Below is the transcript of Mr.Ravi Pisharody's (Executive Director, Commercial Vehicles) interview with CNBC-TV18's Ms.Sonia Shenoy and Ms.Latha Venkatesh.

Sonia: I wanted to first start off by asking you about the trends in the commercial vehicle (CV) space which have been looking good over the last few months. What are you picking up in terms of a genuine demand growth and geography wise where are you seeing most amount of demands now?

A: The CV space really consists of a mix of at least four or five different segments. So, the heavy commercial vehicle (HCV) and light commercial vehicle (LCV) group is one segment. The medium and heavy commercial vehicle M&HCV group is bigger segment and then you have segments like the buses and passenger group. So, the M&HCV segment which is the trucks and tippers of 16 tonne and above. This actually contributes almost 60-70 percent of the total market revenue. So, this is the one which is really quite significant. It has been growing quarter-on-quarter (Q-o-Q) for almost now seven or eight quarters and we are seeing even in this quarter which is the April-June quarter which is typically the lowest period in the year we are seeing growth in excess of 20 percent over a relatively high base because the base of 2015-16 was close to the previous peak of 2011-12. So, on such a base to have a growth of 20 percent plus is pretty strong and it is just not replacement buying anymore. There are some clear economic drivers. The other segments which is the LCV and buses albeit on a low base but we are now seeing growth which is double digit growth after a long time. For the last 4-5 months we are seeing growth even in those segments.

Latha: You spoke about this 20 percent growth in the M&HCV segment. Does this also come with better margins since there is a continued downturn in commodity prices?

A: Our margins are stable because while the commodity prices have been stable the competitiveness in the market is still very high and that has to do with the fact that in the M&HCV space there are now 7-8 players and almost all of them have now been in the business or in the country for three year plus. So, there is overcapacity which is not going to go away so easily even in a strong market. So, margins are stable, we can see that in our results of the January-March quarter which were announced. We are managing to hold on to our margins despite the competitiveness and of course the softer commodity prices are helping.

Latha: What is the capacity utilisation in the sector and in Tata Motors itself?

A: Again I will have to talk sectorally but the M&HCV segment which is the business we may take out of two plants in Jamshedpur and Lucknow we are currently running at almost 80-85 percent capacity utilisation depending on how you define, but my sense is that the industry capacity utilisation is much higher than 50-55 percent because a lot of new capacity has come in, in the last five years. New companies as well as old companies expanded. So, a lot of new companies have not been able to realise their projected numbers. So, that is the situation as far as capacity utilisation goes.

Sonia: You spoke about competition that is very high currently. How is the discounting situation, is it still very high and what are the average levels on which discounts are given?

A: Discounts are still high. As I said with soft commodity prices since there are many plants or many companies not yet at critical marks there is an attempt to gain some volumes even at lower margin. I would say that discount levels are in the region of 10 percent. They keep fluctuating month-on-month (M-o-M) but I would say it is in the region of 10-12 percent.

Latha: So, do you see these discounts falling as the demand picks up in the order you say, 20 percent?

A: Yes, that is the part unfortunately not falling. Unlike the previous recovery in 2010-11 where they have basically 3-4 players and there was a clear improvement in the discounting scenario when the market picked up. We don't see that now. That is partly because of the profile of the buyer. Most of the buyers today are not single truck owners or small owners. They have big fleets. So, they are aware of the situation. It is a pretty strong biased market. If somebody places an order for 100 vehicles spread over six months he is making sure he is getting the best discount available. So, that is not responding so much, so the demand upturn is still fairly high.