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The Secretary, **BSE Ltd.,** **Phiroze Jeejeebhoy Towers,** **Dalal Street,** **Mumbai- 400 001**	**The Secretary,** **National Stock Exchange of India Ltd.,** **Exchange Plaza,** **Bandra-Kurla Complex,** **Bandra (E),** **Mumbai-400 051**

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 20, 2020.

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.apollotyres.com.

This is for your information and records.

Thanking You,

Yours Sincerely,
For Apollo Tyres Ltd.

Seema Thapar

(Seema Thapar)
Company Secretary

India, May 20, 2020

Q4 FY20 Earnings Call

Nishit Jalan: Good morning, everyone. Welcome to 4Q FY'20 Results Conference Call of Apollo Tyres. From management team today we have Gaurav Kumar, CFO, Ravi Shingari, Group Head - Accounts and Taxation and other senior members of the management. So, we will start the call with a brief introduction from Gaurav, then we will start the Q&A. So Gaurav, over to you.

Gaurav Kumar: Thanks, Nishit. Good morning, everyone. And first of all best wishes for you and your family's health and safety as we live in these extremely challenging and unprecedented times.

The consolidated net sales for the quarter stood at Rs 35.5 billion, a decline of 15% over the same quarter last year, and 18% on a sequential basis, clearly impacted by COVID-19 in the month of March. The Indian Operations registered a decline of 20% on year-on-year basis, whereas Europe was much lower at just 3.5% decline.

The consolidated sales for the full year were Rs 161 billion, a decline of 6.8% year-on-year, contributed by revenue decline of 10% for the Indian Operations, but a growth in spite of these times of 3% in the European Operations.

The EBITDA for the quarter stood at Rs 4.8 billion, a margin of 13.2% compared to slightly under 10% in the same period last year, and 12% in the preceding quarter. The margin improvement was driven by favorable RM prices and cost control across operations in spite of operating leverage being adversely impacted.

For the full year, the EBITDA margin stood at 11.7% against 11.2% last year, again showing an improvement. The raw material cost for Q4 was around Rs 120 a Kg, a decline of about 3% on a sequential basis. Our net debt increased to Rs 60 billion from Rs 55.5 billion from the previous quarter, as we continue to spend and the cash flows across operations came down. The net debt to EBITDA for the consolidated operations was at 3.15.

Moving on to India Operations, the sales for the quarter was Rs 23.7 billion, a decline of 20%, as I mentioned over the same period last year and a 12% decline on a sequential basis. We probably lost about Rs 500 crores of sales in March due to the crisis. All of this was essentially a volume impact. The prices have been fairly stable.

The OEM segment is the one which has been under pressure. While in Q4 for the first time through the year the replacement volumes were also down 6%, but if we dissect it further and look at just January, February alone, we were growing at 10% and then the March impact where the replacement volumes were down nearly 35%, resulted in a 6% decline. OEM which had been sluggish through the year was the same in this quarter. It was down nearly 40%. For the Indian Operations, the EBITDA for the quarter stood at Rs 3.5 billion, a margin of 14.4% as compared to 11.5% for the same period last year, and 13% in the preceding quarter, again a similar favorable impact coming through on raw material and cost control. The net debt increased from Rs 43 billion to Rs 47.7 billion and the net debt to EBITDA was 3.4.

In terms of what do we see looking ahead, while we will probably have a sales decline in FY'21 compared to FY'20, because the OE business is still looking fairly weak and there is no promising outlook as well. But the fact that a majority of our business is replacement is a significant plus for us. We have seen a very sharp, and I would say more than expected, recovery on the replacement side, barring passenger car tyre segment, on all other product segments -- truck tyres, farm tyres, two wheeler tyres -- we are seeing a very good recovery in the replacement segment. All our plants in India have started operations under the state government guidelines. They are at lower levels of utilisation as expected, but they are gradually ramping up. While April was hardly any sales as we continue through various stages of lockdown, the May sales are looking promising. We expect to be around 50% of normal. And if the things, and the business climate, continue to move toward more and more normalcy, then June should be even better. In fact, we are making sure that within the guidelines our plants are able to produce enough tyres and supply chain is able to deliver the tyres across the country to service the customers and benefit from the strong replacement demand. We are also probably benefiting from the fact that imports are down and are likely to remain down for quite some time.

We are fairly comfortable on the liquidity position given the teams effort on, both sales collection and the borrowings that we have done in recent times, including the equity raise. Material prices continue to be soft which would provide further tailwind to the margin. We have taken steps on the cost side to control and cusp of as much as possible. These range from announcing no increments for the year, top management taking salary cuts, cutting down on sales promotion, advertising and promotion expenses, improvements that were visible last year on the working capital side and we will continue to monitor that very actively. Similarly, given the overall demand situation we have cut back on CAPEX to the tune of another Rs 400 crores in FY'21 to make sure that we are not stressed from a cash flow or a liquidity perspective.

Moving on to Europe, Sales for the quarter were €123 million, a decline of 3.5% over the same period last year. This was largely driven by volume decline whereas on the price and mix we in fact had improvement. Our PCR volume declined 14% YoY, though on a full year they were flat. This is against a market decline of 6% on passenger car tyres. So, we continue to outperform the market through the year across all four quarters. In March alone, the European passenger car market declined by as much as 30% due to the COVID-19 impact. Within that, the performance of the European Operations is creditable not only are we outperforming the market on volume, we even continue to improve our mix. Our UHP proportion improved to 30% vis-à-vis 26% last year and we had a double-digit growth on the UHP volume. The EBITDA for the quarter at €11.6 million was 9.4% compared to 5.4% for the same period last year.

Similarly, Reifen Operations, while for the quarter at €26 million, were down 2% from the same period last year, but for the full year at €164 million were up by 3% over the same period last year. So even in the Reifen Operations where the margins are thin, we continue to have growth and we continue to make improvement.

In terms of outlook on the European Operations, again we expect a sales decline given the situation and as Europe recovers. But there is a possibility that sales could recover sharply. Both our plants in Europe are operating and going up in capacity utilisation in Hungary and Netherlands. Like in India Operations, all costs are looked at with a microscope. They are being controlled or cut as much as possible. Hiring is on a complete freeze and there is an extremely tight control on the working capital. Even as we have begun the year, we continue to outperform the market on the passenger car tyre side and we will continue with that performance to have an improvement across our operations.

Thank you. We would be happy to take your questions.

Ashutosh Tiwari (Equirus): Firstly, in the European Operations, I think margins are extremely good compared to sales number that we have reported. So is it completely related to RM cost benefit or some other initiatives have also been taken and how do you see the margin trend going ahead at least in terms of gross margin?

Gaurav Kumar: Ashutosh, it is a combination of various factors, and RM plays lesser of a role in the European Operations vis-à-vis the Indian Operations. So, yes, RM is a factor, no doubt. But, key which has been an effort over the last year plus, is a very sharp focus on margin, it is not just focusing on volume alone, but within that the mix and as I mentioned the proportion of our (UHP), Ultra High Performance tyres continues to improve. I mentioned a figure of 26% to 30% for FY'19 to FY'20. But over the last two, three years that number has increased from early 20s to 30 and we are beginning to get in the range where global majors operate, which is around the mid-30. That is a big driver of margin, cost control, working capital release, etc., It is a whole series of holistic steps taken in an effort that we have to get our European margins up to levels which are satisfactory, to not just the financial stakeholders, but even within the company.

Ashutosh Tiwari: And secondly, in terms of CAPEX, you talked about Rs 400 crores cut for '21. Overall, what would be the number for full year '21 what we are planning right now?

Gaurav Kumar: We would have talked if I remember correctly the figure in India of Rs 1400-1500 crores. That number for the current year would be about somewhere between Rs 1,000 to 1,100 crores. And similarly, we have taken a cut in the European Operations as well.

Ashutosh Tiwari: But considering the current market scenario, is this not also a high number because I think the demand obviously is recovering but still will be lower than last year, so do we really require so much of CAPEX for '21?

Gaurav Kumar: This is a number which is as of today. It will continue to get monitored. Given that we are on a road of the Greenfield well, a number of machinery which are already on the high seas, etc., there is a certain amount of it which cannot be deferred unfortunately. So the Rs 400 crores cut is what would be deferred. There may be an incremental possibility which we will continue to examine. But what was possible immediately has been cut. But "Can we cut down to nil CAPEX or just maintenance CAPEX for the year?" Not possible given the state where we are on the Greenfield.

Ashutosh Tiwari: On the RM you said it has declined 3% versus third quarter how much decline you can still expect in Q1?

Gaurav Kumar: Q1 will be a small decline, but very little of it would come through because we would be sitting with some raw material inventory and as of now it is difficult to say what would be the kind of production in Q1. Really the benefit of lower raw materials will start flowing in from Q2. It would still be slightly lower than Q4, but a better impact of lower raw material prices would be felt from Q2.

Ashutosh Tiwari: What kind of decline we can expect?

Gaurav Kumar: As things stand today it would be another 3%-odd.

Raghunandan

(Emkay): Two questions. Firstly, transporters profitability has been under pressure. Based on the initial purchases by transporters, is there a trend wherein instead of buying the domestic brands, transporters are either downtrading towards cheaper imported brands or going for retreading? Can you share your thoughts on replacement demand outlook for FY'21? Secondly, can you indicate compensation support expected from governments in Europe? Netherlands government has announced compensation up to 90% of the salary cost depending upon the loss in turnover.

Gaurav Kumar: In the current times, very difficult to give you an outlook for the full year. We have been just in a couple of weeks since partial lifting of the lock down and as I mentioned in my opening remarks, we have been surprised positively by the extent of recovery in the replacement market. We have not seen any trading down to imported brands or cheaper brands as of now. If anything the prices have held steady. There is strong demand for our replacement products and in fact that is putting pressure on the supply chain to ensure that we do not let go of any sales opportunity. So, still early days, but as of now we have not seen any trend which indicates customers moving to alternative brand. On your second question, the schemes across Europe are different from country-to-country; for example, in The Netherlands which is one of our significant operations, for a quarter linked to the loss of revenue, they have announced that 90% of the wage bill would be subsidised. So we have received our first installment just a few days back on the partial aid on the salary bill in Netherlands. There is a variant of it in Hungary which is linked to actually reduction in working hours. But from the date that it was announced we actually saw demand coming back from Europe, because in Netherlands it was announced earlier, in Hungary later, we actually needed the people back in the plant to produce at those higher levels, so we did not go ahead with our application in Hungary. There are other schemes like deferment of certain amount of tax payments, etc., which we have applied for, similarly in Hungary there is a scheme where for future CAPEX they may give a subsidy. So the team in Europe is monitoring actively across geography. Our three big operations are in Germany, Netherlands and Hungary. Netherlands, we have already received. Germany, we made the necessary application. And in Hungary as I told you given what we needed in the plant we are not seeking any subsidy on the salary bill.

Raghunandan: Any quantification of what could be the amount?

Gaurav Kumar: In Netherlands, we have received just under €2 million.

Raghunandan: Like I was trying to understand for Netherlands subsidy is up to 31st of July. So the first quarter loss in revenue, to that extent would the compensation of 90% employee cost happen. Will that be the expectations?

Gaurav Kumar: Just to clarify that 90% of the employee cost is given if your loss in revenue is 100%. We do not have a loss of revenue of 100%. Our expected loss of revenue when we looked at this was around 40%-odd, and that also may have to be revised, given how the recovery we are seeing, to a lesser number.

Basudeb Banerjee

(Ambit Capital): I have a few questions. Firstly, as you rightly said on replacement demand, still the mix has only improved because of the benign OEM scenario and in fiscal '21 the replacement mix is only going to increase further ideally for your India business. So as typically your replacement margins are far superior than OE margin, so any internal assessment you have done that how much of this is mix improvement can compensate for operating leverage loss for your business on one side? And secondly, do you see there is a subdued demand even in replacement because of COVID especially in the trucks, maybe first month of pent up demand as the last two months lockdown, but maybe down the line with maybe subdued industry scenario, even if there is subdued replacement demand in trucks, do you see pricing pressure to pass on the raw material benefits, how do you look at this piece?

Gaurav Kumar: The margin guidance we anyway do not give and there will be a lot of parameters playing into the mix. Yes, the higher proportion of replacements would definitely be a plus and that could support the margins but how much impact, etc., is something which is a constantly changing thing but besides that we do not give out margin guidance. To your second point, as I mentioned that it is just a few weeks since the business has resumed and that also on a slow scale. So to be able to say whether this is the pent up demand which is suddenly coming through and then it will taper out, could be a possibility, but very difficult at this time for us or for anybody across industries to give out an outlook, nobody knows for sure as to how the situation would ease up, how quickly will it get back to normal or will it be a start/stop kind of a scenario. Pricing pressure whether it will come through or not, will of course depend on demand/supply but still be a factor on both sides. There is a certain amount of margins that we need. We also have equal pressure given the lower level of utilisation. So right now the key challenge I would say is to make sure that we ensure the safety of all our people and with that ensuring that our plants continue to operate. It will have to be an evolving situation. Very difficult to give out a full year guidance as of now.

Basudeb Banerjee: Quarterly key raw mat wise pricing for your India business?

Gaurav Kumar: Natural rubber was at Rs 140, synthetic rubber at Rs 110, fabric at Rs 240, carbon black at Rs.85 per kg.

Basudeb Banerjee: Any logistical challenge in terms of production now because of a very few trucks available and even if trucks available, freight rates have increased, so any cost escalation because of logistical challenges in India?

Gaurav Kumar: There are challenges; there are certain routes on which the challenges are greater. That is a very operational level thing which the supply chain team of India Operations, and even the global supply chain are managing, because India feeds not just the Indian Operations, but other geographies as well. So, I would not have details on exact routes where the challenges are greater. I know they are working round the clock to ensure that things move, and their challenges are far greater than mine.

Basudeb Banerjee: I was just trying to understand because part of your raw mat basket is also imported and change in the logistic rates for imports during this lockdown time.

Gaurav Kumar: They have been taken into account. Overall still we feel that we will have the benefit of lower raw material prices given the current situation including weaker rupee.

Basudeb Banerjee: Europe EBITDA margin you said 9.2% for this quarter. How much was it Q3 FY'20?

Gaurav Kumar: Q3 was 9.3%.

Jay Kale

(Elara Capital): My first question was regarding your other expenses. So we have seen a sharp control on your other expenses. And if you could just give a flavor on how your fixed cost was pre-COVID and how are you looking at your fixed cost in this year or maybe in the first couple of quarters. What kind of measures you have taken to control that and if you can give a broader range of your fixed cost as a per cent of sales?

Gaurav Kumar: Pre-COVID levels are normal levels you would have seen up to Q3 and I would say they would be at normal level. The general guideline is that we would like to reduce our fixed cost by about 20% in the current year. Things like travel, is an obvious and easy one for anyone even if we wanted to travel we cannot; but obviously as all of us have got used to the extent we can get used to, and found new ways of working, clearly, travel cost will come down. We are looking at options of virtual launches of products rather than participating in trade fairs. We are looking at conducting online training programmes rather than people going across and spending time and money in those travels, that is a reduction. Recruitment is more or less at freeze. The increase in salary cost will not come through. Barring any very critical items, all consultant engagements, etc., have been stopped. Advertisement and promotion expenses, selling expenses reduced sharply. All of that have been, and we are still in the process of doing our revised budget and it will continue to evolve given the fluid situation. But as we stand today we are looking at cutting it down 20%. What is the normal level? It is a difficult one to say till we have a certain level of knowing what is the normal level of sales.

Jay Kale: You mentioned that your raw materials in Q4 was 3% down versus Q3. I assume that would be predominantly for India. How was it for Europe? And if I may, you have your raw material in Europe which is largely dependent on higher contribution of crude-linked derivatives in Europe than say in India. So, is it fair to assume that two quarters down the line the benefit in Europe raw material basket would be higher than in India?

Gaurav Kumar: Is the raw material reduction in Europe lower than in India? You are right. And yes, the raw material benefits flowing through to Europe could be sharper in the current year on account of growth.

Jay Kale: Any broad range? You mentioned 3% reduction for India.

Gaurav Kumar: Europe was about 1%.

Jay Kale: Going forward also I think you mentioned 3% for India. What could be the reduction for Europe?

Gaurav Kumar: What I mentioned is immediate future which is Q2. Again, right now in the current scenario, I would hesitate to give a longer-term guidance, but Europe could be a few percentage points higher than that, but it is something that is constantly evolving in. And at this stage to give out, unlike in the previous quarters, where we have contracted quantities for near term, that is not the case currently given the lower levels production.

Siddhartha Bera

(Nomura): My first question is on the commodity side. You have indicated a close to 3%-odd benefit over the next two quarters. But when we see the commodity prices like rubber is down 10%, crude derivatives are down 30%. So, are we building in some pass on of benefits in the replacement market because otherwise actually the benefit should have been much higher than what we are guiding?

Gaurav Kumar: A) I am talking about the raw material prices. Whether that is passed on or not is a separate question. So that does not get netted off from the raw material prices. B) as I mentioned that we still need to contract quantities for Q2. What you are seeing today, there is very little buying happening given the uncertainty on the production and the demand. As we started production we are still mostly using raw materials that were in stock from the previous quarter and hence all of the benefit of what you are seeing in current prices will not flow through. And secondly you have got to also take into account the rupee depreciation.

Siddhartha Bera: And sir, today there was some news on government considering 15% COVID tax on imports of various chemicals and rubbers. So if that comes will that additionally impact your cost going ahead?

Gaurav Kumar: If there is a tax imposed on rubber, it will impact us because invariably what would happen is that the domestic producers would also increase the prices. Let us see. But it will also benefit us on the finished goods side. Where all are taxes imposed, is still to be seen, before knowing the details we cannot make a comment whether it is beneficial to us or not.

Siddhartha Bera: On the demand side, just wanted to understand that assuming that replacement demand picks up gradually and currently it is much lower than the last year level. So how does the competitive dynamics behave. I mean, is it fair to assume that a market leader like yourself in the TBR can gain market share when the overall industry is weak or is it that these smaller players do aggressive pricing and gain share?

Gaurav Kumar: So on the TBR side, the fact is we were selling the highest volume and at the highest prices barring Michelin vis-à-vis all the domestic players and some of the global ones, we were still pricing ourselves higher. Now, if someone at the lower end drops prices, yes, it does put a certain amount of pressure, but there is a certain amount of brand equity, product quality that is well established in the market. And hence we are not unduly worried about how things will pan out. And frankly, at least as of now based on what things seem, we are fairly comfortable with the replacement demand dynamics to not be feeling any price pressure.

Siddhartha Bera: Lastly, on the depreciation and interest cost, they have risen sharply in the quarter. So can you throw some light on that what was the key driver and taxes also have been negative in the quarter?

Gaurav Kumar: Depreciation is part of our AP CAPEX which was going on, which is beginning to come through and similarly in Europe the Hungary Operations continue to come in. Borrowings have gone up. So that is going to the interest cost. On the tax side of things, when we paid advance tax pre-COVID a certain higher level of profitability was assumed. And that is why there is a negative PAT. Ravi, if you are there, would you want to elaborate on the tax point?

Ravi: Yeah, Gaurav. So as you rightly said, eventually in 3Q the tax expense was calculated based on a higher profitability and also lower capitalisation which is why you also see an increase in depreciation in 4Q. And because of both the factors, one, the profitability coming down on an annual basis and secondly, because of increased capitalisation, there is an additional tax one-time benefit which we get because of which we have a negative tax impact in 4Q.

Ronak Sarda

(Systematix): Firstly, if you can indicate in India how much of our retail points are now open when you say we are operating at 50% of the normalised demand, where are we in terms of retail outlets open and how do you see that panning out? And second part of the question is on the supply side. So in terms of production capability given the new norms when do we see reaching the normalised production capabilities -- will it be in July or August or we will be operating for the full year at a lower level given the new norms?

Gaurav Kumar: Ronak, (A) I do not have the data on the number of retail outlets because that is also to a certain extent keeps changing as different regions go into red zone, orange zone, etc., but if we can reach out to the IR team, we can get that specific data point and give to you. In terms of your second question again it will depend from plant-to-plant, for example, in Kerala, we are already up to about 70% utilisation on the plant given where the state is. Gujarat and Chennai are more impacted where our utilisation levels are lower. It is difficult to say when they will come back to the high levels. Our Vadodara plant is at about 40% and similarly is the case for Chennai. We are ramping up again within the two weeks itself like it would have happened for all of us from the day we started working from home, you will get used to something and then you improve on efficiency, our plants also started from lower level and they are ramping up.

Ronak Sarda: Just a clarification on your working capital. We have seen very sharp improvement in working capital. How sustainable is this? And secondly do we do bill discounting and hence some part of interest cost is sitting in the P&L due to that?

Gaurav Kumar: A) There is a certain amount of reduction particularly in India Operations with revenue itself coming down, but the current levels are fairly sustainable. There is no great one-off step taken because of the situation and frankly for March, not much could have been done given that this COVID situation really suddenly came upon us. Europe maybe three to four weeks and India was literally 10-days. So, it is not as if sudden dramatic steps could be taken on the inventory side. So these are fairly sustainable levels we have been working on it. There may be one off where they go off because there is a sudden fall in demand or there is a strategic sourcing of inventory but nothing exceptional that this cannot be sustained.

Ronak Sarda: You mentioned in Hungary, we have not opted for the wage absorption. What kind of demand recovery are you seeing, how was it in the month of April or May and which regions are contributing to it, I mean, which are the major supplies from the Hungary plant?

Gaurav Kumar: Hungary supplies to all over. Because this European aid while we sort of classify it at a broad level, it varies from country-to-country because individual governments announce it. While in Netherlands, it was linked to loss of revenue, and hence not dependent on what was being produced at the plant. By the time Hungary plant went past its shut down taken at the peak of corona situation in Europe, Hungary announced the package a little later, and it has a criteria that your working hour should be reduced by at least 30% for you to apply for the aid. And the people in the plant took a call that they rather needed people to be producing, because they had already depleted on inventory and taken a shut down in April, for a number of weeks. So that is why we did not apply.

Pramod

(CGS-CIMB): Two questions: One, when you are looking at the demand situation, when you say replacement, which sub-segments of replacements are behaving better than your expectation or better than the other subsegments?

Gaurav Kumar: Pramod, as I mentioned, the slowest out of the blocks is the passenger car replacement. We are seeing fairly strong demand in truck tyres, farm tyres, two wheeler tyres.

Pramod: But considering that utilisation levels in trucks are pretty low, do you think this one-time recovery is more sustainable especially the truck one where the larger volume and profitability is centered?

Gaurav Kumar: Again, a similar question was asked earlier. So difficult to say how much of this is pent up demand, and how much of this is increased market share by us. We have been able to capitalise on this opportunity a little more than others and also given our strong leadership position in the truck tyre domain.

Pramod: And what is the absolute net debt level now for consol? And do you see any risk for Warburg deal terms or cash inflow?

Gaurav Kumar: Current net debt levels as of March is Rs 60 billion. We do not see a risk to the Warburg deal. The first tranche of funds were received on April 22nd. So well into the COVID thing and the terms are what was signed on earlier.

Amyn Pirani

(CLSA): My first question was on the working capital. If I look at the receivables, I am assuming that you are getting and would be getting your payments from the OEMs on time. But what about the bigger part which is the replacement and the dealer, how is their position and are you seeing any issues in payment, are you extending any longer payment terms to them and how do you expect this to play out in the coming weeks or months?

Gaurav Kumar: We have not seen any delays in payments on the replacement side. You would remember that we anyway have a scheme where there is a deposit with the company. Dealers have been paying more or less in time because also in the replacement segment the lull has been for about a month plus. And then it has coming back to normal. So, even as things would have slowed down, it again started picking up. So we have not seen any concerns on the replacement side. We had a few delays or lengthening of the payment cycles in fact on the OE side. No concerns about them getting settled but obviously the OEMs were hard hit. But that also have corrected back and we are fairly confident. So, no concerns on the receivable side for us.

Amyn Pirani: Second question is on the leverage and the funding. So the leverage that you mentioned on net debt to EBITDA, that is before accounting for the Warburg money coming in?

Gaurav Kumar: That is correct. These are the leverage levels as of March 31st.

Amyn Pirani: And you said that the covenants are at around 3.5x net debt-to-EBITDA, if I am not wrong?

Gaurav Kumar: That is correct.

Amyn Pirani: So within this quarter you should comfortably be below the covenants and I think your recent debt waive will also be happening at a very reasonable rate given the environment. So from a funding point of view, we should not expect anything significant that you would need to do in the coming few months at least?

Gaurav Kumar: That is correct. As the situation came up, we reacted fairly quickly and the Corporate Finance team did a great job in raising funding, and raising funding at fairly, what I would say, attractive terms. We have got the necessary long-term money in, to be comfortable on liquidity and should not be needing any further borrowing in near-term.

Priya Ranjan

(Antique): A couple of things: One is on your split between the exclusive stores sales and multi brand outlets sales because I guess the moment you have a more exclusive store sales at this time you can have a slightly higher market share in that case and your pressure on the dealership margin, etc., will also be lower. If you can throw some light on that? And second is you have mentioned in the results press release that you have comfortable liquidity for 12-months. So at what assumption you have made that, I mean, at what lower sales level this 12-months period is valid?

Gaurav Kumar: To answer your second point of the question, that is a fairly standard analysis that auditors have to run to today's time to assess the going concern basis. I would not be at liberty to share those kind of assumptions. To the first part of your question, while I do not recall the exact number, but I think about 30% to 40% of our dealerships in India are exclusive. But probably later the IR team can reconfirm the number to you.

Priya Ranjan: In terms of your overall OE business, how do you see any kind of guidance or any kind of feedback you are getting from OE side on different segments how things are going to move up in terms of volume offtake?

Gaurav Kumar: Right now no OEs would be better placed to answer that. They are facing fair bit of uncertainty. There are also news that once things settle down particularly at the lower end or the entry level of cars actually the demand will go up, because a lot of people for safety, hygiene factors would start shifting towards the personal vehicle, a trend which was going off. And that is actually being seen in China. However in near-term, nobody is giving out a positive outlook. The truck industry similarly is looking at demand being fairly weak, and they are taking up with the government on long outstanding point of the scrappage policy, etc., saying that is needed to boost up demand. So in a way it is an interaction and the outlook also taken by the government and the auto industry.

Priya Ranjan: There was some news on replacement demand for farm tyres which was actually much higher than the production level. So, have we actually moved to a normalised level, I mean, how are we meeting the demand in the farm segment?

Gaurav Kumar: Are we meeting 100% demand, etc. I cannot say for sure. There may be some opportunities which might have been missed, but more due to supply chain issues than production issues. I have not heard that because of lack of production, we missed anything. That is also because it has been a few weeks and we did have enough inventory even as plants were getting ready to produce and they are ramping up. Also, a large number of farm tyres would have come out of Kerala where as I mentioned the plants are already up to nearly 70% production. So, should not be a concern.

Sonal Gupta

(UBS): Just a couple of things. One, in this quarter, we have not received any sort of government support in Europe, right, is there any sort of benefit because of which your wage bill in Europe is lower and margins better this quarter, is there any benefit of something?

Gaurav Kumar: Nothing in this quarter. As I have said, the first one is what we have received is in Netherlands last week.

Sonal Gupta: Could you give me a sense of what is the sort of raw material cost as a percentage of sales in Europe?

Gaurav Kumar: Broadly in the region of 40%.

Sonal Gupta: And lastly what is the CAPEX that you are looking for Europe for this year?

Gaurav Kumar: About €20 million.

Bharat Gianani

(Sharekhan): So my question would be mostly on the European side where your earlier comments pointed out that the operations would see a decline in FY'21, but I was trying to get more flavor on while the OEM industry in Europe might take time to recover, but I was trying to get a sense on your reading of the replacement demand in Europe, how will it behave? So ideally replacement demand would be less impacted and we primarily supply more to the replacement market at this point of time. So any thoughts on the replacement how would it move would be helpful?

Gaurav Kumar: I missed out certain parts of your question. Tell me if I missed out anything. In Europe, yes, larger part of our business is replacement as compared to India, but there are OE parts of the business in agri and a specific category called "Space Master." But for the largest portion, yes, the replacement recovery would be faster and quicker. So to that extent, that is favorable for us. Also, the talk in Europe is that there is a strong chance that as the economies open up as people start to travel including as early for the coming holiday season, people will start driving across more rather than use public transport or flying even it may take reasonably longer distances and obviously the amount of traffic and the road conditions there play a role. So, in fact, replacement demand in Europe could see even a better recovery if that situation was to pan out and it will benefit us.

Bharat Gianani: What is the current mix in Europe between replacement and OEM?

Gaurav Kumar: At an overall operation level, it is about 80% replacement and 20% is OEM. But if you look within the passenger car tyre category, it will be 99% or 98% replacement, and 1% or 2% is OEM.

Moderator: Thank you very much. I now hand the conference over to the management for their closing comments.

Gaurav Kumar: Thanks, everyone. Once again best wishes for all of you. You and your family stay safe, stay healthy. And hopefully things in India would continue to recover and we move to normalcy at the earliest possible.