



“JK Tyre & Industries Ltd.”  
Q3 FY2021 Earnings Conference Call”

January 27, 2021



**HOST: ICICI SECURITIES LIMITED**

**MANAGEMENT: MR. ARUN KUMAR BAJORIA - DIRECTOR AND  
PRESIDENT – JK TYRE & INDUSTRIES LIMITED  
MR. SANJEEV AGGARWAL – CHIEF FINANCIAL  
OFFICER - JK TYRE & INDUSTRIES LIMITED  
MR. A K. KINRA - FINANCIAL ADVISOR - JK TYRE &  
INDUSTRIES LIMITED**



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to the JK Tyre & Industries Q3 and FY 2021 Earnings Conference Call, hosted by ICICI Securities 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 call, please signal an operator, by pressing “\*” then “0” on your touchtone phone. I now hand the conference over to Mr. Mr. Rushad Kapadia from ICICI Securities Limited. Thank you and over to you Sir!

**Rushad Kapadia:** Thank you, Faizan. Good morning everybody and welcome to the Q3 FY2021 results conference call for JK Tyres and Industry Limited. We have with us from the management, Mr. Arun Kumar Bajoria, Director and President, IO, Mr. Sanjeev Aggarwal – Chief Financial Officer, Mr. A K. Kinra, Financial Advisor. I would now like to hand over the floor to the management for their opening comments. Thank you and over to you Sir!

**Sanjeev Aggarwal:** Thank you Rushad. Good morning everyone and a warm welcome to JK Tyres Q3 Financial Year 2021 earnings call. Thank you all for joining us today. I am Sanjeev Aggarwal and I have with me, Mr. Arun K. Bajoria, Director and President, International Operations, and Mr. A.K. Kinra, Financial Advisor. Firstly I wish you all a very Happy New Year 2021 and I hope that all are doing very well.

Coming to the performance, it was an excellent quarter on the back of sharp recovery in economic activities, festive season, personal mobility and good monsoon, which resulted in uptick in demand for tyres across segment. This all resulted in highest ever sales and profitability in any quarter for the company.

The total consolidated sales were recorded at Rs.2776 Crores as compared to Rs.2207 Crores in the corresponding quarter last year, registering an increase of 26% on YOY basis.

Operating EBITDA doubled to Rs.507 Crores on consolidated basis with a margin expansion of 690 basis points. The main focus during the quarter was on increase in sales, sales volumes through network expansion, improvement in the operational efficiencies, strict cost control and working capital management in terms of faster cash conversion. JK Tyres’ two operating subsidiaries, Cavendish Industries Limited and JK Tornel, Mexico have also performed remarkably well and have significantly contributed to the sales and profitability on a consolidated basis.

The capacity utilisation was close to 96% during the quarter. The replacement segment along with the OEM segment were the key growth drivers with strong export performance in Q3 of the financial year 2021 in spite of the challenging and volatile global environment.



*JK Tyre & Industries Limited*  
*January 27, 2021*

The strategy of enhanced market coverage, developing market specific products, focus on brand building and strengthening of the business in critical markets have resulted in a good growth in Q3 of this financial year. With increased centricity we are confidence of continuing the growth in our exports in coming quarters as well.

Now I request you to open the forum for the question and answer. Also, request Mr. Arun Bajoria Ji to add to the commentary.

**Arun Kumar Bajoria:** Thank you, Aggarwal Ji. Let us start answering their questions.

**Moderator:** Thank you very much. We will now begin with the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

**Ashutosh Tiwari:** Congratulations on good set of numbers during the quarter. Sir, firstly, obviously October and November was very strong. Sir, how do you see the demand trend post festival in December? How are you seeing the growth trends in aftermarket?

**Arun Kumar Bajoria:** I would imagine that the demand will continue mainly because there is better capacity utilization and the vehicle utilization particularly now that the things are picking up and normally you have seen the Q4 is always one of the better quarters, being the year end quarter and then we are also seeing the OEM turnaround because Q3 was certainly better than Q2 and Q4 is already appearing to be better than Q3. So, and as you know that OEMs are taking our tyres for the trucks, their buses as well as the cars, so that is another thing which is going to continue our uptick and also the rural demand, and lastly but not the least is the government infra spend because you know, the government also for their last quarter is always trying to finish all the allocations of the funds, so these are some of the reasons and that is why I would say that we are optimistic about the Q4 as well

**Ashutosh Tiwari:** Sir you mean to say that even in the January the utilization levels have remained in the 95% around that level?

**Sanjeev Aggarwal:** Yes absolutely. This is exactly what I am saying that the utilization is continuing at 95%.

**Ashutosh Tiwari:** Secondly now that you are operating at such high level of utilization, what is the expansion plan you have basically on the categories of tyres?

**Arun Kumar Bajoria:** For the time being our expansion projects are on hold although some of the equipment for our truck bus radials have been ordered before pandemic, but then when we saw that everything has come to a standstill, we have put even that ordering on hold and the



*JK Tyre & Industries Limited*  
*January 27, 2021*

suppliers of the machinery and equipment are ready to start supplies as soon as we give them the green signal. So, we will take a call once we see demand being sustainable and which will be necessitating more output. So that is where we are and please do not forget that we still have a couple of percentage points in the capacity utilization and because we have in the past also exceeded 100% capacity utilizations. So, already we are seeing that in the two, three years in our Cavendish Industries, the newly acquired subsidiary has already exceeded 100% output at this point of time in the CV sector.

**Ashutosh Tiwari:** Let us say if you go on with the expansion that you had planned earlier, in how much time, that period TBR plant can come up and what will be the size of the plant, new capacity basically?

**Arun Kumar Bajoria:** We should not be talking about that at this point, but it will certainly add to our topline, I can assure you.

**Ashutosh Tiwari:** What would be your net debt as of December and how much debt we have paid in this year so far?

**Sanjeev Aggarwal:** I am pleased to inform you that we have reduced in the last nine months period almost about Rs.1000 Crores of debt. So, at the beginning of the financial year 2021, we were at Rs.5500 Crores plus debt, including the short-term borrowings, and today at the end of December 31, 2020 the borrowings have come down to Rs.4500 Crores. So, in a way we have reduced this by Rs.1013 Crores to be specific and further we are focusing on reducing as we go forward and we are hopeful that as per the scheduled repayment obligations, which we have so in the next two to three years, we will reduce the long-term debt by almost about 46%.

**Ashutosh Tiwari:** Sir, you mentioned that it is Rs.5500 Crores as of March'20 and now it is Rs.4500 Crores. There is a Rs.1000 Crores reduction.

**Sanjeev Aggarwal:** Rs.1013 Crores to be precise.

**A.K. Kinra:** I just want to add something to what Sanjeev had just said that this debt reduction is on the top of a much higher capacity utilization wherein the working capital required is much higher, so keeping that in view that it reduces by Rs.1000 Crores is very commendable.

**Arun Kumar Bajoria:** Very important Mr. Kinra.



*JK Tyre & Industries Limited*  
*January 27, 2021*

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

**Basudeb Banerjee:** Thanks Sir. Congrats for a great set of numbers. Just wanted to understand what is the quantum of price hikes from a blended portfolio perspective you have taken so far and what is the raw material, was that inflation with a lag effect, in the next two, three months?

**Arun Kumar Bajoria:** Thank you Mr. Banerjee. Our price rise has been hardly anything, if at all, I would say that we have slightly inched up the prices, somewhere towards the end of December and going forward also we will only resort to price hike if it is completely unavoidable and I can tell you that our profits which has increased as you just heard in our opening remarks, are more from overall efficiency improvements, overall fixed cost reduction, overall improvement in our working systems and in our working more smartly and so on. So, really if you see it is a completely new very efficient way of working that has been evolved in JK Tyres and going forward you will see more and more of that. So, really we have to see how the raw material prices shape out because they are likely to firm up moderately in the next couple of months and we will have to definitely see if there is a need at the end of the whole thing.

**Basudeb Banerjee:** Basically from a ballpark perspective, if I see the natural rubber prices being up from 120 to 155, 30% and crude also being up from \$40 a barrel to almost \$55, which is a 40%. So, the crude derivatives may not move in sync on absolute percentage basis but directionally, so key raw material basket constituents are almost 30% from Q2 levels now with a lag should hit raw material basket, plus the raw mat to sales is roughly 60% on an average for the industry. So, 30% inflation on 60% means 18% even if I take a 10%, 12% number which is quite significant, which is required to do necessary price hikes, so I can see your raw mat to sales has reduced 150 basis points sequentially, but almost double-digit price hikes would be necessary down the line to maintain the neutrality. So, just from that angle I was just trying to understand Sir?

**Arun Kumar Bajoria:** Well, I can give you some indication that if at all, we do anything which we will take a call as soon as the budget is out on February 1, 2021.

**Sanjeev Aggarwal:** If I may add to what Mr. Bajoria said in addition to the operational efficiencies and what we are planning going forward, basically we have been also focusing on premiumisation of our product range.



*JK Tyre & Industries Limited*  
*January 27, 2021*

So that is also going to contribute to the higher profitability in times to come. So the premiumisation has already started and some of the products, for example, high performance tyres or the smart tyres so those are the kind of products, which are adding to the profitability and so those things will take care of any increase in the raw material prices and we are hopeful that the things will improve in future.

**Basudeb Banerjee:** That is great. Second question with the debt reducing despite rising revenue and working capital, as Kinra Sir, highlighted, so I can see interest outgo this quarter was around Rs.107 Crores against last four quarter average of almost Rs.130 Crores. So, which is almost Rs.23 Crores quarterly interest outgo reduction. So down the line, shall we expect this level or further low levels on a quarterly basis? Will it be right to assume?

**Sanjeev Aggarwal:** You are right in the last nine months we have significantly reduced the percentage rate of interest per se, which is almost about 150 basis points reduction in the rate of interest in the case of the working capital and almost like about 90 basis reduction in the case of term loans rate of interest. So, the focus is again on this front so that we can reduce the cost in line with the soft interest rate regime and hopefully we should be able to reduce it to further with the improved performance because of the rating improvements and the performance improvements and lower level of the borrowing. I think, we should be able to derive some more benefits out of it.

**Basudeb Banerjee:** Last question was on the guidance for this fiscal and next fiscal consolidated capex figure as of now?

**Arun Kumar Bajoria:** As I said earlier for the time being our capex is on hold and we will take a call once we see this demand is getting stabilized on a sustainable basis and that may necessitate still more output, in that case, we will certainly revive our project.

**Basudeb Banerjee:** Still from a project expenses, basic maintenance cost perspective whatever expansion, some figure?

**Arun Kumar Bajoria:** Of course the maintenance expenses are going on. Maintenance capex is within the normal range of something like Rs.70 Crores to Rs.80 Crores maybe going up to maximum Rs.100 Crores in a year and all the plants, all the nine plants in India and our three plants in Mexico so all the 12 plants, it is nothing actually if you see for the whole year.

**Basudeb Banerjee:** Thanks Sir. I will come back in the queue.



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Moderator:** Thank you. The next question is from the line of Mitul Shah from Reliance Securities. Please go ahead.

**Mitul Shah:** Good morning Sir. Congratulations for very strong numbers. I have a question on Cavendish. What is the general margin trend for this compared to our JK Tyres standalone. It seems that is roughly 100 to 200 basis higher margins, we achieved in this subsidiary. So, what is the general trend?

**Arun Kumar Bajoria:** Well, Mr. Shah, the main reason for this 100 or 200 basis point higher margin is only and only because in Cavendish we are still supplying very minimal supplies to the original equipment manufacturers and more than 95% is up till now being supplied to the replacement market. In fact, even the exports are minimal. So that is the reason you see that the operating margins is slightly higher than the standalone JK Tyres operations.

**Mitul Shah:** We sell something to JK Tyres, which again go to market, so is there any double counting or what could be the common revenues which is factored in?

**Sanjeev Aggarwal:** Mr. Shah, let me clarify this, there is no double counting of any revenues and secondly there is a minimal sales from Cavendish to JK Tyres and only the strategic buying we do from Cavendish. Otherwise, Cavendish has been selling at its own and therefore there is no double counting.

**Arun Kumar Bajoria:** In any case, you see in a consolidated accounts, there is never a double accounting. If there is any purchase sale in between the subsidiaries you are holding that is knocked off.

**Mitul Shah:** Just related to my above question, I understand that there was a at one point of time, we used to sell sizable quantity to JK Tyres from Cavendish, and margin sharing is between the two companies, that is why I am trying to understand the standalone market enquiries.

**Sanjeev Aggarwal:** Again, to clarify when we acquired Cavendish in 2016 and there was no separate marketing network for Cavendish Industries Limited, there was sale of the product of Cavendish through JK Tyres in a substantial manner but now it has been reduced to a low level and only strategic products are sold through JK Tyres. Both the companies are selling on their own.



*JK Tyre & Industries Limited*  
*January 27, 2021*

- Mitul Shah:** Sir, last question on TBR. So, what is the TBR utilization and if the replacement demand still remains strong, on one hand and OEM for M&HCV now started picking up very strongly. So, whether we will be able to make the requirement or is there any other options we are working now.
- Arun Kumar Bajoria:** Absolutely, we will be able to meet the requirement, because you see, this 95% is the overall capacity utilization. As I said earlier and therefore TBR, we are still operating around 90%. So we have enough capacity to take care of this higher demand that you are mentioning about.
- Mitul Shah:** Thank you Sir. All the best.
- Moderator:** Thank you. The next question is from the line of Chetan Thakkar from ASK Investment Managers. Please go ahead.
- Chetan Thakkar:** Good afternoon Sir. Just wanted the gross debt number at the end of the quarter.
- Arun Kumar Bajoria:** Agrawal Ji, would you like to answer?
- Sanjeev Aggarwal:** The total debt at the end of December 31, was Rs.4536 Crores.
- Chetan Thakkar:** Thank you so much. All the best.
- Moderator:** Thank you. The next question is from the line of Jinesh Gandhi from Motilal Oswal Financial Services. Please go ahead.
- Jinesh Gandhi:** Congrats on a good set of numbers. Couple of questions from my side. You had indicated that we are operating at 90% - 95% across segments. So what is headroom to grow from current levels? If demand remain strong, which it looks for at least for fourth quarter, to what utilization levels we can go.
- Arun Kumar Bajoria:** Well, it would definitely increase. I cannot right now forecast the percentage, because you see it has to be aggregated and truck radials we are only manufacturing at three locations and out of the 12 plants that we have, so that is why there is enough scope as I said to increase our production and be able to meet the higher demand of truck bus radials and also some of it in bias that is the truck bus trucks and some more



*JK Tyre & Industries Limited*  
*January 27, 2021*

supplies in the passenger car radial and at this point of time, these are all strategic decisions and actions, but just to share with you so that you go back satisfied we are taking lot of internal actions in terms of increasing our production from this existing assets and to just to give you an example, recently which means just about four months ago, in our Mexico plant, we were only producing about 11000, 12500 tyres in the car radial category and we have entered into a completely new incentive agreement with the Union in Mexico and now with effect from Q3 beginning, we have started getting and you will be happy to know that more than 35% output has increased and now we are getting 15000 passenger car radial tyres. So, you can imagine that this kind of latent capacities are being activized and that is how we will increase our output, so you may not see the overall capacity utilization as such because at that time also the Mexican plant was working at a very, very high capacity, but now we have been able to sweat the assets much more than when you start sweating the existing assets that is the reason why you are seeing such an outstanding performance from the same JK Tyre company.

**Jinesh Gandhi:** Obviously and that is quite commendable. Our ability to sweat assets in these kinds of time.

**Arun Kumar Bajoria:** Similar actions are being taken, but you will appreciate that certain things we are not able to speak openly because after all that is where the management and that is where the strategy and that is where the transformation starts appearing and it is visible to the outsiders.

**Jinesh Gandhi:** That is a fair point. Can you share your capacity segment wise in India and at Mexico?

**Arun Kumar Bajoria:** You see I can only tell you that overall we started about 40 years ago with 5 lakh tyre capacity which is today at over 3 Crores tyres of all types, 3 Crores! and we are still watching and as I said that we keep adding the sweating of the assets which are happening. So if you do not mind one to one we will be able to better explain, because you see, again these are some of the very, very sensitive disclosures but I can tell you we have a very healthy capacity in truck, bus radials, in truck bus bias, in passenger car radials, in light commercial vehicle radials, in light commercial vehicle bias, in tractors, you will be happy to know that at one time, whatever we were producing in the tractor rear and tractor front has been doubled. The output is now doubled in this Q3. Now please do not ask me how because that is where our management skills have come into play and you are seeing the topline growth and therefore the bottomline growth. I can tell you that I am not hiding anything, but you will appreciate that there are certain nuances in management which probably no management will like to share except to show you the excellent performance on a quarter-on-quarter basis.

**Jinesh Gandhi:** Sure. We understand that. Lastly to clarify in December we had taken 2% to 3% kind of price increase or more?



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Arun Kumar Bajoria:** No. I had mentioned to an earlier question that we had done, we have some inching up towards the end of December and the actual price increase whatever is absolutely unavoidable will be filling as soon as the budget is out and the raw material prices how does it pan out will make us decide whatever is to be done.

**Moderator:** Thank you. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.

**Lokesh Manik:** Good afternoon team. Thanks for the opportunity. Just a couple of questions from my end, one is if you can just share the sales mix between replacement by online? The sales mix between replacement and OEM if you can just share the breakup of sales?

**Arun Kumar Bajoria:** Our replacement sales is in the range of 40% to 45% and our OEM sale is again around 40% and then the exports is something like 10% to 15%. Now it is almost closer to 15% and then some of it is to be state transport undertaking for various different states, but that of course is not so very significant.

**Lokesh Manik:** Proportions have remained more or less the same compared to the last quarter, last year?

**Arun Kumar Bajoria:** No, in Q3 the replacement has slightly gone up because as I had mentioned in our opening remarks that OEMs were not taking that much in Q1 was a very big washout, but Q2 and Q3 also have just started picking up, so maybe 3%, 4% points up and down, not very significant.

**Lokesh Manik:** Sir, my second question is how much of the growth that you are seeing is driven by the disruptions on the supply side that is coming from China for TBR tyres that is coming from China and the Indian markets? So, how much of the growth that you have seen from that end for your products?

**Arun Kumar Bajoria:** Certainly the restrictions on import has given us some tailwind in both truck bus radial and passenger car radial in terms of percentage I have not yet calculated, but yes, a few thousand tyres car radials every month and few thousand in truck bus radials have certainly added to our topline, but let me clarify that the import restriction is there. There is no ban on imports. There is antidumping duty. So, you will see that and I do not want to discuss the China policy here, business policy, but those guys can lower the price of a tyre to an extent of only raw material content, only raw material. Please bear in mind that a 60 kilo tyre coming all the way from China to India and they sell it at a lower price than all our tyres available in the market, but less than 13%, 20%, how they will do it, let us forget about that.

**Lokesh Manik:** Sir we have gained market share from them in this quarter?



*JK Tyre & Industries Limited*  
*January 27, 2021*

- Arun Kumar Bajoria:** Certainly we have.
- Lokesh Manik:** Is the trade restrictions when extended to, there was a news in the middle like they were diverting it through Thailand and Vietnam and other countries?
- Arun Kumar Bajoria:** That is happening. In fact, thank you very much for reminding me. That is still happening. There are tyres which are coming via Thailand and via Vietnam because ultimately you see they have their joint ventures in Thailand and Vietnam as well.
- Lokesh Manik:** Has the government taken any action on this or steps?
- Arun Kumar Bajoria:** No. You cannot put a ban on every country since they are selling exports, because then you see these are all reciprocal arrangements, mind you and if you take any action against the country importing something into India, then they are purely well take something where you are exporting to their country. So, I am not looking on behalf of the government, but this is exactly what is happening and we are seeing on the ground.
- Lokesh Manik:** Thanks a lot. Thanks for answering my question.
- Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.
- Dixit Doshi:** Thanks for the opportunity. Congratulations for a good set of numbers. Sir, my first question was related to our margins. So, if I see last five, six year's performance in 2015 and 2016 we did around 15% of EBITDA margins and then in a couple of years, we did around 11%. Now this quarter was almost 18% kind of margins. So, on a medium term, let us say, over a couple of years or three years, what kind of margins are sustainable margins?
- Arun Kumar Bajoria:** Well, our effort is to continue to maintain similar margins, because there is no end to improving your performance and your efficiency and sweating the assets and to make leaner and leaner operations, so definitely our operations are going to try and turn out as best margins as possible similar to what you have seen in the last quarters.
- Dixit Doshi:** Second question was, can you just give us the breakup of sales in terms of truck, bus, passenger and two-wheeler and tractor?
- Arun Kumar Bajoria:** I just mentioned some of it which was 40% to 45% from the replacement market and about 40% to let us say 40%, 42%, 38% with the OEM and the remaining shared between exports and the state transport undertakings, the STUs and out of that definitely the truck and bus is having the major share being more value tyres and then of course the share



*JK Tyre & Industries Limited*  
*January 27, 2021*

is to the passenger car radial tyres and some of it is farm. I must mention for all our honorable investors, the viewers who are in this that the rural demand has really given us a fillip in his quarter, Q3 and it is appearing to continue in Q4 as well. So, that the tractor tyres have also added to the topline and also to the bottomline.

**Dixit Doshi:** But can you give a broad percentage like how much is truck and bus, because I understand that since we are predominantly into truck and bus so percentage would be higher, if you can just give a broad percentage of truck and bus, passenger and farm and two-wheeler?

**Arun Kumar Bajoria:** It should be in the range of about 60% should be the commercial tyres including the tractors and about 30% on cars and I think the balance miscellaneous in two-wheeler because the turnover of let us say as Mr. Aggarwal mentioned Rs.2776 crore the value wise, because two, three-wheeler is the least value. In JK Tyres, we have a range where we have a tyre worth Rs.1800 tyre, Rs.1600 to Rs.1800 the motorcycle tyre, two, three-wheeler is still lower, Rs.1400 and we have a tyre which is an OTR tyre weighing about 3700 kilos which is costing more than Rs.26 lakhs, Rs.27 lakhs. So this is the range of our product. So, to calculate exact percentages, I will stand, but broadly, roughly the range would be about 60%, 65% would be the commercial vehicle tyre that will be the truck and bus and then the balance would be most of it would be cars and 8% would constitute the two, three-wheeler. When I say the heavier tyres, the commercial tyres I am including the tractor rear tyres also because a tractor rear tyre is also each tyre about Rs.12000 to Rs.13000 and of course the truck and bus, they are Rs.15000, Rs.16000 and then the truck radials each tyre is about Rs.20000 each, so you can imagine that to give you an exact percentage, but the general broad percentages, I have already mentioned to you.

**Dixit Doshi:** Just one last question we saw a very good improvement in performance in Mexico. Do you think this kind of performance is sustainable now?

**Arun Kumar Bajoria:** Absolutely Sir. As I just mentioned that the sweating of the assets has been done in Mexico and so therefore from the existing current assets which are on the floor the output has increased in the last three months or three and a half four, at the end of August, beginning September, plus we have now started getting many more orders from the North American market as well as from the local market, because there also the production of car radials, cars are very much in demand, but truck and bus bias which is also in normal language known as nylon so the bias tyres the capacity in Mexico is also running at 95%. So that is the reason as soon as your capacity utilisation increases the performance of the unit will automatically improve and the bottomline will be visible, improved bottomline will be visible.

**Dixit Doshi:** Thank you. That is it from my side.



*JK Tyre & Industries Limited*  
*January 27, 2021*

- Moderator:** Thank you. The next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.
- Bharat Sheth:** Congratulations on excellent performance and really a very proactive steps taken to improve the profitability and we are so the demand perspective is improving, whether domestic or international also, and export is becoming more focused. So, why we are not taking or going ahead with the expansion? What is the threat that we are seeing for expansion?
- Arun Kumar Bajoria:** No, there is no threat at all, Bharat ji. There is no threat.
- Bharat Sheth:** Why we are concerned? My question is why we are concerned?
- Arun Kumar Bajoria:** Concern is the cash flow. The main thing is the cash flow. You can appreciate there are companies of our size if nothing happens for three months in a road, and that also beginning of the year, everything was completely, completely locked up. So that is where you see, as a prudent management we thought that first let us start utilizing our existing capacity to the full and as I had mentioned briefly in one of the questions earlier today that some of the orders have already been placed but they have been put on hold and we have requested the machinery suppliers not to supply anything so that we cannot afford to take out the cash flow in between because first we would like to utilize the cash flow for our existing operations and one of my colleagues just mentioned that as your turnover increases, your cash flow requirements also increase, so our top priority was to first normalize and more efficiently carry on with the existing productions and the sales and after that we would see if this is coming in sustained manner then we will immediately again get down to the drawing board, see the project expenses likely and go ahead. No threat at all. We are not at all seeing any constraints. We are only being prudent and very, very wise and careful.
- Bharat Sheth:** Sir, now coming to once you decide on the drawing board that you want to go ahead for expansion, so normally how many months it takes to really put the capacity on the ground?
- Arun Kumar Bajoria:** Well, you see, if it is a Greenfield expansion that is right from the land to the output, then it takes more than 18 months, it could be even 20 months. But here it is not really Greenfield, it is going to be Brownfield which means that we already have the land, we have the railings, it is only that the machinery has to be installed, so naturally the time goes down quite a bit and as I said that some of this ordering has already been done so, I would imagine that from the time we give the go ahead, we should see the outputs coming in say about eight or nine months. Sir this particular expansion that is put on hold.



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Bharat Sheth:** Second question on working capital side, I mean, now since we have done a lot of work on the improving the efficiency and all, so what steps have you really taken, to bring down the working capital both inventory side, number of days and creditors, what was the last year and what is it current year and what are we doing to improve that?

**Sanjeev Aggarwal:** I will take up that question. In fact, we have been working on faster churning of the working capital in the sense that about 138 days of our working capital earlier has improved to almost about 98 days, that is around 40 days improvements is there, so we are recovering our funds faster from our dealers and marketing network and also because we have been working on this very efficiently and effectively in ensuring that the raw materials are made available to us in just in time basis, so we are improving upon our inventory storage time period. So, both put together has actually reduced the total number of working cycle days from 138 to 98 days.

**Bharat Sheth:** Sir, last question because in first half, this seven, eight months, the input cost was very low so how much that has helped us in improving the working capital cycle?

**Sanjeev Aggarwal:** Actually in the first three months, rather little less than that we first sold off whatever production of the finished goods products were available with us and then we started manufacturing because in the initially two months this was a complete lockdown and from third month onwards, the capacity utilization was low, but the sales momentum picked-up, from June onwards and that is how you have seen that even in the last quarter we were able register good sales and profitability.

**Bharat Sheth:** Thank you very much. That is all from my side.

**Arun Kumar Bajoria:** I just want to add that one day's sale is Rs.25 Crores, so the number of days Sanjeev has given, now you can very easily calculate how much is the sharing of the working capital.

**Moderator:** Thank you. The next question is from the line of Dhawal Shah from Girik Capital. Please go ahead.

**Dhawal Shah:** Congratulations on fantastic performance. Just one question from my side; historically what sort of maximum price increases have you taken in a year if you would have seen inflation in the raw material basket?



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Arun Kumar Bajoria:** I do not remember exactly, but the price increases have never been more than 2% to 3% on an average if you take historic figures. Even if you have to take five years average I do not think the tyre business has ever witnessed any disproportionate price increase in any particular year. I do not remember.

**Dhawal Shah:** Like how much I mean the market can digest, 3%, 4%?

**Arun Kumar Bajoria:** I would imagine, not more than that, I mean that it would amount to undue profiteering or whatever you want to call it. So, I do not think because it all depends. One thing we must always remember that there is a huge competition including imported tyres and therefore that is a very natural hedge for any local manufacturer to be able to increase undue prices. I am only talking of tyres.

**Dhawal Shah:** Sir, I was just checking with a couple of distributors, so the broad picture what I am getting is there is not enough supply in the market right now across the franchise, there is little tightness in terms of the supply. So, because of this import restriction and also the demand which is quite good, now from March onwards, I think the government is going to give some specific permission, one of the companies did it, so what is actually happening in the industry, so as you mentioned it is not a bad, it is a selective ban the government has done and the tyre beads are not made in India, the sizes you can import, so, how do you see this entire value panning out?

**Arun Kumar Bajoria:** Sir, I would like to explain to you that please do not have that impression that now in March the government is going to give permission to one tyre manufacturer, but please appreciate that this is a restricted import policy. We should not import ban. Already people are getting licenses already tyres have come in even October, November and December and even January, February, March, they are going to come. Lot of licenses have been released. Please stock it. Please do not have that impression at all, I want to very, very humbly clarify that the policy, the only thing is that let us say 100000 tyres, 1 lakh tyres were getting imported, now that import has come down to let us say 40000 – 35000 tyres. That would be the only thing. Yes, so please Sir, and I am telling you with utmost sincerity and honestly. So there is imports still continuing albeit at a lower level.

**Dhawal Shah:** So that imports are coming, like the tyres are giving to the OEM or they are given to the aftermarket also currently?

**Arun Kumar Bajoria:** Both. Whoever is a registered tyre manufacturer he has to apply for imports and then he is given based on his merit.

**Dhawal Shah:** Irrespective of those tyres are being made in India or not?



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Arun Kumar Bajoria:** No. In that passenger car radials particularly now the tweaking has been done and that is what I was saying that that has helped, the sizes which are not being manufactured in India are the ones that are being imported so there are many sizes still, which are imported but the consumption of those numbers is not enough to justify setting up capacity for that particular higher size of tyres or whichever size for that matter even lower sizes there are some the quantity used is not so much. So the Indian tyre manufacturers also they do not mind that you can import whatever suits you and whatever you can import and sell in the Indian market.

**Dhawal Shah:** Okay.

**Arun Kumar Bajoria:** You understand what I am trying to say.

**Dhawal Shah:** Yes we got your point. Just one question with regards to the mining sector so how do you see that opportunity emerging so given in the past couple of years that the entire sector was not was not good demand and we have a good market share in the MFT and the heavy tonnage vehicles, so what is your thoughts on that?

**Arun Kumar Bajoria:** My broad guess, right now that sector is known as OTR off the road tyres, or it is also known as OHP off highway tyres. Both are the same nomenclature. Now in India many people are making these not everybody not all tyre manufacturers but we in JK Tyres are running 100 capacity output of this heavy tyre, as I was just mentioning that we even make a tyre which is 3.7 feet in diameter and the height of this tyre is 12 feet and the weight is as I said 3,700 kilos so each tyre is huge, the cost is more than Rs.26 lakhs each tyre, but that is size there are smaller size, big size but that unit of ours is also running at full capacity.

**Dhawal Shah:** Great answer. Sorry last question. Any fundraising plan would you have over next six months?

**Arun Kumar Bajoria:** We have answered so many times today since the morning that for the time being we are interested in reducing our total borrowings and as you see that we have already reduced over Rs.1000 Crores since the last nine months, the total borrowing so at this point of time, we are not envisaging but you see you never know let us see what is our future capex and what is going to be our project expenses and then if need be we will certainly do that. Aggarwal Ji would you like to add anything to this answer of mine?

**Sanjeev Aggarwal:** No, I think you have already clarified the point.

**Dhawal Shah:** So more on the equity side I mean more on the equity side the debt you said you want to reduce the long-term debt but any equity rating?



*JK Tyre & Industries Limited*  
*January 27, 2021*

- Sanjeev Aggarwal:** As of now we are not having any plans to raise equity.
- Dhawal Shah:** Got it. Thank you and good luck.
- Moderator:** Thank you. The next question is from the line of Shashank Kanodia from ICICI Securities. Please go ahead.
- Shashank Kanodia:** Good afternoon and congratulations on a very healthy performance. I have one major question you know since you are just taking 1% to 2% kind of price hikes and your RM basket is up roughly 30% we should hit this quarter at least so is 18% margin is sustainable rate it should drop to roughly 15% odd which looks more sustainable?
- Arun Kumar Bajoria:** I think our effort is certainly to maintain the margins at which we have operated in Q3 but let us see how much of this is going to be our headwind and that will then determine but as I was mentioning and as my other colleagues have also mentioned since this morning, we have taken a lot of measures whereby our cost of production has definitely come down and that is again just to outline that our capacity utilization has gone up significantly, our fixed cost has come down to a very acceptable level and our product mix has undergone change. We are now making richer product mix and by this I mean better sizes, premium sizes and two better markets so all this has enabled us to be able to sustain and keep the prices at the levels at which they are today. So our effort is but look nobody can say with certainty going forward in future whether my margin is going to remain at 18% or it will come down to 16% even if it comes down let us say for a moment to accept from 18% to let us say 16.5% but if I do a higher volume and if my sales increases then as far as the investors are concerned, we will be still able to show that kind of bottomline so that is where our effort is Sir. I hope I have clarified.
- Shashank Kanodia:** Sir, this kind of bottomline what you are implying is we can do something like Rs.800 to Rs.1000 Crores in PAT in next two years. Is it something doable for us?
- Arun Kumar Bajoria:** I wish I had the answer and I wish I had the thing to give you the comfort but I can only tell you that yes our effort is in that direction.
- Shashank Kanodia:** Secondly on the operational capex so in the last 10 years history, the minimum spend roughly Rs.200 Crores to Rs.250 odd Crores every year so this should be a normalized range or the guidance of Rs.100 Crores odd still holds true?
- Arun Kumar Bajoria:** No 100 odd Crores I said somebody asked me clarification that maintenance capex, in that I had said Rs.100 Crores but otherwise some expansion or something was always going on to be



*JK Tyre & Industries Limited*  
*January 27, 2021*

able to reach to this existing capacity level, but I will not be able to give you any indication of what will be the average capex spend going forward for the time being.

**Shashank Kanodia:** Because of the minimum also has been roughly on the range of Rs.250 Crores, for us so even if we kind of probably replace some old machines or some routine work so it seems that at least.

**Arun Kumar Bajoria:** I may have said Rs.100 Crores. It may be Rs.150 Crores also but in such a big operations where the sale is around Rs.10000 Crores I do not think it is a very major expenditure, maintenance capex.

**Shashank Kanodia:** One last thing is the tax rate. I think we already switched to this new tax regime right 25.2% despite that our quarterly tax rates are in excess of 30%-odd so what would explain that and what should be the blended tax rate for us?

**Sanjeev Aggarwal:** In fact in the case of Cavendish we have moved to the new regime and in the case of the JK Tyres this is the same 30% plus kind of the tax rate.

**Shashank Kanodia:** One last thing can you share the RM procurement cost for us natural rubber and carbon black for last quarter and what are the prevailing prices?

**Arun Kumar Bajoria:** It will be a little sensitive for me to give you exactly the rates, but I can only tell you that they were higher than Q2 and Q2 the rate was about the same as in Q1 if that gives you any satisfaction.

**Shashank Kanodia:** Thank you so much. Wish you all the best.

**Moderator:** Thank you. The next question is from the line of Chetan Phalke from Alpha Invesco. Please go ahead.

**Chetan Phalke:** Good afternoon Sir. Congratulations for a good set of numbers. If we just compare the realizations of JK vis-à-vis other tyre players so our realizations seem to be on the lower side I mean what are we doing to increase of course you spoke about we are making larger size tyres and everything but anything happening on the distribution front or the overall business front, to increase our realizations compared to other players?

**Arun Kumar Bajoria:** I am not aware of exactly where the realization is lower or higher with as compared to others but I can only tell you that we have taken major steps in the logistics part of the whole gamut and our distribution and the logistics have become much, much more efficient than what we thought they were last year. So that has certainly helped us and going forward



*JK Tyre & Industries Limited*  
*January 27, 2021*

as I said that all round improvements in our operations is certainly going to continue to be better and better in terms of our realizations.

**Chetan Phalke:** Anything on the distribution side what is the number of distribution or the touch points that we have right now and how much how many points we are adding going forward? What is happening on that front?

**Arun Kumar Bajoria:** Well, I can only tell you that in the last six months we have added more than 600 dealers and our active dealership has gone up from 5000 plus to something like 5600 and we are continuously trying to increase our reach and we are now JK Tyre is available in every nook and corner of the country and we have taken very, very focused steps in terms of improving our marketing and sales setup and that is what is going to come in very, very handy in terms of maintaining the sales and also the bottomline.

**Chetan Phalke:** Ballpark every year the network can go up by a thousand odd numbers?

**Arun Kumar Bajoria:** I think so.

**Chetan Phalke:** Thank you Sir. That is it from me.

**Moderator:** Thank you. The next question is from the line of Sonia from Federal Bank. Please go ahead.

**Sonia:** Good afternoon Sir. My question is related to the debt what is the proportion of debt long term and short-term that in Rs.4536 Crores which you were mentioning?

**Arun Kumar Bajoria:** So the total debt is Rs.4536 Crores and Rs.1600 Crores is the short-term borrowing and remaining is the long-term borrowing.

**Sonia:** Thank you.

**Moderator:** Thank you. The next question is from the line of Akshay Satija from Alpha Investor. Please go ahead.

**Akshay Satija:** Congratulations on the good set of numbers. I just wanted the consolidated volume so we actually have a bias capacity of 2.2 million bias and moving forward that capacity is going to shift towards maybe other bias tyres, so is that understanding correct?

**Arun Kumar Bajoria:** Well 3.2 million you said bias capacity?

**Akshay Satija:** 2.2.



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Arun Kumar Bajoria:** 2.2 million no but that is right now completely getting utilized anyway because you see the bias capacity is being utilized for truck and bus, for light commercial vehicles tyres and then for tractors and also for the OTR which I had mentioned the off-the-road tyres and the off-highway tyres so for the time being we are not converting anything as such and then please do not forget the two three wheelers, out of that we are making very, very small numbers of radial two, three wheelers so right now almost about 95% of the two three wheelers are all bias tyres. So really there is a lot and lots being made in bias and of course going forward all the bias end use I mean the bias tyres of this commercial vehicles are gradually getting converted into truck radials because that is how you see that today the truck radial percentage to bias is now 50% plus and just about 9-10 years ago it was not even 8%, 10%, truck radial population. To that extent you are absolutely right that gradually going forward the commercial vehicle bias tyres are getting converted into truck radials mainly because you see the consumption pattern if whatever you get as a mileage in bias you get almost 50% higher 40% to 50% higher if you maintain the tyre well in the case of radial truck tyre and bus tyre.

**Akshay Satija:** All right. Sir what could be the conversion ratio in terms of say we were doing 100 tyres of for truck and bus so if you want to shift it to tractor so can you give me a ballpark number how much will get shifted out of the 50 tyre manufactured from that or your car?

**Arun Kumar Bajoria:** Tractors, the presses are all much bigger, but some of them are of the same size but I will have to calculate really. I will have to really calculate.

**Akshay Satija:** Maybe a ballpark number 70% ?

**Arun Kumar Bajoria:** No I would say that we do not get that much for hundred bias truck bus with tractor. Maybe I mean do not hold me on it but maybe we still would be doing about 75% percent.

**Akshay Satija:** One more question could you help me with the utilization of the Mexico plant?

**Arun Kumar Bajoria:** Mexico right now would be closer to about 94% 95%. I am talking of October, do not take this as a whole year because whole year is yet to finish in another three months, January, February and March. This I am talking of October, November December. It was slightly lower because of the last 10 days of December we have Christmas holidays in Mexico so the entire plant is shut.

**Akshay Satija:** This is in terms of number of tyres, or not in tonnes?

**Arun Kumar Bajoria:** Yes you can. Well it is better to take this in terms of the tonnage rather than number volume because the volume is a little as I said in our case two three meters the



*JK Tyre & Industries Limited*  
*January 27, 2021*

weight of a tyre is just about 2.75 kilos or three kilos whereas the weight of an average weight of a passenger car radial tyre is about 9 kilos, 8.5 kilos, 9 kilos and the average weight of a truck tyre with a bias or radial is 60, really you know the average so therefore the tonnage is much more relevant.

**Akshay Satija:** So this 92% is tonnage or number of units?

**Arun Kumar Bajoria:** This is all tonnage.

**Akshay Satija:** Perfect. Thank you so much

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

**Basudeb Banerjee:** Thanks. Just wanted to recall, how much is your stake in Cavendish now Sir?

**Arun Kumar Bajoria:** It is completely our company. It is our stake, in terms of direct holdings and also our subsidiaries. Kinra Ji would you like to take this? Our percentage stake in CIL?

**A.K. Kinra:** It is completely our company only. We own 100%. Out of it holding of JK Tyre along with its fully owned subsidiary is about 86% and the balance is with associate company, But 100% is owned by JK Tyres group only.

**Basudeb Banerjee:** So, initially when the deal was done JK Tyres and Group stake was not 100% I recall. So, later on where is the residual stake Sir?

**A.K. Kinra:** I think from the beginning it is the same. Nothing has been added on later on.

**Arun Kumar Bajoria:** If you ask me, right from the day one it was entirely owned by JK Group as it continues to be today, not even 1% has gone outside. That is what we have said.

**Basudeb Banerjee:** How much might be in the listed entity and how much by outside the listed entity that is what I was trying to understand.

**A.K. Kinra:** In fact initially it was 69% owned by JK Tyres and this has slightly gone up because some amount was added by JK Tyres alone and additional equity was infused in by JK Tyres.



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Basudeb Banerjee:** Thanks.

**Moderator:** Thank you. The next question is from the line of SB Bhaiya an Individual Investor. Please go ahead.

**SB Bhaiya:** You have made two very important statements during this conference call; one is that you have taken a decision of holding your capex for the next few months or years, the second priority of yours is that you have taken a certain decision on off sweating your assets before you decide on further capex. I have been following this company for the last so many years and what I have seen is that as soon as there is a pickup in the market activity actually you start spending money on the capex. As of now also you are not making any commitment that how long this capex freeze will continue. So can you make a specific statement that right unless your debt equity reaches say 0.8:1 or 1:1 your capex for the capacity addition and only capacity what you will make on the maintenance of the assets?

**Arun Kumar Bajoria:** Sir first of all I would like to say that whatever is happening in the last couple of years this COVID and this pandemic was never anticipated, it is unprecedented and it has really shaken companies. I can only tell you about us and that is why we had first step was to put on hold, all possible capex expenses because after all you see we had to put everything our house in order and because we have a lot of responsibility towards our shareholders, towards our own employees and towards our banks and financial institutions who are our lenders so considering all this we were very, very keen and we're very responsible to first set our house in order, which apparently gradually we are coming back on track and therefore it will be very difficult to give you a ratio and then to say that when this ratio comes we will only invest when we feel that now additional capacity output is necessary because we are still trying to sweat the assets and I want to repeat that in certain categories like two, three wheelers we are already exceeding 100% and yet we are able to give more output from the same plant that we had inherited, we had we had bought out from erstwhile Birla Tyres.

**SB Bhaiya:** You are absolutely correct and I can see the results also and this is actually your results improvement in the results to me the direct testimony of what actions you are taking that is holding the capex ass and sweating of the assets but I am worried that right once you start seeing the improvement in your performance, you again start spending capex without keeping and this debt equity, I think it is a phenomenon known by the financial people and that is a very accepted norm, 0.8 or one or whatever so I think actually if you can do that I think personally as an investor and I am a sizeable investor in your company I think this performance can be can be sustained. Otherwise actually it will again go off the track so that is why, actually there is no harm in achieving maybe internally you do not want to share it with us but internally you can set a target for yourself unless your debt and equity



*JK Tyre & Industries Limited*  
*January 27, 2021*

which is 0.8 to 1 level you will, actually absolutely freeze your capex because I again see faulting of your performance and you spend start spending left right and center on your capex.

**Arun Kumar Bajoria:** You will not do that Sir. I am sorry that I didn't get your name.

**SB Bhaiya:** This is SB Bhaiya and I was a sizable investor actually once you spend money without sweating your assets in Cavendish actually I took a call off of getting out of the company then I have again reinvested seeing your performance but then the problem is that right there is a faulting of your capex pattern. So I just want to have an assurance that right your debt equity will reach and then only you will again start building on that that is very normal phenomena.

**Arun Kumar Bajoria:** One thing I must I am sorry but I have not been able to get your name Sir

**SB Bhaiya:** SB Bhaiya.

**Arun Kumar Bajoria:** I can only tell you that similar comment was made when we acquired Cavendish about four years ago and they said why have you done this and it was not necessary and right now the tyre business is not doing well etc., etc., so Sir comments are there, but we as a promoter investor in the tyre business and after all we had taken a view that this is going to really be a very, very good addition to the JK Tyre business and I am very happy to tell you that if you take a closed unit you would never given this unit like that you see it was the...

**SB Bhaiya:** Actually it is wonderful I can say, the decisions you have taken and that is why the company but I do not want to continue this way that again you start spending Rs.2000 Crores without actually making maybe your assets sweat to the extent of 105% or whatever to your other associated companies I am closely following and they are sweating their assets through the extent of 110%. So that is actually my humble suggestion to you is Sir please actually put a discipline on yourself by holding on your capex till you reach a particular level of debt equity, and this will actually reflect in your years for an actual number of years I can tell you that much. You all people are experts in this. Thank you very much Sir.

**Sanjeev Aggarwal:** I want to add to what Mr Bajoria has said that the acquisition of CIL in 2016 is paying us a good dividend now and then going ahead you will see that the Cavendish sales and profitability will add much more to the total tyre business of JK Tyres.

**SB Bhaiya:** You are absolutely correct. You are and this is what we have already seeing this year but then actually if you put my only suggestion is that right keep a watch on your debt equity



*JK Tyre & Industries Limited*  
*January 27, 2021*

before committing the further capex commitments. That is my humble suggestion, nothing more than that Sir.

**Sanjeev Aggarwal:** Bajoria ji, I would like to mention a point to Mr. Bhaiya, actually Mr. Bhaiya is talking about the debt to equity ratio, an ideal ratio in that case is 2 and I am not debating on what has already been described by Bajoria Sir, so we have to take a decision about the capacity expansion at the appropriate time when we see certainty about the demand and when we have already sweat the existing assets of the company fully. But just to give you an assurance, we are already at lower than the ideal ratio of debt to equity.

**SB Bhaiya:** You are expert Sir. Thank you very much Sir.

**Arun Kumar Bajoria:** We are already on this path of improving the performance, we are improving the debt to equity so you should not be concerned about that and we will be taking the decision in the best interest of the business that as and when we need the capacity, we should expand it, and without giving any commitment or timelines as to when we will be doing this, but we will take care of your suggestion.

**SB Bhaiya:** Thank you.

**Arun Kumar Bajoria:** I think Sanjeev has already mentioned that the next two, three years' time, we are going to be repaying about 45% of the long term debt. So that itself will be in a position to quite an extent.

**SB Bhaiya:** Thank you.

**Moderator:** Thank you. We will take the last question from the line of Abhishek from Padmaja Investments. Please go ahead.

**Abhishek:** What is the current cost of debt?

**Arun Kumar Bajoria:** The current cost of debt is 7.50% p.a. As I said earlier we have reduced the cost of borrowing in the case of working capital already by about 150-basis points in the last nine months period and in the case of the term loan by about 90 basis points.

**Sanjeev Aggarwal:** Going forward as our performance improves, the need is going to come down.



*JK Tyre & Industries Limited*  
*January 27, 2021*

**Arun Kumar Bajoria:** I already mentioned to you that with the increased with the better performance we are going to get a better rating and we will be able to achieve a better rate of interest again and get the benefit of reduction, but as of now the average cost is about 7.5%.

**Abhishek:** Sir, another small advice, from the valuation point right our company being the third largest is actually trading bigger ones as compared to companies like Apollo and pears I think it is because of debt to EBITDA and debt to equity, they are booming, so please do keep in mind when you are doing another round of capex on this particular percentage?

**Arun Kumar Bajoria:** I was not able to make out what you have said sorry.

**Abhishek:** On the on the validation point we are trading at significant discount compared to players like CEAT and Apollo Tyres and MRF and I think it is because of the debt issue only I think if we can follow that part like the way you described it that should actually narrow down, please do keep this in mind when you are doing your capex.

**Arun Kumar Bajoria:** So we have already explained this point I think several times during this call and our focus is definitely on the reduction of overall debt and even accelerate the repayment of debt as we have done already in the last nine months particularly on the short-term borrowing side so we are taking care of that.

**Abhishek:** Fantastic job. Thanks a lot.

**Arun Kumar Bajoria:** Thank you very much.

**Moderator:** Thank you.

**Arun Kumar Bajoria:** I think this was the last question we can wrap it up.

**Moderator:** As there are no further questions from the participants I now hand the conference over to the JK management for closing comments.

**Arun Kumar Bajoria:** Thank you for all you gentlemen of having given so much time on the results of JK Tyre and I can only repeat what I have been saying in the last couple of minutes, one and a half hours that we are optimistic about the outlook on the tyre industry for the next few years and also the JK Tyre performance going forward since we are hopeful of good growth in this sector in the coming period and we will keep in mind all your suggestions which you all have very kindly made and I can only tell you that we will continue with our efforts to turn out the results better and better and we will again try and meet you after the Q4 results. Thank you very much on behalf of the management of JK Tyres.



*JK Tyre & Industries Limited*  
*January 27, 2021*

**A.K. Kinra:** Thank you so much for your patience and for listening to our point of view. Thank you.

**Moderator:** Thank you. Ladies and gentlemen on behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.