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Sub: Transcript of Analyst/ Investor Conference Call

Dear Sirs,

Pursuant to Regulation 30 (6) and 46 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that a Conference Call for the analyst and investors to discuss the financial and operational performance of the Company was held on May 13, 2022.

Please find attached herewith the transcript of the aforesaid call. The same has also been placed on the website of the Company i.e. www.apolloyres.com.

This is for your information and records.

Thanking You

Yours Sincerely

For Apollo Tyres Ltd

(Seema Thapar)
Company secretary & Compliance officer



Apollo Tyres Ltd Q4 FY22 Earnings Call

Pramod Kumar: UBS Securities

Good afternoon, everyone. My name is Pramod Kumar. I welcome you all on behalf of UBS Securities to this 4Q FY22 Earnings Call of Apollo Tyres.

We have with us today, Mr Neeraj Kanwar, Managing Director and Vice Chairman of Apollo Tyres; and we also have Gaurav Kumar, Chief Financial Officer; and the IR team. So, as we do always, we will start the call with the brief opening remarks from the management and followed by Q&A session.

So, with that Neeraj, over to you. Thank you.

Neeraj Kanwar: Vice Chairman & Managing Director

Thank you. Good afternoon, everyone. It's a pleasure to welcome you to the Apollo Tyres Quarter 4 earnings call. I take this opportunity to thank all our stakeholders for the unrelenting support and dedication.

The word resilience comes to my mind when I think about the performance of the period under review. In an adverse environment, not only did we pass on some of the commodity inflation, but we're also able to register a sequential improvement in India operating margins and maintain healthy double-digit margins in Europe. Given the performance in the last few quarters, and the work that the team is doing around the key pillars and fundamental building blocks, we remain extremely bullish in the medium to long term.

Moving to the business, the quarter was once again impacted by rising raw material costs; pressures on the positive side, the latest COVID wave had relatively lesser impact, and we were able to pass on a bit of the commodity inflation in India. However, we remain cognizant of the current geopolitical challenges and inflation pressures and are keeping a close eye on the markets. We remain committed to reach our targeted margin range through cost optimisation, enrichment of our product mix, and well-timed pricing actions.

Let me now focus on the key pillars of our '26 vision and highlight some of the work done by our teams in the last quarter. Let me start with Research and Development. The teams are working on ultra-low rolling resistance and low noise tyres with special focus on electric vehicle segments. We're also working on extending the premium product range in the OHT segment with the introduction of steel belted radials. Another key area of focus is our raw material optimisation, especially with an eye on sustainability. And we have started to use Artificial Intelligence to help us with virtual compounding.

Moving to digitalisation. We believe digitalisation will not only help us become more efficient, but will also make us future ready. And with that understanding, we continue to invest time and our resources in New Age technologies. To highlight a few areas, we have embarked on an Industry 4.0 programme. We are starting to see efficiency gains from data insights from IoT devices on production machines. We have launched a Digital Innovation Hub in the UK, in London, and it will be supported by Data Scientists and AI and Machine Learning Specialists

in our offices in India and in Europe. Finally, we continue to invest in Cybersecurity and Digitalisation of back-office processes.

Another key area of focus is our Sustainability journey. We are implementing ISO 26,000 standards, the benchmark on social responsibility and have completed independent assurance requirements in quarter four for the same. We intend to be carbon neutral by 2050 and are working on near term targets for 2030. We're also working closely with R&D, suppliers and other stakeholders, to increase usage of sustainable raw materials. Finally, we are cognizant of the perils of end of life of tyres disposal and have been using repurposed rubber to create artificial football pitches around India; during the quarter, four such venues with multiple pitches have been set up.

Moving to our brands. We continue to invest in brands across our key geographies with investments heavily channelled towards digital channels. We today have significant presence on social channels with strong engagement rates. During the quarter we launched our revamped product website for Apollo India with significant improvements in terms of both design and technology. We also undertook customer engagement activities both in India and in Europe. The Vredestein brand is gaining strength in India with relevant event associations, and continues to bag podium positions in test results in the developed markets like Europe and the US.

Finally, I would like to touch upon our People pillar. We believe our people are our greatest strength. We launched our global engagement survey last year, and I'm very happy to share we received a very healthy score in the first year itself. These surveys would help us to listen to our people and make Apollo Tyres an even better place for our global workforce. We also launched online courses for professional growth and advancement and I'm happy to share that more than 120 top leaders from the company were part of the programme in FY22.

We are conscious of the volatile environment we are in and we are making every possible effort to mitigate any adverse impacts on the business and stakeholders. However, we're also focused on key fundamental building blocks for the business as we remain committed to achieving our vision of 2026 targets on ROCE and on profitability.

In terms of our near-term outlook, we are cautiously optimistic about the demand momentum. All the costs, inflation could continue to weigh on operating performance. We will continue to work on negating RM cost pressures through improvement in our product and in our channel mix, cost optimising initiatives within the company. And lastly, selective and well-timed pricing actions across our key markets. We continue to control our costs and be judicious about CapEx to ensure focus on profitability and our return on our capital employed. We're also focusing sharply on free cash flow and on our CapEx journey.

With this, I'd like to thank you once again and I'd like to conclude my opening remarks and hand over to Gaurav, our CFO. Thank you.

Gaurav Kumar: Chief Financial Officer

Thank you, Neeraj. And good afternoon, ladies and gentlemen. In India, the demand during the quarter was impacted by COVID in January, and thereafter by steep inflation towards second half of the quarter. Despite an adverse operating environment in India, we were able

to report top line growth both on year-on-year basis and even on a sequential basis. The top line growth was led by the CV segment and the OE/Export channels.

Further, we were able to pass on the raw material cost inflation during this quarter and report a sequential improvement in the margins. We've taken a 3% to 4% price increase across categories in the replacement segment in India in Q4, and are taking further pricing actions in the current quarter as well. We are cognizant of the current environment and are keeping a close watch on the markets, as we remain committed to achieve our mid-teens EBITDA margins target in the medium to long term.

Europe Operations continue to report healthy operating performance, pulling up the overall consolidated results. Despite strong cost inflation in form of raw material cost, higher energy and freight costs, the European Operations reported EBITDA margins of more than 15%, in line with our broad guidance. In terms of Outlook, while we expect the demand momentum to remain healthy in key geographies, the cost inflation could continue to weigh on the operating performance in near term. We remain focused on strengthening the fundamental building blocks and reaching our intended profitability and return ratio targets.

Moving onto financial results. The consolidated revenue for the quarter stood at INR 55.8 billion, a growth of 11% over the same quarter last year. Revenue for the full year was just short of INR 210 billion, a growth of 20% over the same period last year. The consolidated EBITDA for the quarter stood at INR 6.3 billion, a margin of 11.2% though lower by 5 percentage points, which was 16% plus in the same period last year. For the full year, the EBITDA margin was at 12.3%, again lower than the 16% of last year, primarily on account of the steep increase in raw material costs.

Coming to the balance sheet. In spite of these pressures, we've been able to maintain our leverage ratios within reasonable levels given the strong focus on cash flows, cost control and working capital management. The net debt to EBITDA for the consolidated operations was at 1.8 times.

For India Operations. The revenue for the quarter was just short of INR 40 billion, a growth of 10% over the same period last year, and 5% on a sequential basis. For the full year the revenue of INR 146.5 billion was a very healthy growth of 25%. The EBITDA for the quarter was a margin of 9.4% compared to a 9.1% in the preceding quarter, a small increase as I mentioned earlier. Vis-à-vis normalised scenario on margins, we are still lagging by about two price increases.

Moving on to European Operations. The revenue for the quarter was a EUR 169 million, up 26% compared to the same period last year. The revenue for the full year was just short of the EUR 600 million mark, a growth of 18% compared to FY21, which is a tremendous growth in a developed market like Europe. We continue to make inroads into the market and grow. The EBITDA for the quarter stood at EUR 26 million, margin of 15.4%.

The important thing, however, for the full year, was crossing the milestone of EUR 100 million mark. For the full year, the EBITDA was EUR 103 million, a margin of 17.5%, more than 5% up vis-à-vis last year. This was our highest ever EBITDA amounts for the European Operations over the last 13 years that we've been present.

The focus on richer product mix, continued with our UHP proportion being 43%. The operations have continued to take price increase even in the current year to counter the raw material cost push and maintaining a very tight control on working capital to ensure healthy cash flows.

With this, I would conclude. We would be happy to take your questions.

Q&A

Pramod Kumar: UBS Securities

Thanks, Gaurav. We have the first question from Raghunandhan. Raghu, your line must be unmuted now. Can you please go ahead with your question? Raghu?

Raghunandhan N.L.: Emkay Global Financial Services

Good afternoon, sir. Thank you for the opportunity. I had two questions. Firstly, the passenger car and the light truck tyre industry volumes has grown in single digits for Europe. And company has done exceedingly well outpacing the underlying industry. Can you talk of drivers of growth and expectation for the full year growth?

Neeraj Kanwar: Vice Chairman & Managing Director

Raghu, you are talking about FY23 going ahead or the current year?

Raghunandhan N.L.: Emkay Global Financial Services

No. I was talking about the Jan to March quarter where in we have done over 20% growth in Europe. But when I'm looking at Michelin data for the passenger car and light truck tyre industry in Europe, the volumes have gone up only by 6% in the replacement market, in the same quarter. So, Apollo has done much better.

Neeraj Kanwar: Vice Chairman & Managing Director

Raghu, I've understood the question. So yes, if you see Europe is on a growth mode. And last quarter has been very good for them, one. Keep in also mind with the Russia Ukraine war, there is around 8 million to 10 million PCR units coming in from Russia into Europe. So slowly, slowly that flow of tyres is going to stop coming in from Russia into Europe. Vredestein is getting one that advantage, plus we are also focusing on countries where we were very weak (in terms of our presence), which is like France and Spain and the UK, and new channels of distribution have been opened up.

Also, like Gaurav mentioned, the UUHP and the UHP category has gone up to nearly 43% to 44%. And therefore, there is that profitability also coming into the company. So really, the growth drivers have been new channels of distribution that have been opened up in these two three countries and Netherlands and Germany still continues to be much stronger for us.

Raghunandhan N.L.: Emkay Global Financial Services

Thank you, Neeraj. So, you would expect strong double-digit growth to continue in the Europe market for FY23?

Neeraj Kanwar: Vice Chairman & Managing Director

Gaurav, you want to answer that double-digit growth continue.

Gaurav Kumar: Chief Financial Officer

Raghu, we would expect the market growth to continue probably coming down a bit given the base effect, but overall, for us as a combination of volume and price increases, we are looking at a double-digit growth even for next year.

Raghunandhan N.L.: Emkay Global Financial Services

Thank you, Gaurav. Gaurav, can you also talk about the expectation for FY23 CapEx? You know like the company's utilisation levels are 80% plus in India. So, how do you see the CapEx plan for '23, '24? And where will be the focus area?

Gaurav Kumar: Chief Financial Officer

Raghu, the markets continue to be uncertain given the pandemic waves even though the intensity has reduced and the situation from the global circumstances. So, we are being circumspect, there is no growth CapEx planned for Indian Operations in the coming year which is FY23. And as of now, nothing has been firmed up even for FY24 till we have greater clarity. For FY23, our total CapEx would be about INR 900 crore, of which a large chunk is just completion of the AP Greenfield paying out the balances, the retention and rest of it would be maintenance, de-bottlenecking, etcetera. For the European Operations also, it is essentially maintenance CapEx and completion of some of the earlier de-bottlenecking. CapEx is expected to be about EUR 40 million.

Raghunandhan N.L.: Emkay Global Financial Services

Thank you. Thank you, Gaurav. Just a housekeeping question. How much would be the other operating income for Q4 and FY22?

Gaurav Kumar: Chief Financial Officer

For Q4, the other operating income is about INR 90 crore and for the full year it would be about INR 340 crore.

Raghunandhan N.L.: Emkay Global Financial Services

Thank you so much, Gaurav. I'll fall back in the queue.

Gaurav Kumar: Chief Financial Officer

Thank you

Pramod Kumar: UBS Securities

Yes, thanks, Raghu. We have the next question from Ashutosh Tiwari. Ashutosh, please go ahead.

Ashutosh Tiwari: Equirus Securities

Thank you. Sir, can you provide the colour of volume growth, both India and Europe during the last quarter as well as the full year?

Gaurav Kumar: Chief Financial Officer

Ashutosh, for the fourth quarter where our top line growth is 10%, the volume is more or less flat. It's essentially come on the back of price hikes. This is for India Operations. And for the full year, volume growth is about 15% and the balance is through price.

Ashutosh Tiwari: Equirus Securities

15%, you said?

Gaurav Kumar: Chief Financial Officer

15%. For Europe for the fourth quarter where the growth is nearly 25%, about 14% is through volume, and for the full year with the top overall growth is 20%, about 12% is from volume.

Ashutosh Tiwari: Equirus Securities

Okay. Okay. And how do you see the replacement demand per se in the truck & PCR segment in India, during the last quarter and any outlook going ahead? Are we seeing improvement there?

Neeraj Kanwar: Vice Chairman & Managing Director

Gaurav, should I answer that?

Gaurav Kumar: Chief Financial Officer

Sure, sir.

Neeraj Kanwar: Vice Chairman & Managing Director

So, PCR OEM is still struggling with a semiconductor shortage. As far as CV OEM is concerned, the cycle is now on the growth mode. primarily because of the infrastructure investments that are going around India. So, that's a good sign but the base is still low, but the growth is there. As far as the farm tractor industry is concerned, they've already had a 3-year cycle of good growth; so, currently farm is down. Whereas replacement is concerned PCR still is a challenge in the market, the CV cycle is looking to be stronger.

Ashutosh Tiwari: Equirus Securities

CV, even in Q4 it grew Y-o-Y or now seeing improvement Y-o-Y?

Neeraj Kanwar: Vice Chairman & Managing Director

Gaurav, you want to just give that number?

Gaurav Kumar: Chief Financial Officer

Replacement actually is flattish to slightly negative. So, we have not seen growth in the last quarter.

Ashutosh Tiwari: Equirus Securities

And last question, are we like say in the TBR segment, have we maintained market share or are there is some loss in last year in India? Any colour on that?

Gaurav Kumar: Chief Financial Officer

The full year numbers, we don't have official data. We might have lost a little bit of market share in the replacement as we took the lead on price increases, but we are very clear internally that given the pressure coming from raw materials, we would take the lead on taking price increases, if in short terms it means a slight loss of market share, then that's something we are fine.

Ashutosh Tiwari: Equirus Securities

Okay, got it. Thank you, Gaurav.

Gaurav Kumar: Chief Financial Officer

Thank you.

Pramod Kumar: UBS Securities

Thanks, Ashutosh. The next question is from Basudeb. Basudeb, please go ahead.

Basudeb Banerjee: Ambit Capital

Hi, thanks. So, congrats for after almost five quarters nice to see gross margin improving sequentially. So, as you said that post 3% to 4% cross the portfolio price hikes in 4Q. How much is the price hike for 1Q till now? And what is the raw material basket, Q-o-Q increase you are looking for 1Q? And the typical key commodity wise rates what you mentioned?

Neeraj Kanwar: Vice Chairman & Managing Director

Gaurav, you take it.

Gaurav Kumar: Chief Financial Officer

Basudeb, we have announced price increases again of the order of about 3% across categories, some have been taken and some would be taken. The overall raw material basket is expected again to be up by about 3% to 4% in the current quarter vis-à-vis the

previous quarter. Coming to your pricing that you mentioned, natural rubber was at about INR 183 per kg, synthetic rubber at 180, carbon black at 105.

Basudeb Banerjee: Ambit Capital

Okay. And so, do you think this further 3% to 4% raw material basket increase sequentially going by the trend of commodity to be assuming remaining status quo should be the more or less the peak?

Gaurav Kumar: Chief Financial Officer

Probably the peak might be reached in Q2 and then then we expect the fall to start but as you would appreciate the situation is very uncertain. So, probably the peak on raw material prices either would be this quarter or the next quarter.

Basudeb Banerjee: Ambit Capital

No, I was meaning that at today's price, if prices remain status quo, then broadly the lag effect should get covered fully?

Gaurav Kumar: Chief Financial Officer

As I mentioned earlier, we are at least Basudeb, two price increases behind and if we take into account the current quarter increase that makes it three price increases to reach normalised margins.

Basudeb Banerjee: Ambit Capital

And one thing, sir, I missed out, you said INR 900 crore FY23 CapEx overall, or it is for India, plus EUR 40 million for Europe?

Gaurav Kumar: Chief Financial Officer

INR 900 crore is for India Operations.

Basudeb Banerjee: Ambit Capital

Okay, okay. Thanks. That's it from my side.

Gaurav Kumar: Chief Financial Officer

Thank you.

Pramod Kumar: UBS Securities

Thanks, Basu. Our next question is from Jinesh. Jinesh, please go ahead.

Jinesh Gandhi: Motilal Oswal Securities

Yes. Thanks. Can you hear me now?

Gaurav Kumar: Chief Financial Officer

Yes, Jinesh.

Jinesh Gandhi: Motilal Oswal Securities

Yes. First clarification on the price increases, you said we are lagging by two price increase, that is after price increase announced for first quarter, is that right?

Gaurav Kumar: Chief Financial Officer

No, that is because that is still not factored into the results. So, if you look at just last year, then as I mentioned, we are about two price increases behind, three is including the one that we are taking right now, given that Q1 also the raw material prices are going up.

Jinesh Gandhi: Motilal Oswal Securities

Okay, okay. Got it. So, effectively two price hikes after the first quarter price increase?

Gaurav Kumar: Chief Financial Officer

After the May one, yeah.

Jinesh Gandhi: Motilal Oswal Securities

Right. Second question pertains to the utilisation levels in our core operations in India, on PCR TBR side and on the European Operation side as well if you can share some data for fourth quarter as well as for the full year?

Gaurav Kumar: Chief Financial Officer

So, for India, our overall capacity utilisation in fourth quarter is about 84%. In terms of across categories, fairly similar numbers between TBR or PCR not a big difference. The bias categories are, the truck side is more heavily utilised, but less on the farm side. Similarly, even in Europe, the capacity utilisation is around mid-80s.

Jinesh Gandhi: Motilal Oswal Securities

Okay. And considering that these capacity utilisations probably will get close to 90% by next year if growth comes as we expect, would we need to invest further on the greenfield site or the brownfield expansion at the recent sites can take care of be it in India or Hungary plant in Europe?

Gaurav Kumar: Chief Financial Officer

Jinesh, a, the greenfield at AP, the capacity will continue to ramp up, we haven't reached the peak capacity. So, there is additional capacity that will come on stream. Neeraj, you were saying something?

Neeraj Kanwar: Vice Chairman & Managing Director

Yes, I was going to say same thing about AP, but I think we are also looking at debottlenecking some of our plants and increasing productivity. Like I mentioned to you in my opening remark, we are using a lot of artificial intelligence and machine learning with our digitalisation journey to increase productivity, enhance productivity in all our plants. And already we are seeing a lot of data which I can assure you that we will look at increasing production from the current equipment's, that will look after the growth story of Apollo. So, we are not looking at any major CapEx in the coming year.

Secondly, I want to tell you is, also there is a whole idea behind enriching product mix in all our geographies maybe in passenger car or in truck, we are looking at how we can go upsizing and how we can increase profitability margin given the cost pressures to try and vacate product categories where we are making very thin margins. So, we are looking at enriching product mix with a very clear focus on having a profitable growth rather than just going after volumes and market share.

Jinesh Gandhi: Motilal Oswal Securities

Sure. Understood. And for the European Operations, we still have scope of debottlenecking, right. I mean, there will be further increase in capacity through debottlenecking over next one, one and a half year?

Neeraj Kanwar: Vice Chairman & Managing Director

Well, Hungary still hasn't achieved its full capacity of installed capacity. And we are looking at how we can get to the 90%-95% in this year. Last year they were running at 80%-85%. So, there is capacity there even in Enschede there is inbuilt capacity and we are looking at how we can debottleneck and increase that capacity.

Jinesh Gandhi: Motilal Oswal Securities

Got it. One book keeping question for, Gaurav. We have seen a material increase on Q-o-Q basis for depreciation in this quarter. Any particular reason for that? Was there any material capitalisation which happened in this quarter? This is for the India operation.

Gaurav Kumar: Chief Financial Officer

Yes, Jinesh, some bit of capitalisation happened on the AP plant as more and more of it came into operations. And also, there were new leases, which under the new accounting standards led to an increase in depreciation.

Jinesh Gandhi: Motilal Oswal Securities

Got it. And lastly, what was the cost inflation witnessed in 4Q?

Gaurav Kumar: Chief Financial Officer

On the raw material?

Jinesh Gandhi: Motilal Oswal Securities

Yes. On the raw material side?

Gaurav Kumar: Chief Financial Officer

The raw material basket went up by 4% in Q4, over Q3.

Jinesh Gandhi: Motilal Oswal Securities

Got it. Thanks, I'll fall back in queue.

Gaurav Kumar: Chief Financial Officer

Thank you.

Pramod Kumar: UBS Securities

Thanks, Jinesh. We have the next question from Siddhartha. Siddhartha, please go ahead.

Siddhartha Bera: Nomura

Yes, sir. Thanks for the opportunity. So, first question is on this market share in the TBR segment. So, this competition is from any specific player or in general, I think other players, the price interest has been lower? And can this continue for an extended period given that if players continue to sort of target market share mode?

Gaurav Kumar: Chief Financial Officer

Siddhartha, it is difficult to say, what other players will follow. They have followed with price increases, but with a lag. And in sort of near term, sometimes it has resulted in some impact on volume. The raw material price situation, even if it stopped going up, is still at a very high level. So, to that extent, the scenario of needing to take price increases will continue. What competition would do, is difficult for us to say.

Siddhartha Bera: Nomura

And we have seen in the past that there has been some bit of downgrading from the TBR or to TBB because of the sharp price increase. Has that trend still continued or do you think that is sort of now come back to normal levels?

Gaurav Kumar: Chief Financial Officer

That trend as in there's not a further shift to TBB. But to an extent that an increasing trend of radicalisation is not happening right now. Even as I mentioned, our utilisation of our TBB capacities is up in the 90% range.

Siddhartha Bera: Nomura

Understood. So lastly, on this interest expense, we have seen it continuing to inch up every quarter despite our gross and net debt coming down. Any particular reason why is that and if you can share the standalone net and gross debt also?

Gaurav Kumar: Chief Financial Officer

So again, the increase in interest costs, as you rightly mentioned, has gone up because of now no capitalisation happening on account of the AP Greenfield and also, the lease impact. To your second question on our gross loan in India Operations is INR 4,500 crore. And the net debt is INR 3,600 crore.

Siddhartha Bera: Nomura

Thanks a lot, sir.

Gaurav Kumar: Chief Financial Officer

Thank you.

Pramod Kumar: UBS Securities

Thanks, Siddhartha. Next, we have Aryn. Aryn, please go ahead.

Aryn Pirani: CLSA

Hi, can you hear me now?

Gaurav Kumar: Chief Financial Officer

Yes, Aryn.

Aryn Pirani: CLSA

Yes. Hi. Thanks for the opportunity. My question was on the passenger car replacement. I think Mr Kanwar mentioned that on the OEM side, there are chip shortages. But even on the replacement side, we are not seeing any pickup. Is that correct? And why do you think that is happening? Because replacement should not be seeing the same constraints as on the OEM side.

Neeraj Kanwar: Vice Chairman & Managing Director

I'm not saying that; it is not as bad as the OE is concerned. But given all across the world, given the gas prices that have gone up, we are seeing heavy distances travelled on cars coming down even in Europe. Okay? And so that has, because of the Russia, Ukraine, you know, the gas prices are up all over. So that has an effect. Also, we've been taking very aggressive price hikes over the past quarter, especially in the PCR category. And that in itself is also causing a little bit of our own sales to come down, because competition has not gone that aggressive.

Aryn Pirani: CLSA

Okay, okay. Understood. And secondly, you know, we've discussed a lot on the raw material inflation, but I just wanted you know, your thoughts on the inflation on the other cost line because inflation is a reality both in India and Europe. So, like, are you seeing any major concerns on power cost on or any other cost line items, even wage costs going forward?

Neeraj Kanwar: Vice Chairman & Managing Director

Yes, so you have said the right thing, inflation is across the board, forget raw materials, that is anyways, a direct hit on the bottom line. But there is also inflation in energy costs. We've already seen energy costs going up in both our plants in Enschede and in Hungary. Also, Andhra is facing an issue on coal availability. And then there will be wage inflation across the board. So, what we are looking at is what I told you in the beginning, is trying to see how we can enrich our product mix to try and overcome these inflation costs, and increase our productivity from the same equipment. So, utilisation will go up with the help of AI and machine learning. And we're trying to see how we can manage to have a profitable growth at the same time.

Amyr Pirani: CLSA

Okay, great. Thank you. I'll come back in the queue.

Neeraj Kanwar: Vice Chairman & Managing Director

Thank you.

Pramod Kumar: UBS Securities

Thanks, Amyr. We have Ashutosh back in the queue. Ashutosh, over to you.

Ashutosh Tiwari: Equirus Securities

Yes, hi, sorry. So, can you share the Reifen numbers for the quarter and the full year?

Gaurav Kumar: Chief Financial Officer

Reifen for this quarter was EUR 34 million, a growth of 10% plus on the same period last year; for the full year the Reifen revenues were EUR 185 million, up from EUR 180 million of last year.

Ashutosh Tiwari: Equirus Securities

And EBITDA numbers?

Gaurav Kumar: Chief Financial Officer

Remain same at about 5%.

Ashutosh Tiwari: Equirus Securities

For the quarter?

Gaurav Kumar: Chief Financial Officer

No, for the full year.

Ashutosh Tiwari: Equirus Securities

For the quarter what it was?

Gaurav Kumar: Chief Financial Officer

Quarter was just about a breakeven because Reifen faces substantial seasonality.

Ashutosh Tiwari: Equirus Securities

Okay. And sir, what is the -- like you said INR 900 crores for India including maintenance and some CapEx like last year remaining amount to be paid. What is exact, let's say what would be roughly the maintenance CapEx numbers both in India and Europe?

Gaurav Kumar: Chief Financial Officer

So, in India maintenance CapEx, would be somewhere in the region of INR 300 crore to INR 350 crore, this would not include what we are investing in sustainability or digitalisation, that's not true maintenance. And similarly, in Europe, the maintenance CapEx would be about EUR 25 million to EUR 30 million.

Ashutosh Tiwari: Equirus Securities

Okay. And on the export side, we have seen a very strong growth during this year. So, what we have done, is it very driven by supplies to Europe, because I think we had talked about partly sourcing from India, and Hungary? And how do you see exports going ahead in the next year?

Gaurav Kumar: Chief Financial Officer

So, it's not just to Europe, Europe of course, being a large part of our overseas operations takes a big chunk, but exports to North America or ASEAN geographies, even the Middle East has shown a very, very sharp growth. So, the export growth is led by various markets which we have been preparing in the last few years, not just led by Europe.

And on your second question, the export growth will continue given the current situation and the fact that we are being conservative on the CapEx side, there is also in place clear allocation principles as we move forward, based out on profitability, as to who gets priority in case of a crunch.

Ashutosh Tiwari: Equirus Securities

Okay. And any issue in terms of RM sourcing in Europe Operations, after Ukraine war or there's no issue per se?

Neeraj Kanwar: Vice Chairman & Managing Director

No, there's no issue.

Ashutosh Tiwari: Equirus Securities

Okay. Thank you, sir.

Neeraj Kanwar: Vice Chairman & Managing Director

Thank you.

Pramod Kumar: UBS Securities

Thanks, Ashutosh. Next is Disha. Disha, please go ahead. Disha, your line is unmuted. Can you please -- yes, we have you now.

Disha Sheth: Anvil Shares & Stock Broking

Yes. So, I'll just repeat the question. Sir, when you mentioned that we have taken 3% to 4% price hike. Will it let the gross margins stay the same as Q4, or we still need more price hike to maintain Q4 gross margins? And second from our current capacity with the expansion coming in, what kind of turnover can we achieve? So, I just want to see if the demand increases, we have enough capacity what turnover can we achieve from the current capacity?

Gaurav Kumar: Chief Financial Officer

Disha, on the first question it is difficult to sort of give you an exact, there is an estimated raw material price increase and the price hike being taken across various product categories, it should broadly be in the range of the similar gross margin but difficult to give an exact answer. On your second question, the turnover possible from the current capacity in India should be in the region of INR 19,000 to INR 20,000.

Disha Sheth: Anvil Shares & Stock Broking

Okay. And overall, for Europe also sir, revenue on consolidated?

Gaurav Kumar: Chief Financial Officer

Sure. So consolidated we should be able to get to about INR 25,000 to INR 26,000.

Disha Sheth: Anvil Shares & Stock Broking

Okay. Thank you. That's it from my side. Thank you, sir.

Pramod Kumar: UBS Securities

Thanks, Disha. Next, we have Arvind. Arvind, please go ahead.

Arvind:

Yes. Hi, good evening, sir. Thanks for taking my question. The first question would be going back to the pricing part, if you could share what was the total price hike in FY22? And on a more strategic basis, when do you think it starts impacting demand? I think Mr Kanwar, alluded to some impact on demand. But what are the assets do you see, given the current demand condition, that was the first question.

Gaurav Kumar: Chief Financial Officer

So, roughly the total price increases taken for the full year, it would be different for different categories, but roughly about 12% to 14%, in the replacement market, across different product categories. We haven't seen it impacting the demand to that extent, would the demand have been more if these kinds of price increases were not taken, difficult to say.

Arvind:

Sure. Thanks for this. And more on number question. Is it possible to share the blended volume growth in FY22? Purely in tonnage basis, I know it's different for different categories. But is it possible to share that blended tonnage volume growth for FY22 and fourth quarter, if possible?

Gaurav Kumar: Chief Financial Officer

For the full year, the tonnage growth was 15%. And fourth quarter there was no volume growth on a tonnage basis.

Arvind:

Thank you. And just I don't know if it's been discussed earlier, could you share the European manufacturing revenue and EBITDA for the quarter, in Euro terms?

Gaurav Kumar: Chief Financial Officer

So, the European revenues for the full year were EUR 589 million, with an EBITDA of EUR 103 million.

Arvind:

And for the quarter?

Gaurav Kumar: Chief Financial Officer

For the quarter was EUR 169 million. And with an EBITDA of EUR 26 million.

Arvind:

Thank you. That's it from my side. Thank you so much.

Gaurav Kumar: Chief Financial Officer

Thank you, Arvind.

Pramod Kumar: UBS Securities

Thanks, Arvind. We have Nishit next. Nishit, please go ahead.

Nishit Jalan: Axis Capital

Yes, hi. Gaurav, can you share the gross and net debt number for the consol business? And the numbers that you share for India business does not include lease liability, is that correct?

Gaurav Kumar: Chief Financial Officer

Yes. So, the gross debt for the consol operations is Nishit, about INR 6100 crore and the net debt is about INR 4600 crore.

Nishit Jalan: Axis Capital

Okay, thank you.

Gaurav Kumar: Chief Financial Officer

Thank you.

Pramod Kumar: UBS Securities

Thanks, Nishit. We have the next question from Mukesh. [Operator Instructions] Mukesh, over to you?

Mukesh:

Yes, thank you. My first question is on the domestic PCR business. Could you give some sense on the mix of premium tyres there or probably say 16 inch you know mix of those and probably how that was say two years back? I mean just trying to figure out how that product enrichment is working so far or you know, what the targets that can be?

Gaurav Kumar: Chief Financial Officer

So, Mukesh we will not have that readily, we can come back and give you but the numbers in general compared to what we talked about, let's say a 43% of UHP plus which is 17 inch plus.

Mukesh:

No, sir, I'm looking more for India?

Gaurav Kumar: Chief Financial Officer

Yes, for a 16 inch plus, that number is still in single digits in India.

Mukesh:

Okay. And in terms of market shares, would it be too different for us say with a 16 inch vis-à-vis, a non 16 inch or below 16 inch?

Gaurav Kumar: Chief Financial Officer

We believe we would have a higher market share on the 16 inch plus. But again, those would be our internal estimates, there is no official data out there in that kind of segmentation unlike Europe.

Mukesh:

All right. Understood. And second is just a clarification. I mean, if I look at just consolidated minus standalone numbers, I see that your other expenses are quite high on the subsidiary numbers. Is that entirely driven by energy and freight costs, say in the last two quarters, it's touching INR 350 crores if I just do a simple console minus standalone, other expenses?

Gaurav Kumar: Chief Financial Officer

Should be broadly that and there are other operations which are smaller. So, to that extent, their proportion of other expenses vis-a-vis revenues would be higher, unlike Europe.

Mukesh:

Right. Okay, thanks. I'll get back to the queue.

Gaurav Kumar: Chief Financial Officer

Thank you.

Pramod Kumar: UBS Securities

Thanks, Mukesh. We have a follow up from Ashutosh. Ashutosh, please.

Ashutosh Tiwari: Equirus Securities

Thanks. Sir, you mentioned that in TBR and overall if you look at replacement level in last quarter was around 84%. But that's is not on the entire capital income through after AP. Can you share the utilisation level in PCR or in TBR including the entire capacity we commissioned after AP phase 1?

Gaurav Kumar: Chief Financial Officer

I would not have it that readily Ashutosh, to be able to give you how much of AP capacity is there in the current quarter and how much would come, so, we will need far more detail.

Ashutosh Tiwari: Equirus Securities

Okay, okay. And what was the contribution of TBR in India sales during last year?

Gaurav Kumar: Chief Financial Officer

Full year?

Ashutosh Tiwari: Equirus Securities

Yes. Full year.

Gaurav Kumar: Chief Financial Officer

Total was 36% of the total India revenue.

Ashutosh Tiwari: Equirus Securities

Okay. And lastly, on the payable side, we have seen increase in this year. So, is it normal level or it is elevated at a normalised going ahead?

Gaurav Kumar: Chief Financial Officer

I don't think there's anything special on that, Ravi any knowledge that we have anything extraordinary payables?

Ravi Shingari: Group Head, Accounts & Taxation

No, no. There is no extraordinary pay out.

Ashutosh Tiwari: Equirus Securities

Okay. So, in that case, going into next year, our leverage level should start coming down?

Gaurav Kumar: Chief Financial Officer

With the fairly conservative level of CapEx, we expect the leverage to start coming down.

Ashutosh Tiwari: Equirus Securities

Thank you. That's all from my side.

Gaurav Kumar: Chief Financial Officer

Thank you.

Pramod Kumar: UBS Securities

Thanks, Ashutosh. We have Arshad, or is it just a sec, I think they just lowered their hand. So, I think Gaurav, I think it's about time and I think that was the last question. So, I would like to thank all the participants and the management of Apollo for giving us this opportunity. And wish you all a great evening. Thanks a lot. Take care. Bye.