



BIL/SE/2024-25

19th August, 2024

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Ltd,
5th Floor, Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai 400 051.

Scrip Code: 502355 (Equity)
Scrip Code : 973556 (Debt)

Trading Symbol: BALKRISIND

Dear Sir/Madam,

Subject: Transcript of Conference call with Investors/Analysts conducted on 10th August, 2024 to discuss the Q1 FY2025 Results.

In continuation of our letter dated 5th August, 2024 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of conference call with Investors/Analysts on Q1 FY 25 Results of the Company held on 10th August, 2024. This information will also be hosted on the Company's website at <https://www.bkt-tires.com/ww/us/investors-desk> .

You are requested to kindly take the above information on record and disseminate.

Thanking you,

Yours faithfully,
For **Balkrishna Industries Limited**

Vipul Shah
Director & Company Secretary
and Compliance Officer
DIN: 05199526

Encl: As Above

Balkrishna Industries Ltd.

CIN No.: L99999MH1961PLC012185

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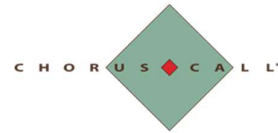
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“Balkrishna Industries Limited
Q1 FY '25 Earnings Conference Call”
August 10, 2024

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange viz. BSE Limited and National Stock Exchange of India Limited and the Company website on 10th August 2024 will prevail.”



**MANAGEMENT: MR. RAJIV PODDAR – JOINT MANAGING DIRECTOR
MR. MADHUSUDAN BAJAJ – SENIOR PRESIDENT
COMMERCIAL AND CHIEF FINANCIAL OFFICER
MR. RAVINARAYAN JOSHI – DEPUTY CHIEF
FINANCIAL OFFICER
MR. SUSHIL MISHRA – HEAD ACCOUNTS
SGA – INVESTOR RELATIONS ADVISORS**

Moderator:

Ladies and gentlemen, good day and welcome to the Balkrishna Industries Limited Q1 FY'25 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantee 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajiv Poddar, Joint Managing Director. Thank you, and over to you, sir.

Rajiv Poddar:

Thank you, Sejal.

Good morning and thank you everyone for joining us today. Along with me, I have Mr. Bajaj, Senior President- Commercial and CFO; Mr. Ravi Joshi, Deputy CFO; Mr. Sushil Mishra, Head - Accounts and SGA, our Investor Relations Advisors. Let me begin with performance updates. In Q1 of the financial year '25 the demand trends were healthy, reflected in our sales volume growth of 24% year-on-year. Please note that the growth percentage has a positive impact due to lower sales in the same quarter last year on account of cyclonic issues in Western India in June '23.

Despite the strong performance in Q1, we are witnessing macro challenges accentuated by recessionary fears in USA, Geopolitical sanctions and inflationary raw material scenario coupled with high freight costs are there. This will result in a tepid demand environment for the remainder of the year. However, we believe we will be able to achieve a minor sales volume growth in this financial year.

On ESG front, we have continued to extend our power requirements through renewable energy. We have 5 megawatt of wind power and 7 megawatt of solar power operational across our plants as of today.

Let me now share some thoughts on the European Union Deforestation Regulation. As you may be aware with effect from 30th December '24, tire deliveries to EU need to be in adherence with the EUDR or the European Union Deforestation Regulation. This regulation requires that the natural rubber used in the EU supplies does not come from the land deforested after 31st December 2020 as well as in adherence to local laws. We will provide further details in due course.

Further, in order to promote sustainable practices beyond our manufacturing units, BKT recently announced its membership to the Global Platform for Sustainable Natural Rubber or the GPSNR. With this, BKT is taking a step forward in promoting long-term sustainable practices, culminating in a more environmentally conscious and friendly production in line with the principles defined by GPSNR.

As a member of GPSNR, we will have access to a platform that aims to standardize manufacturers sustainability reporting and digital platforms for compliance with the requirements of the EUDR. Coming to the ongoing capex. We are working on advanced carbon black project with a capacity of 30,000 metric tons. This project is progressing well and is as per schedule.

Further, we have commenced the operations of our new mould manufacturing plant at Bhuj. Please note this plant will provide us mould for our internal consumption and help better our quality levels.

Now let me share with you a new capex that the Board has approved. We have seen good acceptance and success of our OTR range of tires. This has given us confidence to add capacity. Accordingly, we are embarking on a new capex spend of up to INR1,300 crores for 35,000 metric ton per annum at Bhuj. This will be executed in various phases.

With this, I now move to operational highlights.

For the quarter, our volume stood at 83,570 metric tons a growth of 24% year-on-year. Our standalone revenue for the quarter stood at INR2,741 crores registering a growth of 30% year-on-year. This includes realized gain of foreign exchange pertaining to the sales of INR52 crores.

For the quarter 1 of financial year '25, 47% of our sales came from Europe, 29% came from India, 14% came from Americas and the balance from the rest of the world.

In terms of channel distribution 74% contributed from replacement, while OEM contributed for 25% with the balance coming from offtake.

In terms of category, agriculture contributed to 60% while OTR industrial construction contributed to 36% and the balance came from other segments.

The standalone EBITDA for the quarter was INR714 crores registering a growth of 47% year-on-year. The margin came at 26.04%. Other income for the quarter stood at INR83 crores.

Profit after tax for the quarter was recorded at INR477 crores registering a growth of 53%. Our capex spends for the quarter 1 of this year were INR200 crores.

Our gross debt stood at INR2,771 crores at the end of 30th June '24. Our cash and cash equivalents were INR2,946 crores. Accordingly, we have a net cash of approximately INR175 crores.

The Board of Directors has declared an interim dividend of INR4 per equity share.

With this, I conclude my opening remarks and leave the floor open for questions and answers.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Siddhartha Bera from Nomura. Please go ahead.

- Siddhartha Bera:** Congrats, sir, on a great set of numbers. Sir, first, on the demand side, generally, we have seen Q4 being the strongest quarter in terms of year. And this time, Q1 numbers have also been ahead. So clearly, volumes have been quite good. So for the year, would you like to give out any guidance which you usually give, like how much volume growth you are expecting if you look at the entire year?
- Rajiv Poddar:** So as I said in my opening speech, we are anticipating minor growth from last year.
- Siddhartha Bera:** Okay. So sir basically I think what we understand is near term, the numbers or demand has slowed down a bit. Are you sort of getting similar signs? And how do you expect the recovery to play out going ahead?
- Rajiv Poddar:** Yes, we are seeing demand slowing down and that's why we are saying that despite this quarter, by the remainder of the year, we will only be able to get a minor growth.
- Siddhartha Bera:** Got it, sir. second question is on the freight costs. So if we look at this quarter, it has come down compared to last quarter despite freight rates and all going up. So can you throw some more color about how do we think about the costs, both on the commodity as well as freight, in the coming quarter?
- M. S. Bajaj:** So freight rates were already negotiated. That is why the freight cost was lesser in the last quarter. But in the coming quarters, the freight rate has gone up, so you will see the impact in the coming quarters.
- Siddhartha Bera:** And sir, what about commodity? How much can we expect to...
- M. S. Bajaj:** Commodity prices are also going up. So raw material, approximately 2% to 3%, will increase the raw material cost.
- Siddhartha Bera:** Got it. Sir, have we taken any price hikes to pass on some of these freight and raw material costs till now?
- Rajiv Poddar:** No, till now, we have not been able to take any price hike. Going forward, the market demand is a little weak. Hence, we are trying to see what we can do and what we can pass on. But so far, we have not taken anything.
- Siddhartha Bera:** Got it, sir. last question is on probably the capex side. Last time when we expanded Bhuj capacity by 50,000, the capex was much lower at about INR800 crores to INR900 crores, I think. Now with only 35,000 expansion, the spend seems a bit higher. So any thoughts why the spend is much higher? And how much capex do we plan to do probably for this year?
- Rajiv Poddar:** So you're right that the values are different because this is more towards the mining tires. And also for this capacity, some utilities and all also need to be added, which will also be taking care of some future requirements. So that is all being done in the current cycle.
- Siddhartha Bera:** Okay sir. Thanks I will come back in the queue.

- Moderator:** Thank you. The next question is from the line of Raghu Nandhan from Nuvama Wealth Management. Please go ahead.
- Raghu Nandhan:** Thank you, sir, for the opportunity and congratulations on a strong set of results. Sir, firstly, on the USD euro rate for the quarter, how much was it and how is the hedge rate for the full year?
- M. S. Bajaj:** So this quarter was INR92 euro and next hedging is around 92.5 we can say for next quarter.
- Raghu Nandhan:** Got it, sir. And the last 2 quarters have seen better growth in agri, especially in the Europe region. But going forward, you're saying a tepid growth. So can you talk a bit about how is the on-ground sentiment? What are your thoughts about it?
- Rajiv Poddar:** So, we are yet seeing a market weaknesses come in this, also there are geopolitical scenarios with the backdrop of everything that's happening across various regions of Europe and Middle East, and also U.S. recession fears are there. So, all of that put together, we are noticing a weak demand at the end user space.
- Raghu Nandhan:** Understood, sir. And lastly, on the freight cost, you said there would be an increase in the coming quarter. How much would be the increase? What is the range you would expect? Currently, we are at around 6.4% of revenue in Q1. What should we build for Q2?
- M. S. Bajaj:** It should be 8% to 9% approximately.
- Raghu Nandhan:** And just capex number I missed for FY '25. How much was that?
- Rajiv Poddar:** Our capex in this quarter is INR200 crores approximately.
- Raghu Nandhan:** And for full year, sir?
- Rajiv Poddar:** Full year would be between INR600 crores to INR700 crores.
- Moderator:** Thank you. The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.
- Mumuksh Mandlesha:** Thank you sir for the opportunity and congratulations on good results sir. Sir as you mentioned I mean demand has softened in recent time. What could be our channel inventory, sir?
- M. S. Bajaj:** It is increasing. Channel inventory is increasing, and OEMs demand is softer also.
- Mumuksh Mandlesha:** On the freight cost sir has any partially the surcharge has been passed on to the customers?
- Rajiv Poddar:** Yes.
- Mumuksh Mandlesha:** Okay. So that's why we're seeing a smaller impact going ahead also. Sir, even the increase in the surcharge, I mean, the freight surcharge has delayed our price hike planning, sir?
- Rajiv Poddar:** Yes, that is also impacted. You're right.

- Mumuksh Mandlesha:** Got it, sir. on the OTR capex, any broadly, what kind of a timeline would be the implementation of this capex?
- Rajiv Poddar:** We'll come back to you in the coming quarters.
- Mumuksh Mandlesha:** Got it, sir. And just lastly, what could be the carbon black revenue share to third party, sir?
- M. S. Bajaj:** 50%, sir.
- Rajiv Poddar:** 50% of the carbon
- M. S. Bajaj:** On the carbon product sir.
- Mumuksh Mandlesha:** Okay. And that would be around 6% to 7%, sir?
- M. S. Bajaj:** Approximately 8% of our sales.
- Mumuksh Mandlesha:** Thank you so much for the opportunity.
- Moderator:** Thank you. The next question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.
- Ashutosh Tiwari:** Congrats on good numbers. Firstly, you mentioned that channel inventory is increasing. Is it like meaningfully increase or only normal increase?
- Rajiv Poddar:** Yes. So it is the Q1, which numbers you've seen has helped them increase it. And now we are seeing a softening, thereby, we are seeing tepid demand for the remaining of the period.
- Ashutosh Tiwari:** So is there a case that probably because of red sea issues, our transit time has gone up that's why probably because of supply chain disruptions, the distributors have stocked up a bit more during the last quarter?
- Rajiv Poddar:** Yes, one of the reasons. That is also one of the reasons.
- Ashutosh Tiwari:** And you talked about this OTR capex. Will it being a large thing would be your 48-inch plus tires? Or how should one look at it?
- Rajiv Poddar:** No, it's the whole mix of mining tires.
- Ashutosh Tiwari:** Whole mix. And especially because we had entered 5 to 6 years back in this ultra-large mining tires and that was one of the growth areas that we had targeted. So how is the progress in that? And probably if you can share maybe around roughly what percent of overall volumes today is coming from that 48-inch plus?
- Rajiv Poddar:** So there is a good acceptance. And that's why when this new product mix expansion that we are looking is been mainly for mining segment. So that itself indicates that our products are doing well, and I don't have the breakup of what is the exact figures of 47 inch and above.
- Ashutosh Tiwari:** And it would be a mix of bias and radial both, or only radial?

- Rajiv Poddar:** Only radials.
- Ashutosh Tiwari:** Okay. And lastly, on this rest of the world is doing well, like especially last quarter, this is like CIS countries?
- M. S. Bajaj:** Mainly India.
- Rajiv Poddar:** No, the rest of the world is apart from Americas, Europe and India, everything else, so it's Asia, Middle East, Africa, west...
- Ashutosh Tiwari:** Sir any particular reason which is doing well for us?
- Rajiv Poddar:** No, all over so all over that.
- Ashutosh Tiwari:** Okay. Thanks. Thanks. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.
- Jinesh Gandhi:** First question on the cost inflation expected in 2Q. So we are expecting 2% to 3% increase in RM basket and a similar increase on the freight side. and currently, we don't have visibility of price hike. So do we expect a substantial pressure on margins in 2Q? I mean against 26%, you expect it to go back to 20% to 24%?
- M. S. Bajaj:** Last year, full year, our EBITDA margin was around 24.8%, and we will be striving for the same range for the whole of the year.
- Jinesh Gandhi:** Okay. Got it. And secondly, while we talked about 24% plus growth in our wholesale volumes, any sense of how retail volumes are trending on the ground? Are they flattish? Or we are seeing some growth there? Or they are still declining?
- Rajiv Poddar:** No, we are seeing it to be weak. That is why the channel buildup that I mentioned earlier has taken place.
- Jinesh Gandhi:** Okay. So it's still declining. Got it. And lastly, with respect to the OTR capex which we're doing. So I mean a very basic question. Would intensity of SKUs be higher in OTR or agri has higher number of SKUs?
- Rajiv Poddar:** Yes, they will be higher.
- Jinesh Gandhi:** Higher in OTR?
- Rajiv Poddar:** Yes.
- Jinesh Gandhi:** And hence capex also be slightly higher because of higher moulds requirement. Is that correct understanding?
- Rajiv Poddar:** Yes.

- Moderator:** Thank you. The next question is from the line of Pramod Amthe from InCred Equities. Please go ahead.
- Pramod Amthe:** So when you're talking about the slowdown, is it related to industrials or agri or both? Where are you seeing specifically?
- Rajiv Poddar:** Both.
- Pramod Amthe:** Okay. And if I had to look at your industrial for this quarter itself, it's down almost around 18%, 20%. So in that context do you see any sense to go for a capacity addition now or you can delay it?
- Rajiv Poddar:** Sorry, I don't know which number you are referring to because...
- Pramod Amthe:** The tonnage which you have given for Y-o-Y, if I had to look at compared versus last year?
- Management:** On the industrial construction mining OTR tires we have a 19.3% Y-o-Y growth. Across all the segments, whether it's agri, OTR there is a higher double-digit growth. So there is no difference from a Y-o-Y perspective...
- Rajiv Poddar:** Nearly 20%, so that's why I'm confused which number are you referring to, sir.
- Pramod Amthe:** Maybe my base numbers are different and hence I see that coming down...
- Rajiv Poddar:** It will be wrong to comment on wrong numbers.
- Pramod Amthe:** Okay, sure. Let me correct that. But you are still not commenting on the timeline when you want to implement this, right or usually the...
- Rajiv Poddar:** We have got the approval. We will work it out and announce it in the coming quarters.
- Pramod Amthe:** Okay, sir. And if I had to look at the ASP trend for OTR versus agri, it's substantially different if I look at ASP per ton or per kg and since you're doing a more capex, that's one. Second, in the current capacity what is the split you have versus agri versus OTR?
- Rajiv Poddar:** So ASP for the supergiant is higher, but the rest is similar. there's a marginal difference. So this whole mining project will be scattered across the entire range. So we expect it to be not a very different ASP. And the other question that you have, we'll come back to you later. I don't have those details.
- Pramod Amthe:** Because I want to get a relevance of what this 35,000 ton is on what base you currently have. That is the reason. And the last one is this time you haven't given the forex sheet. So in that context, what is the forex impact on expenses? Sales you have given.
- Management:** On sales it is INR52 crores, which is we have disclosed in our presentation. On other expenses, it is about INR11 crores.
- Pramod Amthe:** Okay sure. Thanks and all the best.

- Moderator:** Thank you. The next question is from the line of Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.
- Arjun Khanna:** The first question is while you talk of this slowdown, sir, are we seeing any market share impact? Obviously, sales have been robust in the first quarter. But over the year, do you see an impact to our market share? Are we losing share, or do you think we are largely maintaining or gaining share?
- Rajiv Poddar:** No, we will be maintaining.
- Arjun Khanna:** Sure. Sir, the second question is in terms of the capex announced, you've mentioned it for augmenting capacity and also utility infra. Is it possible to give a breakup of this amount?
- Rajiv Poddar:** No, we'll come back to you in the coming quarters.
- Arjun Khanna:** Sure. Sir, in terms of specialty carbon black, we had mentioned in the earlier call that we are on track for the first half of this fiscal year. Are we on track for the sales, so we should see commissioning in the first half?
- Rajiv Poddar:** Yes. I already announced in my opening remarks also that it's progressing well, and we'll be commencing in as per schedule. So we had announced it in the first half of this year, and we will be on course for that.
- Arjun Khanna:** Great. My final question is on the EPR. We have previously mentioned it's difficult to find out the exact liability. Have we crystallized that amount now? And have we provided for the previous years?
- Sushil Mishra:** So, for EPR whatever the obligation is applicable so that we provided in this quarter. That is around roughly INR4 crores for this quarter.
- Arjun Khanna:** Sure. And for previous years are they fully provided?
- Sushil Mishra:** Yes, it was already provided. And in that we are gaining something that we had already reversed in this quarter.
- Arjun Khanna:** So the net impact for this quarter you said was INR4 crores.
- Sushil Mishra:** Correct.
- Arjun Khanna:** Sure. Thank you so much and wishing you all the best.
- Moderator:** Thank you. The next question is from the line of Rishi Vora from Kotak Securities. Please go ahead.
- Rishi Vora:** Congratulations on good results. Sir, can you just elaborate on this EU Deforestation Regulation? Like currently where we are sourcing our natural rubber from? And what would be

the implication, if any? Will our cost go up or it's just a regulatory thing which we need to comply to?

Ravi Joshi: So firstly, the coverage was about that we need to make sure that the rubber what we are procuring has not caused deforestation after December 2020. And at the same point in time, it is sourced from a land wherein all the local laws while cultivating is being adhered to. As far as cost is concerned, it will have obviously some marginal impact on the cost for the rubber piece.

Rishi Vora: So that would happen from any quantification today would you like to give or maybe at a later point?

Ravi Joshi: We'll keep you posted over a period of time.

Rishi Vora: And currently, where would be sourcing our NR from? It would be a combination of India and Southeast Asian countries?

M. S. Bajaj: Yes. From all Thailand, Indonesia, Malaysia as well as African countries, Vietnam. So wherever we get the best deal, we buy from there.

Rishi Vora: Understood okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Rohit Jain from Tara Capital Partners. Please go ahead.

Rohit Jain: I just had a clarification question. Did you say that the volume is going to be flat Y-o-Y for the entire year or is it going to be flat Y-o-Y for the remaining 3 quarters?

Rajiv Poddar: Entire year.

Rohit Jain: For the entire year, it is going to be flat Y-o-Y. Understood. And...

Rajiv Poddar: as I said, it will be with a minor growth. At the end of the year, we are confident of achieving a minor growth.

Rohit Jain: Got it. Fair enough. And this freight increase that you mentioned, is this going to be passed on to the consumers with a lag or is there going to be an initial bigger hit and then gradually, we'll be able to pass it on?

Rajiv Poddar: So we are working and trying to see how we can pass it on, but we will get back to you in due course on that.

Moderator: Thank you. The next question is from the line of Basudeb Banerjee from ICICI Securities. Please go ahead.

Moderator: We have lost the connection of the current participant. We will move on to the next participant. The next follow up question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

- Ashutosh Tiwari:** Yes, sir. On this India growth, obviously, we are doing pretty well over the year. This is coming from both agri or OTR or maybe agri is growing faster than this?
- Rajiv Poddar:** Both the product mix are growing fast.
- Ashutosh Tiwari:** And I mean, what kind of market share we probably would have in India agri, if you have some idea on that?
- M. S. Bajaj:** Very difficult to give you an exact number, but between 6% to 7%.
- Ashutosh Tiwari:** Okay. And roughly, what we break up in India, like say, between the OTR and agri?
- Rajiv Poddar:** So that we don't have you can take it up later offline.
- Ashutosh Tiwari:** Okay. And this EUDR regulation that you talked about, I mean, is there already some mechanism in place that you can really find out that where this rubber is sourced from? I mean, all the modalities are there globally or what would really comply?
- M. S. Bajaj:** Yes, system is already in place it is yet to be evaluated or it could be really procured, but we have already tied up with the manufacturers to supply that type of rubber.
- Ashutosh Tiwari:** And any idea like I'm sure that some of the companies will be sourcing even today that kind of rubber. How is that price versus normal natural rubber price?
- M. S. Bajaj:** It will be costlier than that, by maybe approximately \$300 per metric ton.
- Ashutosh Tiwari:** On a base of roughly how much?
- M. S. Bajaj:** 1,800 on the base of natural rubber...
- Ashutosh Tiwari:** And you have to comply, like completely whatever export happens or there should be that this rubber only?
- M. S. Bajaj:** Not on all, only for the European Union.
- Ashutosh Tiwari:** All the sales should be using that rubber only?
- M. S. Bajaj:** Only for the European Union, not all.
- Ashutosh Tiwari:** Yes. But any, let's say, like do the command some pricing premium as well as the tires made from that kind of rubber or there is no difference...
- M. S. Bajaj:** Everyone has to use that one. So definitely there has to be some pricing, whether it is manufactured in the Europe or in India or anywhere, everyone has to use that type of rubber that will have the extra cost. So time will tell on this how they are able to pass to everyone.
- Moderator:** Thank you. The next follow-up question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

- Jinesh Gandhi:** Just quick question on the EPR part. You mentioned there have been some reversals in 1Q of the prior period and net EPR provisioning is INR4 crores. What would be the quantum of reversals and what could be a normalized EPR provisioning for 1Q?
- Sushil Mishra:** Actually in last year we have provided on the basis of some assumption based on the market rate. But after that we negotiated with the vendor, and we purchased at lower rate. So we reversed some amount that is a minor amount. And after that, we point this quarter we have provided the exact amount, so the net impact is around INR3 crores to INR4 crores.
- Jinesh Gandhi:** The net EPR impact is INR3 crores to INR4 crores in 1Q and reversal again would be similar or higher than that?
- sushil Mishra:** Nominal amount it is INR1.5 crores or INR2 crores.
- Moderator:** Thank you. The next follow-up question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.
- Mumuksh Mandlesha:** Yes. Sir, any outlook for the Indian market, sir?
- Rajiv Poddar:** It continues to remain positive for us, and we look to expand our way in Indian market.
- Mumuksh Mandlesha:** Okay. And sir, because of the EUDR, sir, and the price hike, would there could be some any pre-buying on account of that factor, sir?
- M. S. Bajaj:** Pre buying.
- Mumuksh Mandlesha:** Any pre-buying could happen because of the regulation norms sir where there could be a pre-buying, sir, because of price hikes, sir?
- M. S. Bajaj:** Pre-buying before December because whatever material goes after 31st December, it has to go the EUDR complied rubber only. So we have contracted, but it will come in the fourth quarter only.
- Mumuksh Mandlesha:** Thank you so much for this.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Rajiv Poddar:** So thank you everyone for taking the time out and looking forward to meeting you all in the next quarter. Thank you.
- Moderator:** On behalf of Balkrishna Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.