ADITYA BIRLA
CENTURY ENKA

6th November 2023

Listing Department **National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Symbol: CENTENKA	Listing Department **BSE Limited** 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001 Scrip Code: 500280

Sub: Transcript of Q2/H1-FY24 Earnings Conference Call of Century Enka Limited ('the Company')

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Pursuant to Regulation 30 of the Listing Regulations, please find attached herewith transcript of Q2/H1-FY24 Earnings Conference Call conducted on Friday, 3rd November 2023. The same is also available on the website of the Company i.e., www.centuryenka.com.

This is for your kind information and records.

Thanking You,

For **Century Enka Limited**

RAHUL DUBEY

Digitally signed by RAHUL DUBEY
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(Rahul Dubey)
Company Secretary
Membership No: FCS 8145

"Century Enka Limited Q2 FY24 Conference Call"

November 03, 2023

MANAGEMENT: **MR. SURESH SODANI – MANAGING DIRECTOR, CENTURY ENKA LIMITED.**
MR. KRISHNAGOPAL LADSARIA – CHIEF FINANCIAL OFFICER, CENTURY ENKA LIMITED.

MODERATOR: **MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED.**

Moderator: Ladies and gentlemen, good day and welcome to the Century Enka Limited Q2 FY24 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

This conference call may contain forward-looking statements about the Company which are based on the belief, opinions and expectations of the Company as on date of this call. The statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital. Please go ahead.

Vikram Suryavanshi: Thank you, Ryan. Good evening and very warm welcome to everyone. Thank you for being on the call of Century Enka Limited.

We are happy to have the Management with us here today for a question-and-answer session with the investment community. Management is represented by Mr. Suresh Sodani – Managing Director and Mr. Krishnagopal Ladsaria – Chief Financial Officer.

Before we get started with the question-and-answer session, we will have opening comments from the management. I will hand over the call to Mr. Suresh Sodani for opening comments. Over to you sir.

Suresh Sodani: Good evening, everyone, and welcome to our Q2 FY24 Earnings Conference Call. I would like to thank our host PhillipCapital for hosting this Earnings Call. Now, let me first brief you on the operational highlights for the second quarter of FY24. After which our CFO will brief you on the financials. Our revenues have declined due to de-growth in volumes of Q2 FY24 by around 11.3% year-on-year to 16,051 metric tonnes. Demand for NTCF have has been affected due to a slowdown in the replacement market, with rural demand having a larger impact on bias tyres. Additionally, there is a lower export of tyres. We have also observed a mutter growth in wholesale sales of commercial vehicles, and there is a de-growth in tractor sales. Two-wheeler sales are still trailing at pre-COVID levels. The increasing trend of realization commercial vehicles is affecting our NTCF business. Additionally, the NTCF margin is under pressure as a result of increase in cheap imports from China against advanced licenses. We are hopeful of revival of demand in Q3 FY24 onwards.

In the nylon filament yarn segment we are facing lower demand from rural areas. Lower demand in China and consequent dumping into India are impacting demand and margins. In this segment, we are focusing on increasing our value-added product portfolio and reducing costs. On the input cost front, caprolactam prices moved from US $1570 per metric tonne in June '23 to US $1643 per metric tonne in September '23. With electricity rates at elevated levels, the commissioning of our captive hybrid power plant has helped us in containing costs.

Now to update you on our CAPEX projects. In H1 FY23 there was an cash outflow of Rs.85 crores for the ongoing CAPEX. The PTCF expansion is expected to be commissioned in Q4 FY24. Similarly, the expansion of NFY is also expected to be commissioned in Q4 FY24. The dipping project has been commissioned in Q2 FY24. Also a 10.5-megawatt wind and solar hybrid power project has recruited under the group captive policy of Gujarat was commissioned in July 2023.

Now, I'll request our CFO – Mr. Ladsaria to brief you on financial performance.

Krishnagopal Ladsaria: Thank you Sodaniji. Good evening to everyone.

Let me start with the Financial Results for Q2 FY24. The operating revenue for Q2 FY24 stood at 396 crores, a decrease of 30% year-on-year. EBITDA for the quarter stood at nine crores, a decline of 76% year-on-year. EBITDA margin for the quarter was at 2.35%, net profit at four crores there is a decline of 83% year-on-year, PAT margin stood at 1.08%. NTCF sales for Q2 FY24. decreased by around 39% year-on-year to 167 crores while NFY sales for the same period decreased by around 18% to 212 crores.

On the first half of FY24, operational revenue stood at 825 crores, which is a decrease of 27% year-on-year. EBITDA stood at 31 crores which is a decrease of 69% year-on-year. EBITDA margin for the period was 3.73%. Net profit was at 18 crores, which is a decline of 73% year-on-year and PAT margin of 2.16%. NTCF sales for H1 FY24 decreased by around 31% to 386 crores while NFY sales decreased by 20% to 2404 crores.

With this, we can now open the line for questions-and-answers.

Moderator: Thank you. We will now begin the question-and-answer session. Our first question is from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, you had guided an 8% to 10% margin for FY24. So, since half year has passed and we are lower than that so will we be able to achieve that margin?

Suresh Sodani: Yes, we had an exceptionally poor quarter in Q2. And if you look at our past results, this has been one of the lowest in possibly last 12 to 16 quarters. We do not expect this kind of performance to continue because this was mainly driven by lower demand from NTCF. And we expect that the margins should revive to normal levels from Q3 onwards. But on a year as a whole, the average margins would definitely get impacted by Q2 of this year. And we do expect that for H2, the margins should remain in between 6% to 8% at the operating level.

Madhur Rathi: And sir were we able to beat our volume numbers for FY23 and FY24?

Suresh Sodani: As of now it could be closer to that number but given the kind of uncertainty that has prevailed in first two quarters, particularly due to the geopolitical issues as well as the dumping of products from China, on the NFY as well as to some extent on NTCF. It will be a challenging task to meet the volumes, but we are still hopeful that the demand should revive in Q3 onward, and we should be closer to the volumes achieved in FY23.

Madhur Rathi: Okay. Sir, my next question would be our NFY we have guided that when domestic consumption as well as textile sector revised there will be an uptick in that segment, also in Q3 a lot of textile manufacturers and garment manufacturers have guided a better H2 so do we think that we will be able to have better margins and volume in this segment going forward?

Suresh Sodani: Generally, yes but as I said, there is an overhang of China's domestic markets not doing well. And a lot of surplus production from China is flowing to India in most of the textile segments. And we see that in our segment as well. That is going to be a determining factor, particularly on the margin front, because of the surplus production as well as the cost advantage that China enjoys on the value chain that impacts our margins and the pricing that we can charge from our customers. So, these two variances would determine the profitability but generally we are positive on H2 revival, which will be determined by festivals as well as the marriage season which normally starts from October till almost February and March.

Madhur Rathi: Okay sir, just one question. Are we in discussion for a quality control or an anti-dumping duty on China for these products with the government as this industry is facing a lot of headwinds right now?

Suresh Sodani: Yes, we are continuously pursuing through various associations and highlighting the volume increase and the low prices at which material is coming from China. And while there is an appreciation of the effort being made by the association and officials in the government acknowledge that the industry is facing difficult times because of China. Because the elections are looming, could be difficult to say whether any policy action would happen, but from the industry side we are all pursuing for both increase in duty as well as anti-dumping duty actions to be taken.

Madhur Rathi: Okay, thank you sir. Sir one just final question, sir what is our outlook for FY25 and 26 in terms of top line and bottom line, since FY24 will have some issues. So, what kind of outlook are we seeing in for FY25 and 26?

Suresh Sodani: We do expect that, one is that our FY25 it could be between 15% to 20% growth on the closing number of FY24. But that as I said, there are so many geopolitical changes that determine the immediate or the quarterly performance as well as the yearly performance for example, how does exports of tyres pick up to particularly Europe is a major driver for our NTCF volumes. Similarly, how does the Indian economy perform in FY25 will be a very important factor particularly on the infrastructure side and the spending that comes with the new government. So, these numbers will determine the state of economic as well as the state of this industry. But looking at the new products that would get added to our portfolio by end of this year. We do expect that is the top line growth we can expect and we will plan for FY25.

Madhur Rathi: And sir on the margin front?

Suresh Sodani: Margin in similar ways, we expect it to be in the range of at operating level between 6% to 8%.

Moderator: Thank you. Our next question is from Vipul Kumar Shah with Sumangal Investment. Please go ahead.

Vipul Kumar Shah: So, sir what is the capacity of the polyester cord fabric project which we are implementing right now and have been commissioned in Q4?

Suresh Sodani: We do not give any segmental break up of our capacities as well as the volumes because we operate in one segment which is synthetic yarns, but it will be meeting around 10% of the total demand for that segment. And it should be a small share to start with. And we hope to grow that in future once we see success with this small entry and grow this business in future.

Vipul Kumar Shah: Okay. So, is it an import substitute product?

Suresh Sodani: Yes currently, almost 80%, 85% of the demand is met by imports. And this would be mainly substituting imports as well as catering to the overall growth in the PTCF requirements.

Vipul Kumar Shah: So, naturally, it should carry a little higher margins right sir?

Suresh Sodani: One, as I said margins are now more determined by a lot of geopolitical and situations as well as how are the economy is doing which are mainly exporting or which have built capacities in past. So, yes in a generic term, we can say margins should be decent but, world has become very uncertain particularly in last two years and more stable order could have said that yes, the margins will be more positive, more attractive.

Vipul Kumar Shah: And what are the effects on for this two projects which will be commissioned in Q4. And what increase in sales you can expect from additional tonnage being added in the next financial year?

Suresh Sodani: I mentioned, we expect a top line of around 15% to 20% growth with stable pricing and because the underlying raw material price also determined the sales value. Primarily it's coming from the expansion which has been commissioned in the last year as well as in this year, and also driven by the volume that would be determined by multiple factors I mentioned in my earlier response.

Vipul Kumar Shah: Okay. And sir you mentioned that caprolactam prices are again rising. So, it will put further pressure on profitability in current quarter sir?

Suresh Sodani: It is, I would say rather moving in a range it is not, this range movement is normal. We see an abnormal moment if the prices move by $150 or $200 or closer to that numbers in a quarter. So, this range is expected, and it should not have a significant impact unless the moment is sharp in a very short period of a month or so, over a period of three months if that kind of moment happens it's normal and expected in this industry.

Krishnagopal Ladsaria: Caprolactam prices even today are lower compared to the historical prices. So, as an absolute product cost, nylon prices are lower compared to historical prices. So, even if caprolactam moves higher from these levels, if volatility is not there, we don't expect any issue on that count.

Vipul Kumar Shah: And sir, from the standpoint the five-megawatt hybrid power plant. So, what percentage of our electricity will be sourcing from this project and what will be the expected savings in terms of rupees from this project sir?

Suresh Sodani: So, as indicated earlier we expect an annual savings of between 15 to 16 crores per annum and which is already started accruing from quarter two, and the project has been commissioned at a normal capacity utilization this should be catering to our about 12% to 15% of the total power requirement combined for the Company. And we intend in future to expand this with the policy support both in Gujarat and also for Maharashtra. So, we expect that we will grow this portfolio to closer to maybe 25% in next few years to keep a control on the power cost.

Vipul Kumar Shah: And lastly sir, you have given the sales figure for NTCF and NFY but will you be able to give the tonnage for both the products for this quarter and half year?

Suresh Sodani: As indicated we just given additional information on the sales breakup, but the report our results in a single segment are synthetic yarn and products. So, we do not give for competitive reasons the breakup of volumes.

Moderator: Thank you. Our next question is from Anant Mundra with Myte. Please go ahead.

Anant Mundra: Sir, firstly wanted to understand that our weighted capacity currently is 86,000 tonnes per annum. Is it practically possible to go up to that level?

Suresh Sodani: Yes, if the demand is supporting. We have a capacity to go up to 86,000 tonnes per annum on an annualized basis. It could be one thing I would just like to add, this is a product where the denier mix also makes an impact on the tonnage. So, this is based on the normal tonnage that we expect from the markets. So, there could be some plus and minus based on the denier mix, but on the normative denier that we normally sell to the market, we do expect to achieve this with the demand side supporting us.

Anant Mundra: Alright. And sir the decrease in the volumes is that only because of lower demand in the overall industrial and economy or is there anything specific to our Company, we lost some client, or we are losing wallet share from any of our clients?

Suresh Sodani: No, it is an industry wide issue, only difference could be that the client mix is varying between the various competitors. So, sometimes in a quarter certain customers would take an inventory correction or do some other kinds of activities, which could reduce volume for that quarter. But there is no loss of customers or market share and we have to look at more at an annualized numbers rather than only a quarter because the quarter can sometimes be extremely good or sometimes be poor like the one which we just completed.

Anant Mundra: Okay. So, earlier when we were doing the CAPEX you are guiding that sustainably we believe that the EBITDA margins could be in the range of 10% to 14%. But now we are, like we have reduced that to 6% to 8%. So, what exactly, why are we reducing that margin guidance?

Suresh Sodani: I don't recollect the number, but that would have been an total margin at the EBITDA level, but not the operating margin, we have reduced slightly projections on EBITDA margin by about, it was possibly between 8% to 10%, six to eight, mainly because of the changes in the external scenario as well as the threat in the pricing margin pressure from Chinese. So, that is the current estimate. And we do expect that once the turmoil and improvements in the demand for the products overall improve, we could come back to those kinds of margins. The second thing which has changed possibly is that the power and fuel rates increase in the short term has been quite significant because of the fuel adjustment surcharges being levied by the state government, and that numbers have actually gone beyond our projections what we took when the time when the projects were conceived. So, that is a second important factor which could impact the margins.

Anant Mundra: Sir how much is power and fuel cost for us as a percentage of our revenue?

Krishnagopal Ladsaria: It's close to 20%. Depends on product prices also if raw material prices are higher than that percentage come down, but generally it is around 20%.

Anant Mundra: Okay. And the full effect of the solar plant coming up has now been factored in into our financials right?

Suresh Sodani: Yes. The existing project has been commissioned and we are getting the desired power from the hybrid sources.

Anant Mundra: Okay. And sir the PTCF plant is going to commission in Q4. So, when are we going to start booking revenue from that, will that also start in Q4?

Suresh Sodani: No. So, being a new product, it will go through an approval process with the tyre companies. So, the ramp up will be slow, mainly starting from Q2 and we will start seeing the results mainly from Q3 FY25 onwards.

Anant Mundra: Okay. And sir one more point that you have mentioned earlier in the call was the export of tyres to Europe is very important. So, could you please elaborate on that, like why specifically to Europe?

Suresh Sodani: In fact, the major export of tyre is to Europe, if you would look at the geographical breakup, and that to the tyre export breakup is more towards the farm tyres, OTR tyres, and tyres which actually use NTCF as a reinforcement, Europe constituted more than 50% of that basket. Because Europe, these tyres are slowly being phased out for production in Europe, mainly because of the high cost of operations and the issues with energy and other prices. And even before Ukraine war, the volumes have gone increasing with acceptability of tyres manufactured out of India. So, that drop of volume definitely impacts the, directly impacts the volumes of the tyre companies, and then it directly impacts our reinforcement requirement as well. So, that is the reason that this exports to Europe is being a very significant, of the total exports is important, because other sections impact had been there because of economic issues, but the fall has been significant in the Europe exports.

Anant Mundra: Okay. And sir the kind of contracts we have with our customers, there must be some formula link pricing for the NTCF segment, correct sir?

Suresh Sodani: Yes. For the pass through of the caprolactam prices.

Anant Mundra: Okay. And so, if we have to, because like we were mentioning that power cost has increased considerably. So, when do we renegotiate the contract, is it an annual contract, how does it work?

Suresh Sodani: It’s an annual contract and all these points do get factored in, but an important overhang is also import prices from China. So, that has an impact on the pricing that we can negotiate with our customers.

Anant Mundra: And the main the reason Chinese are extremely competitive is because of easier availability of caprolactam?

Suresh Sodani: Multiple reasons, it is not only caprolactam, but they have put up a complete value chain on the nylon side. And like many other industries, they have a huge capacity which has been setup mainly, the total capacity is to be as for both domestic and the export market, and if the domestic market demand in China does not do well a lot of that volume flows to the nearby countries and India is a case where demand is growing, so lot of volumes of both the products and many other products actually flow into India from China.

Moderator: Thank you. Our next question is from Mehul Parikh an Investor. Please go ahead.

Mehul Parikh: I have a few questions. One is that have we started the dipping of rayon tyre cord for third party?

Suresh Sodani: We are discussing that; we have not started dipping but post since we have commissioned the dipping plant now at Pune. And before we get to full capacity of PTCF as well as the expansion that we have built as a part of the dipping capacity, we would have a surplus capacity and we can-do third-party dipping for rayon or even other products if it is suitable in these plants.

Mehul Parikh: Okay. Sir when we say that we are having Chinese imports coming in at a cheaper rate, we go through a rigorous approval process. How do they manage to sell to the tyre companies here?

Suresh Sodani: So, tyre companies have been importing from China almost for, possibly for decades, because there was an import dependence before the domestic capacity was increased. And most of the Chinese suppliers have already approved with the tyre Company. So, they are their regular suppliers to the tyre companies and even in the best of the demand, operating levels of domestic companies the imports have continued and one of the reasons for that is that since the tyre companies have built up a portfolio of export of tyres, they are able to import NTCF or other enforcement duty free, advance license.

Mehul Parikh: So, this will remain a perpetual problem for us right?

Suresh Sodani: No, the problem is not the quantity but the problem is if the volumes increases significantly and if they come at a very low price.

Mehul Parikh: Okay. So, in terms of NTCF for say two wheelers or electric two wheelers specifically, is the denier the same or the weightage of the material is the same or a bit higher?

Suresh Sodani: Till now the tyre companies are still kind of giving the similar tyres for both electric and the normal IC scooters. But we do hear about new developments being made. So, we have still not seen any change in the denier. So, the normal tyres, which were used for two wheelers, motorcycles, scooters are still being on the same basis are being supplied to the electric vehicles, but it can change based on the developments that happen in this industry, which is quite nascent.

Mehul Parikh: So, would it increase the weightage or the denier count would be, because electric vehicles are heavier so would it increase that?

Suresh Sodani: Logically, yes. But I can't comment before that, that's something for the tyre companies to design and what kind of reinforcements and the weight of the base of the tyre is done. So, these are still work-in-progress for the tyre companies.

Mehul Parikh: Sir, and still the radius and all this, also some level of nylon tyre cord being used apart from the steel mills. So, do we cater to that also, or it is like our material is not used there at all?

Suresh Sodani: Yes, but that's only for the very small quantities go into that. And we do cater to customers who make, we normally don't make that NTCF for that fabric, because that's a very low volumes but we supply yarns to Company to make that kind of fabric.

Mehul Parikh: Okay. So, what is the first half foreign exchange earnings for that, any figure can be shared? And do we do any NTCF sales to non-tyre Company, any applications where we are supplying?

Suresh Sodani: NTCF is only for tyre companies. We do sell yarns, nylon yarns for other than non-apparel, non-textile segments as well.

Mehul Parikh: And sir an approximate selling price of PTCF any idea, what is ongoing in the market right now?

Suresh Sodani: We still to get into that because the project is not commissioned, but it will be similar to the imported prices.

Mehul Parikh: Yes, but any approximate figure which would be prevailing in the market?

Suresh Sodani: I don't have it readily available now, but you can get it from the import data.

Krishnagopal Ladsaria: Exports were around 27 crores in these six months.

Mehul Parikh: Okay, thank you sir. And sir I sent an email for our factory visit like in the last concall as you had mentioned, but I have not received any reply from the Company. So, is it like it was canceled or do I write again?

Suresh Sodani: To whom did you write that?

Mehul Parikh: The email ID mentioned in the letter, compliance some common it is.

Suresh Sodani: Okay, we'll get it checked, possibly you can send another mail. And if you have the coordinates of our Company secretary or the department, you can just direct it that side we will.

Mehul Parikh: I will not have it, is it possible to just give it now.

Suresh Sodani: From the website itself, if you can just send it on that other earlier one as well as and if possibly take it from the website and send it there.

Moderator: Thank you. Our next question is from Hardik Patel, an Investor. Please go ahead.

Hardik Patel: So, just wanted to ask that the tyre companies and even our competitor has been very nice with the results. In fact, MRF just released their data and I guess it is the highest producer of bias tyres. So, what is going on with our Company, why is the results not really been up to the mark or is it something that realization is increasing or something like that?

Suresh Sodani: So, tyre companies make all kinds of tyres for passenger cars, radial tyres, bias tyres, tractor tyres, OTR and normally, there is no segmental numbers are given in the result or I've not seen that even in the presentations. So, in our assessments and interactions with customers mainly the segments which are doing well is the passenger car segment, the vehicles and the tyres for that. Plus the radial tyres in medium and heavy vehicles. So, these two tyre segments are where we don't use NTCF. NTCF volumes are, the tyres using NTCF which is basically bias tyres for medium heavy vehicles, tractors and the two and three wheelers all have been not at the best of their health. So, their capacity utilization of the capacities for these tyres have also been lower and our interactions with the customers and the large ones that we supply to and they expect that this should get, there should be some improvement in Q3 and Q4 onwards.

Hardik Patel: So, what is the realization in tractors because I believe that it is mostly bias tyres right and even they have reported a little bit of growth even though in single digits, but they have reported growth, so just trying to understand.

Suresh Sodani: Yes, it is all bias, or maybe using NTCF but major consumption comes from the medium and heavy vehicles and particularly in the replacement market because the tyres, the sale typically in bias segment is mainly inclined towards the replacement market and the OEMs when the new trucks or heavy vehicles are given are normally come out with radial tyres, but the replacement market is which what drives the bias tyre consumption.

Hardik Patel: But Company does have a good amount of market share in the replacement market, right?

Suresh Sodani: No, I am talking of the replacement markets for the tyre companies. Only the tyre companies, so the tyre companies focus is on the replacement market, which has not been doing very well.

Hardik Patel: Okay. So, what is the approximate timeline that is expected for not only the Century, the tyre Company of bias tyre mainly to kind of recover as of now?

Suresh Sodani: This is more by now everybody is giving their quarterly projection. So, this quarter onwards we expect the demand to improve. Because since the Q2 demand was lower, a lot of companies have actually taken an inventory correction and cut down on production. They have started asking for more volumes and they are increasing the production. So, we hope that Q3 onwards it should improve.

Moderator: Thank you. Our next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Just wanted to understand our PTCF plant when it will come will be our cost will be similar to the Chinese producers, or will be a bit higher on that front?

Suresh Sodani: No, there it should be fairly competitive with Chinese producers because there's not a long value chain and PTCF are available from multiple sources. Unlike nylon, where China has a very dominant share in the world. But since the plants are old, and the volumes, they have large capacities increase their demand in the local is not very positive or there could be dumping or more volumes could be diverted towards markets which are growing like India. So, that risk remains but from a long-term perspective, we expect to be competitive against imports from China particularly.

Madhur Rathi: Sir what percentage of cost PTCF would be for a passenger vehicle side of manufacturers?

Suresh Sodani: Sorry, I didn't get it, what?

Madhur Rathi: Sir, what percentage of PTCF would be the amount that go in would be the cost as an overall for the tyre manufacturer?

Suresh Sodani: I can't comment on the cost side, normally reinforcement by weight is between 8% to 10% of the total weight of the tyre. And that depends on the tyre design and other things but that's the normal range that the tyre manufacturers communicate to us, but we don't have the complete cost breakup side of the tyre.

Madhur Rathi: Okay. And sir this will go up in EV which are heavier tonnage?

Suresh Sodani: The percentage, not the tyre weight will go up. So, the percentage of reinforcement also goes up. So, the percentage would remain the same, but they would work, normally the tyre numbers are increased, if the tonnage goes up, the actual the number of tyres that go in a vehicle increase. So, for a higher tonnage truck with the number of tyres and obviously the reinforcement would go up.

Madhur Rathi: Sir, I was asking from an EV perspective which are heavier vehicles in number of tonnages. So, in those vehicles would the number of reinforcements required as a percentage of tyre go up, that's what I am asking?

Suresh Sodani: So, as I said, the tyre companies actually look at changing the design of the tyre, so the tyre weight would go up. So, automatically the tyres reinforcement would go up. If, for example the vehicle is getting heavier or like for the SUV segment, they would have more broader tyres so the weight of the tyre will go up and automatically the requirement of reinforcement per tyre would be proportionately increasing that way.

Moderator: Thank you. Our next question is from the line of Mehul Parikh an Investor. Please go ahead.

Mehul Parikh: Sir, I had sent an email on the next day after the concall to cel.investor@adityabirla.com, I believe that's the email ID for community?

Suresh Sodani: Yes, that's fine. I hope you have given your details and other things.

Mehul Parikh: I have given everything, I have given including the DP ID, BO ID. I would send that same message again today.

Suresh Sodani: Sure.

Moderator: Thank you. As there are no further questions, I would now hand the conference over to the management for closing comments.

Krishnagopal Ladsaria: Thank you. We thank all the participants in the earnings call. I hope you were able to get all the answers to your satisfaction. If you have any further questions or would like to know more about the companies please reach out to our Investor Relations Manager at Valorem Advisors. Thank you.

Moderator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.