that you incurred in the last year and what would be in the current year?
- L. Ramkumar:** Last year we would have done some Rs.11 crores.
- Nilesh Gandhi:** Largely it will be maintenance?
- L. Ramkumar:** Yes, I mean replacement, upgradation, something like that.
- Nilesh Gandhi:** And similar will be in current year?
- L. Ramkumar:** This year it will be more because we are looking at specific segments for which if we did not have the proper equipment we may be spending Rs.15 crores to Rs.20 crores.
- Moderator:** Thank you. Our next question is from the line of Jahangir Master from Siddesh Capital. Please go ahead.
- Jahangir Master:** Sir, regarding Cholamandalam General Insurance, for FY16 can you share the number of gross written premium, revenue, PAT and book value?
- Management:** Gross written premium is Rs.2,465 crores, revenue is Rs.1,691 crores, operating profit before tax is Rs.213 crores, PAT is Rs.148 crores.
- Jahangir Master:** And lastly sir, book value?
- L. Ramkumar:** I am sure if you will add number of shares you can make out.
- Moderator:** Thank you. Ladies and Gentlemen, that was our last question. I would now like to hand the floor over to Mr. Kashyap Pujara for his closing remarks.
- Kashyap Pujara:** Thank you so much to everyone and especially the Management of Tube for taking time out for this investor call. Thanks everyone.
- L. Ramkumar:** I do thank all of you for taking time out. Thank you very much.



*Tube Investments of India Limited
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Moderator: Thank you, members of the management team. On behalf of Axis Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.