



“Tinna Rubber & Infrastructure Limited

Q1 FY27 Earnings Conference Call”

July 22, 2026



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

Moderator: Ladies and gentlemen, good day, and welcome to Rubber Tinna and Infrastructure Limited Q1 FY27 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 conference 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, Shruti. Good afternoon, everybody, and welcome to Tinna Rubber and Infrastructure Limited's earnings call to discuss Q1 FY27 results. We have on the call Mr. Gaurav Sekhri, Joint Managing Director; Mr. Subodh Kumar Sharma, Director and Chief Operating Officer; and Mr. Abhay Kumar, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be 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 we will open the floor for Q&A. Thank you, and over to you, sir.

Gaurav Sekhri: Thank you, Sana. Am I audible okay?

Sana Kapoor: Yes, sir.

Gaurav Sekhri: Good afternoon, everyone, and thank you for joining us today on this call. Our financial results and earnings presentation are available on our website and on 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.

We are delighted to share that we have commenced FY27 on a very strong note, delivering our best ever quarterly profitability. During the quarter, we achieved record financial performance with EBITDA exceeding INR30 crores, PAT surpassing INR20 crores, EBITDA margins of over 21% and PAT margins of more than 13% on both stand-alone and consolidated basis.

This performance is the outcome of our sustained focus over the past few years on enhancing profitability through operational efficiencies, cost discipline and increasing share of value-added products. We are pleased to see these strategic initiatives translating into tangible results, reflecting in our margin expansion and continued commitment to creating long-term value for all stakeholders.

The following strategic milestones underscore the significant progress we have made towards achieving our Vision '29 objectives. We currently have a tire crushing capacity of 185,000 tons per annum in India and continue to strengthen our processing capabilities. As part of our expansion road map, we are on track to increase this capacity by 27% to 235,000 tons per annum

by FY27, further enhancing our operational capabilities and supporting our long-term growth strategy.

During Q1 of FY27, we have executed INR27 crores of capex as part of our broader investment plan of around INR100 crores across FY27 and '28, strengthening our growth and operational capabilities. We continue to strengthen our focus on responsible growth with our FY26 EUV verified life cycle assessment validating over 10.37 million kg of CO2 emissions reduction across our integrated -- across our 2 fully integrated manufacturing locations.

The integration of renewable energy has enabled emissions reduction of up to 58.7% with further improvements expected through increased adoption of captive renewable energy. Our transition towards cleaner energy continues to gain momentum with renewable energy contributing 51% of the company's total power production in Q1 '27, supported by a more than threefold increase in renewable capacity from 1.23 megawatt to 4.48 megawatt and a strategic third-party green energy sourcing initiatives, which have resulted in savings of INR1.19 crores during the quarter.

We have successfully commissioned rooftop solar plants at our Gummidipoondi, Tamil Nadu facility of 999 kilowatt power in June '26 and at our Varle, Maharashtra facility of 2,218 kilowatt power in July 2026, further strengthening our renewable energy footprint. We had mentioned in the past, and we are renewing our commitment to innovation by allocating INR5 crores towards research and development in FY '27.

During the year, we have established a dedicated R&D team focused on developing technology for high-performance new-generation recycled rubber materials and engineered plastics, advancing value-added applications for recovered fiber from passenger tires, further enhancing the TPO quality to drive greater value addition.

Turning to project development. Following are some key updates. The ongoing 3,500 metric ton per annum MRP capacity expansion is progressing as planned and remains on track for commissioning by Q3 of FY '27, increasing the company's total MRP capacity to 20,000 tons per annum, which it is our belief is the largest capacity of MRP in the world.

The tyre pyrolysis oil facility at Varle commenced trial in Q1 of FY '27, and it is expected to commence commercial sales in Q2 of FY '27 with operations stabilizing by Q3 of FY '27. The rCB production is scheduled to commence in Q3 of FY '27, followed by operational stabilization and commercial sales by Q4 of FY '27.

Our PCMB division continued to witness strong momentum in Q1 of FY '27 with revenue increasing threefold to INR12 crores compared to only INR4 crores in Q1 of previous year. The PCMB business is contributing 8% to the company's top line, in line with the indications given in the earlier calls.

The division's initial 6,000-ton-per-annum capacity operates -- is operating at 82% utilization, while the commissioning of the expanded facility in Haryana has increased our total capacity to 18,000 tons per annum. With enhanced manufacturing capabilities and strong business momentum, this division is expected to contribute 10% of FY '27 revenue.

We have also successfully registered on the government portal as an authorized recycler, allowing the company to generate EPR credit from the plastics recycling business from 1st of April 2026. I am pleased to also share that the PP Build Tech business continues to scale up with the Kolkata plant commissioned in Q4 of previous year progressing well and utilization expected to improve over the coming quarters.

The business is in advanced stages of acquiring land in Western Maharashtra for a new manufacturing facility to expand construction chemicals capacity and introduce new products across construction system applications. We are targeting growth of over 30% in this business and cross the milestone of INR100 crores in revenue in FY '27.

Turning to our international projects. Tinna continues to strengthen its global presence with the establishment of its wholly owned subsidiary, Tinna Rubber Chile SPA in Santiago, Republic of Chile. The initiative is aimed at enhancing the company's global ELP sourcing network and expand its international recycling footprint.

Global Recycle LLC Oman has delivered a good improvement in Q1 FY '27, generating revenue of approximately INR9 crores and achieving EBITDA margin of 8.53%. We expect this to improve in the coming quarters. While profitability had been impacted in the recent quarters by elevated raw material costs and the ongoing Middle East crisis, the implementation of corrective measures, including raw material import into Oman has led to a meaningful recovery in margins and overall profitability during the quarter.

Mbodla Investment Pty Limited South Africa continues to progress as planned. Phase 1 capex has been completed. Operations have commenced and exports of semi-process material has already begun. We expect to breakeven by Q2 of FY27.

Phase 2 in South Africa is focused on full-scale tire recycling, and this has also been initiated where equipment to manufacture and process 9,000 tons of tires to produce crumb rubber is on the way to South Africa, and we expect to start production in Q2 or Q3 of the current financial year.

In Saudi Arabia, land has been allocated to the company for a proposed facility of 24,000 tons per annum by recycling facility. We hope that we will commence the construction of this facility towards the end of this calendar year. Of course, this is subject to normalization of the geopolitical situation in the Middle East.

Looking ahead, we remain focused on delivering our Vision 2029 objectives through capacity expansions, new product development, sustainability-led investments and on expanding our global footprint, we are targeting presence across 10 locations and revenue of INR1,000 crores by FY29, while maintaining 25% plus revenue CAGR, 33% plus profitability CAGR and EBITDA margins over 18% and ROCE exceeding 30%. We believe these strategic initiatives position us well to deliver sustainable growth and create long-term value for our stakeholders.

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

Subodh Sharma:

Thank you, Gaurav ji, and good afternoon, everyone. Am I loud and clear? Hello? So I would like to reiterate that our record quarterly profitability in quarter 1 FY27 marks a significant milestone in our growth journey. It reflects the successful execution of our strategy, continued operational excellence and our unwavering focus on creating long-term value for all stakeholders.

Let me briefly walk you through our operational performance during the year. Tire fishing operations remained resilient in Q1 FY27 with capacity utilization at a healthy 88% in India and 78% in Oman. India recorded a strong 35% Y-o-Y growth in tire fishing volumes, while operations in Oman were temporarily impacted by the West Asia conflict, resulting in relatively subdued volumes.

Sequential volumes for India moderated by 10% due to lower crumb requirement following softer consumer segment demand. Crumb rubber production remains stable with an increased share allocated towards higher-value products such as Micronized Rubber Powder and Reclaimed Rubber.

In quarter 1 FY27, MRP and Reclaimed Rubber volumes grew strongly by 28% and 37% on Y-o-Y basis, supporting to robust performance of the Industrial segment. In Q1 FY27, the Infrastructure and Industrial segments recorded volume growth of 33% and 27%, respectively, while the Steel and Consumer segment witnessed a decline in volumes. The Industrial segment achieved a strong 58% Y-o-Y growth in revenue. Exports volume delivered robust 46% Y-o-Y growth despite global economic headwinds, supported by a healthy order pipeline.

Rising raw material costs and increasing focus on ESG goals within the tire manufacturing industry continued to drive demand in the industrial segment. The Infrastructure segment delivered 7% revenue growth in Q1 FY27, supported by increased bituminous road surfacing activity. The West Asia conflict led to temporary bitumen supply shortages and elevated prices, creating a stronger demand for our bitumen as a cost-effective alternative for road infrastructure projects.

While our Bitumen Emulsion business was impacted by supply constraints and subdued market demand, the long-term outlook for rubberized bitumen remains robust, supported by government continued focus on reducing import dependence. The company also secured a 15,000 tons of rubberized bitumen processing order for execution in FY27. The Consumer segment was impacted in quarter 1 due to a sharp increase in raw material prices following the West Asia conflict, along with import/export disruption affecting the availability of key imported raw material to the turfing industry.

The significant rise in binder and synthetic grass prices nearly threefold in some of the cases led to delay in track and turfing project execution. This segment will bounce back once these scenarios stabilizes. Our Steel segment delivered a stable performance during quarter 1 FY27 with revenue remaining steady despite a marginal decline in volumes, supported by improved realization following price corrections.

We further strengthened our market presence by securing the exclusive distributorship for Zibo TAA Metal Technology China for Steel Abrasives across India. With customer transition underway from Q4 FY27, we remain confident of achieving approximately 50% volume growth in our Steel Abrasive business during FY27.

Coming to financial performance, achieved record quarterly profitability with EBITDA exceeding INR50 crores, PAT surpassing INR20 crores, EBITDA margin above 21% and PAT margin above 13% on both at stand-alone and consol level. On a stand-alone basis, quarter revenue increased by 18% and EBITDA and PAT margin expanded by 638 bps and 471 bps on Y-o-Y basis, which is a further validation of our robust performance.

At the consol level, revenue increased by 20% and EBITDA PAT margin improved significantly by 575 bps and 416 bps on Y-o-Y basis. Global Recycle, Oman reported a PAT of INR0.34 crores in Q1, marking a 31% increase over FY26. While profitability had been impacted in recent quarters by elevated raw material costs, the implementation of corrective measures, including raw material import into Oman led to a meaningful improvement in profitability during the quarter.

Mbodla and Saudi Arabia reported have combined loss of around INR53 lakhs owing to initial start-up costs. TP Buildtech delivered revenue of INR19 crores and EBITDA of INR3 crores in Q1, while continue to scale its construction chemical business through capacity expansion, execution of key projects and improved plant utilization. The inventory of accrued EPR credits up to 31st March 2026 was fully monetized within Q1 FY27.

Looking ahead, we remain confident in our growth trajectory with investment in capacity expansion, product diversification and international markets beginning to deliver results. Backed by a strong operational foundation, robust project pipeline and clear strategic direction, we are well positioned to sustain momentum and deliver on our Vision 2029.

I would now like to open the floor for question and answer. Thank you, and over to you.

Moderator: Thank you very much. The first question is from the line of Dheeraj Ram at 360 ONE Capital. Please proceed.

Dheeraj Ram: Hi, sir. Congratulations for great set of numbers. Thank you for taking up my question. So first one is -- you've spoken on increasing realizations due to this bitumen prices. So how much of this increase in EBITDA margins has been factored in because of inventory gains? Do we see any inventory gains this quarter?

Gaurav Sekhri: Gaurav here. Are you inquiring about if there was any contribution to margin because of gain in inventory relating to bitumen prices?

Dheeraj Ram: Yes. Not only in bitumen, but overall, is there any contribution of inventory gain across all segments?

Gaurav Sekhri: Very marginal. Nothing meaningful to report back to you.

- Dheeraj Ram:** Okay. So last year, you've been guiding for around 18% EBITDA margin for the whole year, and that's your long-term target. So do we see any normalization of this margin as we go ahead in 2Q and 3Q?
- Gaurav Sekhri:** See, we have been achieving around 17% and guiding that. Our aim has been to achieve 18%. Of course, that has been surpassed and delivered in a -- we have delivered more than 20% EBITDA margin. A lot of that has to do with some optimization we have done in our raw material costs. We have spoken in the past about how we have increased optionality of feedstock to control our raw material prices better. That strategy has played out well.
- Also going more towards value-added product sales has been our focus. We have always mentioned that. That has played out quite well. So a lot of these changes are systemic in nature. They are not one-off. And I hope these margins are sustainable. There will be some increased costs down the road in a growing business like ours because there -- anything new you start, there are always -- the costs are front-ended, like the project in Oman and -- sorry, not Oman, but in Saudi and also in South Africa, where we are right now incurring some cost for revenues and all have not yet started.
- So that is the nature of the business. Because of that, there will be some added cost booked. So when you blend that with the efficiencies, overall margins of 18% to 20% is what we believe can be delivered in a business like ours, and that is what has played out well in Q1.
- Dheeraj Ram:** Got it. Sure. And last question is, sir, is it possible to share segmental working capital days?
- Gaurav Sekhri:** Segmental working capital days, we won't have ready to give you. We have -- our blended working capital days is 50, and that is fairly consistent actually for our business over the last 2 to 3 years. I think hardly 5% movement in this number, plus or minus.
- Dheeraj Ram:** Okay. Yes. Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please proceed.
- Deepak Poddar:** Sir, Am I audible, sir.
- Gaurav Sekhri:** Yes.
- Deepak Poddar:** Thank you very much for this opportunity. So just wanted to check, I mean, you had accrued EPR credits that you monetized this quarter. So what's the quantum? Can you throw some light on that?
- Gaurav Sekhri:** We have monetized around 100,000 units and converted into cash in this quarter.
- Deepak Poddar:** And what -- I mean, 1 lakh units, I mean, at what price per unit?
- Gaurav Sekhri:** We are -- it is all trading at the floor price, which is around INR2,500 a unit.
- Deepak Poddar:** INR2,500 per unit.

Gaurav Sekhri: Rupees per unit.

Deepak Poddar: So we sold about what? 1 lakh unit you mentioned, right?

Gaurav Sekhri: Yes.

Deepak Poddar: So around total INR25 crores is what we got, right?

Gaurav Sekhri: Yes, that's right.

Deepak Poddar: So this INR25 crores, I mean -- so this INR25 crores goes straight to your EBITDA, right?

Gaurav Sekhri: No. We had accrued these already in previous years. As and when our EPR credits start reflecting on the portal of the government, we accrue them and they sit as inventory. These have been monetized. That is what has happened.

Deepak Poddar: But in terms of P&L, the accounting has been done as per particular quarter, right?

Gaurav Sekhri: Yes. So, the impact on P&L has already been taken in previous year. This is just an exercise of monetizing it this quarter.

Deepak Poddar: Okay.

Gaurav Sekhri: Converting it to cash.

Deepak Poddar: Understood. And going forward, I mean, how many units per annum, I mean, we expect to generate for this EPR thing?

Gaurav Sekhri: See, our revenue-wise, I can tell you and the contribution of EPR basically comes at the PBT level for us. That number for us is approximately INR25 crores to INR30 crores annually, and this is a fairly stable number now for the last couple of years.

Deepak Poddar: So INR25 crores to INR30 crores per annum, right? That's the contribution of EPR that we get at the PBT level on annual?

Gaurav Sekhri: That's correct.

Deepak Poddar: Okay, understood. That would be it from my side. Wish you all the best. Thank you so much.

Gaurav Sekhri: Thank you.

Moderator: Thank you. The next question is from the line of Mihir from Equirus. Please proceed.

Mihir: Hi. Thanks for taking my question. So my question was basically around the global expansion piece, also what we are doing. Like recently, we announced an investment in Pune as well. So just getting some sense here, like Saudi project is something where we have been investing it is yet to start. And so just something like how is the thought process here and why Chile now? Like first, why not increase our capacities in South Africa and Saudi and then move to some other geography?

Gaurav Sekhri:

See, there are many reasons which are understood, deliberated because of which we take a decision to enter a new geography, especially a new country. And those details are confidential, and we will not share that on open platform.

However, what I can share with you is that we have reached a certain operational capability in the Middle East. And Oman being a small country, there was less scope of expansion and Saudi became a compelling proposition for us. It just makes a lot of sense, because we already have a base there and the operational parameters are very similar to Oman.

And South Africa and Chile are both very interesting geographies from securing end-of-life tire supply and making our sourcing more robust and protecting our business from any incidences or global events and things like that. It's a way of hedging our business. So this is why we are looking at these geographies.

Mihir:

So sir, going ahead, say, next -- so a bit of a longer-term question, but say, in 2, 3 years, will we see a massive scale up in terms of investments there? Or our target continues to be that INR100 crores 2-year kind of a capex?

Gaurav Sekhri:

Our capex target, we have mentioned earlier as well, we are looking to spend around INR100 crores in FY27 and 2028 together. In my opening remarks, I mentioned we've already spent INR27 crores in Q1. In regards to how much and to what extent we will be active in each geography, that's part of the core strategy of the company.

What I can share with you is that, these are all businesses outside India, they add a certain hedge, a certain robustness to our core business, which is India. Our focus -- our core investment will remain India for the foreseeable future.

Mihir:

Okay. And sir, broadly, circling back to the domestic piece of business, very strong set of numbers is what we have reported. But going ahead in terms of your growth trajectory in infrastructure and both the industrial and infra, how are we seeing the traction currently given the backdrop of the current West Asia situation?

Like you mentioned that we have got some benefits of moving to rubberized bitumen and all. But overall on the infra segment front, do we see some kind of a slowdown yet? Or are we seeing some kind of improvement on track in quarter 2 now? And we are also getting into a low base of last year.

Gaurav Sekhri:

I think your question is specifically about the impact of global events on the infra business.

Mihir:

Yes.

Gaurav Sekhri:

And while there is -- there has been some impact to the road construction activity in India because of the disruption of supply of bitumen, for example, our country is dependent in perpetuity to imported bitumen for our works. We don't produce enough and we simply cannot produce enough.

So while that did impact us in some localized way in some projects, but at the same time, we saw increased awareness amongst contractors for use of rubberized asphalt to make higher quality roads and use less bitumen in their projects. So overall, I believe that this disruption has only benefited our business.

Mihir: Okay. And sir, in terms of industrial, the growth was mainly driven by say MRP or we have added some onboarded from new client as well, which has led to this kind, we have reached a run rate of around INR45 crores, INR46 crores in the quarter. So is it some customer addition as well or it is the new MRP or something like that?

Gaurav Sekhri: We are adding customers all the time. We are also increasing our production of MRP, which has also happened in Q1. So it is a combination of factors. Our exports have grown 46% in Q1 Y-o-Y. So these are all contributing factors to the results that we have shown.

Mihir: Okay. So just finally, last question here. So we have been increasing the MRP capacities and across space, we have been increasing the capacity and seeing our margin profiles have been quite lucrative. So just one thing what I wanted to understand here is that what makes it difficult for the competition to enter the similar segment or a new player to enter the similar segment what we are just seeing at the margin profile of the business?

Gaurav Sekhri: Mihir, see, there is multiple things. Nothing is to be honest that difficult if one puts their mind to it. I mean in 2015, 2016, when we started MRP from scratch, our sales were not even 100 tons a month. And now our capacity is going to be 20,000 tons per annum. But there is a lot of learning. There is technology efficiency, which I believe we are excelling in. There is a lot of effort and convincing needed for onboarding customers. It's a fairly long process where I believe we just seem to be more resilient than our competition and more committed. And this is what has brought us results.

Mihir: Got it. Okay, sir. Thanks.

Moderator: Thank you. The next question is from the line of Khushal from Asian Broking. Please proceed.

Khushal: Sir, my question is regarding other expenses. It has increased by around INR5.4 crores from previous quarter, March 2026. Like what component has increased? I just wanted to know that?

Gaurav Sekhri: I think we will need a little bit of time to give you that detail. If you send us an e-mail, we can reply you better. But our other expenses may have increased because of our expansion of businesses outside India. And I think one second, our CFO may have a little more clarity to give. See our other expenses table as I see it was INR29.85 crores in Q4 and now it is INR30.58 crores. That's comparison to previous quarter. Does that give you clarity or no?

Khushal: Sir, INR29 crores was in which quarter?

Gaurav Sekhri: Previous quarter, Q4.

Khushal: Okay. Here it is showing INR27.19 crores in previous quarter. We will mail you, sir.

Gaurav Sekhri: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Ashray Sheth from Venture Securities. Please proceed.

Ashray Sheth: Yes. Good afternoon, sir. Congratulations on a wonderful set of results. There would be two questions from my side. So firstly, on the INR100 crores that were outlined as capex over next two fiscals, how much that off would be capitalized over FY27? And how much of that will be capitalized over FY28? Can you give a breakdown of that and I will ask my second question later?

Abhay Kumar: Yes. This is Abhay. Out of INR100 crores, we would be capitalizing around INR60 crores during FY27.

Ashray Sheth: Okay. And secondly, sir, what is the targeted blended utilization are we looking at once all the plants are operation across India, Oman and South Africa and these plants are operational and scaled up, what is the blended utilization are we looking at the closing of this fiscal?

Subodh Sharma: Hi, Subodh here. So on the capacity utilization you are asking?

Ashray Sheth: Yes, sir.

Subodh Sharma: Yes. So currently also, we are utilizing our capacity for tire recycling close to 88% in the India alone, but the value-added products like MRP and reclaim rubber, we are growing. So capacity utilization on PCMB business side that to reach somewhere around 60% this year and we will contribute total 10% to our revenue of this site. So combining everything together, we feel we should be somewhere around 75% to 80% capacity utilization.

Ashray Sheth: Sir, and that could be across all geographies?

Subodh Sharma: Yes.

Ashray Sheth: Okay. Fair enough, sir. Thank you for answering my question.

Moderator: Thank you. The next question is from the line of Navani Naredi from Naredi Investment. Please proceed.

Navani Naredi: Hello. Am I audible?

Gaurav Sekhri: Yes, you are audible. Please proceed. Yes ma'am. Please proceed.

Navani Naredi: Okay. Thanks for the opportunity. I have got a few questions. So my basically first question is like where is the EPR monetization is being booked?

Gaurav Sekhri: What do you mean by where is it being booked?

Navani Naredi: I mean is it in other income or is it in industrial segment where have you booked the revenue because you told us that?

Abhay Kumar: Hi, this is Abhay. Actually, monetization of EPR has been knocked off against the unbilled revenue.

Navani Naredi: Okay. Got it. And my second question is, as we are facing the bitumen shortage in infrastructure segment and also there will be a delayed monsoon. So I feel like Q2 will be highly impacted, especially the infrastructure segment will be highly impacted due to this. And also this quarter, we have just addressed 20% topline growth. And in order to meet your goal like for the full year, 25% topline growth, like how will you be able to address it? If you can just clear out this?

Subodh Sharma: Hi, this is Subodh here. So on the infrastructure segment, like in fact, we have seen even in the quarter 1 despite of all these challenges, what has come up due to this West Asia conflict, but the overall infrastructure segment has grown by almost 7%. And that is majorly because of the cost where bitumen itself is short in supply and very, very expensive.

So in that case, the rubberized bitumen came as a boon and people have started using more of rubberized bitumen because it was the only inexpensive proposition available to them. So that is the reason that business has grown and in fact, historically, also, if you see the quarter one is the peak season for executing the road works.

So none of the contractors want to hold the job and they continue to work using the modified bitumen to make the base because otherwise quarter 2 historically because of monsoon is weak. So right now, we can see even the monsoon is also not that penetrating that well. So we feel revenue going forward, the demand will be maintained the way it was executed in the previous quarter.

Gaurav Sekhri: And let me just add to Subodh's comment, this is Gaurav, in regards to how will we meet this year's target with these current situations. I had clarified in my opening remarks that the revenues from the expansion and setting up of the TPO and the rCB plant have yet to come in. These will start coming in from Q2 and steadily increase in Q3 when the rCB production also starts.

Our PCMB business is in a ramp-up stage, and that is very visible. What we have done over the last two, three years is we have built these many businesses within our business to counter any kind of cyclical issues or geopolitical issues. And that is what is giving our business the robustness compared to some of our competition.

Navani Naredi: Got it. But then as you are saying that the South Africa plant and everything, so like it will take time because there are geopolitical issues again, which are going on. So like if the geopolitical situations doesn't soften, then what will we do like will we be able to achieve the target because everything is dependent upon geopolitical scenario. So how are you planning to mitigate those risk?

Gaurav Sekhri: Ma'am, we have already taken steps to mitigate as best to our ability. Now, if there are certain things which are beyond anyone's control and the comment you made, I agree with it. If things become so bad globally that shipping stops and power outages happen and other kind of things happen then certainly, what you say is right, everyone will be impacted, including us.

- Navani Naredi:** Yes. So okay. So I just hope that it works out and everything works out in favour since I have been following this company for so long. And so I just have one or two last questions. So like, it's regarding the consumer segment. So it has been down by 20% in volume. So like what is the concrete recovery time line for the consumer segment? And how do you plan to hedge raw material cost? Like is there any way we can do that?
- Gaurav Sekhri:** Let me, Gaurav here and then Subodh can add to what I'm going to say. Our hedge itself is that we are not dependent on consumer business alone. Our consumer business is about 10% of our total business. 8% to 10%. So that's point number one. Our hedge comes from the fact that we cater to consumer business, industrial business, infra business, steel now PCMB and also TPO and rCB. That is our hedge.
- Navani Naredi:** Right, right, right I get it. Okay. So like going forward.
- Gaurav Sekhri:** In fact, in the consumer segment also, the price is not with the product. The price issue is with the binder what the contractor use during the turfing application, which is beyond my control. But this business as it is intact as and when the things will improve, I mean the market is there, the demand is there.
- Navani Naredi:** Got it. And will we be able to make.
- Moderator:** Sorry to interrupt ma'am.
- Navani Naredi:** Okay.
- Moderator:** Maybe request you to join the question queue again for your follow-up question?
- Navani Naredi:** No problem. Thank you. Thank you so much. Wish you all the best for future.
- Moderator:** Thank you. The next question is from the line of Viraj from MoneyGrow. Please proceed.
- Viraj:** Hi, Gaurav, congratulations on the good results. Sorry, I wanted clarity around this EPR accounting. So, it was mentioned it was adjusted against non-billed revenue. So does, so can you elaborate, please, a little further on that? And I want to know if the INR21 crores of PAT for the quarter is excluding any EPR impact or including?
- Abhay:** No. Hi, this is Abhay. I am answering your first question. Actually, whatever the EPR has been monetized during Q1, that have been knocked off against the unbilled revenue, both being FY25-26. Okay. This is clear, hope this is clear to you?
- Viraj:** No, not clear. I don't know. So, does INR156 crores include or exclude EPR in your revenue line item?
- Gaurav Sekhri:** Viraj, Gaurav here. You are mixing the monetization of EPR credits that we have accrued from previous year, but monetization has happened in Q1 with the financial performance of Q1. These are two different things.
- Viraj:** So, is the INR156 crores revenue and INR21 crores PAT excluding any monetization of EPR?

Gaurav Sekhri: So, the INR156 crores revenue has some accrued EPR income, but that is relating to only Q1.

Viraj: Understood.

Gaurav Sekhri: And this INR21 crores is related to the EPR credits of previous financial year. I hope you are clear now?

Viraj: Okay, got it. And out of the INR21 crores, if one were to exclude the EPR of the previous financial year, what would the clean operating profit be after taxes?

Gaurav Sekhri: You cannot mix previous year's accrued EPR credits, monetization of INR21 crores to the current year's P&L. These are two different things. That's what I've clarified to you.

Viraj: Right. So, it's very hard to extrapolate what this INR21 crores means for the year, right? Because if INR5 crores out of that is EPR, and you've done it for the entire prior year, then it's very hard to tell.

Gaurav Sekhri: This INR21 crores Viraj, has nothing to do with the profitability of current financial year. Does that answer your question?

Viraj: Yes, it does. Thank you.

Gaurav Sekhri: Yes, okay.

Moderator: Thank you. The next question is from the line of Nikunj Bhanushali from Walford PMS. Please proceed.

Nikunj Bhanushali: Hello. Hi. Congratulations on a good set of numbers. And also good to see that you responded on the margins that they are now structurally, they will be between 18% to 20%. I had two queries. One thing is on I want to say at the India level, on the main business, we have already reached 80%-85% capacity, which means that the demand is quite piped in. So, how do we kind of increase the current capacity, enhance the capacity? Are we looking to enhancing this capacity further in India itself, first of all?

Gaurav Sekhri: Yes, thank you for your question. We are working on exactly what you have just highlighted. Our demand is very robust for our products. We are looking how to first de-bottleneck and increase capacity, but also exploring options of possibly a new greenfield plant and other ways of enhancing capacity. These are the, that is in the works.

Nikunj Bhanushali: Okay. And secondly, as we are enhancing capacities across the globe. And once we have our pyrolysis, our rCB, and all the capacities in place, and we said that we'll be at capacity utilization of around 80%-85%. So, at that peak, what would be our revenue? So, that would be close to INR1,000 crores, or we are still away from the INR1,000 crores that all of the capex will be required?

Gaurav Sekhri: Sir, we are targeting revenue of INR1,000 crores by FY29. For that, we have already indicated about INR100 crores of capex during this and the next financial year. It is also likely that we may increase the capex, if the demand continues to be so strong, we will certainly not forego

that opportunity. But as per the current plan that we have and the vision we have, it is to reach INR1,000 crores by FY29.

Nikunj Bhanushali: Perfect. And lastly, if you can permit me, so you have mentioned that, obviously, the bitumen prices have increased, and that's why the demand for the modified bitumen has increased. So, firstly, are we expecting that this demand continues? And secondly, is there any directive from the government wherein no, that certain percentage should be mandatorily incorporated as part of the infrastructure lane?

Subodh Sharma: So, hi sir, this is Subodh here. So, on your query, like modified bitumen or liberalized bitumen is a reality, there is a continuous demand for the product. It depends its offtake basis on the progress of the projects on the ground. So, in the quarter one, basically, due to the shortage of bitumen, contractor preferred to execute the work where the modified bitumen was available to them and they can overcome with the bitumen shortage by using more of rubberized bitumen.

In the long run, yes, demand will remain like this only and government initiative towards reducing the dependence will further help to build the demand for rubberized bitumen in the country.

Nikunj Bhanushali: Okay, great, sir. And all the best to the entire team. Thank you so much.

Subodh Sharma: Thank you so much sir.

Nikunj Bhanushali: Thank you.

Moderator: Thank you. The next question is from the line of Saurav Gupta.

Saurav Gupta: I just have one question. So if you can provide guidance for FY '27 for top line and for EBITDA margin in Q1, we have posted 22% EBITDA margin. So what will be the guidance for the whole year, sir?

Subodh Sharma: Yes. So I think we have reiterated the guidelines for this current financial year is somewhere around INR670 crores to INR700-odd crores on the top line side, though we wish to maintain the kind of margin profile, what we have achieved in the Q1, but to stabilize somewhere 18 plus to 20 in between as we feel is achievable.

Saurav Gupta: Got it. Thank you sir.

Moderator: Thank you. The next question is from the line of Amit Rathi from -- Capital. Please proceed.

Amit Rathi: So my question is on the margins actually. So kind of depending upon which quarter do I look at or maybe last financial year, the margins have jumped up by 400 basis points to 500 basis points. So can you give -- can you decompose or give me a breakdown of where is this incremental margin contribution come from actually?

Because you did say that, okay, inventory might have played a marginal role and not a major role. But for example, if I see the material plus inventory cost ratio, when I compare it with sales, on an average, that is for various quarters as well as for FY '26, that has been greater than 51%.

But this quarter, it is 46% material plus inventory cost to sales ratio. So I was under the assumption that, okay, maybe a decent contribution has come from this side. So if not, then as I said, could you just give me a breakdown of this 400 to 500 basis points incremental margin, where does it come from?

Gaurav Sekhri: Gaurav here. The main contribution has come at gross margin level. That gross margin expansion has happened by a combination of both more efficient raw material costs as well as higher realization due to value-added product sales.

Amit Rathi: Okay. And -- but we won't be able to put a number to it, right? Or can we?

Gaurav Sekhri: See, our overall margin at EBITDA level has expanded by about 4%. So a very large contribution of this has come at the gross margin level because our -- and some on account of efficiencies because of scale.

Amit Rathi: So Yes. Okay, that was my only question. Thanks.

Gaurav Sekhri: Thank you.

Moderator: The next question is from the line of Ajit Sethi.

Ajit Sethi: Thank you for the opportunity. So my question is on EPR credit. So you have mentioned that EPR credit's revenue recognition is INR21 crores revenue recognition has already happened in Q1, Q2, Q4 FY '26, it's on an approval basis accounting. Is my understanding correct?

Gaurav Sekhri: That's correct. Absolutely correct, sir.

Ajit Sethi: And this Q1 FY '27, we monetized this EP credit, so we received the cash, INR21 crores, correct?

Gaurav Sekhri: Correct.

Ajit Sethi: So my question is, so in FY '26, we -- and you said that the EPR credits is basically done on PBT level. So in FY '26, we have done a PBT of INR72 crores if I minus this EPR credit of INR21 crores will remain around INR51 crores. So we are actually -- we have actually degrewed our PBT on FY '25, '26 basis Y-o-Y. And if I see our current PBT level, which we have done in Q1 is INR28 crores, taking INR5 crores quarterly on a PBT level. So it comes around INR23 crores at a PBT level. So we have actually not grown this quarter. Is my understanding correct?

Gaurav Sekhri: Your numbers are correct, sir. But EPR earnings and income is now an integral part of our business. Now whether you consider it to be separate and wish to account for it separate, that's your choice. But EPR earnings and the credit is an integral part of any recycling business.

Ajit Sethi: And, EPR accounting happen on PBT level. It doesn't come in EBITDA, right?

Gaurav Sekhri: It comes at PBT level, so it translates and drops down to EBITDA level.

Ajit Sethi: Okay sit. Follow-up I will take on this with you in email.

Gaurav Sekhri: Sure.

Moderator: Thank you. The next question is from the line of Hemant Soni an investor.

Hemant Soni: So, thank you for providing me the opportunity. I just wanted to check with you on the guidance which you gave for FY '27. Did I hear it correctly, sir? Is it INR670 crores to INR700 crores for FY '27?

Gaurav Sekhri: Yes, that's correct, sir.

Hemant Soni: And sir, one more thing which I wanted to ask you is since we have done an EBITDA margin of 22% in the current quarter, I mean, in the last quarter. And we have guided for 18% to 20% EBITDA margin. So shall I consider that there will be a drop in the EBITDA margin going forward?

Gaurav Sekhri: Gaurav here. We have achieved 22% in Q1. That is a reality. But when we are asked by the investor community on some guidance and estimates, et cetera, we like to consider all factors like ongoing new expansion, some new additions to our costs because of expansion of business. All the costs are always front ended. They can have some impact.

So we prefer to be a little cautious. And therefore, the guidance that we would like to give you is 18% to 20%. Just like previous year, we've been giving guidance of around 18% as our aspiration, and we were achieving about 17%. And this quarter, we have delivered 22%. Now that's a reality. Now you can please interpret it as you please. But I will neither confirm that we will achieve 18% nor will I confirm we will achieve 22%.

Hemant Soni: So how should I interpret it, sir, the guidance from you and so on?

Gaurav Sekhri: I think you go by the history by what we have guided, what we have delivered. I think that is the best way to see numbers. We can -- we are standing by our guidance that we are on target to revenues of between INR675 crores to INR700 crores. We are standing at 22% EBITDA margins. But our guidance for the year as given previous year remains to be 18% plus.

Hemant Soni: Okay, sir. And one more thing which I wanted to ask is, sir, how much will RCB and TPO contribute to overall revenue in FY '27?

Gaurav Sekhri: Approximately about 7% to 10% of total revenue will come from the pyrolysis TPO RCB business.

Hemant Soni: So INR50 crores, INR60 crores in absolute numbers, right?

Gaurav Sekhri: That's correct, sir.

Hemant Soni: Okay, sir. Thanks a lot

Gaurav Sekhri: Thank you.

Moderator: Thank you. Due to time constraints, I would now like to hand the conference over to the management for the closing comments.

Gaurav Sekhri: Is anyone from Go India on the call? Moderator, am I audible?

Moderator: Yes, sir. Sana ma'am your line has been unmuted.

Gaurav Sekhri: It's okay. I think we can proceed to -- we would like to sincerely appreciate the participation of everyone on this conference call and trust we have effectively addressed all your queries. If you have any further question or information, please feel free to contact our Investor Relations team at Go India Advisors. Thank you, everyone, once again, and thank you, moderator for arranging the call today.

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