

25<sup>th</sup> February, 2019

<b>BSE Limited</b> Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001.  <b>BSE Scrip Code: 532756</b>	<b>National Stock Exchange of India Limited</b> Corporate Relationship Department, Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.  <b>NSE Scrip Code: MAHINDCIE</b>
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**Subject: Transcript of Mahindra CIE Automotive Ltd Q4CY18 and CY2018 Earnings Conference Call**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Schedule III and Regulation 46(2) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and our letter(s) dated 14<sup>th</sup> February, 2019, 18<sup>th</sup> February, 2019 and 19<sup>th</sup> February, 2019 in respect of Mahindra CIE Automotive Ltd Q4CY18 and CY2018 Earnings Conference Call, please find enclosed herewith transcript of the same.

The same is being uploaded on the website of the Company <http://www.mahindracie.com>

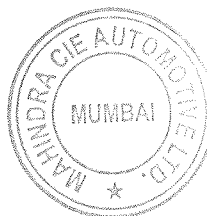
Kindly acknowledge the receipt and take the same on the record.

Thanking you,

Yours faithfully,

**For Mahindra CIE Automotive Limited**

  
**Krishnan Shankar**  
Company Secretary & Head - Legal  
Membership No.: F 3482





“Mahindra CIE Automotive Limited  
4Q CY2018 Earnings Conference Call”

February 21, 2019



**ANALYST:** MR. NISHANT VASS – ICICI SECURITIES

**MANAGEMENT:** MR. ANDER ARENAZA ALVAREZ – CHIEF EXECUTIVE ,  
OFFICER – MAHINDRA CIE LIMITED  
MR. K JAYAPRAKASH – CHIEF FINANCIAL OFFICER -  
MAHINDRA CIE LIMITED  
MR. VIKAS SINHA – SENIOR VICE PRESIDENT –  
STRATEGY – MAHINDRA CIE LIMITED  
MR. OROITZ LAFUENTE – BUSINESS CONTROLLER –  
MAHINDRA CIE LIMITED

**Moderator:** Ladies and gentlemen good day and welcome to the Mahindra CIE Automotive Limited 4Q CY2018 Earnings 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 the conference over to Mr. Nishant Vass from ICICI Securities. Thank you and over to you Sir!

**Nishant Vass:** Thanks Stanford. Good day everyone and thanks for joining us for the call today. From the management side, we are represented by Mr. Ander Arenaza Alvare, CEO, Mr. K Jayaprakash, the CFO, Mr. Vikas Sinha, Senior Vice President, Strategy and Mr. Oroitz Lafuente, the Business Controller. Now I would like to hand over the call to the management for their initial remarks. Over to you Sir!

**Vikas Sinha:** Thanks Nishant. This is Vikas. Good afternoon. A few comments on MCIE performance in the Q4 of CY2018 and full year CY2018. Let us start with slide number three. In this year, we have simplified the legal structure by reducing number of direct subsidiaries in Europe. We have also started the process of merging Bill Forge into MCIE, which should be completed sometime later this year.

On slide four, we have mentioned some key highlights for the year, which includes two new and modern plants near Pune for stampings and composites and a new robotized line in Bill Forge Mexico. We are also in the process of adding new customers and products.

Slide five presents Q4 CY2018 results for MCIE India. Revenue has grown by 15% year-on-year despite our addressable market being stagnant. EBITDA increased by 37% year-on-year leading to a 250 basis points increase in EBITDA margins. PBT grew 82% year-on-year, but was negatively affected by forex losses in Bill Forge Mexico. Sequentially there has been a sales drop due to market deceleration. In spite of this, we have maintained margins almost at Q3 CY2018 level.

On slide six, we have Q4 CY2018 results for MCIE Europe. Revenues grew 19% year-on-year, but this includes a positive exchange rate impact of 7%. Both the car and truck markets in Europe experienced a fall in Q4 CY2018 on a year-on-year basis, but MCIE Europe grew excellently on the back of growth in key customers like Daimler and further ramping up of new orders in Italy and Lithuania, which we have talked about in previous calls. EBITDA grew 6% year-on-year and EBT by 9% while EBITDA percentage shows a drop from 16.2% to 14.4%, but please recall that Q4 CY2017 results included onetime gains of Rs.160 million on account of retrospective price increase and stock provision reversal. Excluding these, the margins have more or less remains constant. On a sequential

basis the EBITDA percent has improved by about 220 basis points over Q3 CY2018. Please note that these numbers excludes Stokes, which is in the process of being closed down. The Q4 CY2017 numbers had been revised accordingly.

Slide seven is a consolidated result of Q4 CY2018, which is a combination of India and Europe results and show that 17% growth in both revenue and EBITDA and a 31% increase in PBT. EBITDA percent remains constant at 14.7% year-on-year while EBIT percent has crossed the 10% mark.

Full year CY2018 results of MCIE India is on slide eight and it shows that overall excellent performance where revenue has grown by 21%, EBITDA by 38%, PBT by 64% and PAT by 62% as compared to CY2017. We are pleased to point out that MCIE India EBITDA margins for CY2018 has crossed the 15% target we had set for ourselves and this has happened on account of improved efficiencies and revenue growth. While the first three quarters saw the market growing excellently, the growth tapered off in the last quarter. It should be noted that MCIE India has grown higher than its key customers namely M&M, Maruti, and Tata Motors both in 4Q 2018 and over the full CY2018.

Our European results for full year CY2018 are on slide nine. It also shows an equally impressive performance. Revenues grew by 26%, EBITDA by 22%, PBT by 32% and PAT by 40%. Revenue growth includes a positive exchange rate impact of 10%. Profitability has dipped marginally by 40 basis points largely because of the onetime gains that Europe had in Q4 CY2017, which we explained earlier during the call.

The consolidated MCIE result for CY2018 is on slide 10 and it is a combination of the positive evolution in both India and Europe. On a year-on-year basis, revenues grew 24%, EBITDA by 29%, PBT by 46% and PAT by 49%. This does not include losses on account of closure of Stokes, which amounts to Rs.504 million. These losses include provisions for all closing costs. Consolidated EBITDA margins for CY2018 is 14.2% an improvement of 50 basis points that we talked about. PAT for CY2018 includes the loss of Rs.504 million an account of Stokes closure classified as discontinued operations; this loss includes the provision of €5 million for all closing costs. There will be no impact of Stokes closure in the accounts of Q1 CY2019 and onwards. Now Stokes have been closed down because we do not see much scope for growth given the geography that we operate in. Also it has been marginally loss making, a loss, which will be avoided from this year. Also please refer to note five of SEBI results on page 28. For the closure of Stokes, we have announced an impairment of Rs.1161 million towards funding of losses already part of consolidated accounts of previous as well as current quarters. There has also been a small loss of Rs.125 million on sales of MFE to Galfor from the standalone company, which is less than 2% of total investments and reflects current market conditions. Please note that both these impacts Rs.1161 million and Rs.125 million are only on the standalone accounts.

In slide 12 and 13, you will see our balance sheet and cash flow. Our overall net debt has reduced to about Rs.7254 million and there was a capex of Rs.3772 million in CY2018 on a consolidated basis out of which Rs.1956 million was for growth, Rs.1536 million in India and Rs.420 million in Europe. Key projects where the capex has been used are mentioned on this slide.

Let us now evaluate our journey on the key financial parameters that our parent CIE uses to evaluate businesses. This can be seen on slide 14. We have achieved an EBIT margin of 10.5%, which has surpassed the target of 10%. In the past, we have talked about our focus on improving the returns that MCIE generates. Return on net assets has increased from 9.6% in CY2016 to 11.9% in CY2017 to 15.8% in CY2018. Likewise return on equity has increased from 5.2% in CY2016 to 9.6% in CY2017 to 11.6% in CY2018. The improvement is a reflection of the strategies adopted by MCIE and we will talk about it in a later slide.

On slide 15, we have charted the quarterly evolution of MCIE's revenue and EBITDA percentage. Slide 16 talks about MCIE's stock performance as compared to relevant indices especially nifty, auto and market cap. As you can see, MCIE has outperformed the auto index while keeping pace with the overall stock index. Slide 17 gives a breakup of MCIE's revenue technology wise and by geography. MCIE's operating strategy has been discussed in slide 18. In Europe, the focus will be on margin improvement via product and process rationalization while keeping pace with the market. In India, we have adopted the CIE model of manufacturing excellence, which has started to deliver improved performance as we have shown in the slides discussed earlier. We will continue to fine tune this model, which puts great emphasis on investment discipline and returns focus. Some of the projects that we are working on along with CIE experts in India are described in slide 19. This focus on efficiency will help shore up performance during times when market demand looks uncertain and we have demonstrated this in Q4 CY2018. My apologies for the longest introduction, but we can now proceed for Q&A. Thank you.

**Moderator:**

Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Shyam Sundar Sriram from Sundaram Mutual Fund. Please go ahead.

**Shyam Sundar Sriram:**

Hi Sir. Thanks for the opportunity and very good performance in a very challenging environment Sir, congratulations on that. In the India business for CY2018 if you see the underlying key customers growth was about 10% while our revenue growth was 21%, so looking into CY2019 can we similarly outperform by 10% odd over the underlying growth, is that possible, if so what can be the revenue drivers here that can give us this kind of outperformance?

**Ander A Alvarez:** Good morning everyone, this is Ander Arenaza. In my opinion, we are doing all the things properly in terms of the investment, capacity planning and plant management, so I think that we can know that over the market, the market is moving, it is clearly going down in India in the last quarter and let us say it is still quite flat in the first quarter of 2019, but we are already taking some measures to set these productions and yes we expect to improve and to grow this year above the market. Just some examples that as we are improving our internal efficiencies and we are improving our internal competitiveness, we are gaining some businesses from our competitors in China and there is some movement from China that our customers are trying to move to Mahindra CIE that is our kind of examples that we are dealing with. We are also increasing our export ratios and we are getting interest from European and American customers and we expect to grow in there, let us say that, yes the market is not in a clear situation, but the good performance in our operations and let us say that our competitiveness will create certain opportunities that we are going to take advantage for that, so my expectation and of course my will, my wishes are that we will outperform the market again in 2019, that is our strategy.

**Vikas Sinha:** Shyam just on page 4 in key highlights we have identified some of the new customers and products, which we have added and we think that it will help us, so just a more colour on whatever Ander has talked about in foundry, in gears at Bill Forge we have added new customers and products, so that should help us in good state.

**Ander A Alvarez:** Yes, all the investments that we did in the previous years and especially also in calendar year 2018 will start producing in the calendar year 2019, so we will have these capacities and this opportunity proved to be sold to India market in 2019, so yes we expect to grow our business during 2019.

**Shyam Sundar Sriram:** Sure Sir. Thank you. That is very helpful Sir. For the new stampings plant who is the anchor customer here Sir, we had earlier indicated we had won a stamping order from Leyland, is this plant with the Leyland as the anchor customer or are there other customers also for the stamping if you can please talk about stamping a bit Sir?

**Ander A Alvarez:** In our stamping business, our main customer with big difference we knew that it is Mahindra & Mahindra where we have something like 80%, 85% of the market with them, so we are now implementing this new facility to target other customers because we did not have the enough capacity for our potential new customers, so we are thinking on different customers out of Mahindra in this case for this new lines with European car makers and Korean car makers that we would like to enter in these technology in the future, so that is the idea of this new facility that will be the state of the art facility, fully automatized, we will have all the 3D Scanning and 3D measuring devices, we want to have the state of the art technology plant in order to grow our business with new customers.

**Shyam Sundar Sriram:** Sure Sir, thank you. Sir both from a Bill Forge India perspective, Bill Forge exports if you can talk about the growth opportunities there?

**Ander A Alvarez:** The Bill Forge is growing fantastically this year also despite that our Mexican facility did not sell or grow as we expected, we still have these challenges in Mexico because it is a completely new robotized cell and we are working there with the Spanish and Indian team working together in order to solve our operational issues in that plant, but despite that reduction in sales in Mexico Bill Forge India business is continue to growing. We added new pressures, we added more capacity in the plant and we are talking about above 20% growth in this activity and we continue with this trend. We have the cold forging, we have hot forging, warm forging facilities that we are developing and the export especially to the US is working very well and we expect to continue with this trend.

**Shyam Sundar Sriram:** Okay Sure Sir. Just some data points here, how much did the Bill Forge overall clock and how much was exports here and how much is Mexico current run rate for full year CY2018?

**Ander A Alvarez:** In Bill Forge Mexico we made Rs.574 million, this is the size of the Mexico, so it is something like €7 million.

**Shyam Sundar Sriram:** This can double this year Sir?

**Ander A Alvarez:** The idea is to more than double this activity, we have new customers also there coming in the second half of 2019 and we expect we have three cells now being prepared and we will start running the cells by the end of this year, so yes we should go up on this activity. Our target to Mexico is much higher than our current sales, yes.

**Shyam Sundar Sriram:** Okay and exports from India Sir, any colour on that, Bill Forge exports?

**Ander A Alvarez:** It is something like 20% of the total Indian business, we have an export of 20%.

**Shyam Sundar Sriram:** Sure Sir, thank you. In Europe, in Euro terms we have grown 16% excluding the Stokes, if you can please help with the value and volume growth here?

**Ander A Alvarez:** Let us say that we had a very nice growth in Europe especially if you take into account that the European market in 2018 was flat, we had 16% growth and I will explain you by unit that in our Metalcastello plant our Italian gears production plant we mention that we got a big project from our American customer Caterpillar and during the previous year we invested heavily in order to start this project and this project came, so this big growth come in from this project. Additionally in Germany in the commercial vehicle forging that we have in MFE, in Mahindra Forgings Europe, we get benefited because our customer Daimler in the commercial vehicle did a great year, so we have this big growth with

Daimler in that company, so I think that if our customers are doing well we do well also, so that was the main reason of this growth and then in CIE Forgings we maintain investment under Lithuanian crankshft line last year and we have already started supplying to our gear buying customers from there, so we had a jump on sales in our Lithuanian plant, so overall you see that we grow in our business, we are getting new business from the customers, so our share in the market is increasing mainly because of the reliability of our operations and let us say the trust of our customers, so I would say that it has been a fantastic growth in Europe, so those were the main reasons of this growth.

**Shyam Sundar Sriram:** Sure Sir, thank you, that is very helpful and the underlying volume growth here would be of the 16%?

**Ander A Alvarez:** In 2019?

**Shyam Sundar Sriram:** CY2018 Sir, calendar 2018.

**Ander A Alvarez:** It is 100% volume growth.

**Shyam Sundar Sriram:** The entire 16% Euro growth is attributable to volume Sir?

**Ander A Alvarez:** Yes, because the price increase was due to the raw material growth that happened in the last quarter in 2017, so in 2018 there was no price increase.

**Shyam Sundar Sriram:** Okay, thank you Sir, that is helpful. The EBITDA margin for Europe has come down by 40 basis points on a year-on-year, are we seeing pressures from OEMs in terms of pricing as they are themselves seeing some volatility in the markets?

**Ander A Alvarez:** I would say that the pressure from the market, from the OEMs is always there, so this is something that we need to manage. The reduction of the margin is mainly coming because of the growth of our German activity was higher than the others, so in the mix our EBITDA margins in Germany are much lower than the rest of the businesses that means it was a mix effect on that, but overall we kept our margins at the same level.

**Vikas Sinha:** Shyam just also to remind you that in CY2017 we had that one time extra costs that we talked about 160 million in the last quarter because of the raw material price increase and stock reversal, so that also had bumped up the EBITDA margins last year, so bear that in mind also.

**Moderator:** Thank you. The next question is from the line of Srinath Krishnan from Acacia Partners. Please go ahead.



**Srinath Krishnan:** Good afternoon Sir and congrats on a strong numbers. My first question is in slide #4 where you have mentioned that we have won orders KIA for your Foundry unit, so what about other divisions have you received any orders for our forgings or stamping, how are we building our share of business with KIA and the second question was on the expansion that you are doing with the composites division, so what is the investment that you are doing there like, how big can the composite business peak over a period of time?

**Ander A Alvarez:** The composite plant that we build is located in Pune. In the past, we have two plants, one making the compound and the second one making the moulding of the parts, so we decided to unify and to get the maximum efficiency of having all the compound production and a moulding of the parts in the same facility, so that was the strategy behind this investment. We made an investment of Rs.230 million more or less on that facility, so we expect to grow this business, we are seeing that this technology of composite will be used in the electric cars massively in the future, so we want to start from the beginning to help our customers to enter into this business, so that is the main strategic vision on this composite new plant.

**Srinath Krishnan:** It is about 955 million now for Rs.95 Crores, so maybe you have invested about 24 million now, so Rs.24 Crores rather, so maybe in three to five years time any aspirations or vision for this division?

**Ander A Alvarez:** Of course we made this investment because we want to grow the business much more than our current size, it is quite a small division in this moment and we would like to grow it importantly, yes, I am not now able to give you figures of how much we want to grow, but clearly the reason behind this investment is because we expect this technology to grow exponentially in the future.

**Srinath Krishnan:** Okay.

**Vikas Sinha:** Your first question on KIA, of course, we have been speaking with KIA, other divisions are also speaking, but this is start of production that is the reason why we are reporting it when something happens in other division we will let you know.

**Srinath Krishnan:** Sure, my last question what would have been the MFE margins for the full year?

**Vikas Sinha:** MFE margins would be in similar range that we have always talked about, about 6% to 7%, there has been a marginal improvement, but it is in that range, 6% to 7% margins for full year.

**Srinath Krishnan:** Where do you see this moving because the industry is becoming more challenging in terms of volume, you had a great CY2018?

- Vikas Sinha:** Yes, the industry is being challenging, but one of the tenets that we are trying to implement that the margin should be as much revenue agnostic as possible, I understand this beyond a certain point it is not possible, but a little bit of ups and downs we should be able to withstand, so yes, we do expect these margins to keep on increasing, but they would not be reaching the CIE target levels, but we hope to increase this by a couple of percentage points in maybe two to three years time.
- Srinath Krishnan:** Okay. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Raunak Sarda from Systematix Group. Please go ahead.
- Raunak Sarda:** If you can provide some more segment wise data, which you have shared on slide 17, can you highlight what is the contribution in terms of segments, two-wheelers, passenger vehicles, tractors and others for India business?
- Vikas Sinha:** Roughly that segmentation remains the same from what we have said earlier, we like some of our business is to Tier-1 customers, so we have to make that segregation, but roughly if you look at it we have talked about passenger vehicles in India being between passenger vehicles and UV is roughly about 50%, tractors anywhere 12% to 15%, LCVs and M&HCVs again in the range of roughly around 8% to 10% and two wheelers around 12%, 13%. These are very seriously rough numbers that we are talking about. It is just indicators. This is not backed up by any audited numbers, as you said some of our Tier-1 customers' supply to all segments, so it is not always easy to segregate that, but these are the rough kind of numbers.
- Raunak Sarda:** Ander can you explain how what led to 20% or more than 20% growth in India business versus the industry growth like you explained in Europe so which segments have outperformed?
- Ander A Alvarez:** In terms of technology you mean?
- Raunak Sarda:** Yes in India business, which divisions have outperformed the industry growth?
- Ander A Alvarez:** I would say that almost all of them they have outperformed the industry especially the gear division, they did well, the forging division also did very well and castings. They did also a fantastic job Bill Forge has been above the market and in Europe let us say the three businesses that we are in let us say the Metalcastello division, the MFE and CIE forgings that is the passenger car forgings three of them they outperformed the market, so I would say that overall we are collecting let us say the job that we have done in the previous years and we are consolidating our customer base and we are consolidating also our internal

efficiency and operational margins so overall I think that is the main reason that we have outperformed the market.

**Raunak Sarda:** Sir on your Return on Net Asset, which is around 16% this includes the chunky goodwill as well so if you can refresh our memory what was this goodwill about, was this the old one when we had acquired MFE and any plans to write off the goodwill now that we have taken impairment at Stokes and we have closed down Jeco plant as well?

**Oroitz Lafuente:** More or less Rs. 29 billion and if the same goodwill that we were carrying from previous years. Regarding MFE goodwill within a CIE vision make intervene on it because all the business projection that we have for the business surely and they sustain a goodwill amount and regarding Stokes, Stokes had no goodwill, so there is no impact on goodwill depreciation through Stokes closure.

**Raunak Sarda:** Sure and just one clarification when you say Bill Forge would be merged with Mahindra CIE so the Mexico subsidiary will also become 100% division now or that would remain as a separate subsidiary?

**K Jayaprakash:** It will remain as separate subsidiary.

**Raunak Sarda:** Overall total Bill Forge revenues if you can highlight for CY2018?

**Oroitz Lafuente:** Rs.8.6 billion.

**Raunak Sarda:** Rs.8.6 billion. Thank you.

**Moderator:** Thank you. The next question is from the line of Hitesh Goel from Kotak Equities. Please go ahead.

**Hitesh Goel:** Thanks for taking my question. Just wanted to get a sense that most of the OEMs are talking about a slowdown more in India and in Europe in the automotive production so in case given the visibility you have currently what could be the kind of revenue growth you are looking both in India and European business if markets are flat so for example next year just want to get a sense on the market share gains that you guys are envisaging?

**Ander A Alvarez:** It is quite complicated to give you an answer here, but what our view is that we will outperform the market this year again that is our expectation, even though the market is flat I think we have to grown to increase our market share and to localize certain imported components especially in the gears division or in the castings division and also in the magnets division we were talking today in our operative review this morning how to recuperate and to increase our share with the customers and we are positively seeing that

this is feasible and we expect to materialize that so in that sense we expect and this is our expectation is to outperform the market once again.

**Hitesh Goel:** You are also guiding for a margin expansion in both the businesses next year, how should we look at margins?

**Ander A Alvarez::** You know that we have a big focus on that when we entered in this business and we wanted to set the CIE standards in our Indian operations also and as you can show in slide number 14 when we show some ratios evolution in the last three years and you can see that we are doing that, we have not yet hit our internal targets so we will continue working on that and of course it is our aim to continue to improve in the margins yes clearly.

**Hitesh Goel:** My final question, can you give the Mexico plant revenues for Bill Forge I joined late on the call?

**Ander A Alvarez::** It was something like Rs.570 million.

**Hitesh Goel:** Thank you.

**Moderator:** Thank you. The next question is from the line of Basudev Banerjee from Ambit Capital. Please go ahead.

**Basudev Banerjee:** Thanks Sir. If one looks at the India standalone business where for Mahindra so many new UV models coming up and as you say cars constitute a significant chunk of standalone business so how are you looking at FY2020 for standalone revenue where so many good new UVs both from Tata and Mahindra side where skepticism regarding tractors so how do you look at the revenue growth for the next year?

**Vikas Sinha:** When you say MCIE standalone I assume you are talking MCIE India?

**Basudev Banerjee:** Yes.

**Vikas Sinha:** New models are always good for us. Especially on Mahindra new models, we are present significantly. As far as tractors is concerned yes tractors has been good business, there is some skepticism around tractors, but there is skepticism around all market segments at this point of time. As Ander talked about whatever the market does it does, but we will try and grow more than market and we will try and ensure that our margins are not affected by some variations in the market. If there is too much variations then it is a different story, but normally we will try and insulate our margins as much as possible from the volumes so that is something that we are working towards. On new models especially Mahindra we are well represented.

- Basudev Banerjee:** No Sir I was just trying to understand some quantification from your side because three new models where growth just because of that can be much on the higher side also from Tata motors so even if industry does not grow at all so can you share some kind of outlook on the growth for India business?
- Vikas Sinha:** No, let us not make any forward looking statements, all that we can say is yes if the new models do well like if new models of Mahindra do well we will also do well along with them that is given.
- Basudev Banerjee:** Sure thanks.
- Moderator:** Thank you. The next question is from the line of Mahesh Bendre from Karvy Stock Broking. Please go ahead.
- Mahesh Bendre:** Sir thank you for the opportunity. European business is around €580 million now and it has grown all the way from €450 million two years back to this level, the growth has been phenomenal in terms of the market we are operating so how do you see this business to pan out over the next two years?
- Vikas Sinha:** The European business what happens in two years' time is what you are asking?
- Mahesh Bendre:** Yes Sir.
- Ander A Alvarez:** I would say that we need to let us say split the different market where we are now playing in Europe. One business is our gear business and we expect to continue growing as we got certain new businesses from the customers and this growth will continue in this activity. Regarding the commercial vehicles, we think that during this year the growth will continue. It seems that the commercial market at least with the information we received from the customers will continue to strengthen during the year and is probably in 2020 in a couple of years there will be a decline on this market okay so this is something that we do not know, but we are preparing ourselves for this scenario also and regarding the passenger cars, in the passenger cars that we continue growing in our passenger cars forgings activity in Europe. Let us say that our Lithuania plant is operating so we gain market share in the German market, thanks to this new line that we did in Lithuania and we expect to have a slight growth in this year, not degrowth in the passenger car, we do not expect the growth. What we expect is to be able to gain some market share in the next two years also so that is our global strategy in Europe.
- Mahesh Bendre:** Going with this view is it possible that we will able to grow at least 5% in terms of volume for this year?

- Vikas Sinha:** Mahesh let us not make any forward looking statements, but yes we will be higher than market growth as it is being pointed out
- Ander A Alvarez:** We cannot say that, but we cannot make forward looking statements, but I said before and I confirm that we expect to be above the market this year also so that can answer partially your question.
- Mahesh Bendre:** Sure and Sir in terms of balance sheet we have a net debt of proably less than Rs.700 Crores. The debt equity ratio is probably below than 0.2 so in this context we had earlier highlighted that in domestic business we would like to scale up through inorganic route so in this way can we expect something over the next 12 months in terms of acquiring new businesses?
- Vikas Sinha:** Mahesh as we have already pointed out even M&A is an ongoing activity. We keep looking at opportunities. As we have said many times emphatically and proudly in the past CIE has done almost 70 acquisitions in its existence of 20 to 25 years, so we follow a similar model. We keep looking at opportunities. Whether something happens or not, in M&A it is zero one situation and there is always a lot of slip between the cup and the lip. We will keep trying that is something that we can assure you whether it happens or not we do not know.
- Mahesh Bendre:** But are we actively looking? I mean I understand that there is a business has to be available and then the price..
- Vikas Sinha:** No let me not answer your question directly. All that we will say is that M&A is an important part of our day-to-day activity looking for M&A is an important part of our day-to-day activity. We keep doing that but whether something fructifies or not it depends.
- Mahesh Bendre:** Sure and Sir just one question purely from financial modeling viewpoint, the debt we are carrying on the balance sheet is almost is on European subsidiary and the cash is on Indian standard business, is this the right way?
- K Jayaprakash:** Whether it is right or wrong our inorganic efforts will be in India so money in India is where we will want it to be and I do not see unless you see something wrong with it because in India the interest rates are higher.
- Mahesh Bendre:** Sir I was asking that since the debt is on the international balance sheet, interest cost will not go up in a sense may not move up since and we have cash and investment so much cash of investments on the standalone business so may be if you do not acquire something then this may result in higher other income, is this way am I right in?
- K Jayaprakash:** Yes it will be higher other income until we do some acquisitions

- Vikas Sinha:** Or until we use the cash whatsoever manner.
- K Jayaprakash:** But idea is definitely not to earn interest income. We will deploy it in business.
- Mahesh Bendre:** Sir last question out of standalone business is it possible to share the contribution from Mahindra, Maruti and Tata for full year?
- Vikas Sinha:** For the India business together M&M, Maruti and Tata I think top three. We have indicated the top three customers is about 47% M&M, Maruti and Tata. This is direct. It does not include indirect supplies to Maruti so if you perhaps include indirect supplies to Maruti, it will cross the bid of 50% roughly anywhere between 50% and 55%.
- Mahesh Bendre:** Sure thank you Sir.
- Moderator:** Thank you. The next question is from the line of Ujwal Shah from Quest Investment Advisors. Please go ahead.
- Ujwal Shah:** Thank you for taking my question and congrats on a great set of numbers. Just wanted some more clarity on the new customer addition especially in Lithuania and also on supply of EV components for Kia motors from Bill Forge, so is this something new prudent development that has happened and the quantum of order that we have won especially for Lithuania if you can throw some light on that?
- Vikas Sinha:** Let me first address the Kia question then Lithuania will take it up.
- Swapnil Soudagar:** Yes, we had bid for Kia business. The KIA strategy this year is that they want to introduce electric vehicles or hybrid electric vehicles in India and they have been trying to get higher localization content for them, and we have won some business. The start of production is still sometime away. We will intimate you as and when that happens; so until that happens, I do not want to comment on quantum or size because right now they are still firming up on their volumes for electric vehicles.
- Vikas Sinha:** For Kia is most important thing is foundry as we talked about. It is not really for EV the reason why we are mentioned in our highlights in that we have been short listed by Kia or we have been nominated by Kia for EV whenever it happens that is the difference but the real revenue is on the foundry and we are also looking at other technologies in India, which could supply to Kia. We are in talks on that, so that is on Kia is that okay can I proceed? On Lithuania is the order that we are talked about the crankshaft orders that we have talked about in the past and it has been ramping up. It has been ramping up very well.
- Ander A Alvarez:** We are selling the crankshaft to Volkswagen and this is probably that we are entering in the German market through the location that is quite close to the North of Germany that is the

reason of the growth of Lithuania where we in the last two years we doubled the sales, that is the deployment that we have done in Lithuania in the last two years.

**Ujwal Shah:** Right Sir just wanted to understand that from this position how much more can we grow in Lithuania as well as Metalcastello and any guidance on that tax rate for the next two years?

**Ander A Alvarez:** It is complex to say that we still have some room to grow in Lithuania that the capacity is still let us say we have sparing capacity there yet because the new line is not fully completed, so we have the option, but of course we need to gain this market from the customers. Regarding the growth of Metalcastello, yes we are still ramping up in fact this last month in January we received an additional machining big machine to continue increase in our capacity as the customer demand is still strong, so yes we have room for growth in both locations and that is what we are trying to do.

**Vikas Sinha:** Ujwal can we go to the next question?

**Ujwal Shah:** Yes, I wanted your idea on tax rate for next two years, any guidance and lastly on stamping considering that we are coming up with such a hi-tech facility and historically our stamping margin had been on the lower side, what kind of an impact can this facility have on overall stamping margin improvement and are we planning to improve other facilities of stamping in similar line?

**K Jayaprakash:** Let me just first answer the tax part and then we can. This year average rate has been numbered 27%, 28%, but there has been write back of past losses tax on those, so I would think it is safer to take it around 30% on a consistent basis.

**Ander A Alvarez:** Regarding the metal stamping division as you are right that these metal stamping division margins are lower than the other divisions that is a fact and of course that is also come in from the fact that is 70% of the P&L of all this division is Raw material, so their value is lower than other divisions, so our what idea is to of course grow this metal stamping revision through these new factory with new customers as I mentioned before and regarding the rest of the plans of course we expect as well this plant is running with the state of productivity, efficiency, quality we will transfer that to the rest of the plants and this is already planned and we are already started this activity.

**Ujwal Shah:** Thanks and just a sense how much of a margin differential can fully automated or hi-tech plant as compared to our existing plants?

**Ander A Alvarez:** It is difficult to say that. We can say that 5 points can be easily achievable with the fully automatized plant compared to the standard manual plant, because not only the higher efficiency, higher productivity, less manpower, but also less quality reworks all these



affects directly the revenue, so yes I would say that 5% additional would be my target at least.

**Vikas Sinha:** Provided we are able to fill the plant.

**Ander A Alvarez:** Of course.

**Ujwal Shah:** We will surely. Thanks a lot. I will come back in the queue.

**Moderator:** Thank you. The next question is from the line of Nikhil Vaishnav from B.D. Investments. Please go ahead.

**Nikhil Vaishnav:** Thanks for the opportunity Sir. I just wanted to know the progress of shifting of Stokes operations into India?

**Ander A Alvarez:** The closure of the Stokes' facility in the UK has been perfectly planned and has been executed in the last month okay. We plan to stop the production in the UK approximately April, May. There we have dealt with all our customers properly. We made all the plans and we are build in the Stokes to make everything smoothly and one portion, a big portion of these production has been transferred and we are going to produce it in Bill Forge, so all the tooling has been already built, we are making the prototype phase and the initial sample phase and these will be transferred mainly to Bill Forge in India and we expect to start the production once UK plan disclosed that will be approximately April, May 2019, so in the next two, three months.

**Nikhil Vaishnav:** Okay Sir, last quarter we were in talk with Hyundai and other two customers, so just wanted to know what is the result of that?

**Vikas Sinha:** We talked about Kia already, so that was Hyundai Kia.

**Nikhil Vaishnav:** Last question, we were planning to bring all forging business like Brazil, China, Mexico to one in Mahindra CIE, so what is the status of that?

**Ander A Alvarez:** This plan is already still there and we plan to do that in the next month. The strategy is there so once we find a proper moment we will do that. This is our commitment and the strategy are still the same, so we will do it.

**Nikhil Vaishnav:** Just wanted to know our current investment has increased to Rs.679 Crores, so just wanted some clarification on that?

**K Jayaprakash:** This is from the sale of MFE to Galforso we have received this money and we have temporarily parked it in investments.

**Nikhil Vaishnav:** Thank you Sir. That is it from my end.

**Moderator:** Thank you. The next question is from the line of Javier Pinedo from Exane. Please go ahead.

**Javier Pinedo:** I think I have three good questions if I may. The first one is regarding capacity, what is your capacity realization in Europe and India and how much will you invest in 2019 and 2020 in capacity expansion and how much revenue will that capacity be add in terms of Indian rupees. The second one is regarding the Europe, can we expect that in the next year you will actually invest maintenance capex and will you still add capacity there and also in Europe, we see underlying margins are pretty flat year-on-years, do you still think you can reach CIE Spain companies 14% EBIT margin there or are you comfortable with current levels and just in general terms can you for last here for us in Spain, can you give us your conclusion on what has caused the slowdown in India and why do you see it is recovering the second half of the year? Thank you very much.

**Ander A Alvarez:** Thank you. Coming back first to the capacity issue let us say that we have in the CIE Forgings, we have certain free capacity we can talk about 25% capacity available, so that will be enough to cover the market growth and the market share growth that we are expecting in the next year, so that is the situation. In Germany, I think that right now we can be at 90%, so we are almost fully booked in our German plants. In fact last year we were struggling to our internal inefficiencies, now our operations are doing quite well and we are improving, so we do not have any bottlenecks, but we are in the top of our capacities, so we do not expect to have degrowth in Germany that is also we need to take into account that our margins in Germany are quite low and we do not expect to continue grow there with those margins and finally in Metalcastello we are also fully booked, so we are adding capacity, but we are adding machinery in order to fill our market demand and to be able to cope with the market demand, so we expect to continue growing, so not allowed to give such figures on that, but we expect to have the certain growth in CIE Forgings, to have the growth in Metalcastello and less growth even though we still have some small room in Germany. Regarding just the margins in you are right that the European margins overall are below CIE expectations mainly because of the German low margins effect. Those low margins we are working to increase those margins probably will be hard to reach CIE standards because that the market conditions and the real internal cost in our German facilities will not allow us to get this improvement mainly and you can imagine that our high margins in the world are coming mainly for the bigger dimension that we have in our processes, so we are low labour dependent in Germany as we took in our commercial vehicles and tracks and the volumes are very low. The automatisisation is much lower than the car industry, so that is giving us much more manpower impact in the P&L those are the Spanish. Regarding Indian market perhaps Vikas and JP can give you a more detailed view, my feeling is that in the last quarter the sentiment on the Indian people has got down

regarding the growth expectation, so they have to stopped literally the expenses especially in the car industry and there is a kind of slowdown in the economy. I think also it is related to the uncertainty to the new elections come in April, May that will probably after this election, the economy will come back to a standard growth that is my feeling but perhaps Vikas and JP continue the proper view or more local view of the reasons of the market slowdown.

**Vikas Sinha:** We will talk about that but before that I think he also asked capacity utilization in India and overall capex for FY2019 then we will talk about the India.

**Oroitz Lafuente:** Regarding the capex for FY2019, we will investing in the range of more or less 5% of our sales at the usual regular that we invest for grown in Indian business

**Ander A Alvarez:** The capacity utilization is in the different technologies, so but overall we can say that it can be around 80% in our capacity in more or less and what we are doing is that all these investments are coming to the debottleneck, the processes, so in each technology we adding machinery to continue growing. Right now, we have space that we have these two new facilities in the stamping can achieve plus composite new plant. In the Forging we have plenty of space to grow and in the castings we still have some room for improvement and probably we will accomplish an additional investment to increase our capacity, so that is in parallel we do not want to make big investments and to have this ideal investments long time, so we are going parallel with a market with our expectations, so we invest this as what mention about 5%, 6% over sales I think it is a safe and some investment level.

**Vikas Sinha:** Okay we come back to the question on the Indian market, of course the Indian market last festive season which begins around Diwali which is in October, November in most years. I think the Diwali season was a little less than expected. I think that season coincided with a few things that happened especially the oil prices went up, so the cost of ownership of cars and two wheelers and India is very sensitive to the cost of ownership issue, because there are lot of models on the low price side so that was one. Then of course there was - the lending was clamped down because one of the biggest lenders in India IL&FS I think it faced some internal crisis because of how they were managing the funds and I think there was a contagion which went around to different lenders and because two wheelers and passenger cars especially a lot of them are bought on personal loans, the car loans and the vehicle loans, there was a clamp down that. Also, in the same period in the two wheeler industry, there was notification that there has to be pre-buying of vehicle insurance for five years which effectively increased the cost of buying of two wheelers. So all of these effects what happened is I think the festival demand was not as great as anticipated and I think the OEMs overproduced during that period and what you are seeing now is basically they are trying to correct the inventory. Of course as far as consumer sentiment is concerned, there has been some recovery and as Ander pointed out there is still uncertainty regarding the

economy regarding the government and so on, so there is some uncertainty but there is an expectation that after this inventory correction happens things will correct. Of course, we are also being helped by there has been whole lot of model launches which will surely give a fillip in this period that is one.

The other thing is on the tractor segment. The tractors market has been doing extremely well for the last few years, the tractor market is cyclical in nature, India has also been fortunate with monsoons for the last few years. So there is a bit of skepticism around the tractor market, but it is to be seen if the monsoons are good then the tractors market can also hold up that is to be seen. So there is some amount of uncertainty in the minds of people that is what you are seeing, but nevertheless there will be growth given the consumption levels in India, given the income levels in India inevitably there will be some growth, it may not be as much as expected, but there will be growth. Instead of 10% to 12% that people have talked about in the past might grow by 7% to 8%, but there will be growth, but yes there have been some skepticism in the recent months. Of course the big change over happens and the emission standards change next year, so there could be some pre-buying because of that, so that effect we will see probably in the second half of the year and next year of course because of meeting the emission standards, the price of the vehicles and two wheelers, four wheeler, commercial vehicles, they will go up and depending on how much they go up, there might be some curtailment of the market going forward. But, as I said some of these factors are there, but the underlying push towards growth is there, given the consumption levels that are there in the country and at this income level, some growth will continue to happen. It is only a question of whether it is low growth, medium growth or high growth, but there will be some growth, is our view of the situation. JP if you would add something.

**Javier Pinedo:**

Very interesting. Thank you very much for your explanation and last one if I may is regarding the forging business of parent company CIE, could we expect some kind of integration in 2019 of the – I think there was three plants that the parent company has in forging or is it too early and if it is done then how could we expect the process to be completed? Thank you.

**Ander A Alvarez:**

Just I made the comment in the question before that yes we still have the plan to integrate those the three forgings that three machines forgings to integrate into our Mahindra CIE company, one in China, other in Mexico, and the last one in Brazil and we plan to do that soon, so let us say that during the last year you can see that we have simplified our structure - our legal structure has been simplified and we have made this movement in order to have some cash also in India to be prepared for the acquisition and in our opinion let us say that everything has been prepared to acquisitions to continue with an inorganic growth because this year we made a great growth with organic growth only, but we want to continue growing and you know that our strategy is to have 50:50, 50% organic, 50% inorganic, so

this is our step and additionally the CIE forgings will be included in our company. I cannot give you the date, but we are definitely planning to do it as soon as possible.

**Javier Pinedo:** Okay. Thank you very much, very helpful

**Moderator:** Thank you. The next question is from the line of Nitin Shakhder from Green Capital. Please go ahead.

**Nitin Shakhder:** Hi, congratulations to Ander, Vikas, Jayaprakash and the rest of the management for their excellent set of results, Q4 and annual results. I have one question, can the management highlight any specific significant investments in forging technology or research or investments or innovations in forgings and stampings, in specific to the Europe and the Indian business for the next financial year?

**Vikas Sinha:** Any specific investment in technology that we are doing that in forging project that you can talk about.

**Ander A Alvarez:** Let us say that we have several projects now ongoing to improve our efficiency internally in our forgings here especially in India and in Mexico, so in Mexico, we included fully robotized line this year and we will expect the SOP of this new robotized line in mid of this year, so this is something we are making all the setup during this month. So this is one activity, we are also having some additional capacity in our forging plant in Chakan in order to have room for the growth for the next year and this will be a fully a state-of-the-art line also, as we mention in our slides in the presentation that what we call billet to box, so the part, the operator loads the billet and packs the part without touching. So all the presses are domestic and we are doing these in our Chakan plant and also in Bill Forge in Mexico what we are going to do is, you know that we are closing our activity in Stokes in the UK, so two or three of these presses that we have in UK, will be move to Bill Forge to increase our capacity in India and I said two to three because one of the presses we will owe to Germany because we need this machine to debottleneck one of the productions that we have there, there was a press we will probably move to Mexico to increase our capacity in Mexico because we expect Mexico will grow a fast in the next year and they remain in two or three presses we owe to Bill Forge to India, okay so that is the plan that we pick up in the forging division for 2019.

**Vikas Sinha:** On the stamping side on page 19 of our presentation we have talked about the new stampings plant that is coming up with tandem press line and robotic welding. Of course we do not claim that it is absolutely cutting edge, but yes it will give us what we can say a much better stampings capability in line with probably the best in the business. So that is what we are attempting both in stampings and forgings and we have presented a case study on foundry. We are trying to push towards achieving CIE levels of productivity, of course

there is a gap, but that is the idea, I think there is a huge gap, and we are trying to bridge that gap as much as possible. That is the idea.

**Nitin Shakhder:** Sure Sir, my followup question is what is the exact specific investments is being outlined for looking at the innovation or developing new technologies for the next year.

**Vikas Sinha:** Investment in innovation and new technology, one thing Nithin let me point out that we are a process company so all our focus is around process improvement, so all the projects that you talk about either capacity addition or maintenance or it is about investing in redesigning the process so whether we are talking about the billet to box automation line in forgings or we are talking about the tandem press line in stampings or we are talking about the reducing rejection in foundries or the robotized line that we talked about in Mexico so the focus when we say innovation we are talking essentially process innovation. A big part of process innovation is improving the quality and reducing rejections and improving the productivity which includes a lot of focus on handling an automation. That is where our investments go in.

**Nitin Shakhder:** Thank you Sir. That is all from my end. Your earnings are an oasis in the desert of earnings. So all the best for the next financial year.

**Vikas Sinha:** Thank you very much.

**Moderator:** Thank you. The next question is from the line of Shyam Sundar Sriram from Sundaram Mutual Fund. Please go ahead.

**Shyam Sundar Sriram:** Yes, Hi Sir. Thanks again for the opportunity Sir. Sir Lithuania will we reach Euro 15 million by end of CY2019?

**Ander A Alvarez:** 35 million, and now our target is to be above 40 so we are..

**Shyam Sundar Sriram:** In CIE Lithuania?

**Ander A Alvarez:** 35 million in calendar year 2018.

**Shyam Sundar Sriram:** Okay, Thank you and Metalcastello Sir?

**Ander A Alvarez:** 67 million.

**Shyam Sundar Sriram:** 67 million in calendar year 2018. Okay, got it. Sir in Stokes, is there any further write off or whatever we had to do is already provided in this quarter.

- Oroitz Lafuente:** Everything is already provided, all the cost will be recede in the next month, they will go and get the permission, there will not be any additional impact,
- Ander A Alvarez:** Nothing in the future, everything is clean and everything has been already done.
- Shyam Sundar Sriram:** Okay, sure Sir, Thank you. Sir one last housekeeping question, as per our SEBI result format, our consolidated revenues is about 80,315 million whereas in our PBT we are showing 76,486 million, am I missing here something Sir, in terms of may be some?
- K Jayaprakash:** It includes other operating income in the SEBI format and this is absolutely product sales.
- Shyam Sundar Sriram:** Okay understood Sir.
- K Jayaprakash:** I think we have given the details in the presentation of other operating.
- Shyam Sundar Sriram:** Okay got it, can I squeeze one last question Sir. In the standalone business the payable days have come down while the inventory days has marginally gone up, but the payable days have come down, is there any change in the terms of trade or something there?
- K Jayaprakash:** Blame it on the steel situation.
- Shyam Sundar Sriram:** Okay Sir understood. Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Chetan Dhruva from Blue Banyan Advisors. Please go ahead.
- Chetan Dhruva:** Thank you. Thanks for the opportunity. Sir, I have a couple of questions, first one is in terms of this shift in the usage of automobiles from IC engines to electric vehicles. What is the impact you see on at least main forging division because that is where I think would be a significant impact, is not it?
- Vikas Sinha:** Now your question on IC engines to EVs, Yes of course when electric vehicles come, the engine will not be there and the transmissions will be slightly different so anything related to engine parts and transmission parts may be depends, there will be some transmission, will be different, so if you look at a engine parts roughly about 25% of our revenues both in India and Europe will be affected. Almost a similar range by geography, 20 to 22% in India, and 26 to 28% in Europe are really engine related parts and might be affected. Engine-related parts for passenger vehicles and two wheelers will be affected, but that too is in the long run, and I mean in the extremely in the long run whenever electric vehicles become more prevalent. As of now as you know there are a lot of problems around electric vehicles, chiefly related to the pricing of the vehicles itself. They are much more than the current prices plus there is issues around charging infrastructure, driveability, how long can you

drive, some of those issues are there, but I am sure eventually many of these issues will be sorted out. Over a may be 10-year timeframe we do expect, some part of the market to become electric and our business would be accordingly affected. So how are we planning to deal with that, as we had explained last year I think shift to electric vehicles is a shift from forging and foundry to more aluminum, plastic and stampings. So I think we will have access to all of these technologies and therefore we will have to make that switch accordingly. We are part makers instead of making engine parts we will start making electric vehicle parts, so that is the idea, but this will take a longer time. Of course two-wheeler electric vehicles might be a little earlier than four wheelers, this will certainly take time that is number one. Number two in the short term we actually see an opportunity because a lot of the OEMs are shifting their investments to non-IC engine related, they are investing a lot in R&D around electric vehicles so they are investing less and less around the IC engine and its suppliers and therefore there might be an opportunity to supply more IC engine parts in the interim. So actually in the short term, medium term it might be beneficial for people like us. In the long term, we will of course have to make a shift from making engine parts to electric vehicle aluminum. plastic and stamping parts that is how we are looking at it.

**Chetan Dhruva:**

Great explanation, Thank you very much, I appreciate that.

**Vikas Sinha:**

Incidentally, our parents CIE already supplies electric vehicle parts. It is a very small portion of the revenue obviously but it does supply in Mexico to Tesla and it is working along with. Renault. Even in India we do supply to the Mahindra's electric vehicle model from our composites and stampings division. Again it is a very, very small business and as I was pointed out earlier I think Bill Forge is talking to Kia for electric vehicle parts. So electric vehicle is on our minds, but as of now we do not see a significant impact not in the next two to three years.

**Chetan Dhruva:**

I understand. I also see a magnetic being 4% of our India revenues and consolidated as 1% so I guess this is the portion that would also expand significantly is not it with the EVs coming into play?

**Vikas Sinha:**

Yes we do expect magnetics to be helped by this, though by how much we have to see because we do make magnets for motors and so on. We do expect some benefit for the magnetic business.

**Ander A Alvarez:**

In fact we have invested importantly this year in a couple of presses and we were now launching additional investments to increase our capacity because we expect this business to grow in the next year. This morning we have the operational review and I was signing the request for investment from the management team from the magnet division. So this is clear that it will be one of the growing the markets in the future.



- Chetan Dhruva:** I understood, Thank you very much. The second question is bit more direct on the growth plans so I was listening to a Bloomberg interview a few months back from your Chairman Mr Hemant Luthra, where he indicated the growth rate of at least 15% to 20% over the next two to three years, is there anything that is going to change that based on what you have seen in the last two quarters or are we on trajectory for the same?
- Vikas Sinha:** It is very nice of you to keep that at the back of the mind. Our chairman had put forward a vision going forward, that vision involves that we would grow more than the market. Of course at that point of time, the market was growing distinctly so that was the kind of range of numbers that was talked about. The idea is to grow more than the market and that is the vision that Mr Luthra was talking about that we will grow better than the market, we are confident of growing better than the market, that is the sentiment that we should take going forward, not necessarily exact numbers.
- Chetan Dhruva:** I understood, but at least lower end of the bond I think we are at least what I hear from the call, it looks like we should meet that right?
- Vikas Sinha:** As I said we cannot make any forward looking statements, but it would be welcome.
- Chetan Dhruva:** Thank you very much gentlemen. I appreciate your time.
- Moderator:** Thank you. The next question is from the line of Mahesh Bendre from Karvy Stock Broking. Please go ahead.
- Mahesh Bendre:** Sir my questions have been answered. Thank you so much.
- Vikas Sinha:** Okay, Thanks Mahesh.
- Moderator:** Thank you very much. Ladies and gentlemen as there are no further questions from the participants. I would now like to hand the conference over to the management for closing comments.
- Vikas Sinha:** Ladies and gentlemen thank you very much for your time and thank you very much for your interest in our company. If there are any followup questions, we are always available to speak with you so do get in touch if there is some. Thank you very much and have a good day.
- Moderator:** Thank you very much Sir. Ladies and gentlemen On behalf of ICICI Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.

*Note: This statement has been edited to ensure quality*