

Business Updates

- There was uptick in volumes and partial cleaning of high priced raw materials during Q4FY23
- The high inventory in channel should get fully utilized by June/July of 2023
- The company continues to make higher investments behind branding with an intent towards higher market share in the longer term
- The capex for brownfield capacity addition of 25000 MTPA at Waluj is completed and it will be commissioned at an optimal capacity in the next six months
- For FY24 capex spends will be Rs 550-600 crore of which maintenance capex will be Rs 250-300 crores
- The replacement market continues to contribute 69% of revenues while 28% comes from OEM

Participants

Equirus Securities

Nomura

Anand Rathi

Smart Sync Services

Axis Capital

Dolat Capital

Vallum Capital

ICICI Securities

Nuvama

ICICI Pru AMC

Anvil Shares

Asian Market Securities

Turtle Star

Keynote Capital

QnA

- The gross debt levels are Rs 3200 crores

- The lower realisations are a result of two things, lower freight costs and also the product mix being adverse. This could continue in the next quarter as well
- The brand investments being done for the Indian market are being reflected and showing in increased market share across all product segments in the Indian market
- The RM cost reduction for the next quarter will be 1-2%
- Most of the interest cost goes through the P/L and a very small amount is capitalized
- The management continues to monitor the industry and how market share can be retained and if need arises then the raw material price fall will be passed through to the customer
- The management is not looking at price differential but looking at how it can provide better quality in the global market along with a better range
- On RM typically the stock is between 45-60 days but the lag this time was higher because the correction was sudden
- The cash in balance sheet is kept for any acquisition opportunity if it comes up or for anything in future that might arise which might need a large cash chunk
- There is no plan to acquire or setup a plant in the overseas market as of now. The debt can be reduced from the balance sheet even without utilizing the cash on books
- The margins in the India business are similar to what they are in the exports business
- In case of a greenfield or brownfield expansion which might be needed for the increased market share which the company targets in the next 4-5 years there is adequate cash on books to take care of the same
- There is ample land available in Bhuj so need not go for a greenfield capex and a brownfield capex can be completed in 15-20 months
- The current capacity on the ultra large tyres currently is around 5000 TPA
- Since the market size in the OTR segment is not too large there is currently not much competition from the Chinese players
- The market share in Indian market is around 3-3.5% and there is no aspiration of entering any new market segment apart from investments in carbon black