



“Tinna Rubber and Infrastructure Limited

Q1 FY '26 Earnings Conference Call”

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MODERATOR: **MS. SANA KAPOOR – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day, and welcome to Tinna Rubber and Infrastructure Limited Q1 FY '26 Earnings Conference Call hosted by Go India Advisors LLP. 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 this 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 Ms. Sana Kapoor from Go India Advisors LLP. Thank you, and over to you, ma'am.

Sana Kapoor: Thank you, Ashik. Good afternoon, everybody, and welcome to Tinna Rubber and Infrastructure Limited Earnings Call to discuss the Q1 FY '26 results. We have on the call Mr. Gaurav Sekhri, Joint Managing Director; Mr. Subodh Kumar Sharma, Director and Chief Operating Officer; and Mr. Ravindra Chhabra, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces.

May I now request Mr. Gaurav Sekhri to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

Gaurav Sekhri: Good afternoon, Sana, and thank you. Thank you for joining us today for the Q1 FY '26 Earnings Call of Tinna Rubber and Infrastructure Limited. Our financial results and earnings presentation are available on our website and on the Stock Exchanges. I believe you have had a chance to review the same.

I will briefly take you through the strategic updates, post which my colleague, Subodh, our COO, will take over and give details about the operational and financial performance highlights for the quarter. I am pleased to report that Tinna Rubber has demonstrated improved performance in Q1 FY '26 on a quarter-on-quarter basis despite facing challenges arising from the early onset of monsoon and prevailing global headwinds.

On a quarter-on-quarter basis, our EBITDA increased by 19% with a 344 basis point improvement, while revenue and PAT remained stable. Coming to some strategic updates. We successfully completed our maiden QIP in July 2025, raising approximately INR79 crores from marquee institutional investors, including ICICI Prudential Mutual Fund, JM Financial Mutual Fund and Bank of India Mutual Fund.

Deployment of QIP funds has commenced from Q2 FY '26 and will be allocated approximately as follows: INR23 crores towards debt reduction, INR12 crores, I'm sorry, for solar power expansion and INR22 crores for a new plant of recovered carbon black and INR19 crores for general corporate purposes. Tinna marked a key milestone with its successful NSE listing in

April 2025, complementing its BSE presence and reinforcing our commitment to greater visibility in Indian capital markets.

Coming to our cost reduction initiatives, the reduction in debt will lead to annual interest savings of about INR1.5 crores. We are expanding the existing renewable energy to more than 3x from the current capacity of 1.26 megawatt to 4.52 megawatt. This will lead to total savings of INR3 crores annually and approximately 50% of our power needs will be met through renewable sources, including captive solar and some third-party purchases aligning with the company's ESG goals.

Also, with increased optionality on using different types of tires as feedstock, we expect cost savings of 10% to 15%. In Q1 FY '26, we have incurred capital expenditure of approximately INR13 crores, and we are committed to our plan of approximately INR100 crores of capex over 2 years. I am pleased to inform that we have monetized approximately INR5.6 crores from non-core assets, which were at INR28 crores at the beginning of the year, and the company will continue to actively pursue monetization of the remaining non-core assets.

Providing a brief overview of projects. The polymer composites business during the quarter and in the masterbatch business, we have reached sales of 100 tons per month reflecting steady volume growth. The product portfolio was expanded to include color, additives, silicon and biodegradable masterbatches, further strengthening our presence.

We are actively working on specialty masterbatches designed to improve technical performance and yield better margins, aligning with our goal of sustained profitability. The Varale plant capacity utilization increased from 30% in Q1 FY '25 to 57% in Q1 of FY '26, driving a significant year-on-year sales growth from approximately INR6 crores to INR27 crores.

Turning to our international projects. In Oman, the plant operated at 85% capacity utilization, generating around \$1 million in revenue and 35% of our output is now sold within the GCC region. In Saudi Arabia, we have received allotment of 20,000 square meters of land, and we hope to commence building the facility soon, and we are hoping for commissioning to happen from Q4 of 2026.

Tinna has successfully infused capital into its joint venture, Mbodla Investments in South Africa, where we have received consent to receive and export 24,000 tons of end-of-life tires, which will be used as feedstock for our plants in India as well as Oman. The Phase 1 of operations have already commenced in Q1 of '26.

In conclusion, I would like to emphasize that we are firmly on track to achieving our Vision '28, expanding our presence from 6 to 10 locations, targeting revenue CAGR of 25% to reach INR1,000 crores of revenue by FY '28 with a targeted EBITDA of 18% plus and ROCE exceeding 30%.

With that, I would like to hand over to Subodh for his insights and comments on operational and financial performance. Over to you, Subhodh.

Subodh Sharma:

Thank you. So coming to operational performance. In Q1 FY '26, tire crushing volumes declined due to slowdown in infrastructure and consumer segment. Regarding FY '26 quarter 1 segmental performance, the Industrial and steel segments delivered revenue growth, while the Infrastructure and Consumer segment faced a temporary slowdown. Revenues from the Industrial segment have grown by 15% on Y-o-Y basis.

Despite global economic headwinds, export performance in the Industrial segment remained positive, supported by stability in the rubber conveyor and molded goods industry. The steel segment recorded an 8% Y-o-Y revenue growth, though overall growth was a bit curved by declining steel prices driven by low-cost steel scrap import from Russia and other countries.

The slowdown in infrastructure sector was driven by delayed fund releases from Ministry of Roads and early monsoon and supply disruption caused by the Israel-Iran conflict, which impacted bitumen exports from Iran, a key supplier to India. On a positive note, the bitumen emulsion business recorded approx 40% year-on-year volume growth.

We are confident of a strong rebound post monsoon driven by a solid and growing business pipeline. Consumer segment demand is expected to revive in the upcoming quarters following a seasonal shift influenced by early monsoon and short-term market liquidity adjustments. Coming to consolidated financial performance for Q1, revenue stood flat at Q-o-Q basis, whereas it declined by 4% on Y-o-Y basis, primarily due to lower EPR contribution of INR4 crores in Q1 compared to INR10.5 crores in the corresponding quarter of FY '25.

Our gross margins improved by approximately 344 basis points on quarter-on-quarter basis, driven by lower raw material costs, operational efficiency and stronger sales realization. Our EBITDA increased by 19% Q-o-Q basis to INR21 crores and margin stood strong at 16% and improved by 237 basis points on a quarter-on-quarter basis.

Our PAT remained flat on quarter-on-quarter basis to INR12 crores and PAT margin remained robust at 9%. At the consol level, Global Recycle LLC, our associates company, operating from Oman and TB Buildtech contributed INR0.4 crores and INR0.7 crores, respectively, to PAT level. I'm happy to share that our working capital cycle has improved from 42 days in FY '25 to 38 days in Q1 FY '26, reflecting our unwavering focus on operational efficiency and financial discipline.

Tinna Rubber is making strong progress towards its Vision 2028, driven by strategic capacity expansion, capital investment, global sourcing and business integration. Its diverse product portfolio and international focus and experienced leadership supported by committed stakeholders position the company for sustained long-term growth.

I would now like to open the floor for questions and answers. Thank you, and over to you, moderator.

Moderator:

The first question is from the line of Mr. Axay Shah from Toro Wealth Managers LLP.

Axay Shah:

I have three questions, sir. Is the issue of Red Sea disruption shorted in Q1 FY '26? Or did you still have to face impact from the same?

- Gaurav Sekhri:** Can you repeat what disruption?
- Axay Shah:** Red Sea disruption.
- Gaurav Sekhri:** I didn't get the word. What kind of disruption, sorry?
- Axay Shah:** Red Sea. Red Sea disruption?
- Gaurav Sekhri:** Red Sea?
- Axay Shah:** Yes, yes.
- Gaurav Sekhri:** Red Sea. Okay. Yes, thanks for the question. There is no -- see, there is a certain amount of settlement that has happened in the way the trade is being conducted. There is some normalization, I would say. And the whole logistics industry has kind of gotten used to it and settled around it. The freight rates are also stable. So that's what I can tell you. They haven't gone up.
- Axay Shah:** Okay. Sir, my second question is, is there any impact of Trump tariff policies on your company? And if yes, request you to please explain and how do you plan to safeguard yourself?
- Gaurav Sekhri:** Sure. We actually have very little business with the US. So to that extent, we have -- we don't see any impact on us.
- Axay Shah:** Okay. And sir, are QIP funds sufficient for your capacity expansion plan of solar hydrolysis and recovered carbon black plant?
- Gaurav Sekhri:** Absolutely.
- Axay Shah:** Okay. And sir, what are your plans on the debt front? Do you have any threshold in the mind above which you won't go in terms of total borrowing?
- Gaurav Sekhri:** Well, we are currently very comfortable with our debt profile. We have scope to take more, but we don't see any immediate need to take any more funds in debt. We don't foresee it.
- Moderator:** The next question is from the line of Mr. Deep Mehta from Bank of India Mutual Fund.
- Deep Mehta:** A couple of questions. First, in Q1, if I adjust your margins with EPR credits, we have seen sharp improvement in overall margins. So what led to improvement in margins? And is this higher margin sustainable going ahead?
- Gaurav Sekhri:** Deep, Gaurav here. Thank you for the question. Yes, your analysis is correct. The improvement in our overall margins has happened right from the gross margin level, where we have seen a 300 bps plus improvement. And we believe at this stage, it seems sustainable. I don't see any reason for that to change.
- Deep Mehta:** And what led to this improvement in margins, if you can share?

Gaurav Sekhri: Well, we -- it was a combination of things. Primarily, we brought down our cost of raw materials by increasing the optionality of the kind of tires we run into our facilities. That helped us. Also, higher sales of crumb rubber modifiers benefited for us as well in margin improvement.

Deep Mehta: Very clear, sir. And my second question is regarding our PCMB business. As you have said in your presentation that capacity utilization has improved to 24%. If you can give us some qualitative color about this business, how do you see the capacity utilization going ahead? How many clients have we onboarded? Is the product profile at par with clients' expectation, both in terms of quality as well as pricing? If you can talk about that, that can be very helpful.

Gaurav Sekhri: Sure. No, excellent question again. On the PCMB business, while we have now reached a steady state of about 100 tons of sale, but our ambition is far larger than that. We are at early stages of trials, bulk trials, initial supplies with various customers across different sectors. And we are confident that in this financial year, we are expecting approximately INR30 crores to INR35 crores of contribution in our overall top line from the PCMB business.

And once that is achieved, that will lay the foundation to further expand that vertical. So that is where we are at. So we are keeping ourselves very focused at this point of time to get as many approvals in marquee clients and industries to enable us to get to our target for this financial year.

Deep Mehta: Great, sir. And my last question is just a bookkeeping question. If you can help us with the number of EPR credits, which we are holding as on Q1 ending, if that can be very helpful.

Subodh Sharma: We will get back to you on that. We'll get the data out and we'll get back to you.

Moderator: The next question is from the line of Mr. Mihir Vora from Equirus Capital.

Mihir Vora: So basically, sir, just one clarification. In your opening remarks, you mentioned that there was a 10% to 15% cost reduction by using these different kind of tires. So maybe you can just extrapolate a bit that is the understanding correct that previously it used to be TBR now getting into PCR also? Or you have changed something into your machinery in that sense?

Gaurav Sekhri: Thank you for asking this clarification. We were largely a TBR recycling business. And of course, after that, PCRs were added as well. We have now enabled ourselves to also recycle off-road tires like agriculture tires and mining tires. So combination of all of these three is what is helping us to get a reduction in our raw material cost.

Mihir Vora: And sir, the off-road tires basically, is it into the existing machinery only or we have added some machineries to that?

Gaurav Sekhri: We've added some equipment. We've added some equipment because these off-road tires can be very large. An individual tire can be half a ton. So it needs a different treatment.

Mihir Vora: Okay. And sir, my second question was on this PCMB business. So just wanted some highlight on the nature of the business, whether this will be an order book-driven business? Or is it some kind of spontaneous orders? How does it work?

Gaurav Sekhri: No, this is very much an order book kind of business. The large -- just like any other business, this has elements also of some sales into the more spontaneous sector, as you called it. But to a large extent, it is -- it follows a very similar process of getting approvals of your product from large auto component companies, other organized players, which is a process. But once that is done and achieved, then one develops a fairly high visibility of sales.

Mihir Vora: Okay. And so in terms of this year, maybe the approval process for the OEMs also would be sort of elongated. So this year, would it be correct to assume that this would be more of a spontaneous business than to an order book or then it starts building up, say, going towards the next year, start getting a few orders into this? How will that trajectory go for the PCMB business?

Gaurav Sekhri: You're right. While we are at different stages of approval with OEMs, etcetera, it is the more sort of the resale market, replenishable market which we are trying to cater at this point of time, while we get approvals from other clients. So you're right, your assumption is correct.

Mihir Vora: All right. And sir, finally, on this margin target, which we have set for ourselves that is 18% by FY '28. So first thing here is that because you're getting into the newer segments like PCMB and pyrolysis also, which will still be at a nascent stage. So what are we seeing there that we are thinking about achieving that 18%? So how this margin trajectory will play because in the newer segment, we faced some competition also. So how are you planning to manage that?

Gaurav Sekhri: We've done our forecast, and that is why we feel confident to give that as a guidance. At this point, we've achieved 15.5% EBITDA margin in Q1. And at this point of time, whether it is the PCMB business or the setting up of the regenerated carbon black business, these are new initiatives where a lot of costs are incurred front end and the result comes a few months or quarters down the road.

Similarly, in our international operations, we are in investment stage in stabilizing South Africa, Saudi Arabia, etcetera. So these -- the benefits of this work will be seen over the next few quarters, but the expenses are being incurred today. So as they stabilize, that will enable our EBITDA to go up. And of course, operational efficiencies will kick in as well.

Moderator: The next question is from the line of Mr. Kushal Kasliwal from InVed Research.

Kushal Kasliwal: So just wanted to understand your realizations in pyrolysis and recovered black carbon. We are doing this capex and entering into this new business. So can you indicate possible top line, bottom line estimate, margin estimates and realization there.

Gaurav Sekhri: So the regenerated carbon black business is, at the moment, we are in the process of placing orders for the plant and the equipment, etcetera. A lot of the civil work and the building work is more or less complete. So that is the stage we are at. In terms of the margin profile of this business, we expect it to operate at very similar margins as our existing tire recycling business. Similar kind of margin profile is there. But we will be able to tell you more surely when we begin and start, which is expected to happen.

Subodh Sharma: Q4.

- Gaurav Sekhri:** End of Q4, maybe early Q1 is when we will start seeing this facility becoming operational.
- Kushal Kasliwal:** Okay. Sir, just for my information, what kind of asset turns can be expected here?
- Gaurav Sekhri:** It's approximately 3x again, very similar to our industrial business.
- Kushal Kasliwal:** Understood. Got it. Fair enough. Sir, on the industrial business side, we obviously saw a significant decline -- sorry, infrastructure segment. Any particular -- I mean, obviously, you have highlighted some reasons, but are these issues out now? Were they temporary? How are you experiencing 2Q? I mean what has been your experience in July maybe? If you can just spell that out?
- Subodh Sharma:** Yes. This is Subodh here. So on this side, like Q1, it's very unlikely like the monsoon started quite early this time. And we are also keeping an eye because the business pipeline is strong, and we are anticipating the business will come back on that track. So Q2, at this point of time, it's very difficult. We expect it to be finished off by early September. So the things should come back on the track. That's what we feel on the infrastructure segment side.
- Kushal Kasliwal:** Okay. So you're saying September is when you think things will become normal till September. So Q2 will also be weak?
- Subodh Sharma:** Yes.
- Kushal Kasliwal:** Understood. And I mean, same question on the consumer side. I think we have again there is a temporary decline of 10%. Can you also tell about Q2 there, consumer segment?
- Subodh Sharma:** Q2, and I think this already started picking up because certain application where we were struggling to get approval in the Q1 and that finally are in place. So that already started picking up from Q2 onwards. So you will see some growth in the consumer segment from the Q2 itself. But the road business is, again, it's just a break of this monsoon period. This will further kick in back, and we expect it to come back on the track from -- by end of Q2, we believe.
- Kushal Kasliwal:** Understood. Sir, my last question on the Valare capacity utilization of our Varale plant. So this is now around 57%. So what kind of top line can we expect overall in FY '26 from this plant and overall capacity utilization for FY '26?
- Subodh Sharma:** See, Varale, when we set up, if you see it is growing and consistently since last 2 quarters, it is operating at around 55%, 60% in between capacity utilization. We have always maintained once it reaches its optimum, so it can generate close to INR100 crores to INR120 crores kind of top line without adding the new initiatives, what we have taken in the current financial year, that will further be added once that come into the operation.
- Kushal Kasliwal:** So on an annualized basis, what can be ideal capacity utilization number?
- Subodh Sharma:** See, this year, we expect it to be around INR80 crores to INR90 crores kind of top line from Varale alone with the existing kind of product portfolio. But going forward, once we see stabilizing our RCB and Pyro, which we are not taking into the account, that will start contributing from the next financial year. That's -- and it is completely -- as of now, we cannot

predict anything that we are targeting by Q1, we wanted to start. But if everything fall in line, so that will further add something to the Varale overall revenue.

Kushal Kasliwal: Okay. So I'm assuming INR85 crores, INR90 crores at the same 60% kind of capacity utilization, right?

Subodh Sharma: Yes, sir. Yes...

Moderator: The next question is from the line of Mr. Kedar from NAN Partners.

Kedar: I've just started -- recently started tracking your company. So forgive me if my questions are very basic. So firstly, on your sourcing part, so it's mentioned that you -- in the previous con call that you import 70% and 30% is domestic. So on the import side, is it mainly from the tire manufacturers? Or is it from the dealers?

Gaurav Sekhri: This is Gaurav Sekhri. See, each country is a little bit different. Some countries have, the collection of end-of-life tires is done through scrap traders, etcetera. So we work with such entities. In some countries, there are producer responsible organizations, which are organizations formed by tire manufacturing companies, which ensure efficient collection, and it is their mandate to ensure environment-friendly recycling. So we work with those as well in countries where they are set up. So these are sort of the ways we operate.

Kedar: Okay. Understood. And on the import side, like is it skewed towards imports because of lack of availability in the domestic market? Or is there any other reason? And what is the difference between imported ELT and the domestic ELT?

Gaurav Sekhri: See, in terms of quality, etcetera, there is very little difference. In terms of landed cost basis because 3 of our plants are located at ports, we find it more economical to work with imported end-of-life tires in most instances. So that is why the 70-30 ratio as well as the collection -- the volume that we need is easier for us to aggregate from imports.

Of course, we like to use as many domestic tires as possible. But here, there is no organized collection yet. It is happening. And certainly, implementation of EPR is enabling that. We see that with progress of time, our dependence on imports will reduce.

Kedar: Okay. Okay. Understood. So like over the next maybe 2, 3 years, you will see domestic procurement increasing because of this EPR policy? Can you give any guidance, like 70-30, say, how much it will be?

Gaurav Sekhri: I think -- and I'm just guessing here over next -- maybe after 2, 3 years, it could become 60-40 possibly in favor of domestic. That is possible. So we will see.

Kedar: Okay. Okay. Understood. And secondly, on the -- like I had a hypothetical question. So if companies like tire companies like, say, MRF, if they decide to build up their own recycling operations since they have the scale and they would have the end-of-life tires. So can they not be a competition for you in the future? Or what is your view on that?

Gaurav Sekhri: We have not seen any tire manufacturing company globally, and there are many large international companies, which are even larger than MRF, getting into tire recycling. It is not really their core activity. So for that reason, I don't see that happening in India either. And I believe a big challenge for tire companies is that their own use of recycled rubber is very limited.

They will use maybe 10% or 15% in their overall compound. So for them, just to recycle tires, so they can use 10%, 15% and the balance steel, they have to sell, fiber, they'll have to sell, rubber, also they'll have to sell to other industries. It is just not their core area of competence. So I think that is why we've not seen any tire company anywhere in the world getting into recycling.

Kedar: Then secondly, on your margin...

Moderator: The next question is from the line of Mr. Deepesh Sancheti from Manya Finance.

Deepesh Sancheti: I've joined the con call a little late. So if there is any repetition of questions, please you can skip that. What is the trend of the scrap price in Q1 FY '26? And how do you see this happening? I mean, how do you see the trend in Q2 till now?

Gaurav Sekhri: See, end-of-life tire landed cost to us, we have created some efficiency in reducing our cost by increasing optionality of different kind of tires we use. But at the moment, we are seeing a bit of a downward correction. So that is where we are at right now.

Deepesh Sancheti: Okay. So -- and you have mentioned in your PPT that you are planning to setting up the pyrolysis and recovered carbon black plant. Can you please let me know the location where you are planning to set up this plant and the payback period for this project? And by when can we expect that to commission?

Gaurav Sekhri: The regenerated carbon black plant is being set up inside our existing facilities at Varale, where we already have a passenger car radial recycling plant in the same complex. We expect to begin sales possibly from end of Q4 of this financial year. And in terms of margins achievable, we expect to operate at around 15% to 16% EBITDA margin, very similar to our existing material recycling facilities.

Deepesh Sancheti: Okay. And how much top line do you expect from this?

Gaurav Sekhri: We expect approximately in full capacity utilization, probably around INR70-odd crores a year.

Deepesh Sancheti: Okay. And the PCMB business has a capacity utilization of 25% roughly. By how much do you expect the same to increase by FY '26 -- end of FY '26? And on an average, what approximately be the utilization in FY '26 and going ahead?

Gaurav Sekhri: We expect to get to about 60% utilization by Q3 -- from Q3 onwards in the PCMB business. And we expect its top line contribution to be approximately INR30 crores, which was almost negligible in FY '25.

Deepesh Sancheti: Okay. And do you expect that this will actually contribute about 5% of your top line going ahead?

- Gaurav Sekhri:** Very, very much so, possibly larger because this is a very small pilot plant that we've set up. If our business model is validated, we will plan a ramp-up very quickly in this. So the contribution to our overall top line could be 5%, 8%, 10%. I mean that's very hard to predict today.
- Deepesh Sancheti:** Okay. And how fast can you ramp this up? I mean if this thing turns out to be successful? And how much capex will you require for that?
- Gaurav Sekhri:** Again, it's very early stage. It will be speculation. But in terms of ramp-up, the period is under 6 months. I mean the learning that we are getting now, I believe that from decision-making to getting something started will be about a 6-month process.
- Deepesh Sancheti:** Right, right. And where do you see the ROE expectations? I mean we are having a very good ROE. But right now, where do you see ROE? What will be a decent ROE expectation we should keep? Right now, last year, we were at around 32% ROE. Do We expect similar?
- Gaurav Sekhri:** It's a fairly healthy ROE. We are happy with that. And we expect to continue to maintain it is what we can tell you today.
- Moderator:** The next question is from the line of Ms. Maitri Shah from Sapphire Capital.
- Maitri Shah:** Yes. Most of my questions have been answered. Just one question on the revenue target for this year. So are we still on the trajectory of growing 25% Y-o-Y for FY '26?
- Gaurav Sekhri:** Yes, very much so. We -- Q1 and Q2 in top line is always a little weak for us because our infrastructure vertical usually is a bit slow in these quarters. But we are maintaining our guidance of INR600 crores plus for this financial year.
- Maitri Shah:** And for the margins, are we targeting around 15% to 16% or we could go a bit higher for that?
- Gaurav Sekhri:** Again, we had indicated that we are working towards 15.5% EBITDA margin, which we have achieved in Q1. I expect for us to maintain this in this financial year.
- Moderator:** The next question is from the line of Divy Agarwal from Ficom Family Office.
- Divy Agarwal:** Sir, I just wanted to know about the capacity for the RCB and pyrolysis plant?
- Subodh Sharma:** Is here. So we are putting up the capacity of 100 TPD of feed for the RCB and pyrolysis. So 100 TPD of feed means it can generate around 40 tons of oil and approx 35% to 38% is the carbon back.
- Divy Agarwal:** Sure, sir. That was helpful. And can you break up the capex part of it? What would be the capex for pyrolysis and RCB?
- Subodh Sharma:** See, out of this, like we mentioned, we have successfully closed the QIP. So out of QIP, we have allocated around INR23 crores for this project. So that is started being dispersed and the project is very much online, and we expect it to be started by end of or mid of Q4 FY '26.
- Divy Agarwal:** I, I just wanted to know the bifurcation between the capex of RCB and pyro.

- Subodh Sharma:** These are turnkey project basis we are working on, sir. So we have taken everything combined together, and we have allocated the budget accordingly.
- Divy Agarwal:** Sure, sir. And in terms of competition, so I mean, what should be like one of the listed players also entering into the pyrolysis and RCB segment. So what according to you would be the competition? And what is the total addressable market in India and globally if you want to export as well.
- Gaurav Sekhri:** This is Gaurav Sekhri. In terms of competition, I mean, there is enough competition in everything in India. Even in our material recycling business, there are so many more plants. So all the businesses have fairly high degree of competition already. But the differentiator is in how one creates efficiencies by scale, by having diversity of raw material, by having ability to use some of the end products in-house, etcetera. So those are our key levers and the differentiators, how our model is differentiated from others.
- Divy Agarwal:** Right, sir. And in terms of the total capacity that you expect to be sold in India and abroad, I mean, what's the total addressable market for us in terms of RCB and pyrolysis ?
- Gaurav Sekhri:** The market for RCB is changing very dramatically. So far, the use of RCB has been low because of the quality of RCB itself has not been up to scratch. With the new technologies that are now available, and that is why we also waited all these years and only now are setting up a plant because now the technology is scalable.
- It is environment-friendly and the quality of product that it has the ability to make, the inclusion rates are very high, even in high-performance products like tires and other compounds. So that is what has attracted us. And we are, in that way, even though we are late entrants, I think, in the RCB business, we are probably better off because we have access to better technology.
- Divy Agarwal:** Any quarterly number that you want to put there in terms of or in terms of the percentage penetration in tires?
- Gaurav Sekhri:** No. At this point, it will be speculation. We wouldn't want to get into that.
- Divy Agarwal:** Sure. And lastly, sir, I just wanted to know about the EPR income of INR4.1 crores that we have recognized in this quarter. So this is mainly from MRP and Reclaim rubber or this is from crump rubber as well?
- Gaurav Sekhri:** It is from a combination of products. The EPR credits are based on the product that we make. All the products we make are all eligible for EPR credits. Some months, some product is higher, some -- and that variance happens. But all the products we make generate EPR credits for us.
- Moderator:** The next question is from the line of Mr. Chidananda Mohanty from Green Portfolio.
- Chidananda Mohanty:** So the first question from my end. So let me tell you...
- Gaurav Sekhri:** Your voice is very muffled. Moderator, can you please just check the audio on the side of Mr. Mohanty?

Chidananda Mohanty: So let me tell you one thing that I'm going to recycle --. So on the basis of that, you please tell me if I'm on the right track or not. So if we are processing 100 metric tons of end-of-life tires, that means we are getting 75 metric tons of rubber and 25 metric ton of steel, if I'm following it?

Gaurav Sekhri: Yes. Yes. In case of tires, you are correct.

Chidananda Mohanty: Right, sir. Now we have 75 metric tons of rubber and it can be processed further in four different subcategories, equilibrium rubber for tire industry, rubber for consumer products, rubber for bitumen industry and rubber for pyrolysis. So once you consider the pyrolysis plant is live, in which of the segment most of the rubber processed would be going into? And what kind of margin we can expect from that subcategory...

Gaurav Sekhri: Mr. Mohanty, we have created optionality for use whichever area gives us the best margins. You are absolutely right, everything starts with the tire and from tire, you have rubber. Now that rubber, I would very -- I would be happier making most of that rubber into MRP because that is a higher-value product, very few people have the technology and gives the best margins.

But that is not possible because its demand is also limited. So you also use your rubber for reclaim, you use your rubber for crumb rubber modifier for roads. And now we will also use it for putting it through the pyrolysis process and eventually making regenerated carbon black. But it is economics at that point of time, which will drive focus for us.

Chidananda Mohanty: Sir, the next question from my side is that the -- we expect by the end of FY '25, not April, by the end of calendar year '25, the government regulation about 100% ERP would be live. So what kind of top line percentage or what kind of amount from ERP you can assume or you can see after the 100% contribution is live from government side?

Gaurav Sekhri: Sir, government has set a range, a minimum support price of sorts for the EPR credits and a maximum price. At the moment, EPR credits are trading at the minimum support price. Now if the demand exceeds supply, then the price will go up and government has allowed for that. But that is a market-driven outcome. And we don't want to speculate and we cannot speculate on that today.

Chidananda Mohanty: So can you give the minimum and maximum support price for EPR?

Gaurav Sekhri: Minimum support price is approximately INR2,500 per unit and the maximum price is approximately INR8,400 approximately per unit.

Chidananda Mohanty: Absolutely. Correct, sir. Sir, the last question from my side that in previous con call, you mentioned that the steel abrasive segment can see strong demand from defense segment. But in this presentation, you rightly mentioned that due to low demand in segments like automobile, the realization in steel abrasive has been low. Can you draw some correlation between both of them that is one side, it is defense industry and other it's around automobile?

Gaurav Sekhri: Yes, sir, it has very high opportunity from defense sector because a lot of defense equipment, etcetera, is steel-based or steel surface preparation, our steel abrasives are used. But the reality

at this point of time is because of the slowdown of our core business, which is catering to the steel industry, auto industry, our sales have also been subdued in the steel abrasive business. So -- and that is what we have presented.

Moderator: The next question is from the line of Mr. Souresh Pal from KRSP Capital Limited.

Souresh Pal: In last few quarters, there was pressure on our margins due to several reasons like freight cost has went up due to the Red Sea issue, then we were facing raw material cost rise. So I would like to know a qualitative view of yours. How is the situation right now in terms of those headwinds that were causing margin pressure? That is my first question.

Gaurav Sekhri: We had stated earlier that we have seen almost 300 basis points improvement, 344 basis points improvement in our gross margin, and that has largely been because of the correction in raw material prices, also our buying efficiency by increasing different options for our company. We have achieved better gross margins. As a result, our EBITDA margins on an isolated basis without EPR credit has also improved.

Souresh Pal: Sir, that is your credit that you have got better opportunities for purchasing raw material. But your earlier process, how is that situation? And what I want to know is that you are purchasing the end-of-life tires from some places. Has those prices come down? Or it is because you have proactively taken action, that's why the margin has improved gross margin?

Gaurav Sekhri: It's both.

Souresh Pal: Okay. And sir, my next question is to previous participants, you have given FY '26 revenue guidance. Can you please repeat that guidance, sir?

Gaurav Sekhri: We are -- our revenue guidance for FY '26 is INR600 crores plus while maintaining our EBITDA margins at 15% plus.

Souresh Pal: Okay, sir. And can you please give segmental revenue breakup for quarter 4 of FY '25...

Gaurav Sekhri: You want segmental breakup of Q4 of FY '25?

Souresh Pal: Yes, yes, Q4.

Gaurav Sekhri: You can send us a mail, sir, and we can reply to you by e-mail.

Moderator: The next question is from the line of Mr. Pratham Raval from MasterS Chetan Private Limited.

Pratham Raval: Yes. So most of the questions are being answered. My question -- just one question is that do you see any visible shift by the tire manufacturers on using recycled rubber for their manufacturing process. As there were safety concerns related to it that manufacturers are saying that the recycled rubber are not safe for the use for manufacturing. So is there any visible shift you are seeing?

Subodh Sharma: See the tire industry is with their sustainability drive, they are very actively pursuing and trying to increase their dosages in their system. In fact, if you see the many of the annual reports from

these tire companies, their ambition is by 2030, they want to use at least 10% of recyclable rubber material in their system, which as of today is close to 3% to 5% only.

Pratham Raval:

That answers my question...

Subodh Sharma:

Is always safety concerns and other concerns are involved. So this is a process. I mean nothing is going to change immediately, but it's a process, and they are focusing to increase the usage of recyclable material, sustainable raw material like RCB, regenerated steel, etcetera. So overall bucket, they are improving. And going forward, we see there's a lot of potential to supply the recyclable material to these companies.

Moderator:

The next question is from the line of Mr. Kedar from NAN Partners.

Kedar:

So my question was on margins. So compared to one of your peers, GRP Limited, so their margins are much lower and they are a lot more fluctuating compared to Tinna. So I wanted to understand like what is the reason for that? Is it some process or technology or any sourcing advantages? So can you throw some light on that?

Gaurav Sekhri:

We won't comment on our competition. I think that is -- I request you to please do your own analysis. We can only comment on our business. And I think in our earlier round together, I've answered you most of your questions. If you have anything more specific on us, then you are welcome to ask, please.

Kedar:

Okay. So on your margin fluctuation, so what leads your margins higher or lower? Is it the scrap prices or rubber prices? Or is it energy cost? Like what is the major factor in your margin movement?

Gaurav Sekhri:

Major margin movement for us is on account of raw material cost. Sometimes because freight is a component in it, and it has a few other variables at play as well. As far as manufacturing costs are concerned, it's a fairly stable and predictable cost structure for us.

Kedar:

Okay. So correlation to rubber prices would be lesser as compared to ELT prices?

Gaurav Sekhri:

No, we are not really linked to the prices of natural rubber, if that is what you're implying. The market for end-of-life tires and the price of it and the cost of bringing it to our factories, that is not connected to natural rubber prices at all.

Kedar:

Okay. But how is your -- like the CRMB or other products that you sell, that is benchmarked to what price?

Gaurav Sekhri:

Again, CRMB, there is no benchmark to anything as such. It's a unique product in itself. The -- what helps the business is because it is a crumb rubber modifier being blended with bitumen. Now bitumen prices are high, then by addition of crumb rubber, you are actually making the product more economical. You're not only making a better product, but you're also making it more economical. So that then helps us with our demand.

Kedar:

Okay. Okay. So there is no...

- Moderator:** Mr. Kedar, could you come again in the queue, please? We do have another participant in line.
- Kedar:** Okay. Just clarification of this particular point, then I'll be done with my questions. Yes. So basically, I wanted to know like how is the pricing fixed for your products? Like if you're going to sell to a particular company, then on what basis is the price decided?
- Gaurav Sekhri:** So we operate in various sectors, as you know, and each sector has its own pricing dynamic. In terms of when we are pricing products for the industrial sector, which is, let's say, the tire companies, etcetera, they take various -- they take their overall compound cost into play. And by adding our materials, they see what is -- how is that helping them with their sustainability goals. At the same time, of course, they are always motivated to save cost and then they make their own recipe. And that enables them to determine what price they can pay us and what price is a comfortable price for us to charge them. So prices are determined like that.
- In case of the infra sector, I told you that when our modifier prices are lower than the bitumen prices, it helps us a lot because it increases the demand. Currently, petroleum products are quite high. And by adding recycled rubber prices -- the price of the end product actually comes down, which helps us with higher demand predictability. And in case of the consumer sector, you're competing with other people making similar kind of products, and it's a dynamic of who is able to make it more efficiently and supply at the desired price of the customer. I hope that helps answer your
- Moderator:** The next question is from the line of Mr. Chidananda Mohanty from Green Portfolio.
- Chidananda Mohanty:** I have two questions. The first being, I think in Q1 FY '26, you started importing tires from South Africa. So exactly how much tires have been imported in Q1, a quantified number?
- Subodh Sharma:** See how much quantity per month or per quarter, we don't feel...
- Chidananda Mohanty:** Per quarter, per quarter.
- Gaurav Sekhri:** We can tell you that on an average, about approximately 70% of our tires come from imported sources. By telling you exactly which source gives us how much is not -- this is not the forum for us to discuss. That is sensitive to our business.
- Chidananda Mohanty:** Okay. So no issues, so next question is that you mentioned that the ELT prices have been increased in Oman specifically. So can you give the reasons behind it? Why exactly it increased in Oman only -- sorry, Oman?
- Gaurav Sekhri:** If I've heard you correctly, your question is that the price of raw material has increased in Oman. Is that your question?
- Chidananda Mohanty:** Yes.
- Gaurav Sekhri:** Yes. So that is correct. In Oman, subsequent to us making our investment, we have seen at least three new recycling facilities have also come up. As a result, the price of end-of-life tires there has gone up, putting some pressure on margins for the time being.

Chidananda Mohanty: Okay. So the very last question. You previously have told that you are working with government of Oman to bring CRMD into Oman also. Any update on that?

Gaurav Sekhri: Yes, it is work in progress, sir. They are still doing analysis and testing of the road that we had -- that stretch that we had laid for them. It is still an ongoing process.

Moderator: Ladies and gentlemen, that was the last question for this session. I would now like to hand the conference over to the management for closing comments.

Gaurav Sekhri: Thank you, everyone. We sincerely appreciate your participation in this conference call and trust that we have effectively addressed all your queries. If you require any further information or have additional questions, please feel free to contact our Investor Relations team from Go India Advisors. Once again, thank you for your engagement and your interest in our company and continued support. Have a nice day.

Moderator: Thank you, sir. On behalf of Go India Advisors LLP, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.