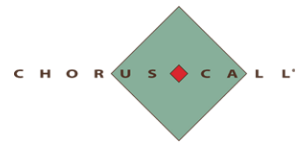




“Tinna Rubber & Infrastructure Limited
Q2 FY26 Earnings Conference Call”

November 17, 2025



MANAGEMENT: **MR. GAURAV SEKHRI – JOINT MANAGING DIRECTOR –
TINNA RUBBER AND INFRASTRUCTURE LIMITED**
**MR. SUBODH KUMAR SHARMA – DIRECTOR AND
CHIEF OPERATING OFFICER – TINNA RUBBER AND
INFRASTRUCTURE LIMITED**
**MR. RAVINDRA CHHABRA – CHIEF FINANCIAL
OFFICER – TINNA RUBBER AND INFRASTRUCTURE
LIMITED**

MODERATOR: **MS. SANA KAPOOR -- GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Tinna Rubber and Infrastructure Limited Q2 FY '26 Earnings Conference Call. 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 call is being recorded.

I now hand the conference over to Ms. Sana Kapoor from Go India Advisors. Thank you, and over to you, ma'am.

Sana Kapoor: Thank you, Shruthi. Good afternoon, everybody, and welcome to Tinna Rubber and Infrastructure Limited Earnings Call to discuss the Q2 and H1 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: Thank you, and good afternoon, everyone. Thank you for joining us today for the Q2 and H1 FY '26 Earnings Call of Tinna Rubber & Infrastructure Limited. Our financial results and earnings presentation are available on our website and on the stock exchanges. I believe you may 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 of the quarter.

I'm pleased to report that Tinna Rubber has demonstrated consistent performance in Q2 and H1 of FY '26 despite challenges arising from the extended monsoon. Our EBITDA margin strengthened to 18.5% in Q2 and 17% in H1 FY '26, driven by our strategic focus on enhancing profitability through a selective reduction in low-margin product sales and some conversion of customers to higher-value products by techno commercial upselling.

Coming to strategic updates, I am happy to share that Tinna was honored with the prestigious Innovation Award 2025 in Lisbon, Portugal by the Rubberized Asphalt Foundation, recognizing our pioneering contribution to the development of rubberized asphalt business in India, driven by sustained innovation and in advocating its views by consistent follow-up with relevant stakeholders.

We have initiated a comprehensive lifecycle assessment study to measure greenhouse gas emissions from tire recycling and conversion into recycled rubber materials. The same is expected to be completed by Q4 of FY '26. The Board has taken a conscious decision to allocate up to 3% of its PAT towards R&D expenditure to become future-ready. This shows the company's commitment to be a research-led and innovation-driven organization.

A capex plan of approximately INR100 crores is underway, which we intend to complete by FY '27. In H1 of FY '26, Tinna has already incurred capex of approximately INR56 crores and the remaining expenditure will be deployed on a need-driven basis over the rest of the period.

An update on the deployment of QIP funds. Tinna has fully utilized the INR23 crores for debt reduction, INR19 crores for general corporate purposes. Approximately INR18 crores has been utilized for the pyrolysis and rCB project, and INR9 crores has been utilized for the solar power expansion.

Coming to our cost reduction initiatives, we are expanding our renewable energy capacity more than threefold from 1.23 megawatt to 4.48 megawatt. The project is already underway and is expected to be completed by end of Q3 FY '26. These measures are expected to deliver total savings of approximately INR4 crores in FY '26. In H1 FY '26, 20% of the company's total power consumption was met through renewable solar energy, and we are targeting to scale this to 50% by the end of financial year '26 in alignment with our ESG commitments.

Providing a brief overview on the projects underway, the Varle plant capacity utilization stood at 66% in H1 FY '26, reflecting a temporary impact from extended monsoon and softer infra and consumer demand. Tinna sold around 750 tons of the PCMB materials into various downstream users, including sale of engineered plastics and masterbatches, contributing to about 3% of our turnover in H1 FY '26.

The PCMB Business is poised for a strong increase in capacity utilization, which is expected to reach around 33% by end of FY '26. The rCB project is on track with trial set to begin in early Q4. We have built a strong team and continue to onboard skilled professionals to drive growth across both rubber and non-rubber segments. Significant equipment upgrades have also been implemented to ensure production of the highest quality rCB in the country.

We are excited about this project and the equipment and the technology we have finalized. I think we will be at the forefront of the quality of rCB that will be produced. Turning to our international projects. Our brief update is as follows. In Oman, our plant is operating at 85% capacity utilization so far, and we have generated INR15 crores in revenue.

I am pleased to inform that 40% of our output now is sold within the GCC region. We saw a drop in the operating margin in H1 due to increase in price of raw materials. To overcome this, we have secured consent to import end-of-life tires into Oman. This is already beginning to show some results, and we hope for margin recovery in H2.

In Saudi Arabia, we have secured land for our project from the government to set up a 24,000 ton recycling facility with project commencement expected in H2 of FY '27. We are in the process of securing various other permissions required to commence the buildup of the plant. Tinna has successfully infused capital into its joint venture, Mbodla Investments Pty Limited, which received approval to export 24,000 tons of end-of-life tires from South Africa to India. Phase 1 of capex is complete, and we expect our South Africa operations to breakeven from March 2026 onwards.

In conclusion, I would like to highlight that exports will remain a key growth catalyst with the company targeting a strong 30% increase in volume by Q4 of FY '26. We are on track to achieving this. Also, our Vision 28, which is to expand our footprint from 6 to 10 locations, delivering revenue CAGR of over 25% to reach INR1,000 crores by FY '28 and increasing profitability by over 33% with sustained EBITDA margins of above 18% and ROCE of 30%. We are very much taking definitive steps in this direction, and we continue to believe that we will be able to achieve our goal.

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

Subodh Sharma: Am I audible? Sana.

Sana Kapoor: Yes, sir, you are audible.

Subodh Sharma: Thank you, Gaurav Ji, and good afternoon, everyone. Coming to operational performance. Tire crushing volumes were lower on a quarterly and half yearly basis, reflecting our strategic focus on margin expansion and consciously reducing sales of low-margin end products. Regarding H1 FY '26 segmental performance, the Industrial and Steel segments delivered revenue growth. Consumer segment was largely stable, while the Infrastructure segment faced a dip due to focus on value-added products and impact of delayed monsoon.

The Industrial segment delivered a healthy 19% Y-o-Y growth, supported by a 7% rise in exports and a strong order pipeline. Micronized rubber powder and reclaim rubber volumes expanded by 20% and 4%, respectively, while rubber conveyor and moulded goods business continued their steady performance. The Steel segment delivered encouraging growth with revenue rising 6% on year-on-year basis and sales volume by 21% Y-o-Y basis.

While revenue growth has slightly moderated by lower steel prices due to cheap scrap imports, the strong volume growth underscores operational strength. In the Infrastructure segment, revenue was strategically focused on value-added products, reflecting a cautious approach to curtail sales of low-margin commoditized products. While overall revenue was lower on Y-o-Y basis, CRM business have grown impressively by 75% volume growth, highlighting a strong demand for our higher value offerings.

The Consumer segment maintained largely stable revenue despite a marginal drop in volumes, reflecting the impact of price correction. Demand is expected to grow in the coming quarters, supported by seasonal shift from the extended monsoon and short-term market liquidity adjustment.

Coming to consol financial performance. In H1 FY '26, revenue saw a modest 3% dip. However, basis our order book and forecast for H2, we expect to close the financial year with a 10% to 15% growth over last year. In TRIL, the EBITDA and PAT margin remained strong at over 17% and 9%, respectively. TP Buildtech, our associate company reported a PAT of INR98 lakhs in H1 FY '26 with the 50% Y-o-Y decline. The decline in margin has happened due to higher costs incurred in launching new products as well as an ongoing stabilization of the new unit on Kolkata to cater the Eastern region.

In TRIL, amongst contribution from subsidiary and associates, PAT was impacted by start-up costs incurred in MBodla Investments South Africa and Tinna Rubber Arabia. We expect MBodla to become breakeven by end of Q4 of this financial year.

In Q2 FY '26, revenue grew on a year-on-year basis, but saw a slight Q-o-Q dip. EBITDA improved on both Y-o-Y and Q-o-Q basis, while PAT remained steady at around INR1,200 crores -- sorry INR12 crores. Tinna Rubber is making a strong progress towards its Vision 2028, driven by strategic capacity expansion, capital investment, global sourcing and business integration.

With a diverse product portfolio, international focus and experienced leadership supported by committed stakeholder, the company is well positioned for sustained long-term growth. I would now like to open the floor for question and answer. Thank you, and over to you, moderator.

Moderator: Thank you very much. The first question is from the line of Aditya Roy from DAM Capital.

Aditya Roy: Sir, you mentioned in Q1, your top line will be INR600 crores. With that run rate in H1 FY '26, are you confident of achieving the same in FY '26, especially if you continue to have focus on value-added products?

Gaurav Sekhri: Aditya, this is Gaurav Sekhri. I believe after the results of Q2 that we have now, I think the more likely growth that we will achieve this year is between 12% to 15% over last year. I think INR600 at this point of time seems not possible to achieve. I think we will be more like a 12% to 15% growth over previous year in the current financial year.

Aditya Roy: I had another question. As you had mentioned in your presentation that price corrections have started to come in the consumer segment. Do we expect this in other segments as well? And also, could you please tell me the capacity that we will be setting up for recovered carbon black?

Gaurav Sekhri: So on the first question, I didn't understand what part of our speech you picked up and what question you are asking. Can you repeat to me once again, what is it that you wish to know?

Aditya Roy: Of course. So you had mentioned in your presentation that price corrections have started to come in the consumer segment. Do we expect this in other segments as well, similar to the consumer segment?

Subodh Sharma: Look. So I'm Subodh here, Aditya. So price correction in the consumer segment is slightly better. But on the other side, also, we are requesting our customers. But in the consumer segment, because of the extended monsoon and all, and there was a -- it was a requirement, some correction, so we requested and it has happened. But in the other segment, we are already almost at par, maybe we will request our customers to improve it further.

Aditya Roy: Lastly, I had asked if you can please tell about the capacity that we will be setting up for the recovered carbon black?

- Subodh Sharma:** See, the recovered carbon black and we are setting up a plant with the 100 capacity -- 100 tons per day capacity of feed, which will generate around 40% of oil and around 40% of the recovered carbon black.
- Moderator:** The next question is from the line of Saurabh from SB Capital.
- Saurabh:** Am I audible, sir?
- Gaurav Sekhri:** Yes, yes. Please go ahead.
- Saurabh:** Yes. Just wanted to check what component of other expenses have increased in this quarter? And could you please also explain why the employee cost has gone up?
- Gaurav Sekhri:** See the -- Gaurav here. So the employee cost has gone up primarily because some of the new projects that we have undertaken, whether that is PCMB or the rCB plant, which is being set up, we are already in the process of recruiting talent, manufacturing, marketing, et cetera. So that has resulted in some increase in employment costs, but this is just to get ready for these new plants, which are becoming on stream and for new product development. I hope that answers your question.
- Saurabh:** And as we have already said that the reasons you have given for the dip in the performance for this quarter, can you please tell us how do you plan to mitigate the losses in the upcoming quarters?
- Gaurav Sekhri:** See, firstly, our EBITDA margins have improved. We have operated at 18.5% EBITDA this quarter, which is, I think we are very satisfied with that performance. And I am -- we are hoping that we can maintain this over the next remaining part of the year. So that's point number one. So there is -- I would not call that as a dip in performance.
- In regards to our overall sales being lower than what we had expected, that is a combination of two things. One is the extended monsoon. Always Q2 for us is a weaker quarter in terms of top line because of monsoon. But this year, the monsoons have been extended and delayed, which has impacted our sales to some extent.
- And second is for some conscious pullback on the commoditized side of our business to improve our margin profile. And that is sort of in our hands. We can always do more of it whenever we see that making sense. So that is where we arrive. I mean, yes, we will -- we were expecting to grow at about 20% this year. I think that will not happen. We will finish the year at between 12% to 15% growth is our estimate.
- Saurabh:** And can you please also throw some light on start-up costs that we are expecting from the South Africa and Saudi Arabia in the next half year and the upcoming year?
- Gaurav Sekhri:** In regards to Saudi Arabia, that is -- we have not yet commenced operations. We are still only the costs we are incurring is to pay the statutory dues or in getting some surveys done in relation to buildup of the plant, so it's basically those kind of start-up costs. And that, to a large

extent, have been done. And of course, some more will be done over the next few months, but not in any -- that will not have any major impact.

In regards to MBodla, the operation started a few months ago. At this point of time, MBodla, our joint venture is losing money, but we expect that to change from maybe January onwards, and we expect to get to more or less breakeven kind of run rate by the end of Q4 in South Africa.

Saurabh: And I have a last question as well. In the TP Buildtech, so how are you expecting the performance in the upcoming quarter and the next half?

Gaurav Sekhri: TP Buildtech is also -- it's a business which caters to the construction industry, and there is usually cyclical slowdown during Q2. Overall, in TP Buildtech, we have seen some correction in our margins again. Our margins have declined, but that is more because of higher costs incurred in relation to the new plant that we have set up in Eastern part of India. That is getting stabilized. People have been hired, et cetera.

We have still made about INR1 crore of PAT contribution in H1. TP Buildtech has contributed that to Tinna's P&L and I think H2 will certainly be better. Another initiative in TP Buildtech is in addition of new products. So TP Buildtech right now is just in the space of concrete admixtures. We are now adding other construction system products such as grouting repair, mould release agents, accelerators, etcetera.

So some extra costs have been incurred in development of these products as well as hiring the right people for the technocommercial sales of the business. So it's again sort of investing in the future which has impacted the P&L. But we are very confident and very, very optimistic about that business.

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

Mihir Vora: So my question basically was on the EPR side. This quarter, we are seeing a higher accruals of EPR actually around INR15-odd crores. So just wanted to know what are you expecting as a run rate for EPR going ahead.

Subodh Sharma: Mihir, Subodh here. So in the Q2, we have made the Q1 and Q2, on account of both the quarters accrued EPR we have taken into the books and we believe Q3 and Q4 also almost identical going forward.

Mihir Vora: And what are the receivables here in with you. How much have we received?

Subodh Sharma: Sorry.

Mihir Vora: So how much amount have we received out of this amount which we are realizing we are in the....

Subodh Sharma: So, this is the accrual from the current quarters only and we still have almost 2 years to trade these EPRs. So we are waiting for the right opportunity to further make transaction with the

prospect. So as of now, we are holding, but we hope to sell EPR units maybe in Q3 and Q4 when the requirement actually comes from the user sides to complete their obligation.

Mihir Vora: And secondly, sir, on the -- now that we are into quarter 3 and how are you seeing the traction now into the different segments like infrastructure and mainly industry and infrastructure segment? Has the traction now picked up? Are we seeing increase in the infrastructure activity?

Subodh Sharma: Yes, we are witnessing. I mean, Q3 should deliver good on the infrastructure. There is a bounce back. And we feel that Q3, Q4, there is bit a good amount of -- on the infrastructure side, this business will further bounce back, and we believe that it will contribute like it has contributed earlier. I mean this segment will remain as a stronger and larger part of our total top line.

Mihir Vora: And on the industrial side, are we seeing new growth?

Subodh Sharma: That too is growing. In fact, if you see Q1 and Q2, it has progressed. We have made significant growth in the micronized rubber powder side. And in fact, with the reclaim rubber, this product is also now we have expanded almost 4%. If you see traditionally, we were low on the reclaim rubber sales side, but this year, it is also contributing, and we are further growing in this segment in the exports also and in the domestic market also.

Mihir Vora: Sir, and lastly, on the Saudi Arabia part, basically, in the start of the year, we were expecting this project to be only commissioned by the end of this year or somewhere in the second half, but there are some delays here. So what is the specific reason like are we finding tough to get a land? Or what are the reasons why this project has been delayed?

Gaurav Sekhri: Gaurav here. So in South Africa, yes, it has taken us more time than we expected in getting the consents from the government, whether it was for land allotment or permission for starting to build. This will take I think at least one more quarter to secure all the permissions and only after that, the work will start.

So yes, there is -- we are probably 2 quarters behind in terms of starting the work in Saudi Arabia. But I don't see that to bring about any major challenge. I still foresee that we will be able to commence production and have the plant set up to take benefit of it in second half of FY '27.

Mihir Vora: So then from Saudi Arabia, will be targeting any specific geographies or it will be first Saudi then expanding it then to the other geographies?

Gaurav Sekhri: Saudi Arabia is the largest economy within GCC. So it makes sense to be present there. At the moment, we have some customers in Saudi Arabia that we cater to from Oman. So with the plant in Oman and with the plant in Saudi, we think we can -- we are very well placed to service the local rubber industry within GCC, of course, parts of Africa. And any surplus still makes a viable commercial sense to bring to India. That's our strategy.

Moderator: The next question is from the line of Harsh Maru from Vinamra Capital.

- Harsh Maru:** So sir, my first question is relating to the Oman business. So in terms of the overall revenue piece, what do you expect Oman to contribute in FY '27? And any updates you would like to give in terms of the expansion over there?
- Gaurav Sekhri:** So Oman is already operating, as we mentioned in our opening statement, it's operating at about 85% capacity utilization. So Oman in a steady state will contribute approximately INR30 crores to our top line.
- Harsh Maru:** And in terms of the consolidated revenue, so how do you foresee FY '27 to look like given that we are looking at FY '26 with about 12% to 15% top line growth, how do you foresee '27 from an industry perspective as well as specific to our company as well?
- Gaurav Sekhri:** See, for us, we had always envisaged the sales from the capex, which is currently underway to only really show impact in FY '27. So that forecast remains intact combined with some growth from our existing lines of businesses that we have, we still expect FY '27 sales to be approximately between INR725 crores to INR750 crores. Of course, once we do our budgeting over the next few months, we can give you slightly better guidance to it. But I believe we will be in that zone.
- Harsh Maru:** Sure. And lastly, sir, in terms of procurement piece, so are there any incremental efforts or strategies that you are deploying from a 2- to 3-year standpoint in terms of procurement specifically?
- Gaurav Sekhri:** Absolutely. We are always on the task to make our procurement more efficient, which can help in enhancing our gross margin. We have some very interesting strategies underway. It's a bit premature to discuss it today on the phone, but on this call, but we have that underway very much so.
- Moderator:** The next question is from the line of Majid Ahamed from PinPointX Capital.
- Majid Ahamed:** Sir, my first question is regarding what would be the payback period of recovered carbon black project, sir?
- Gaurav Sekhri:** See, we expect the rCB and the pyrolysis plant to be approximately 4 to 5 year kind of payback at this point of time, but it is looking good.
- Majid Ahamed:** Sir, what is any kind of risk do you see in terms of getting those numbers or any problem in terms of commodity prices do you see?
- Gaurav Sekhri:** I didn't understand your question. Can you repeat, please?
- Majid Ahamed:** Sir, do you see any kind of risk due to the commodity prices of rubber and others impacting any margins and your payback?
- Gaurav Sekhri:** No. We have, I think, clarified this in our earlier earnings calls as well that the motivation to use recycled rubber materials is always very high. It's all about how much inclusion can happen because at any given time, recycled rubber materials will be 1/3 or 1/4 the price of

virgin polymers. So that motivation always remains quite high for use of recycled rubber materials. So to that extent, we are not really linked to the price of virgin polymers.

Majid Ahamed: And how do you expect your PC and MB business to go going forward? Any guidance of the top line in the coming year?

Gaurav Sekhri: See, the PCMB Business is a new piece for us as well. And I think we have made it very clear in all our earnings calls that we have set up a pilot investment. We got into it because it also has a strong connect with our getting into the rCB business because masterbatches, which is part of our PCMB vertical, also uses a fair amount of carbon black as a result also virgin carbon black. So this is helping us develop much better understanding of the behavior of carbon black as well.

In terms of growth prospects, we are very confident with the kind of pipeline we have of product approvals and the engagements that our team has done with various customers. We believe this business going forward will contribute even in the next financial year, we think about 5% of our top line, 5% to 6% of our top line.

Majid Ahamed: And sir, finally, regarding this working capital, how are we going to -- especially I've seen your receivables have jumped up quite significantly. How are we going to manage working capital and sustain a good operating cash flow as you are targeting a very improved ROCE in coming 2 to 3 years? How are we going to structure that?3

Gaurav Sekhri: Firstly, I don't think we have any major jump in our -- we have 8 days increase. So that's not substantial in any way. And like I said, in Q2, generally, things tend to slow down a little bit for us, and it recovers in Q3. So I don't see any constraint or challenge on the working capital side.

Moderator: The next question is from the line of Mann from GrowthSphere Ventures.

Mann: Sir, I would like to understand more on your recycled black carbon plant that you are planning, right? So if I'm not wrong, you said 75 TPD, right?

Gaurav Sekhri: 100 TPD.

Mann: 100 TPD... Sir, what would be the cost of this whole capex that you will be carrying out? And what will be the cost of machinery that we'll be putting for this rCB plant?

Gaurav Sekhri: I don't think we would like to go into all these kind of details of this phone call. Overall, the entire project of pyrolysis and rCB plant will cost us approximately INR50 crores.

Mann: So it is approximately INR50 crores. Okay. Got it. And are we basically importing this machinery from China? Or are we basically importing these machines from Europe? Because I think there are -- there is one more player who is doing the same. And hence, just wanted some clarity on our part.

Gaurav Sekhri: We consider this information sensitive to our business, and we would not like to disclose.

- Mann:** No worries, no worries. Sir, on this INR50 crores of investment, what would you be basically projecting your asset turns to be?
- Gaurav Sekhri:** We believe in FY '27, the rCB Pyro business to contribute about INR100 crores, INR125 crores to our top line.
- Mann:** So it is 2x, 2.5x approximately that's the sort of asset turn that we are looking at, fantastic. And is this margin accretive from our current business mix that what we are seeing 18% or it will be at the similar level at what we are projecting right now?
- Gaurav Sekhri:** We expect it to be in line with our current operating margins.
- Mann:** So approximately 20% something that's what we are currently operating at, right?
- Gaurav Sekhri:** Hard to put a number to it. We are currently operating our Q2 margins were 18.5%, our H1 margins are 17%. So it's within that range.
- Moderator:** The next question is from the line of Yash from Inved Research.
- Yash:** So, sir, as a previous participant asked the question, I would just like to extend that in the last concall, you mentioned that around INR23 crores would be the capex on this pyrolysis plant. And now you just mentioned that around INR50 crores is the capex. So I just wanted a clarification on this?
- Gaurav Sekhri:** So the total capex, pyrolysis, rCB, the civil infrastructure, everything all in will be about INR50 crores.
- Yash:** And sir, again, I think I would be repeating this question. But just from an industry point of view, the industry is quite a bit slow and other participants are also not performing. So what gives us this confidence that in H2 like for whole year, we are targeting around 15% growth. In H2, we would be able to grow north of around 30%. So what gives us this confidence? And how do we look at the industry going forward?
- Gaurav Sekhri:** See, for us, industry-wise, our performance, et cetera, is actually not comparable to our peers and people companies in our business. We are operating and have traditionally operated now for a few years consecutively at far better margins than our peers. And that's -- and I think we've mentioned that before, it's because of the unique model we have of being a pan-India business, having diversity of raw materials, diversity of applications.
- And that is what has given us the ability to work at better margins and ability to get growth when sometimes our peers have not seen it. With the order book and with the business that we are seeing today, I have -- the guidance that I have given, I will repeat that we expect to finish the year at around 12% to 15% growth over previous year.
- Yash:** And sir, on the Varle plant by year-end, what kind of capacity utilization are we expecting? And what kind of revenue are we expecting in H2?

- Gaurav Sekhri:** I'm unable to give you isolated revenue and those details out of Varle, but the Varle plant is now operating at a steady state of 60%, 65% capacity utilization. I think that will remain to be the case.
- Yash:** And sir, on the export side, you mentioned that you wanted to increase the export up to 30%. Could you please share like what products are we trying to export and what could be the margins on them and which will be the market?
- Gaurav Sekhri:** See, on exports, what I can share with you is that we are expecting to finish the year with about 30% growth over previous year. We have consistently mentioned in all our earnings calls that we see -- we have seen and continue to see headroom -- a lot of headroom for growth in our exports business simply because we are starting from a lower base.
- And our exports are coming from -- the products that we make, gum rubber, reclaim rubber, micronized rubber powder, tackifiers, those are the products that are -- that we are focusing on for exports. And once the rCB plant commissions and start, we will, of course, focus and add rCB to our product mix as well.
- Moderator:** The next question is from the line of Viraj from Moneygrow.
- Viraj:** It seems like FY '26 is turning out to be slightly slower than expected, as you mentioned. However, to achieve this INR1,000 crores revenue target '28 would mean you would need to accelerate growth to 30% in '27 and 33% in '28. Are you comfortable with that?
- Gaurav Sekhri:** We continue to be comfortable with that. We have various new initiatives underway, whether that is the PCMD business, the rCB business, the Saudi ventures, South Africa, et cetera. So I think with all these opportunities, we remain confident that we will be able to deliver or get to that INR1,000 crore target.
- Viraj:** Secondly, in markets such as Saudi and Oman, which are smaller markets in terms of revenue growth opportunity, just given the size of the local market, are you getting other benefits such as premium pricing or lower working capital requirements in those markets, then makes sense to name them?
- Gaurav Sekhri:** See, Saudi, I cannot comment right now. I mean our forecast is that it's an attractive market. But for Oman, definitely, Oman has its unique benefits. It's a very efficient market, well-organized economy and us now being able to sell 40% of our production within GCC, that's a very attractive proposition because that customer in clientele, we cannot compete effectively. We can't service out of India. Those tires have to be sourced and processed locally. So it opens a new market segment for us that's attractive.
- Viraj:** Are you getting better pricing there vis-a-vis India price per kilo on a comparable product and better working capital terms in terms of miscellaneous?
- Gaurav Sekhri:** I think the right way to look at it is the margins at which we operate in Oman versus the margins at which we operate here. Oman, when it started, it operated at far better margins than India. Of course, over the last 3, 4 quarters, 3 quarters, that has come down. And I have

already, I think, covered in my opening comments as well as in our presentation that we have secured permission in Oman now to also bring in tires from neighboring GCC countries and other places, which has helped cool down the prices of raw materials in Oman, which will bring the margins back.

Viraj: So Oman are higher margins. And comparable payment terms better receivable days than India?

Gaurav Sekhri: It's similar to India.

Moderator: The next question is from the line of Mr. Pranav Bohra. Please proceed.

Pranav Bohra: Sir, almost my questions are answered. So I just have one or two small question for your. So what profitability is dependent on EPR credit sales?

Gaurav Sekhri: EPR credits cannot be seen as separate in our view anymore. EPR's are -- EPR earnings is like any other revenue stream and integral to our business. And it is very hard to isolate and tell you because EPR, the sale itself just drops to the PBT level. So therefore, the only way to look at EPR benefits now is as part of your regular business and integral part of the business.

Pranav Bohra: And sir, like I have read somewhere like we have loss -- our subsidiaries are in loss, like Oman subsidiaries in loss, what's the reason behind that?

Gaurav Sekhri: Oman has been profitable all through. It is only in the Q2 where we have shifted into a small loss, but we expect that to change in Q3. And that is the only subsidiary, I think, which is relevant here for this conversation. I mean, South Africa is a very new operation, not even 6, 7 months old.

So it will take some more time to stabilize. That's to be expected. TP Buildtech is an investment for us is profitable. There is no challenge there. And Saudi Arabia is still in start-up phase. I mean we've not even broken ground there. So whatever small loss we have, we have to capture it and allocate it correctly to Saudi Arabia, but that is going in relation to just getting the business started there.

Pranav Bohra: And sir, lastly, like can you just provide me the guidance for PAT level and EBITDA level?

Gaurav Sekhri: We are at 17% EBITDA margin for H1 for this financial year. We expect to maintain that, possibly even improve on it because our Q2 margins have come at 18.5%. And this will lead to PAT conversion of approximately 10% of our top line.

Moderator: The next question is from the line of Shashank Agarwal from Shisco.

Shashank Agarwal: Sir, I have two to three questions. They are based on the entire industry and they are not company specific. Sir, how is the demand from the high-quality producers like the tire makers and other automotive parts manufacturers?

Subodh Sharma: Subodh here. So like industrial segment, wherein we cover the tire industry and automotive parts and all, this is growing reason behind, one, all these tire companies are -- they have a

carbon neutralization mission. So slowly, slowly, they are encouraging and improving the content of recycled rubber material in their formulation. So that is driving demand. And secondly, the products we are exporting from India that all are majorly covered in the industrial segment, again, the tire industry and the rubber automoulded goods. So that is basically helping us to improve in that segment.

Shashank Agarwal: Sir, but the impetus is from the carbon neutrality angle and not the benefit of the product angle, right?

Subodh Sharma: Sorry, I didn't get you.

Shashank Agarwal: Sir, the driving force behind this is the carbon neutrality angle and not the benefits of the product itself, right?

Subodh Sharma: No. The tire industry is gaining benefit also out of it. I'm sure they have the cost saving on using the recycled rubber material in their system. So that is there. But at the same time, it is helping them to achieve their sustainability goal as well.

Shashank Agarwal: And sir, last question. Sir, what do you think will be the growth? Sir, will it come from the TRIL rubber segment? Or will it come from the pyrolysis segment? Which part is more favorable for you?

Subodh Sharma: See, the rCB and pyrolysis is yet to start and we yet to see the results. But we see -- I mean, this business will help us to strengthen better because the market and the business area is almost same, wherein we have already presence. So we do not see any challenge to market the product out of rCB and pyrolysis business. So we don't -- that's the thing. But more focus will be the overall tire recycling and the recycled rubber material. So rCB and all these all are the part of recycled rubber material basket.

Shashank Agarwal: And sir, is that total addressable market and the market maturity more in the pyrolysis segment because the tire oil and this recovered carbon black segments are very old?

Subodh Sharma: No, recovered carbon black segment is not old actually, till now what the people...

Shashank Agarwal: Carbon black?

Subodh Sharma: Carbon black is a virgin. Carbon black market, it's a huge. I mean if the industry thinks of replacing 2%, 3% of the virgin carbon black, that itself is a very big -- the demand can be generated for the rCB. So till now, the pyrolysis process base rCB was not actually the correct quality specs of rCB. People were more selling their carbon char. But now with this value addition and the improved technology, this rCB can go back in making of new tires and the rubber products wherein it can replace the virgin carbon black partially.

Shashank Agarwal: So can it be thought that this pyrolysis project that you are setting up is like a pilot project and based on that result, you can set up a much larger facility later?

Gaurav Sekhri: Gaurav here. So this cannot be considered as a pilot project for the scale and the size that it is being set up. But yes, for us, if all goes as per plan and everything turns out as we have

expected, then for us, this would be a fantastic validation to take it to other geographies. I mean this has been our model all through where we have taken -- if we have made something successful in one region and then we have taken it to multiple other regions.

So that is what we will do. And our intention would be to then kind of pick up this business, which is, let's say, 30,000 tons of tire recycling per annum and then take it to Southern India, Northern India, outside India, all those opportunities open up because we have the experience and presence in all of these geographies.

Moderator: The next question is from the line of Chandragupta, an Individual Investor.

Chandragupta: I have quite a few questions, but let's see how we can squeeze and how much. So the first is we had a product called this thermoplastic elastomers, like TPE some time back we had launched it was supposed to be a premium product. So is it there or what, I don't find any mention of that in the presentation?

Gaurav Sekhri: Gaurav Sekhri here. So the thermoplastic elastomers are part of our polymer composites business only. We just refer to it as the polymer composites business. That's why you're not seeing it being referred as TPE.

Chandragupta: So where is it clubbed out of the 4 segments that we mentioned, infrastructure, industrial, steel and consumer. So where does it come out of the four?

Gaurav Sekhri: It is not part of any of those. It is a separate vertical under the -- what we call the PCMB Business, polymer composites and masterbatch.

Chandragupta: Secondly, I want to understand actually why there is this so much of volatility in the EPR revenues. I mean is it not that the revenues are directly linked to the quantum of tires that we process? Doesn't it happen that way?

Gaurav Sekhri: You're right. EPR is generated out of what we process. But of course, there is some variability on account of the kind of products we process because it is linked to the end products that are made when we recycle. But why you are seeing maybe a little bit of volatility quarter-on-quarter is because we will only capture the credit of EPRs once they begin to reflect on the EPR portal because until that happens, it is not prudent for us to account for them.

Chandragupta: So this quarter, you have captured this INR15.5 crores roughly, that is on account of that, is it that they have done some clubbing or they have maybe recognized it late or whatever that is what has caused this?

Gaurav Sekhri: That is right. There was some backlog for us. And now that it is reflecting on EPR portal, we are -- we have taken them in our balance sheet.

Chandragupta: And this is -- you said is on accrual basis. So how much have you sold actually? And what are the pricing trends like going on, if you can clarify?

- Gaurav Sekhri:** We monetized some EPR credits in Q1, correct? In Q1, we monetized some EPR credits. We have not monetized anything in Q2, and we have accrued them. And the prevailing price of EPR credits is the base price itself, which is INR2.50 unit, INR2,500 per unit.
- Chandragupta:** That is a minimum that they have specified?
- Gaurav Sekhri:** Government has set a band floor price and a ceiling price. Right now, they are trading at the floor price.
- Chandragupta:** Then thirdly, on Saudi Arabia, I just had a clarification. Sir, in Q1 in the presentation, it was mentioned that the area -- this land that we are acquiring is 20,000 square meters and now it's 13,000 square meters. Is there a change in that? What is the actual land parcel size?
- Gaurav Sekhri:** Actually is 13,000, sir. What we have told you now, that is the land parcel that we have finally -- government has allotted to us that is 13,000 square meters.
- Chandragupta:** Because Q1, which is 20,000 square meters. Lastly, finally, one last question. Sir, expenses, I find the increase in expenses, other expenses as well as salaries is much faster than what the growth we have seen in the revenues. So any plans you have to bring those expenses under control?
- Gaurav Sekhri:** No, Sir. I think on the expenses side, I think we are -- again, I would like to mention here that we are -- we have improved on our EBITDA margins, which is, I think, what is most important. Regarding expenses, some of them are front-ended in nature to bring results maybe two quarters or three quarters down the road. But the team, people, a lot of those kind of things has to be put in place before.
- Therefore, you are seeing a little higher expenses than what is in relation to sales. But like I said, we are building our team, both on the rCB business as well as on the PCMB Business, and that is why you're seeing slightly higher employment-related expenses -- employee-related expenses.
- Chandragupta:** But you are saying we have improved on the EBITDA margins, which is correct. But if I exclude the EPR revenues, then the margins are actually declined. And we were -- without EPR revenues also, we were clocking much higher margins in the past, if I go back 4 years back or something. So what has changed actually in that?
- Gaurav Sekhri:** EPL margins cannot be isolated now. Earnings of EPR cannot be isolated from our business. Our customers, vendors, everyone is aware of this benefit. It comes into negotiation sometimes. Even it comes into play in our decisions relating to procurement of raw materials. So it's a general part of the business. And I think one will have to see them now together as one.
- Moderator:** Ladies and gentlemen, due to time constraint, we take that as the last question. I now hand the conference over to the management for the closing comments.

Gaurav Sekhri:

We sincerely appreciate everyone's participation in this conference call and trust that we have effectively addressed all your queries. If you have any -- if you require any further information or have additional questions, please do feel free to contact our Investor Relations team at Go India Advisors.

Once again, thank you for your engagement, for your interest in our company, for your continued support and to, of course, Go India team for organizing the call today. Thank you.

Moderator:

Thank you, members of the management team. Ladies and gentlemen, on behalf of Go India Advisors Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.