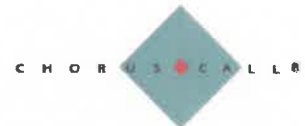




“JK Tyre & Industries Limited Q2 FY-21 Earnings Conference Call”

October 23, 2020





JK Tyre & Industries Limited
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**MANAGEMENT: MR. ARUN KUMAR BAJORIA –
DIRECTOR & PRESIDENT.
MR. SANJEEV AGGARWAL – CHIEF
FINANCIAL OFFICER.
MR. A K. KINRA – FINANCIAL ADVISOR.
MODERATOR: MR. NISHANT VASS – ICICI SECURITIES.**



Moderator: Ladies and gentlemen, good day and welcome to JK Tyre & Industries Q2 FY21 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 phones. Please note that this conference is being recorded. I now hand the conference over to Mr. Nishant from ICICI Securities. Thank you and over to you sir.

Nishant Vass: Thanks Neerav and good day everyone and apologies for the delay in the start of the call. We have the management team of JK Tyre & Industries Limited which is represented by Mr. Arun Kumar Bajoria – Director & President. Mr. Sanjeev Aggarwal – Chief Financial Officer and Mr. A K. Kinra – Financial Advisor. We will hand it over to the management for their opening remarks and post that we can take the Q&A, over to you sir.

Arun Kumar Bajoria: Thank you Mr. Nishant. A very good morning to everyone and a very warm welcome to JK Tyre’s second quarter 2021 Earnings Call. And thank you all for joining us today. I’m Arun Bajoria and I would like to wish all of you a very safe and a healthy time during these unprecedented COVID pandemic. Coming to the performance of JK Tyre, this has been a very good quarter despite slow recovery in economic activity. The total consolidated sales were recorded at Rs.2286 crores as compared to Rs.2162 crores in the corresponding quarter registering an increase of nearly 6% on a year-on-year basis.

The operating EBITDA margin increased to 16% with an absolute value of Rs.367 crores on a consolidated basis and this was up by 21% compared to the same quarter of previous years, with a margin expansion of 200 BPS. The main focus during the quarter was on increase in sales volume through network expansion, improvement in operational efficiencies, very aggressive cost control, particularly on the fixed expenses. We also focused on working capital management which also helped in a strong positive cash conversion. So with these opening remarks, I would now request you to kindly go ahead and ask your questions. Thank you very much once again.



Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Ashutosh Tiwari from Equirus. Please go ahead.

Ashutosh Tiwari: My question is that basis the interaction we have with channels, the demand would have improved gradually July, August, and September. September would have been much more stronger than what it was in July and August. So, how the trend was in September month versus last year and at what capacity are we currently operating in as compared to before lockdown.

Sanjeev Aggarwal: Thank you very much. We did good sales in the month of June, which was in the replacement market, the highest ever for the company and the same is continuously improving on month-on-month basis. September was one of the best months as we saw an upward trend which was because of various reasons, firstly, the pent up demand and secondly the impact of import restrictions on tyres also came into effect closer to second quarter end and lastly, the festive season. All these factors led to increase in the capacity utilization of the company. On an average, we were operating at about 80% utilization level by the end of the second quarter and this was much better than the corresponding quarter of last year. Things have improved a lot and we are expecting this trend to continue in future as well.

Arun Kumar Bajoria: Just to add to that, currently the pent up demand is not so much and it is more of orders and supplies, as automakers are ramping up the production in anticipation of the festive season. Dussehra is already here, Diwali in next month and Christmas in December. So, this is also giving us a lot of traction in terms of supplying tyres increasingly to the OEMs in addition to our very own buoyant replacement market sales.

Ashutosh Tiwari: Okay. So we have mentioned in our press release last week that Cavendish operated around 84% utilization level during the last quarter, I guess that's mainly TBR and two wheeler capacity but I just want to ask that in our TBR capacity in JK Tyre at what level we are operating and what is the current capacity?



Arun Kumar Bajoria: The overall capacity utilization for JK Tyre on standalone basis for this quarter was 76%.

Ashutosh Tiwari: Overall, but in that was TBR higher?

Arun Kumar Bajoria: In the TBR yes. The capacity utilization across has been very good. In Cavendish, the capacity utilization was higher because of TBR and the two wheeler and three wheeler and we have had been operating at more than 100% capacity utilization level. In JK Tyre, because of the good pick-up in demand for the passenger vehicle, we have seen an improvement in passenger vehicle tyres. In PCR and other products that we are manufacturing, we have seen a good pickup in demand. Overall, the capacity utilization levels have been improving.

Ashutosh Tiwari: Okay. And recently we are seeing an increase in the natural rubber prices and I have heard that JK has also taken price increase in the TBR tyre and SCR tyre so is it correct that there any price increase otherwise also in TBR normal JK Tyre TBR and PCR as well?

Arun Kumar Bajoria: Would you kindly repeat the last two lines that you asked?

Ashutosh Tiwari: Sir, I am asking that is there any other price increase in JK main radial tyres and PCR tyres as well recently?

Arun Kumar Bajoria: There is no price increase as such, except that some of structural changes in the marketing policies have been done. So really, it is not so much about the price increase.

Ashutosh Tiwari: Okay. But now that RM prices are increasing, is there a possibility of that?

Arun Kumar Bajoria: That we will see as we go forward, because we are not expecting any major upside on the raw material prices, but then we will accordingly take a call if there are very major fluctuations on the upper side.

Ashutosh Tiwari: And lastly, on the dealer inventory side. So, are the dealers operating at normal inventory levels or they are nowhere near the normal right now?



Arun Kumar Bajoria: The dealers' inventories have gone down considerably and you would appreciate that, the demand of the tyres starting from the truck radials, the truck buyers, passenger car radial, then the two, three wheelers and to top it all the farm tyres, they are absolutely chock-o-block. Our plants are working at nearly 100% capacity and there is a possibility to increase truck, bus radials. Even our truck buyers' capacities are right now working at full capacity. The dealers don't have much of inventories, even if you compare with respect to the opening stock as on first of April, or say end of March and they are all clamoring for more and more tyres.

A K. Kinra: This is Kinra here. One of the indicators of good performance for the Q2 has been that there is a major thrust on the working capital management in Q2 where we have reduced the working capital from 30th June to 30th September by as much as Rs.500 crores. So, there are two effects of it, number one it improves cash flow and second it reduces the interest on the working capital borrowings.

Arun Kumar Bajoria: Thank you so much. Nishant can you please take up the next question?

Moderator: Thank you. Next question is from the line of Akshay Satija from Alpha Investors. Please go ahead.

Akshay Satija: I had few questions and the first question is, I believe all major players in the industry have gone through huge CAPEX and we haven't seen any huge uptick in our capacity except for the Cavendish acquisition that we did and the TBR capacity that we increased last year. So with such high debt on our balance sheet, where do we see ourselves in next five years versus all the competitors who have increased their capacity so much and they are looking to capture market?

Sanjeev Aggarwal: Thank you for this question. This year we have gone through difficult time due to pandemic and therefore we have completely stopped major capital expenditure. Capital expenditure will be limited only for the purpose of normal maintenance of our assets. Other than that, there is no CAPEX which is going on at the moment for any project and we will review the situation once we have seen that the markets has stabilized and things have improved on a sustainable

basis in our favor. Presently our focus is on sweating our assets fully. Once we have done that, then of course we will review over plans subject to stabilization of the market. Also, we are not planning to add any debt to the balance sheet and rather the focus is on deleveraging as much as possible. With the improved profitability and improved working capital management, which we have undertaken in the last six to eight months, we were able to release a good amount of cash and through cash conversion we have been able to reduce our working capital to a large extent.

Akshay Satija: So my next question would be, so at the Mexican operation, so we have not been seeing good margins or good capital returns from there, plus US being the highest importer in the global trade and China exporting so much of quantity in the US. Do we really see Mexican operations doing well, where do we see value in our Mexican operations?

Sanjeev Aggarwal: I would request Mr. Bajoria to take this question.

Arun Kumar Bajoria: The situation of lockdown in Mexico was much more severe than in India. However, from the end of June we have reopened all our plants and you will be happy to know that all our plants in Mexico are also operating at nearly 100% output. And we have redoubled our exports and a lot of these are now going to North America and also to South America that is Latin America.

Akshay Satija: Is there any anti-dumping duties put in by these countries?

Arun Kumar Bajoria: Yes, we are taking full advantage of the anti-dumping duties which have been imposed by USA on China and now they're further considering, further extending that anti-dumping to Indonesia and Vietnam and Thailand. So, we are fully ready and in fact, I'm very happy to tell you that we have recently signed an agreement with the union in Mexico plant, where our output is now increasing from start of October 2020. Our output of passenger car radials has gone up by 20%. So, we are fully geared up to meet this additional demand from the North American market. And we have also opened an office in Houston which is going to cater to JK Tyre India and JK Tormel in Mexico. So, as I was saying that we are fully ready to meet all this additional demand.

Akshay Satija: Okay. Sir one more question. Sir, could you give us a rough idea about our realizations, segment wise, not exact number but somewhere ballpark and how do we are applying to increase our realizations on per ton basis. So, do we intend to get more into the retail presence, can you just throw some light on that?

Arun Kumar Bajoria: The first thing that I can tell you is, that our realizations are going to go up because of richer product mix. The PCR demand is increasing due to the festive season and the personal transport preferences, then the demand in CV have also increased due to the pick-up in e-commerce and infra and cement. The SCV demand has also increased due to intra district state movements of vehicle carriers. So, overall segment wise the index base of OEMs is smaller and therefore the prices in OEMS are definitely slightly lower than replacement. And of course the exports have also gone up quite a bit which is also giving us higher volumes and because of that the fixed cost is getting divided on a much larger volume. Together, all these are leading to higher net sales realization.

Akshay Satija: Could you give us a ballpark number of your realizations per ton basis right now?

Arun Kumar Bajoria: Do you think that it is possible for us to disclose per ton realization in view of competition also there. So, I can only tell you, that our per ton realization is almost the same as in the years 2019-20 and that should be a good enough indication that from the corresponding quarter, the realizations are very, very similar.

Moderator: Next question is from the line of Prateek Poddar from Nippon Indian Mutual Fund. Please go ahead.

Prateek Poddar: Sir could you just talk a bit about the supply demand scenario as of now in the industry and which segments if there are, is there a scenario where there's a supply shortfall?

Arun Kumar Bajoria: As I was telling you that there is absolutely good demand in the market. I'll go product wise, so I would say that in passenger car radial the supplies from JK Tyre is almost meeting the complete demand of the domestic market as well as



the export market and more so, because right now the passenger car radial manufacturers are also coming back to near pre COVID level. So, right now we have a lot of capacity and, we are doing a lot of balancing whereby our outputs are gradually going up than what they were even at the pre COVID level. We are gearing up ourselves in the domestic market and in the Mexican market. Similarly, the two, three wheeler, whatever capacities we had acquired four years ago, now, we have already started turning out more than 12% higher production and from next month onwards, another 5% is getting increased. So, you can imagine that we are operating our two, three wheeler plant at 107% capacity outputs. Similarly, the farm tyres requirement has been huge and all our plants in Kankroli and in Laksar, in Cavendish, as well as in our Vikrant plant in Mysore are operating at more than 100% capacity utilization and we are meeting the demand completely. We are taking advantage of the multi-location production facilities, we are having a very good advantage and as I was telling you that the truck/bus radial capacity, because of this acquisition that we did three, four years ago, it has come in so much handy that now we have the highest installed truck/bus radial capacity and we are utilizing it up to 84% already, and I hope that as soon as these OEMs increase their truck manufacturing and bus manufacturing, which we hope will be possible from next year onwards, we will be able to utilize our capacities fully. In fact right now we have put all our CAPEX on hold and so whenever the time is opportune and when we find, that it is necessary to go ahead with some increase in capacities, whether in truck, bus radial or in passenger car radial. We are also ready for that and I don't want to talk about it because, for the next one year at least, we have completely put on hold all capital expenditures except some minor maintenance expenditures.

Prateek Poddar: Okay, got it. And sir if this trend continue even in October, are you seeing even October to be similar to September or higher than September?

Arun Kumar Bajoria: I would dare to say that it will be slightly better than September also.

Prateek Poddar: Okay. So, because September there was monsoon, so I'm assuming that in October because of no monsoon maybe there, and hence.



Arun Kumar Bajoria: Yes, you are right and not only that, things are now getting back to normalcy despite the pandemic threats which is always there. But now people are getting used to wearing masks, social distancing and taking precautions and life has to go on. So, with that point of view also, you're so right that October seems to be going slightly better than even September, up till yesterday let's say.

Prateek Poddar: And given such strong demand, it's fair to say that discounts in the system would be virtually zero now, as you said because the inventory from the system is hardly known inventory and there is no competition now because Chinese are out?

Arun Kumar Bajoria: I can't say about tyre industry, but I can definitely say for JK Tyre, that we are very, very fair business people and we have never gone overboard, even when there was lesser sales and today when there is better sales, we have a very fair marketing and sales policies. And we are operating absolutely according to that. Am I clear?

Prateek Poddar: Yes, sir very much clear. Thank you so much for your inputs, all the best for the future.

Moderator: Thank you very much. Next question is from the line of Aryn Pirani from CLSA. Please go ahead.

Aryn Pirani: Most of my questions have been answered. But, I just wanted to talk a bit about your cash flows, which you touched upon already.

Arun Kumar Bajoria: Sorry, can you please repeat your question?

Aryn Pirani: Okay. So, I actually wanted to talk a bit about your cash flows which you already touched upon to some extent, this year we've seen significant cash flow operations because of working capital improvements and your CAPEX will also come down drastically. So going forward, like you said capacity utilization is high but CAPEX is also on hold, so what kind of a CAPEX outlook can because, last two years that was your problem. But now this thing has reversed. So how should we think about cash flow generation and deleveraging in the next one to two years, if you can put some more light on that. Thank you.

Sanjeev Aggarwal: Yes, sure, Sanjeev Aggarwal this side. I will respond to this question. If you would have noticed from the balance sheet which we have published in Q2FY21 there was an overall reduction by about Rs.600 crores of total debt, of this a major reduction is in working capital borrowings. We have been focusing on better management of working capital deployed in the Company. So we are of the opinion that with a good improved profitability, and with the kind of surpluses we are expecting to generate in this financial year, we should be able to reduce our debt further. So working capital borrowings will come down, which will of course give an overall reduction in the total debt of the company.

Amyr Pirani: Understood sir and would you like to share some leverage balance like net debt to EBITDA over the next one to two years, is there something that you would like to share as to what is your target for net debt to EBITDA, or net debt equity whichever you are looking at?

Sanjeev Aggarwal: So, in the next two and a half to three years' time frame, we are targeting to reduce the long term debt, by about 40% to 45%. So about Rs.1400 crore to Rs.1500 crores of debt will get repaid on long term debt basis and the Debt to EBITDA ratio would come down below three. We are targeting that the debt to EBITDA level should remain within the acceptable range.

Moderator: Thank you very much. Next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.

Kaushik Poddar: I was talking about this competition commission case that you're having with regard to Haryana Transport whatever Cooperation or something, is it possible to throw light on it because you were apparently as whatever there has been diverged, you are the only organization which has quoted there is some problem with regarding that. So if you can?

Arun Kumar Bajoria: Yes, I would like to clarify that CCI had certainly issued a notice to JK Tyre in the month of April and they wanted certain information, including the email of the dumps that we have. And you see, the company advised that seeking email dumps are beyond the scope of any order. So we just filed a writ petition before the High Court on the said issue of providing entire email dump, and the matter

is sub-judice actually now the matter is in the High Court. But, definitely I can only tell you that there is no merit to the allegations of any kind of conduct or bid rigging of a JK Tyre and the prima facie, this is absolutely a miss leading information and we are on a very, very strong wicket and we should be able to defend our case against such an allegation. And, I can tell you one more thing, that it is mentioned that the STU business, the State Transport Undertaking business comprises a very, very small fraction of the company's total domestic sales which is in the range of 2.5% to 3%. And this particular order, this was only one order of less than 1100 tyres, which would constitute about Rs.90 to Rs.95 lakh. And if we were the only bidders, how can we help if nobody else came forward maybe because it was too small an order for anybody else to they thought that two people will again be, unnecessarily cutting each other. So, this is just a matter of chance and therefore, we got highlighted, but that has nothing to do with, it is such a small insignificant, you think in a company which has a turnover of 8000 to 10,000 crores we will do any kind of ill conduct for an order of Rs.80, Rs.90 lakhs. So, sometime just because JK Tyre is a big brand so we can highlight it in the media for no fault of ours, absolutely nil fault of ours.

Kaushik Poddar: Okay. Arun sir second question I have is with regard to your operating profit margin, which is around 16%. Is it possible to maintain this kind of margin going ahead?

Arun Kumar Bajoria: You mean the operating margin?

Kaushik Poddar: Yes.

Arun Kumar Bajoria: You understand better than us, you have come on margins now. Just now you asked about CCI and immediately your next question is on margins. But, still I will try to satisfy you. Our margins should be similar or shade better. That's all I can tell you. So, by God's grace our team is very motivated and they are really working hard and I can tell you the kind of work that has happened in JK Tyre in the last six months, during the pandemic is absolutely outstanding. We have never done this kind of recovery so fast and I don't think there is another parallel.



Kaushik Poddar: Yes. I am also completely taken aback by the result which you have produced. And your words are very reassuring.

Arun Kumar Bajoria: And I would like to add to what my colleague mentioned earlier, the cost reduction in each and every area, 20% cost reduction in the fixed expenses is absolutely unheard of and also the efficiencies at each plant is absolutely at the ideal level. . The reach and the depth of sales of JK Tyre is absolutely exceptional from the time we have the reopened, plant started reopening from let's say, middle of May, and gradually we have come up and you can imagine that we have had one of the finest sales in one quarter in July to September and we are going to even try, we are working very hard to even surpass that in the coming quarters.

Kaushik Poddar: And lastly will you be having such kind of analyst meet after future quarters as well, will it be a quarterly affair?

Arun Kumar Bajoria: Yes. We will certainly try and continue with the investors meet after every quarter surely. Because it will be in our interest to tell you what all we have been doing and how things are improving on a quarter-to-quarter basis.

Kaushik Poddar: Yes. And from whatever shareholders side you people have done a wonderful job. You go ahead and we are behind you and hopefully you will get more investors in future. Thank you.

Arun Kumar Bajoria: Thank you so much. We need your blessing sir. We really need your blessings.

Kaushik Poddar: That is always there with you, we are behind you. Thank you.

Arun Kumar Bajoria: Sir, you have to invest in our shares as well rather than just saying.

Kaushik Poddar: Yes, we have invested. I run a portfolio management company, I am the portfolio manager and we have invested in your company, as late as yesterday after the results.

Arun Kumar Bajoria: So can we logout now?

Moderator: Sir we have a question in the queue. Next question is from the line of Basudeb Banerjee from Ambit Capital. Please go ahead.



Basudeb Banerjee: Few questions, as you said your TBR is running at 84% utilization and highest installed capacity in India. So, in terms per day what is the present TBR capacity including that from Cavendish?

Arun Kumar Bajoria: Overall on a consolidated level we are operating at 80%, overall products and all our plants.

Basudeb Banerjee: Of TBR only?

Arun Kumar Bajoria: Only TBR we have TBR capacities in Chennai, which is our most modern plant and then we have TBR manufacturing in Mysore and we have TBR manufacturing in Laksar plant near Haridwar which is the latest acquisition from Kesoram the Birla tie up and at this point of time. ,

Basudeb Banerjee: What is the temporary capacity of these three facilities together for TBR?

Arun Kumar Bajoria: The overall TBR utilization today would be almost 80%, nearly 80% all the three plants put together as I said that some plant is at 82% some plant is at 79%. So overall if you want only the TBR utilization, it will be at 80%.

Basudeb Banerjee: And TBR capacity sir?

Arun Kumar Bajoria: Sir, you are asking everything for competition but I will still tell you, it is 3.7 million TBRs annual at this point of time and as I said that further improvements are taking place but the expansions of TBR are right now completely on hold.

Basudeb Banerjee: Sir if we see this 3.7 million tyres in tonne, then how much it will be?

Arun Kumar Bajoria: I can only tell you that if you take it in number of tyres then it will come to somewhere in between 10,000 to 11,000 tyres per day, depending on the size of the TBR, if it will be small TBR then it will be more and if we make big TBR then it will be a bit less. Because naturally if you take 365 days, and suppose we remove two, three holidays then it will come to roughly that.

Basudeb Banerjee: So after years we can see some bottoming out effect in the truck industry, things are improving rather than deteriorating further. So, under that

circumstance truck replacement growth say in September, October truck tyre replacement growth happens now?

Arun Kumar Bajoria: Nobody can say because pandemic has not finished yet, you heard the Prime Minister as well day before yesterday, he said that pandemic is not finished yet, the danger is still there firstly. Secondly, if the economic recovery continues like it is happening now so naturally there is no other reason but all these things are futuristic. So, let us hope and let us pray that our performance continues like this, if there is no major upheaval in the economy and further I am saying this because like is said sometime back that we are expecting slightly better because this is when OEMs from commercial vehicles are not operating to their normal capacity. So if the OEM which we expect will get better after two, three quarters. We have been amongst the major suppliers to the OEM for commercial vehicle tyres also, right sir.

Basudeb Banerjee: So, that's why we were trying to understand as currently we have seen that truck OEM volume is still in decline mode.

Arun Kumar Bajoria: It's not in decline. That will be wrong to say. On pre COVID level commercial vehicles have not started the off-take.

Basudeb Banerjee: So how will be the growth in replacement?

Arun Kumar Bajoria: It's very good, as my colleague said and even I also said in my remarks initially. Initially when we started we had some pent-up demand as well and some in anticipation of this festive season all these from middle of October right up to the end of December we have festive atmosphere only like Dussehra, Diwali, Christmas. And if you have noticed after the monsoon the tyre replacement of these trucks and all takes place because in monsoon they don't replace the tyres quickly, unless it's completely bald then naturally they have to. So, with all these, indications are that this quarter should be similar or even better than the Q2. Now, may I request you that we can take last one or last two questions.

Moderator: Yes, sir we'll take the last question from the line of Laxmi Narayan from ICICI Prudential Asset Management. Please go ahead.



Laxmi Narayan: Couple of questions, now that we understand is that while trucks are running on road there is at least till September end there has not been good buying from the bus operators, etc. And that's a large market, I believe especially on the replacement side, because that's predominantly replacement so, in spite of that we are running quite outstanding on the truck, entire TBR. So can throw some light on what is the revenue mix in terms of if you look at 3000 crores of revenues or so, what is the mix of truck and what is the mix of bus replacement.

Arun Kumar Bajoria: Our India operations domestic, the total truck and bus tyres. So, the truck and bus radial in Q2, the revenue segmentation in replacement at this point of time, I'm saying overall replacement would be something like 70% to 71%. And for the OEM at this point of time, is something like 12% to 13% and the exports is balanced, which is about 17%. So this is the breakup of 100%.

Laxmi Narayan: 100% of the India revenues right?

Arun Kumar Bajoria: Yes, India revenue, domestic. Combining domestic and export we have India operation. We keep India operation and Mexico operation separate and then we consolidate it.

Laxmi Narayan: Sir another question is that, what is the breakup of TBR, TBB and PCR as well for Q2?

Management: TBR, TBB?

Laxmi Narayan: Yes, if you look at the non-radial part. There are 2000 crore revenues in India if you just break it this thing to various components, I don't see your investor presentation which you normally give, so I am asking this question.

Arun Kumar Bajoria: I would say that very roughly if you want to take it will be something like 65% and 35%, which used to be at one time around five, six to seven years exactly the reverse. Our truck radial was 30%, 35% and truck bias was 60%, 65% , now it has reversed because obviously as you will appreciate that today in India radialization is touching 50% and our market shares are the maximum and we were the pioneers in truck radial and we are continuing to lead the entire country's sales in the replacement as well as in the OEM in truck bus radials.



Laxmi Narayan: Okay. Another question is just a distribution, we have around 4500 dealers all across India. Now, just to understand how many of them are actually unique dealers such as they are exclusive only for you and then what is the breakup between Tier I and Tier II cities from this front?

Arun Kumar Bajoria: See I can only tell you in this that in the six months from April to let's say September, we have added 900 dealers in H1 and total touch points now we have are about 6000. We have 6000 touch points, some dealers are exclusive, and some are multi brand as well. I can tell you that we have new steel wheels so total steel wheels are now little less than 500. We have express wheels as well which are less than 200 and truck wheels as well which exclusively deals in truck tyres majorly truck, bus radial and all so those are also 60 to 70. And we have retread centers and we have started farm express wheels as well recently. So, they deal only in farm tyres, I told you the numbers as well but sorry these are sensitive and it's our strategy and you can see we have renewed and reinforced attack on the market in the last eight, ten months, even before COVID as well and you can see the results yourself. Would request you to enjoy the results, I can say that we are really on track and we are really going to turn out some interesting and encouraging results.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today. I will now hand the conference over to Mr. Nishant for closing remarks.

Arun Kumar Bajoria: Thank you so much and I would like to wish a very Happy Dussehra and a very Happy Deepavali on behalf of JK Tyre and all of us sitting in this room and also from the top management of JK Tyre. Our Chairman, our Managing Director and all the rest of us a very, very happy festival season. All the best, God bless all of you. Stay safe, stay healthy. Thank you.

Moderator: Thank you very much. On behalf of ICICI Securities Limited, that conclude this conference. Thank you for joining us, you may now disconnect your lines. Thank you.