"Wheels India Limited
Q2 FY2022 Post Results Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Wheels India Limited Q2 FY2022 Post Results Conference Call hosted by ICICI Securities. 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 over the conference or to Mr. Nishant Vass from ICICI Securities. Thank you and over to you Sir!

Nishant Vass: Thanks Bilal. Good day everyone and thanks for having us today for this call. From the management side we are represented by Mr. Srivats Ram, Managing Director and Mr. R. Raghunathan, CFO. I would now like to handover the call to the management for their initial remarks. Over to you Sir!

Srivats Ram: Thank you, Nishant and good afternoon ladies and gentlemen. This call is related to Q2 results of Wheels India. In the second quarter of this year we have been able to post a turnover of Rs.911 Crores compared to Rs.510 Crores in Q2 of the previous year. The net profit of the Company also rose to Rs.21.2 Crores as compared to Rs.7.4 Crores of the previous year. The PAT for the half year ended 30.9.2021 was Rs.31.3 Crores compared to the loss of Rs.30.8 Crores in the previous year.

Revenues were Rs. 1585 Crores compared to Rs. 722 Crores for the half year ended 30.9.2021. Of course, last year first half, we were just coming out of the pandemic and we had rational outcome. We saw fairly strong growth in our export markets and that has driven a lot of our growth. Although I would not say that there was pretty much growth in all segments of our business, we are definitely seeing the domestic business coming back.

This Company has relatively limited exposure to the passenger car segment. So the segments that we serve were not that badly affected by the semiconductor shortage. Exports were 25% of our sales really driven by very strong growth in the construction equipment wheel business, the agricultural tractor wheel business, the windmill business and also our aluminum business. We expect this trend of export driven growth to continue, although I do expect that next year, depending on the situation with semiconductors, we should also see domestic growth. With that, I am open to any questions that the participants may have.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask any question may press "*" and "1" on their touchtone telephone. If you wish to remove yourself from the question queue you may please press "*" and "2". Participants are requested to use handsets while asking a question.

To ask a question you may please press "*" and "1". Ladies and gentleman, we will wait for a moment while the question queue assembles. The first question is from the line of Yash Agarwal from JM Financial. Please go ahead.

Yash Agarwal: Good afternoon, Sir. What has been our export growth from the first half vis-à-vis last year?

Srivats Ram: Sir, the export growth for the first half was about 28%.

Yash Agarwal: What has been the mix last year for the last quarter?

Srivats Ram: Raghunathan would you have that number with you?

Raghunathan ; Sir, It was 28%.

Yash Agarwal: Basically, I wanted to understand what has been the growth in exports, you know, if I look at the last?

Srivats Ram: Yes. I understand. See last year is not really comparable because the domestic market was low. So, the 28% last year was also seen from the context of first quarter where the domestic market was pretty much dormant. So we are only exporting in the first quarter. So when you look at 28% you do not get a sense but what you should look at, that is 28% of Rs. 1586 crores as opposed to 28% of Rs. 722.Crores.

Yash Agarwal: What are these export tailwinds that we are seeing because I believe across the board even the competitor they have seen very good export growth. So what are the major tailwinds that you are witnessing to drive routine exports or is it just clearly order wins, which is Company's specific?

Srivats Ram: Typically, Wheels India work on long term orders, two year periods or more. So really what comes through, is what we have worked on say two years back. There is, definitely much more offtake out of what we worked on two years back than we had planned, but broadly speaking, lot of the business which has come in, is business which is long-term business and is not opportunistic business. This is the business that we have worked on for more than two years and then it has come in now. On top of that the only thing I can say is that, probably on the agriculture tractor side there is a cyclical upswing, globally, commodity price being high in the agriculture segment. There is also about 30% growth in terms of that segment globally and so we are also, you know, capturing that in our group.

Yash Agarwal: So, these are long-term models is it?

Srivats Ram: Yes, this is long-term business. Most of the growth is coming from customers we have been servicing for many years and basically either getting out to new platforms or growing on existing platforms.

Yash Agarwal: So which segment is it, you mentioned tractors?

Srivats Ram: Yes. The segments where we are seeing growth, actually the second quarter specifically if you ask me, I will say construction equipment wheels, agriculture tractor wheels, aluminum wheels components for windmills. In short, the of-highway segment that includes agricultural tractor and construction wheels; aluminum wheels and windmill components are the three pillars of growth for us on export.

Yash Agarwal: And, the aluminum wheel plant, what is the current utilization we are running at?

Srivats Ram: Yes. We had cleared an investment for 350,000 cast aluminum wheels. We are right now producing around 20,000 wheels per month. This translates into a 70% of utilization at the current moment but this will keep getting updated because we also have equipments which we have ordered which are yet to come in. So, that will go up but also the sale that we generate will go up.

Yash Agarwal: And, this is primarily only from the export market, is it, the aluminum?

Srivats Ram: Yes. This is only for the export market but we have also one customer in the domestic business but that will take more than a year before it comes online. We have also just started selling aluminum wheels in the aftermarket in India.

Yash Agarwal: Good. Also, just wanted to understand a little bit on the commodity calls so I believe your steel and aluminum cost have obviously gone through the roof in the last seven, eight months. So, what is the faster aluminums do we work with, you know, why the typical lag for the start, you know, of our margins back?

Srivats Ram: Yes., domestic I think it is pretty clean because it is kind of almost done concurrently with the supplier and Customer. On the export markets there is a lag because there is a quarterly settlement. So, if you miss a settlement there, then it gets shifted. The month from which it is effective also varies. If you look at the last quarter there might have been, in some of the export segments notably windmill segment and to some extent construction segment there might been a lag of about two months but that's about it.

Yash Agarwal: Alright Sir. I will get back into the queue. Thank you so much.

Srivats Ram: Thank you.

Moderator: Thank you very much. The next question is from the line of Nilesh Doshi from Green Lantern Capital. Please go ahead.

Nilesh Doshi: Thank you for taking my question. Sir, in case of exports you explained that the pass through is with a lag effect of about two months or sometimes a quarter let us say but that means that wherever you have an order you would have booked the raw materials for the next three months because pass-through itself is two months lag or three months lag then typically industry procures for that two to three months in advance so that the margins are not generally impacted. So am I missing something in this understanding?

Srivats Ram: The automotive industry does not work like that. Material is got just in time and also in case you have not noticed the commodity prices have gone up so it is not as if material availability is there. Material is also a kind of in short supply. So we are just getting the materials in time to do the exports. It is not as if we are able to build up stocks, especially on the export market where there is short in growth.

Nilesh Doshi: So, we do not build up inventory advance of two months or three months having some schedule of dispatches over next two to three months?

Srivats Ram: Yes. The supply has been a bit erratic to be honest and hopefully it will stabilize.

Nilesh Doshi: Yes, because when we compare us with the competitor we find that their margins are pretty strong in the range of 12-?

Srivats Ram: See, you have to understand that we are not exactly comparable. The competitor is not in the windmill business. He is not in the global agricultural and construction equipment business. The only business that we compete with the competitor in this Company is really the domestic tractor business, the domestic commercial vehicle business and the passenger car business which represents everything told may be half the business of the Company.

Nilesh Doshi: So, Sir, in that case do we reach a similar kind of profile over let us say next quarter or somewhere sooner?

Srivats Ram: I can only tell you that the Company is on a certain trajectory in terms of the export growth and this growth is likely to continue. We expect that before the end of the year we will move closer to 30% of our sales coming from export even as the domestic market grows.

Nilesh Doshi: Okay. Thank you, Sir.

Moderator: Thank you very much. Anyone who wishes to ask any question may please press "*" and "1". The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda: Sir, in the 28:72 mix that you are calling out for exports to domestic, within domestic if you could give us what is the mix of PV, Off highway, CV, is it possible?

Srivats Ram: Raghunathan, do you have that details with you? You are asking for the quarter or you are asking for the half?

Pritesh Chheda: It is okay, you can give us for the half and you can give us general also, it is okay. Just for understanding that.

Srivats Ram: Okay.

Raghunathan: The domestic business represents 72% of our H1 sales. Of the domestic sales, CV wheel business represents 21%, PV wheel business 8%, construction wheel business 9% and tractor wheel business 33%. The windmill segment represents 14% of domestic sales.

Pritesh Chheda: Okay. And to which we have to then add the export, right?

Srivats Ram: Yes. There are also other divisions which are doing domestic sales. So on industrial component there are other divisions which will say, which again is domestic sales.

Pritesh Chheda: Okay. Sir, to one other question which you answered on this aluminum wheels so it is 350,000 wheels plant in which the utilization of that plant is 70% or out of that 350 some plant is installed because you also stated?

Srivats Ram: There was a delay in the equipment coming in because of the sudden boom in global markets and logistic delays. Whatever has come has a capacity of 25,000 given our current mix. That balance part should come very shortly after which we can increase the volumes.

Pritesh Chheda: Whatever is installed, 70% utilization is there on that capacity, right?

Srivats Ram: Yes,

Pritesh Chheda: So how much is installed out of that 350,000? What is the current plant capacity what is operational?

Srivats Ram: So, basically if you look at it we said 350,000, 350,000 means roughly about 30,000 wheels. We are doing about 20,000 but probably with what we have, what we could probably do would be max of 25,000. So we have to wait for the surplus equipment to come to increase it. This is really more debottlenecking awareness.

Pritesh Chheda: Okay. So basically, what is operational is 25,000 wheels per month and what you are producing is basically 20,000 wheels. And what is the project capex for these total 350,000 wheels?

Srivats Ram: Raghunathan, correct me if I am wrong. The capex which was approved was about Rs.170 Crores. I think Rs.155 Crores is already installed. Balance Rs.15 Crores will be installed in due course.

R. Raghunathan: Yes sir. The balance amount is Rs. 15 Crores.

Pritesh Chheda: We should take a realization per wheel of Rs.3000?

Srivats Ram: No. This is all in the export market, so there is big difference in prices. You have to understand that this is a high variety plant. So, we can do batch size of two. We can also do batch size of 2000 in the same plant. So, it has got high variety. Every month we make close to 100 different wheels.

Pritesh Chheda: Okay.

Srivats Ram: This is a business model with initial volumes from the global aftermarket.

Pritesh Chheda: Okay. So, based on the product what should be the asset turn, Sir?

Srivats Ram: It is more like a 1:1. See the challenge in this type of this statement is that actually, if you look at our paint plant or a heat treatment plant, the heat treatment plant and paint plant are actually designed closer for 750,000 or 800,000, something like that. So when we ramp up, when we double our capacity, we will not be investing in that, but based on the current capacity, honest feedback would be a 1:1, but when we add capacity, the amount of incremental investment that we need to make will be marginal. I am not sure whether I completely answered your question, but I am trying my best.

Pritesh Chheda: So when you incrementally added the capacity, at that time what will be the asset terms?

Srivats Ram: Okay. I think I can probably answer that. Then it will come closer to a max of 1.5.

Pritesh Chheda: 1 - 1.5 type asset turn and margins in the business?

Srivats Ram: The margins in the business in terms of EBIDTA margins will be a double digit margin.

Pritesh Chheda:: Thank you very much Sir. All the best and happy Diwali, Thank you very much Sir.

Srivats Ram: Thank you. Happy Diwali to you.

Moderator: Thank you very much. The next question is from the line of Karthikeyan from Suyash Advisors. Please go ahead.

Karthikeyan: Sir, good afternoon. Can you talk a bit more about the outlook for profitability Sir? It is not very clear. One, of course is the challenge of numerator and denominator because steel prices have gone up. So maybe per tonne of metal process there is profitability is maintained, but maybe it does not recollect in the arithmetic. Can you talk about how to think about profitability plus when you talk about a double-digit margin? The ROCEs do not add up to a substantial number, can you can you share us some thoughts on this also how you think about ROCE?

Srivats Ram: Double digit margin on EBITDA on a capital intensive side will actually depend on the relative capacity utilization of the ultimate capacity that comes in. So the participant earlier had asked about what it will be at full capacity and so the earlier conversation if I look at it, while you have an EBITDA clearly depends on how much you are utilizing, we need to overcome your fixed cost. Now, in terms of overall profitability, other than making a broad comment that is likely to improve the real point that, I would like to bring up is that see essentially you have considered for a 3000 Crore type of Company, so that is roughly, the turnover that we had in 2018-2019. So from that level, the point that I am trying to make is that we had come down to 2200 Crores last year. This year, it is very likely that we will be on similar lines as what we had in 2018-2019. I think that gives you some sense? The point that I like to make is that the export business that we have is long-term business, wherein customers engage with us, in a phased manner. They introduce certain products in phase-1 then they introduce other products in phase-2. And each of these phases, it represents typically another year. So as we go forward, we will find that our export business will continue to grow. And that will have a fairly decent growth trajectory for the Company especially going into the next year. This is even assuming that the Indian market will be muted, because if the Indian market grows it will be over and above that.

Karthikeyan: Right, right. So assuming I look at say, 0.24 and 0.25, you had also described fairly elaborately the new opportunities are addressing in the export markets, the steel wheels, aluminum, as well as the wind component's piece. They added to over 4,000 Crores. So, if I add up all of that, let us say. Can 12-13 % EBITDA margin be expected? How to think about that?

Srivats Ram: I would probably leave it at a double-digit EBITDA margin, because I really do not have control over what happens on the commodity prices, so could it even happen that the commodity prices collapse, in which case, you know, it will happen sooner, or it could be that the commodity prices go up and unfortunately, we are just coming out of a year where we had 40% to 50% increase in commodity prices.

Karthikeyan: Yes. I am sorry if this sounds unfair. But, when we talk to your competitor plus when I look at Minda profitability on the aluminum wheel side business. Those numbers are much higher. So in that context, your guidance seems somewhat conservative. So, that is really the context is.

Srivats Ram: We have to understand as compared to the two people that you mentioned, they are in the passenger car business. Our business is mainly commercial vehicle, construction, tractor and windmills, this is the segment that were playing in, and this segment, we believe it has growth potential. Also, I would like to mention that Wheels India supplies outside of China, about 20% of the global wheel requirement for the construction equipment and the tractor segment in terms of volume.

Moderator: Thank you very much. The next question is from the line of Krishna Kumar from Law and Health Capital, please go ahead.

Krishna Kumar: Good afternoon Sir and congrats for a good set of numbers and its tough conditions. So can you give some colour about couple of things that you used to talk about in terms of China plus one partner, getting incremental market share with global players and also in terms of the European foray post the sellout of the joint venture partner, how are we progressing on that front in those new business and what kind of contracts, if you can share some color that you have visibility Sir, now?

Srivats Ram: Sure, to give you an idea, we bought out our JV partner during the Corona year, last year. When we had the joint venture, partner precluded us from quoting on certain types of businesses, because it has to be seen as completely a new partner. Now, if I look at the coming year, we estimate that we will have about 140 Crores worth of business that we would not have been able to get if we had a JV partner. So that gives you a context of the amount of business that we won. We are also been very targeted in terms of the customers that we work with, and we have been able to grow our business in some of the customers, and long-term plans are quite substantial in terms of growing with us. Largely because, when we had a JV partner, we were looked at as part of that particular group. So they had limitations in terms of increasing the share of the business for one particular group. But now that we do not have a JV partner, we have lot more headroom to grow in. And that is actually where the growth is coming from. Of course, we have not been able to make headway in certain specific European and American customers, but we are targeting others. In terms of the China plus one project, if you look at it, it is more pronounced in North America than it is in Europe. In Europe, I am finding that people earlier were looking at it purely from a cost angle, but now they are looking at it, slightly more from a risk mitigation angle as well. In the US of course, there are import duties to the extent of 19% on Chinese products, but there is no such duty in Europe. So because of the risk mitigation angle, we are finding there is lot more interest in Europe, than what was the last time we spoke. I hope this answers your question if you need any further clarification.

Krishna Kumar: Sure Sir. Also in terms of costs, we do a lot of value engineering and process innovation. So anything that you could talk about the rentals, some benefit, savings that we've been able to achieve through our in-house improvements of process etc., is there you add something?

Srivats Ram: Okay, it is a continuous process and in fact I carry out a cost reduction meeting every two weeks. And so, this is part of manufacturing is all about continuous improvement. So this is kind of what, if you look at the internal meetings we have a monthly meeting to review the business but the cost reduction meeting every two weeks and continues to be a focus, because we are in competitive segment. And also I think the difference between us and others is they are getting into a sense of mass customization, the varieties that we have are quite high, the amount of new product development what they are doing is significant. And I would say that right now, maybe about 70% new product, development is customer model driven, but the balance 30% is all about value engineering and designing the product to reduce cost.

Krishna Kumar: Thank you Sir, and wish you all the best and Happy Diwali to you.

Moderator: Thank you very much, anyone who wishes to ask any questions. May please “*” and “1”. The next question is from the line of Raja Kumar, an individual investor, please go ahead.

Raja Kumar: I have a few questions the first one is on asset turnover side, even I am on the same point of view, people have already asked, so my question is you know in 2019 you did the topline of 3300 Crores on a 600 Crores base and today if I see it on a consolidated basis, we kind of extrapolate you know you are almost like five times a turnover in 2019 so if given our current base is it fair to assume that you will have a potential to do anywhere between Rs. 1050 Crores to Rs. 1300 Crores on a 2019 price line given that steel price is going to be 40% so, we should expect more than 250 Crores in as potential standpoint. Is it a fair assumption?

Srivats Ram: It is difficult to say, the mix makes a difference. I have products where I have an asset turnover ratio of 10. I also have products where I have an asset turnover ratio of 1, so really it is a question of what role is relative to the other. But regardless of that, the basic fact that your turnover increasing and going to continue to increase at least for the near term for the next year or two, it means the asset turnover ratio is going to improve. Now, is it going to be better compared to the escalated asset turnover ratio of 2018-2019, I am not entirely sure. But all I can tell you is that it will go up as business picks up. It is happening at the moment.

Raja Kumar: On the EBITDA you mentioned that you are targeting the double-digit EBITDA margin but if I see here again last five year profile your EBITDA margin is somewhere between 8% to 9% and today we are about 7% so you I just want to know what would be driving your margins to double-digits because you have a better scale or you know what is giving you the confidence that you will be able to better EBITDA margins compared to the last five year profile?

Srivats Ram: Two things, one is basically the product mix is changing, so this Company was seen essentially as a Commercial Wheel Manufacturer. If you look at it right now, Commercial Vehicles represents 21% of our sales. So we have diversified our mix. So, the thing is, when you diversify the mix, you have also have to put in capex because, it fits new products that we have introduced and new industry segments but as this industry segments scale-up, those are in higher EBITA margin related products scale-up, we will see the EBITA increase. So, it is going to happen through the mix and it is going to happen through the scaling-up of production in the changed mix.

Raja Kumar: Okay. Got it sir. Sir, just two more questions. So, on the commodity inflation as well as the freight rate, I saw some softening of the freight rate particularly on the dry index, indexes can collapse. So, do you see any kind of benefit go forward and also on the container availability, things are stabilizing you know, if you could comment on that?

Srivats Ram: Yes, see, fortunately or unfortunately, majority of the freight has been ex-works, so customers take the containers. I would say about 70% of what goes out as exports, 70% is borne by customers. So, it will be in the 30%, you probably see some kind of advantage.

Raja Kumar: Okay, and lastly on the Export benefits, have we baked in anything in the current quarter because it is the other income line is again you know almost negligible, so do you think?

Srivats Ram: The Government has a RoDTEP scheme and under the RoDTEP scheme I think there is half a percent for automotive related expense and 1% for the non-automotive related expenses, roughly speaking. So, we have booked that in the current quarter, so whatever is there for the half is there, but going forward this will continue.

Raja Kumar: Okay, because i see that line is almost only one crores and the conferred due was only 66 lakhs, compared to last year's sales.

Srivats Ram: Raghunathan, can you step in here. It comes under, Raghunathan, in terms of what we have sent to SEBI, what is the line under which the export benefit comes?

R. Raghunathan: That is included in the gross revenue from the operation and other income is only foreign exchange that comes.

Srivats Ram: Okay, so it is included, unfortunately it is included in the Gross revenue so it does not come up. So, the other income which is reported here is forex.

Moderator: Thank you very much Sir. The next question is from the line of Nishant Vats, from ICICI Securities. Please go ahead.

Nishant Vass: Thanks for the opportunity. Sir first, my question was on the aluminium wheel side. The utilisation has now actively risen to a 70% level. Sir, can you give us an update in terms of how have you seen the learning curve of the manufacturing process shape up in terms of this way would you expect, is it reached to the optimum level in terms of projections and product offers and you also mentioned that domestic year started in terms of better. Is that a sign of your confidence on the product related the market? So, can you shed some light on the process and products on the Aluminium Wheel?

Srivats Ram: Sure, so it is a learning process. Whoever invests cast aluminium wheels, it typically takes one to one and a half years for people to learn how to do it. We are about let us say almost a year into the process. So, even if you look at, you know, relative profitability for the other people, it has taken them a couple of years, before the profitability has kicked in. So, it will be very similar for us. In terms of learning yes, our runner products, products that we have processed multiple times, definitely the scrap and rejection rates have come down. But we also have a fair amount in NPD, because we are ramping up to a base level and also in terms of capacity utilisation, Nishant, I would like to mention that you know we still have that 15 Crores or so, which could, you know, tip the balance and when that comes in, that is really when it would be fair to say that this is the initial project phase 1 and we have completed phase 1. So, it is still not at that stage where we have completed the capex that was planned. But, production has stabilised and as a matter of fact we have even invited Directors of those companies to visit the plant. And customer feedback so far is quite positive. Customer is quite happy with us and is asking us to ramp up. Actually the other issue on the export business right now if you looked at the current Board meeting that we conducted, prior to the results, we also cleared capex because we do have backlogs on exports and we need to plug those backlogs as quickly as possible so, that is also, you know, a continued investment which is taking place, because the growth in exports has been more than what we had anticipated.

Nishant Vass: Sir on the domestic replacement side for the Aluminium wheels, like, what are the thoughts around that?

Srivats Ram: Yes, so, here it is fairly straight forward to start off with, you know, we supply parts to one of the largest distributors, in the world who has about 11 brands and those brands are already being sold in India. So, to start off, we are going to look at domestic manufacture of what is already being supplied to India. Second phase we are going to be looking at expanding the base of products that he can sell in India. And thirdly we would look at working along with him to also design products for the Indian market.

Nishant Vass: Understood. Sir, my second question again is on exports. You mentioned about export contribution, like they could further rise even domestic improving, so any thoughts you can share, got commentaries, what are your customers saying, is there any segment which has been meaningful change in outlook both either on positive or some scaling-down due to semiconductor or any other supply chain issues, something on exports for next year?

Srivats Ram: Sure, so. Fortunately for us is our agriculture tractor, construction equipment and the windmill segment are not affected by the semiconductor shortage. At least, we have not got any communication from customers related to that. So as a result of that, these are all very strong. The agriculture tractor market as I mentioned is showing, from the global level that is outside of India and outside of China, if you look at it, this is Western Europe, North America and South America there is about at 30% growth. Also, in terms of construction equipment, there is a similar type of growth and in Mining Equipment, where we play on the lower end, there is even higher growth which is there. So, really we are fortunate in the sense that we are in upcycle in these three businesses. As a matter of fact, I mean, if you just step away from exports for a minute, even in our commercial vehicle business and the air suspension business we are seeing an uptake from what we have had the last one and a half years. So, there are three elements here. One is the segmental, the global markets for each of the segment and them growing. Secondly, there is a factor where we are getting in to other platform to the customer where earlier we were not present. Thirdly, there is also the factor where they might have been buying from China, in certain segments and having China compete with us and in some cases they are giving us the business in place of China.

Nishant Vass: Understood. Sir, A pertinent question was you mentioned about capital spend, so can you give us, what is your broad expectation for this year and any initial thoughts for next year's capital spend?

Srivats Ram: Yes, we have, the board had cleared Rs. 99 Crores as capex in March and in this meeting we have cleared 37 Crores of capex. It is expected that this should by and large be on the ground by April or May 2022 at the latest. The next year we are still in the work, but I would imagine that next year would see some capex for aluminium, maybe something for the construction equipment and something for the windmill segment. So, all the segments are on the growth trajectory. So we will continue to do that and we will keep you abreast and inform of any such plans.

Nishant Vats: That is peaceful. Sir and my last question is on the domestic side. You mentioned on the CV side and the Air Suspension Business looking up. So how are, let us say, because recently the tractors, obviously, the tractors are going to be more moderate in growth. So how do you think the past inflation inter-operates between the two and is there any fungibility into the capacities across these segments, say between Tractors and CVs, specifically?

Srivats Ram: There is very little fungibility of capacities across segments. In terms of outlook, I agree, tractors are not going to show significant growth because they are already at a high base but the commercial vehicle segment, I would say especially on the heavy multi-axle side, ICV and LCV side, the LCV side and ICV side, we are seeing growth. The multi-axle vehicle segment is gaining partly due to the high commodity prices and mining people using some of these vehicles, segments such as steel and cement, notably. So, that segment is definitely growing and should see decent growth in the coming years.

Nishant Vass: Understood. Sir, small clarification, if you the data point specifically on the RoDTEP Scheme have we also booked any previous quarter gain because the scheme was applicable on a retrospective basis or just for the current quarter?

Srivats Ram: There might have been some gains on the previous quarter, but I think, the quarterly profits by and large what you can expect, probably, be more if the turnover goes up, but on this scale value, that's broadly what you could expect in the Company.

Nishant Vass: One final question is on the export realisation. So, what are we, what did we realise on the dollar, on a broad basis for the quarter and the quarter what was the dollar realisation?

Srivats Ram: Raghu, can you answer that?

R. Raghunathan: Yes sir, the average dollar realization for the Quarter was at around 74.8.

Nishant Vass: Thank you so much.

Srivats Ram: Thank you.

Moderator: Thank you very much. Anyone who wishes to ask any question may please press "*" and "1". As there are no further questions from the participants, I would now like to hand the conference over to the management for their closing comments. Over to you Sir!

Srivats Ram: Thank you. Thank you for your patience and also thank you for your questions. I would like to end off saying that on the domestic side, yes the passenger vehicles segment is affected by semiconductor shortage. Demand for all the segments remains reasonably strong and I think there will be at least growth in these segments in the coming quarters and the year. Secondly, on the exports business, typically when we work with customers, we have a plan for two years or three years which we are seeing the benefits of probably the first year of those three years and as things move along you will see further growth in the coming quarters. With that I would like to thank all of you and wish all of you a Happy Diwali. Please keep safe and wish you Prosperous Diwali ahead of you. Thank you.

Moderator: Thank you very much sir. Participants on behalf of ICICI Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your line.