"JK Tyre & Industries Limited

Q4 FY 23-24 Results Conference Call"

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MODERATOR:	**MR. MITUL SHAH - DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the JK Tyre & Industries Q4 FY '24 Conference Call hosted by DAM Capital Advisors Limited. 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, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mitul Shah from DAM Capital Advisors Limited. Thank you, and over to you.

Mitul Shah: Thanks, Mike. Good afternoon all. Thanks the management for providing us this opportunity. On behalf of DAM Capital, I would like to welcome you all to the Q4 and year ended FY '24 earnings conference call of JK Tyre. Today, we have with us from the management team, Mr. Anshuman Singhania, Managing Director; Mr. Arun K. Bajoria, Director and President, International Operations; Mr. Anuj Kathuria, President, India Operations; Mr. Sanjeev Aggarwal, Chief Financial Officer; and Mr. A K. Kinra, Financial Adviser.

I shall now hand over the call to the management for their opening remarks, post which will open the floor for Q&A session. Over to you, sir.

Anshuman Singhania: Very good afternoon to everyone, and I welcome you all for joining JK Tyre's Q4FY24 & FY24 earnings call. I am Anshuman Singhania, Managing Director and I have with me Mr. Arun Bajoria, Director & President – International, Mr. Anuj Kathuria, President – India, Mr. A.K. Kinra, Financial Advisor and Mr. Sanjeev Aggarwal, CFO of the Company.

I take this opportunity to record that the financial year 2024 was a year of many milestones and achievements - highest ever revenues; with record volumes and best ever profitability. We achieved new milestone of rolling out the 30 millionth truck bus radial tyre and becoming the only Indian tyre company. We rolled out the 10 millionth Steel King tyre, one of the premium SKUs in our portfolio, which has strengthened our leadership position in the LCV radial category. Our mobility solutions business (selling miles) a high growth segment has crossed Rs.100 crore mark in FY24. Our journey of launching innovative and high-performance products continues across all segments including tyres for EV.

Talking about FY24 performance, revenues crossed Rs.15,000 crore mark with 3 times growth in net profits enabled by operating leverages, better product mix and favourable input costs. Operating margins improved by more than 500 bps to 14.1% over FY23, resulting in EBIDTA for the year at Rs.2,122 crore, the ever highest.

Our balance sheet has further strengthened by deleveraging measures and equity raise by way of QIP, which received overwhelming response from marquee investors, reinforcing confidence in our growth story. We remain committed to continuously deleverage the balance sheet. The net debt at the year-end stood at Rs.3,704 crore, lower by 18% as compared to March 2023. There has been a significant improvement in generation of free cash flows and return ratios touching high teens during FY24.

Coming to Q4FY24 performance, overall revenues were recorded at Rs.3,714 crore. EBIDTA margins were recorded at 13.4%, registering a growth of 28% on y-o-y basis, reaping the benefits of product premiumization and efficiency improvements.

Pursuant to the regulations of the Government with respect to notification on Extended Producer Responsibility (EPR) for the tyre industry, we have made a provision of Rs.106 crore pertaining to FY23 and FY24 in Q4. In FY25, we have started recovering the EPR cost from customers.

Automotive sales in India continue to witnessed buoyancy in the fiscal year 2024, Passenger vehicle segment recorded high single digit growth with yearly volumes crossing 4 million mark supported by strong growth in SUV sales and growing sales of alternate fuel powertrains. Commercial Vehicle sales started with a positive trend in FY24 fuelled by government's infrastructure initiatives, expansion in core industries, and sustained growth in e-commerce, as evident through high frequency indicators such a GST collection, e-way bills and positive PMI. Though, the demand momentum has moderated in second half due to elections in the country, but the same is likely to pick up pace after the new Govt. takes charge and infra projects implementation work resumes.

On full year basis, JK Tyre has clocked a domestic volume growth of 6% contributed by replacement and OEM segment, which grew by 7% and 5% respectively over the last year. However, exports volumes were flat despite geo-political disturbances and supply chain disruptions on account of red sea crisis.

In Q4, we witnessed a volume growth of 7% in replacement segment. However, the OEM volumes were muted mainly owing to lower CV offtake. The exports grew at a healthy rate 43%.

On tyre sector outlook: We remain optimistic in the medium to long term with passenger and 2/3 wheelers tyre to remain buoyant through the year. The replacement demand for CV tyres is stable, however demand from OEMs is expected to pick-up pace in the second half of the fiscal. On Exports, demand has started recovering since the last quarter of FY2024 and is likely to sustain going forward.

On channel development: During the year, we further strengthened our market presence in the replacement segment by adding 130+ brand shops, 200+ fleet customers and large accounts were added in mobility business.

The ongoing capacity expansion projects for TBR and PCR are nearing completion and full production will be achieved by Q1FY25. Further, earlier announced capacity expansions programs in TBR, PCR and All Steel Light Truck Radial (ASLTR) tyres for an aggregate cost of Rs.1,400 crore are under implementation and progressing well.

We continue to deliver strong performance across all ESG pillars. We are committed to become an environmentally responsible organization, focused on sustainable energy. Our usage of Biomass as an alternate fuel has reached to a level of 38%, which is reaping us benefits and underscoring our commitment. Today, we have achieved renewable energy consumption of

40%. We are amongst the top 3 tyre manufactures globally for lowest energy and raw water consumption. With a clear goal, we are progressing towards our mission of reducing carbon intensity to 50% by 2030.

With immense pride, I would like to share that our Chairman & Managing Director, Dr. Raghupati Singhania was featured as "Mega Icon" at National Geographic Channel, honouring his journey of dedication, determination and strong leadership to have nurtured JK Tyre to new highs.

Now, I request Mr. Arun Bajoria to talk about the performance of JK Tornel, Mexico.

Arun Bajoria: Thank you very much MD Sir. In financial year '24, JK Tornel Mexico, financial performance remained stable during the year despite increased competition from Chinese tyres and currency appreciation impacting exports. The economic situation in Mexico is buoyant owing to increased FDI and tapering inflation. JK Tornel achieved revenues of about MXN 5,500 million equivalent to INR2,628 crores. Operating profit at EBITDA level remains similar at MXN 447 million, equivalent to INR212 crores.

For the quarter, JK Tornel Mexico registered sales of MXN 1,251 million, equivalent to INR612 crores, lower by about 9% on a year-on-year basis. Profitability at EBITDA level stood at MXN 96 million, equivalent to INR47 crores, up by 10% on a year-on-year basis due to better product mix, further supported by input costs.

JK Tornel is continuously expanding the sales channel through new dealers' appointment and enhancing sales network in U.S.A. It is also pursuing launch of new sizes in radial tyre segment to bolster presence in U.S. markets. With these measures, we expect to scale higher revenues and better profitability in the financial year '25.

Now I request Mr. Sanjeev Aggarwal to brief about the financial performance of the quarter.

Sanjeev Aggarwal: Thank you, sir. Let me briefly share the key highlights for FY24 and Q4FY24. Consolidated revenues for FY24 were recorded at Rs. 15,046 crore which were up by 2.5% as compared to Rs. 14,681 crore in FY23. Consolidated revenues for Q4FY24 were recorded at Rs.3,714 crore, viz-a-viz Rs.3,645 crore in Q4FY23, up by 2% on y-o-y basis.

Profitability at EBIDTA level was recorded at Rs.2,122 crore as against Rs.1,334 crore in FY23, growth of 59% on y-o-y basis. For the quarter, EBIDTA was recorded at Rs.497 crore as against Rs.389 crore in Q4FY23, a growth of 28% on y-o-y basis. EBIDTA margins improved by about 5% to 14.1% in FY24 as compared to 9.09% in FY23. EBIDTA margins during Q4FY24 were recorded at 13.4% viz-a-viz 10.7% in corresponding quarter.

On full year basis, Cash profits almost doubled to Rs.1,675 crore as compared to Rs.879 crore in FY23. A provision of Rs.74.22 crore in JK Tyre and Rs.31.42 crore in CIL was made towards EPR liability. For FY24, the Profit after tax (PAT) increased to Rs.811 crore, 3 times jump as compared to Rs.265 crore in FY23.

Consolidated capacity utilization was about 89% in Q4FY24, which was 86% for the full year. Consolidated exports stood at Rs.663 crore, up by 39% on y-o-y basis. Subsidiary companies, namely, Cavendish Industries Ltd. and JK Tornel, Mexico continued to perform well and contributed significantly to the revenues and profitability on consolidated basis. Cavendish (CIL) posted a topline of Rs.3665 crore, with EBIDTA at Rs.513 crore registering an operating margin of 14.0% and Profits after tax stood at Rs.156 crore in FY24 as against Rs.9 crore last year, a significant multifold increase. Revenue for the quarter stood at Rs.873 crore, EBITDA stood at Rs.108 crore as compared to Rs.112 crore in Q4FY23. Profit after tax stood at Rs.19 crore for QYFY24.

Earnings per share (EPS) on a consolidated basis improved to Rs.29.84 per share in FY24 as against Rs.10.64 per share in FY23. Return ratios have significantly improved. ROCE (post-tax) and ROE are in high teens.

Net debt stood at Rs.3,704 crore as on March 2024 lower by 18% over March 2023 levels. Leverage ratios improved significantly over March'23. Net debt to equity improved to 0.80x in FY24 as against 1.29x as at end of March 2023 and Net debt to EBIDTA improved significantly to 1.75x in FY24 as against 3.39x at end of March 2023.

The Board has recommended a final dividend @ 175% (Rs. 3.50 per share having face value of Rs.2/- each) in addition to an interim dividend of Rs.1 per share already paid.

I am happy to share that our MD, Mr. Anshuman Singhania was named as one of the Top 10 innovative CEOs in 2024 by Business Success Story.

The Balance Sheet of the company is much healthier with improved financial ratios. We have already circulated our Earnings Presentation, which is available on our website as well as on the stock exchange websites. Now, we open the forum for Q&A.

Moderator: We have the first question from the line of Bharat Bhagnani from Living Root Analytics.

Bharat Bhagnani: Yes. So my first question is with regard to the tax rate in FY '24, '25. So Sanjeev, to what tax rate are we going to target this year, current financial year?

Sanjeev Aggarwal: So this will be 25%. We will be moving into the new tax regime in JK Tyre from 1st of April '24.

Bharat Bhagnani: Including Cavendish, right?

Sanjeev Aggarwal: In Cavendish, the new regime is already applicable. We had adopted earlier. So, both the companies will be under 25% tax regime.

Bharat Bhagnani: Okay. And you had mentioned the net debt movement, net debt amount, but can you tell me the gross debt movement and how much was repaid during the year? And how much is scheduled for repayment in the current financial year?

Sanjeev Aggarwal: So, the gross debt was about INR4,800 crores last year. And we have paid almost about INR360 crores this year, and this has come down to INR4,450 crores.

Bharat Bhagnani: And current year also similar amount will be repayable?

Sanjeev Aggarwal: Yes. INR350 crores plus amount is repayable in this financial year '25.

Bharat Bhagnani: Okay. Anshuman ji, I just had a question regarding the sales growth in the current year that we managed to just do around 2% to 3% worth of sales growth. This is including some amount of pricing growth as well. So I mean, have you lost out on volumes in terms of volume growth?

Anshuman Singhania: No, on a year-on-year basis at consolidated level, we registered a growth of 3% wherein volume growth was 4%. So we have definitely not lost on the volume growth. In fact, we have really inched up on all the categories.

Bharat Bhagnani: Okay. So, pricing, may be pricing has remained the same. So this year, I mean what kind of growth are we targeting this year in terms of sales, now that we have additional capacities also?

Anshuman Singhania: So we are targeting 8% to 10%.

Bharat Bhagnani: This is including volume and pricing, both?

Anshuman Singhania: Yes, this is 8% to 10%, will include both volume as well as price and the industry is expected to grow about 6%.

Bharat Bhagnani: Okay sir, in the light of recent key raw materials like rubber, and even crude being volatile, but rubber actually having increased to what it is right now at about INR182 per kg odd. So do you see that impacting margins for this year and next year, in an environment where we may not be able to increase the prices of the products?

Anshuman Singhania: No, you see that the average raw material basket has remained flat on a Q-on-Q basis and we are expecting the basket to rise about 3% to 4% in Q1. So, we are not looking at impact on margin.

Bharat Bhagnani: Which means you will pass on the price.

Anshuman Singhania: Yes. We are looking at taking a price increase in the range of 1.5% to 2% across categories in Q1 and rest, we are looking at improving our premiumization mix and operating efficiency.

Bharat Bhagnani: Sir, have we taken any price hike yet?

Anshuman Singhania: Yes. We have taken price hike in ongoing quarter in range of about 1.5% to 2%.

Bharat Bhagnani: Okay, in which category, sir? In which -- the tyre category or is this across?

Anshuman Singhania: Across the category.

Moderator: We have the next question from the line of Mumuksh Mandlesha from Anand Rathi.

Mumuksh Mandlesha: Congratulations on the good results and on the Chairman video and the MD award, sir. In terms of distribution, how do you see the expansion of the current 750-plus exclusive stores and the reach of 1,300 fleet operators expansion ahead, as that is driving the outperformance over the industry for the company? Also, what would be the volumes coming from the brand store currently? And in terms of profitability, how it would we be differing from the normal channel?

Anuj Kathuria: So, regarding the brand shops, especially the steel wheels and the truck wheels, we expanded the brand shops by almost 150 brand shops are added. We are now close to 800-plus brand shops we have. In PCR segment, almost 50% of our sales are now coming through these brand shops and it also helps us to get better connect with the customers. We are offering the entire solutions through these brand shops. We further intend to add roughly around 200-plus brand shops in the FY '25 which will further improve our brand salience and brand image. So we are working towards this. So that was the one question. What was the other question that you had?

Mumuksh Mandlesha: In terms of fleet operators, sir, how is that changing next year?

Anuj Kathuria: So, our engagement with the fleet operators is improving year-on-year. In fact, this year also, we have added some of the marquee fleets to our account. Not only fleet, we are adding very large accounts in our mobility solutions business. Overall, there are around 1,800 plus fleets with 100+ trucks and we are connected with almost 1,300 out of these 1,800 fleets. So, we expect that further consolidation of fleets is likely to happen and therefore, this will give us a definite advantage going forward.

Mumuksh Mandlesha: Okay and how would be the profitability of the brand store, sir? Would it be different from the normal channel or it's a similar margin profile of product sales we get from the brand shops?

Anuj Kathuria: Brand shops are definitely better in terms of profitability because they are able to make a value sales pitch to the customers. They also provide services, which is also a revenue stream for them. So overall, brand shops who are doing a consistent volume depending on the size of the store.

Mumuksh Mandlesha: Got it, sir. Just a question to Sanjeev sir. In Q4, sir, what was the price hike taken? Any marginal price increases taken in Q4 quarter, sir?

Sanjeev Aggarwal: So as Anshuman ji just mentioned, there were some price hikes which was taken in Q4 in selective SKU's. But major price increase was taken again in Q1 of FY '25.

Mumuksh Mandlesha: Sir, continuing on this part, considering the further cost inflation, how much further price hike we will require to take to pass on the impact also the EPR impact? And any thought by when that price hike would come, sir?

Sanjeev Aggarwal: You are asking for the year as a whole or for the quarter 1?

Mumuksh Mandlesha: So, I mean there would be some inflation impact on the gross margin. And maybe there was further addition in Q2 also. So, on total, how much for the price hike we required to pass on the impact?

Anuj Kathuria: I would say that as I said that on a quarter-on-quarter basis, right now, there was a flat increase in raw material, but quarter, we are expecting that in the quarter 1 of FY '25, 3% to 4% increase. So there, we have already increased our price to 1.5% to 2% on the finished goods across the category for quarter 1. And we will be governed by the competitive prices as it plays out for the rest of the quarter.

The other thing which you, I think, asked was the EPR. So we have already started charging per tyre basis on the invoice to the customer. So this will be a recovery or charge to the customers, which we're going to recover.

Mumuksh Mandlesha: So that would cover the all the impact for EPS for next year, right, sir?

Anuj Kathuria: Yes.

Anuj Kathuria: Yes, it will. And this was just calibrated depending on what is the cost of the certificates that we will be purchasing. So this will be a pass-through cost.

Mumuksh Mandlesha: Got it. And sir, is this phenomena across the industry, we are seeing? Or this is something JK has initiated in terms of pass-through the cost?

Anuj Kathuria: Under EPR?

Mumuksh Mandlesha: Yes.

Anuj Kathuria: So, the 2 companies have started, but it is applicable for across the industry.

Mumuksh Mandlesha: Got it, sir. Yes. And just lastly, on Mexico, can you share what kind of a revenue outlook for next year, sir?

A.K. Bajoria: As I said that we have taken some measures and we hope to better our revenue and also, therefore, our bottom line, the profitability.

Moderator: We have the next question from the line of Jaimin Desai from Emkay Global.

Jaimin Desai: Congratulations on maintaining profitability and the expansion and return ratios. My first question is around demand outlook. You mentioned 8% to 10% growth in top line expectation for this year. Can you provide some color in terms of splitting it up in terms of volumes and pricing? Earlier, I believe you indicated for double-digit growth in the India replacement segment. Does that expectation still hold?

Anuj Kathuria: So, your voice is little shaky could you just repeat your question clearly.

Jaimin Desai: Okay. Yes. Sir, my question was regarding the domestic replacement demand. Earlier, we have indicated double-digit expectation from this category? Does that expectation continue to hold? Do we still expect double-digit volume growth in this segment for this year?

Anshuman Singhania: It will be varying from segment to segment. In PCR, definitely we expect a double digit in the replacement market. CV may be being a high single-digit growth. But overall, I think so it would be somewhere between that 8% to 10%.

Jaimin Desai: Understood and also just to check whether I've got the understanding, right? So you mentioned that there were very marginal price hikes in the fourth quarter upon which you've taken a 1.5% to 2% increase already in the first quarter. And there will be some hikes going forward as well, and that would entirely cover the higher EPR liability as well as the -- whatever RM cost increase has been there. Is this understanding correct, sir?

Anuj Kathuria: I'll clarify. See, when we said quarter 4, we have taken some price increases on select SKUs. In quarter 1, we have done 2 things. One is that we have taken a price increase of 1.5% to 2% on account of raw material increase. Secondly, we have also started recovering the cost of the EPR which is based on the per kg on per tyre basis. The EPR will continue as a cost recovery measure.

Jaimin Desai: Understood. That is very clear. Just one final question. In this quarter, we have seen a decline in the EBIT margin for Cavendish on a quarter-on-quarter basis. Is this entirely because of the EPR provisioning? Or is there some other reason also?

Sanjeev Aggarwal: You are talking about the operating margin reduction?

Jaimin Desai: Yes, for Cavendish on quarter-on-quarter basis.

Anuj Kathuria: Okay. See, one is that, yes, there was a EPR charge that came in, in quarter 4, which was not there in quarter 3 or any of the other quarters. There was a slight reduction also in the top line. That was mainly on account of certain OEM in the CV space, where the demand has suddenly tapered off during March.

Moderator: We have the next question from the line of Krupashankar from Avendus Spark.

Krupashankar: So I have two questions. Just wanted to get a sense of what would be your total capacity in India across TBR, PCR 2-wheeler, specifically in India?

Sanjeev Aggarwal: So, the total capacity, as we have also shown in our investor presentation at 3.4 mn. for all the companies, including Tornel in Mexico and the Cavendish and JK Tyre. This is not readily available with me at the moment. Please refer investor presentation

Krupashankar: I understand. I'll refer to that. The second piece of it, just wanted to also get a sense on the market share across segments in India, across perhaps truck and bus PCR and 2-wheeler?

Sanjeev Aggarwal: This is really difficult to calculate because the data from all the companies are not easily available. So we have not been calculating the market share, but we can tell you that we are the market leader in the TBR segment.

Sanjeev Aggarwal: On overall commercial vehicle tyres and also specifically on TBR in the domestic market, we are the no.1.

Krupashankar: Okay. And this is across OE and replacement is what you're saying?

Sanjeev Aggarwal: **Yes,** domestic.

Krupashankar: Okay. All right, sir. On the outlook part of it, just wanted to quiz whether -- on the CV side, are you seeing the traction on replacement picking up primarily on the sentiment? Or is it more of a pricing-driven push to boost volume, sir?

Anuj Kathuria: Yes, in the CV market, we are seeing traction in the replacement market. But however, in the OEM, we are seeing some flattish trend. But we are expecting that this will also pick up by the second half of this fiscal year.

Moderator: We have the next question from the line of Nirav Seksaria from Living Root Analytics.

Nirav Seksaria: Sir, you said the capacity utilization for FY '24 was at 86%, and we are going to grow at 8% to 10%, which takes us to a utilization of around 90%. So why are we setting up additional capacities rather we can use the amount to repay our debt, gross debt and reduce it?

Anuj Kathuria: When we talk about capacity utilization 86% is full year utilisation. But if you go into quarter by quarter or month by month depending on the seasonality. Also, the OEM demand is not the same throughout the year. So there are months where we utilize the capacities even at a higher level. So, this is not something that we can say that you can just rather than going for the expansion, you go for deleveraging. There is a certain headroom also that is always better to have. So overall, I think so, if any company, any organization is having a capacity utilization in excess of 90% is actually a very good number to have.

Nirav Seksaria: Sir, could you give me the breakup of capacity like utilization across TBR and PCR?

Anuj Kathuria: The other thing is that if we take this number that we quoted is the entire capacity utilization, but the radial capacity utilization is definitely better as compared to bias capacity. But if I take the TBR utilization, it is definitely in the 90% and PCR is actually in excess of 95%.

Sanjeev Aggarwal: And also, I would like to add, it takes about 2 years to add to capacity. Lead time is high. This is a time taking process.

Anuj Kathuria: We expect that the market will grow at a CAGR of 5% to 6%.

Sanjeev Aggarwal: Yes. And if we can capture more, then why not.

Nirav Seksaria: And sir, what's the outlook on the VV cycle?

Anuj Kathuria: So commercial vehicle, the vehicle side, what we are getting the inputs is that demand will be flat in H1, but it will be better in H2.

Nirav Seksaria: And that will be easily from OEM side?

Anuj Kathuria: Yes, yes. Replacement, we already clarified. Replacement demand is holding up.

Nirav Seksaria: Okay. And sir, just one last question. Could you tell us the expected -- the raw material basket prices, which is synthetic rubber, carbon black, which the company paid in Q4?

Anshuman Singhania: As, I said that overall basket quarter-on-quarter was flat, we are expecting the raw material basket to increase by 3% to 4% for quarter 1.

Nirav Seksaria: Okay. So sir, in Q1, we are seeing -- expecting a 3% increase, which will be via which input?

Anshuman Singhania: Mostly natural rubber, followed by some small increase in other components.

Nirav Seksaria: And sir, at what level of crude are we really comfortable at?

Anshuman Singhania: Up to 80 - 85 range.

Anuj Kathuria: While there is a correlation between crude and certain derivatives, but there is no direct correlation as such, and it happens at a lag. So it's very difficult to kind of base your decisions on that.

Moderator: We have the next question from the line of Chirag Jain from Emkay Global.

Chirag Jain: Sir, would you like to spend some time on the new marketing campaign that we have started, Desh Ka Tyre. And obviously, in terms of how differently we are positioning our products, the overall, let's say, the reviews that you would have received so far in terms of improving the brand perception. Obviously, this is not in isolation. We are also expanding capacity on PCR and also want to expand or increase the share of SUV tyres. And overall, obviously, this sort of implication in terms of the growth profile and also in terms of margin profile. So maybe some more, let's say, insights on this marketing campaign per se?

Anshuman Singhania: Thank you, Chirag. Last year, we have been able to come out with very innovative product lines, which is a smart tyre and puncture guard, which we had in ATL presence and BTL presence all throughout in India. That was a very strong communication including on the digital front as well. This particular advertisement, we are very proud off and it has become like a sort of a theme, national anthem type of a theme song for viewers and our followers.

This also represents our whole range right from 2/ 3-wheeler tyre to a farm tyre to LCV tyres to passenger tyres right up to truck and bus tyres and even off-the-road tyres. So, it's is a very holistic ad which depicts our connect to India and from the North, South, West, all corridors. This ad has been live now on air in all the major channels and plus a lot of song in dance in terms of its publicity. So I welcome all of you to please have a look at this ad.

The other part of your question was how are we increasing our margins. Well, in the passenger car radial, as we've been always saying that we have been increasing our premiumisation by moving on the lower rim sizes to higher rim sizes tyres. So above 15-inch, 16-inch and 17-inch sizes, this is definitely adding profitability to our books.

Similarly, also even in the truck radial, our innovative products like XF, XM and XD has also added our premiumization mix in that story. So that is also catching a lot of acceptability in the market, and we would like to take this story forward.

Chirag Jain: So over the medium term, would it be fair to assume that our market share gain story or the outperformance vis-a-vis industry should continue? And even on the profitability side, irrespective of short-term commodity swings, but on a medium-term basis, there would be upward bias to our profitability, given the entire focus on premiumization?

Anshuman Singhania: Yes, the premiumization would definitely have an insulation effect to offset the rise in raw material prices.

Moderator: We have the next question from the line of Nirav Seksaria from Living Root Analytics.

Nirav Seksaria: Sir, just a follow-up, what are we doing to increase the brand visibility like CEAT has partnered up with IPL. Recently, MRF has also taken Virat Kohli for an advertisement. So sir, why don't we do something similar to increase our brand visibility by taking up any celebrity or a known personality?

Anshuman Singhania: It's a very interesting question. Our core has been a motor sports and we have spent decades in around motor sports. We have recently organised run on Dal Lake in Srinagar which was a very big event. We have also done similar kind of event in Bangalore recently. We are shortly going to be doing some more interesting events in Mumbai as well. We have also done in Arunachal Pradesh some of the motorsports rally.

We have been actively participating in big events in terms women rally.

Anuj Kathuria: Having said motor sport is still the main thing. But beyond that, our social media, we have leveraged the social media presence and just latest what we call as the JK anthem has also given a lot of positive feeling, the emotional connect with many of our large customers on Hindustan Jab Mile Hindustan Se. This campaign is also being very well appreciated amongst our dealer, channel partners, among the customers. So, I feel that we are doing the right things on the brand side.

Nirav Seksaria: Sir, but I totally get that, but motor sports is quite niche as a category indiscernible] of the category. And if we get on to celebrities and famous known personality that will skyrocket our brand in advertisement and normally public will also be able to associate with a brand in a much better manner, which will increase the brand awareness.

Anshuman Singhania: Thank you, every company has its own philosophy of endorsements. In the past, we continue to do brand communication by way of endorsements through racers. Not only male, but we have also promoted a lot of known women rallies also. So, this is completely a company's decision & policy.

Moderator: We have the next question from the line of Arvind Kedia from MDK & Associates.

Arvind Kedia: Sir, you mentioned about motor sport and obviously, JK Tyre has been one of the very few companies that have been promoting motor sport in India. But recently, there have been rumours that MotoGP might not come back to India. And like F1 is also we don't know it hasn't come to India for the past -- more than 10 years. So with the declining interest in motor sport, what are your views on that? And like how are you going to increase the audience's demand in that field?

Anshuman Singhania: You see F1 is not the only motor sports which is the front runner. But all over the world, including in India, there are several other formats. Track race is one format where we are actively participating including rallies on hilly terrains and circuit racing etc. There is lot of following amongst the motor & sports enthusiast. We are very proud that we are leading this path in attracting the talents.

Women rally is another part, which is also very much at our core, where we nurture the talent.

Moderator: I would now like to hand it over to the management for closing comments. That was the last question.

Anshuman Singhania: Thank you so much for joining us today. We hope that we have clarified all your doubts. Good day.

Moderator: On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.