



“Tinna Rubber & Infrastructure Limited
Q2 and H1 FY27 Earnings Conference Call”

October 26, 2026



GO INDIA ADVISORS



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

Moderator: Ladies and gentlemen, good day, and welcome to the Tinna Rubber & Infrastructure Limited Q2 and H1 FY27 Earnings Conference Call, hosted by Go India Advisors. 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 touch-tone phone.

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, Rutuja. Good afternoon, everybody, and welcome to Tinna Rubber & Infrastructure Limited's Earnings Call to discuss the Q2 and H1 FY27 results. We have on the call Mr. Gaurav Sekhri, Joint Managing Director; Mr. Subodh Kumar Sharma, Director and Chief Operating Officer; Mr. Abhay Kumar, Chief Financial Officer; and Mr. Rajarshi Datta, Business Development and Corporate Affairs.

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, Sana, and good afternoon, everyone. Sana, am I audible okay?

Sana Kapoor: Yes, sir. Loud and clear.

Gaurav Sekhri: Thank you. Welcome, everyone, to Tinna Rubber & Infrastructure Limited's Q2 and H1 FY27 Earnings Call. Our results and earnings presentation are available on our website and on the stock exchanges. I will cover the strategic updates, and then Subodh will take you through our operational and financial performance. H1 FY27 has been a landmark period with profitability at record levels on both stand-alone and consolidated basis.

In Q2, consolidated revenue grew 31% and PAT grew 45% year-on-year, reflecting the strength of our business model. CARE Ratings also has upgraded our credit rating to CARE BBB, stable for long-term facilities and CARE A3+ for short-term facilities.

Our 3,500 tonne per annum micronized rubber powder expansion is on track for commissioning in Q3 of FY27. It will take our total MRP capacity to 20,000 tonnes per annum, making us the world's largest producer of MRP. At our plant in Varale, the Tyre Pyrolysis Oil began commercial sales in Q2, and we expect it to stabilize by Q3.

The recovered Carbon Black production starts in Q3, and we expect commercial sales to commence in Q4. Our Polymer Composites & Masterbatch business more than tripled its revenue to INR27 crores in H1 with 12,000 tonne per annum capacity added at Gannaur.

Its capacity is now 18,000 tonnes per annum, and we expect the PCMB business to contribute 8% to 10% of the FY27 revenue, which is as per the guidance given earlier this year. We have completed INR45 crores of capex in H1 out of INR100 crores planned across FY27 and FY28.

I am pleased to inform that we have completed acquisition of 40 acres of land in Andhra Pradesh for an integrated rubber and plastics recycling complex.

We plan to invest approximately INR250 crores over 3 years at this facility, which will involve tyre recycling, plastics recycling, pyrolysis and a recovered carbon black plant at this location. In our Q2 filings, we have informed our shareholders that our Panipat plant land may be acquired by Haryana government.

While our representation to the state government is pending against this acquisition, we wish to clarify that if this land is eventually acquired by the state government, our compensation due to us more than offset the book value of this plant. Our Panipat facility is our oldest and smallest of the factories where we only make crumb rubber and micronized rubber powder.

All the plastics recycling facility in North India is not located at the premises. Therefore, to further clarify and as already informed in our Q2 filings, the acquisition of Panipat land, if it was to happen, will not have any material negative impact on our operations.

Internationally, our Oman plant ran at 90% utilization in H1 and its EBITDA margins improved to 11.5% from only 6.4% in FY26. In South Africa, Phase 1 is complete and exports of semi-processed material has begun. The 9,000 tonne per annum crumb line, which is part of our Phase 2 at South Africa is now under commissioning. This has got delayed by 3 to 4 months due to supply chain disruption and some of our equipment getting stuck in the Middle East and was not able to reach South Africa on time.

In Saudi Arabia, a plot has been allotted for a 24,000 tonne per annum tyre recycling plant. We expect to begin construction in H2 of FY27, of course, subject to the geopolitical situation. We have also set up Tinna Rubber Chile SpA in Santiago to widen our end-of-life tyre sourcing network.

I am pleased to inform renewable energy met 40% of our power needs in H1 as our renewable capacity rose from 1.23 megawatt to 4.48 megawatts and the solar power savings have touched approximately INR2.37 crores.

We remain focused on our Vision 2029, which is to achieve revenue of INR1,000 crores, revenue CAGR above 25% and profitability CAGR above 33%, EBITDA margins above 18% and ROCE above 30%. We -- part of our vision is also to expand ourselves from 8 to 10 locations. I am pleased to inform that we are making good progress on all of these fronts.

With this, I hand over to Subodh.

Subodh Kumar Sharma: Thank you, Gaurav, and good afternoon, everyone. Coming on our operational and the financial performance. In H1 FY27, tyre crushing volumes grew 30% on a year-on-year basis to 86,000 tonnes. Production of MRP, micronized rubber powder and reclaimed rubber rise by 19%, supported by steady demand from the tyre industry. By segment, Infrastructure revenue grew by 38% to INR112 crores despite bitumen supply constraints.

Industrial segment revenue grew 37% to INR85 crores, which also includes export volume, which has contributed 6% to our total revenue and the export volume growth has been witnessed approx 15%. Consumer segment revenue rose to INR21 crores from INR19 crores on price correction with stable volumes. With Steel revenue rise to INR57 crores from INR53 crores, also on price correction with stable volumes. Infrastructure and Industrial remain our main growth drivers. On a consol basis, Q2 revenue was INR157 crores, up from INR120 crores.

EBITDA grew by 37% to INR29 crores and PAT grew by 45% to INR17 crores. EBITDA margin stood at 18.8% against 18.0% and PAT margin 10.9% against 9.8%. H1 revenue grew by 25% to INR313 crores, while EBITDA grew by 50% to INR63 crores and PAT grew by 60% to INR38 crores. EBITDA margin stood at 20.4% and PAT margin stood at 12.2%. Profitability moderated from Q1 because of the start-up costs, geopolitical uncertainties and subsidiary performances.

We expect these to normalize as operations scale up. Among subsidiaries, Oman reported PAT of INR1.3 crores in H1. South Africa and Saudi Arabia combined together recorded a start-up loss of around INR94 lakhs. TP Buildtech had revenue of INR41 crores and EBITDA stood at INR4.7 crores, contributing INR1 crores at the consol level. In the best case, it is targeting revenue of INR100 crores by FY27 by raising utilization at Kolkata, expanding nationally and growing its construction system business.

It plans to launch next-generation self-repair products by FY28. Our balance sheet also strengthened further. Debt fell to INR111 crores from INR121 crores at the end of FY26. Our interest coverage improved to 9.91 from 7.49 and net debt to equity at 0.32%. From FY23 to FY26, our revenue nearly doubled.

EBITDA grew by 2.5x and PAT grew by 2.4x. And for FY27, we are targeting revenue of around INR700 crores, EBITDA of INR126 crores and PAT of INR70 crores. With that, I open the floor for question-and-answers. Over to you, moderator. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Vidish Asher from Shagun Capital.

Vidish Asher: Sir, am I audible?

Gaurav Sekhri: Yes, yes. Please go ahead.

Vidish Asher: Firstly, congratulations on this quarter. We really appreciate the work you're doing in circular economy and appreciate your business. I have a couple of questions today on the business and this quarter. So just give me a moment. So first question is, sir, I would like to know your EBITDA margins for this quarter have slightly come off from 18.5%, 19% and this quarter around 16%.

So I have a couple of questions around this. Firstly, the PCMB mix has improved from, I think, 3% to 9%, which I think should contribute to better EBITDA margins. And while I understand gross margins have not changed much, the possible factor I'm thinking is the Steel revenue, which your presentation says the prices have come down. However, the prices of steel have been

progressively increasing from, I think, \$800 a tonne in October '25 to \$1,300 a tonne in September '26. So that is one question I have, sir. And second question is, when do we expect PCMB, the 32,500 tonnes to be live?

Gaurav Sekhri:

Gaurav Sekhri here. First, regarding EBITDA margins, our -- we have always indicated EBITDA margins of about 18% is what we are aiming for, north of 18%, and we have delivered on that. The previous quarter as a comparison, I think, was a slight aberration. We had a much better quarter margin-wise previous quarter because of a variety of reasons, some benefit in raw material prices and inventory that we were carrying. So those kind of things can happen.

But the guidance we have given, and I'm pleased to say that we have met those targets is that our business model shows our ability to deliver 18% plus, and we are delivering that. So our EBITDA margin even in Q2 is 18% plus. That is point number one. I think 2, 3 causes, which you mentioned, I just want to comment on that. Firstly, on the PCMB business, actually, that business operates at a lower EBITDA margin than our core business.

And that's mostly because it's still a new business for us. You see we are less than a year in the PCMB business. It is still growing, still stabilizing, still a fair bit of money being spent on R&D. So that is one point. And its contribution to our overall business will grow to about 8% to 10% this year.

We strongly believe in that business and the niche we have found for ourselves to operate in, and that has a lot of legs to it for growth. Does that answer everything that you had mentioned? Or have I missed something?

Vidish Asher:

No, I would like to understand on the steel part, it's a small portion, I understand, but I would like to understand how that will come -- that will take place in the next few quarters or years to come?

Gaurav Sekhri:

You're asking about the PCMB business, right?

Vidish Asher:

No, no, the steel part. Your steel scrap.

Gaurav Sekhri:

Yes, yes. So steel, as you know, it is a byproduct that we get when we recycle tyres. And the value addition that we do to some part of it is also shaping up nicely. And it will be an important part of our business, but it will always be a case for us to do value addition of a byproduct of our core business of recycling of tyres. Our core activity will remain rubber and tyre recycling.

Vidish Asher:

Right, sir. I'll just push back in line. I have a couple more questions, but I'll take them later.

Moderator:

Next question is from the line of Nikunj Bhanushali from Wallfort PMS.

Nikunj Bhanushali:

Sir, on the capacity front in India tyre crushing business, we have mentioned that our capacity would be rising to about 235,000 tonnes. Can you just help me like where are we increasing this capacity? And what is the time line? Are we -- how are we moving on that timeline?

Subodh Kumar Sharma:

Nikunj, Subodh this side. So like I covered in my statement, we are almost utilizing around 85% to 90% capacity, whatever the currently installed across India. And that's the reason we are now

expanding further and we have finalized this 40-acre land parcel in the state of Andhra Pradesh that is basically to increase our tyre recycling capacity, which will further the downstream product like MRP, reclaim rubber, plastic recycling, TPO, everything will be combined at one common fully integrated complex. So that's where we shall be working on that.

And in addition to that, globally, we are also expanding our operations in Saudi Arabia, which will add close to 24,000 tonnes of tyre recycling capacity. So that's how we have planned the road map for the next 3 years.

Nikunj Bhanushali: Right. We have mentioned it by FY27 end. So that is what my question was that our capacity should increase to 235,000 by FY27 end. Saudi Arabia, we have just started the construction should go on. And other places also the plant is yet to develop. So what -- how are we adding capacity in the current year is what my question is?

Subodh Kumar Sharma: Yes. So FY27 estimated what you are reading 235,000, yes. We have -- we are in the mid of starting our construction activities in the Saudi Arabia, which we have added to this one, and that is slightly disturbed because of this West Asia conflict. So that is in pipeline, but the further expansion in India will happen in the completely new greenfield project.

Moderator: The next question is from the line of Ashray Sheth from Ventura Securities.

Ashray Sheth: Congratulations for a wonderful set of results this quarter. So we have been performing consistently over the past few quarters. And so I wanted to understand what are we doing differently that we can maintain a reasonably stable margins?

While we see a comparison with other peers in recycling space, they took -- they have taken a hit on the margins due to the geopolitics. So wanted to understand that how are we managing sourcing? And how is our -- basically our outlook has changed on the sourcing side of things? And how are we managing things on that side?

Gaurav Sekhri: Thank you for your question. Gaurav here. We cannot comment on our competitors. As far as our business is concerned, we have consistently communicated that we have built a unique business model with some differentiated aspects to our business, diversity of geography, the diversity of raw material base, the diversity of customer base. These are the pillars which differentiate us from our competition and which enable us to operate at the margin that we are operating. That is the key to our business.

There is no other company in the country which is operating on a pan-India basis. There is no other Indian business also which has gone outside India. That's the way we have gone. Our diversity of running various kinds of feedstock and catering to various verticals, that is what sets us apart, and we have communicated this over the last 4 years as our strength, and we will continue to build on this strength. I hope this answers your question.

Ashray Sheth: Yes, sir, it does, it does. And sir, secondly, I wanted to ask about the progress that is made upon the reclaim rubber usage in road surfaces. So is there any approval process that we need to show the durability of road with reclaim rubber? Any test that we need to perform or any regulatory approval process?

- Gaurav Sekhri:** So firstly, to clarify, reclaim rubber does not go in road construction. It is crumb rubber, which is converted into a crumb rubber modifier, and that is the additive to bitumen for road construction. So that's point one. And in regards to your question on approvals and consents, rubberized asphalt and crumb rubber modified bitumen is now more than 2 decades old concept in India. And various tests and validations have already happened.
- Hundreds and thousands of lane kilometers of roads have been made, which stands as a testament to the effectiveness of this product. It is already mentioned in the IRC guidelines on where and how it has to be used. So it is not really needing any more validations or certifications. All that data is already there.
- Ashray Sheth:** Okay. Got it, sir. And the new plant that we have acquired, so can you give us a basic outline of the product mix? Or is that still not confirmed yet?
- Gaurav Sekhri:** So we have acquired land, not a plant. That land has been acquired in Andhra Pradesh, and it is to build a new greenfield facility. And our plan is to undertake tyre recycling, both for manufacturing of crumb rubber and derived products as well as for the tyre pyrolysis and our regenerated carbon black plant.
- And it will also house our PCMB business, which is the Polymer Composites and Masterbatches. And within this 40 acres, we will also set up a facility for our construction chemicals business because we are not yet present in the South, and the intention is to also take the TP Buildtech business in South and on this location.
- Moderator:** The next question is from the line of Dheeraj Ram from 360 ONE Capital.
- Dheeraj Ram:** Sir, could you please let me know how much is the EPR income?
- Moderator:** I'm sorry to interrupt you, Mr. Ram. Can you please speak a bit louder?
- Dheeraj Ram:** Sure. Can you hear me now?
- Gaurav Sekhri:** Yes, yes. We can.
- Dheeraj Ram:** Sir, can you let me know how much is the EPR income generated during Q2?
- Gaurav Sekhri:** INR4.6-odd crores.
- Dheeraj Ram:** Okay. And could you help me with the last quarter's numbers, sir, if you don't mind?
- Gaurav Sekhri:** Approximately INR6.7 crores.
- Dheeraj Ram:** Got it. And my second question is the Saudi land of 24,000 tonnes, which is expected to start construction by the end of this calendar year. Do we -- are we on track? Or do we see any slight delay in this?
- Gaurav Sekhri:** See, the Saudi land is around 13,000 square meters, and it's for a setting up of a plant of 24,000 tonnes capacity. We are good to go actually. We are just waiting for the situation there to

stabilize to some extent. Like I said, the land is already allotted. We know who the contractors will be.

We have not yet made any advances or released any payment. We thought it prudent to wait and see for things to settle, and that is what we are doing. We are waiting and watching. We have at least one person permanently based there now to give us firsthand information on what's happening on the ground. But we are yet to release any advances or work orders for the construction of the facility simply because of wanting to wait and understand the local situation a bit better.

Dheeraj Ram:

Understood. And on this Panipat plant where the state government of Haryana wants to acquire, so if that is going to happen, then where do we plan to ship this machinery, if you can help us understand how long will it take?

Gaurav Sekhri:

Sure. So Panipat facility, as I mentioned in my opening comments, is our oldest facility. It was set up way back in mid-2000s. And all the equipment and the plant, etcetera, is fully depreciated. It's our smallest facility where we are only making crumb rubber and MRP.

We do not do reclaim there. We do not do any other activity. Also, the entire plastics business, which is a recycling business based in North India is not on this premise. It is at different locations. So we do not expect any major disruption to our work.

It's a very small plant. I think within 3 to 4 months, we can move it, shift it and continue with our operations. But like I said, we are continuing to represent to the state government on this topic because it's a running factory and the land they have expressed need to take also for industrial purposes. So in our view, it actually does not make any sense. Why you would take a running factory employing people for industrial purposes.

If it was for some general public infrastructure, we can understand. So we are confident that we can convince them. If not, then it is -- like I said, it's a very small factory, less than 2 acres. We can move it very, very quickly.

Dheeraj Ram:

Understood. Understood. Got it. And just last question. How do you see this recovered Carbon Black scaling up? I know I guess in the last con call, you have told about TPO and rCB contributing to 7% to 10% of top line. Does this still hold? Or if you can please correct me on this number?

Gaurav Sekhri:

So on the PCMB business, we are very bullish on it. I think we are applying our historical knowledge of thermoplastic rubber compound, etcetera, that we have within our group into leveraging in this business as well as our knowledge of recycling of tyres. There is some benefit of those learnings also which we can apply to this business. We think this has tremendous opportunity and growth.

There are various mandates now in place on mandatory use of recycled plastics that is giving a tailwind to this business. And we intend to -- already as expressed, we will take it to South India through the new facility we've acquired. So it's clearly going to be a very important part of what

we do. And I'm confident that we will achieve our target of it being about 8% to 10% of our total business in FY27.

Dheeraj Ram: Understood. And just last question, if I may. Your -- it's a nation state, I understand, but this Andhra Pradesh facility, how -- what is the expected asset turns that we are looking at?

Gaurav Sekhri: Sorry, which facility are you asking for?

Dheeraj Ram: The Andhra Pradesh facility that is about to come up. I know it's early stage, but if you can guide us on the asset turns and broad-based numbers.

Gaurav Sekhri: It will be exactly in line with our current ratios because whatever we are doing already, this is just doing more of that. So it will be -- capex to sales ratio is about 3x.

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

Mihir Vora: Congrats on the good set of numbers, sir. So just one clarification question here. Broadly, what I understand is, in terms of our raw material, which we source from outside, freight is a very important part of it. And currently, if we see the freight prices have been moving like the move has been very steep. So how does the price mechanism work here? Are we able to pass on the prices to the end customers? Or is there some kind of a lag here? Can you just explain -- throw some color on to the price rising mechanism here with the customer?

Gaurav Sekhri: Sure. I think we have, as a company, done quite well in passing on the extra cost to us to our customers. And for customers, this has become even more compelling. The recycled rubber -- use of recycled rubber materials has become even more compelling than it was because just as we are facing the brunt of high energy prices, prices of natural rubber, synthetic rubber have also shot up. So tyre companies or any rubber industry is finding even more merit to use recycled rubber products.

And that is just the reality of things at the moment. So yes, we have had higher costs and more erratic logistics over the last 4 to 5 months. But the very high energy prices, very high natural material prices such as natural rubber, etcetera, have also assisted us where our customers continue to see a lot of merit in using more of our products and paying our desired price.

Mihir Vora: Okay. Got it, sir. And like for -- like first half has been very strong in terms of margins also, we have managed well. So second half expectation also continues to be the same? Or are we seeing some kind of inflation due to which the second half can be on a lighter side relative to first half in terms of margins?

Gaurav Sekhri: See, we have consistently maintained and delivered EBITDA margins of 18%. I see that to be achievable as a guidance, irrespective of what is happening on these external circumstances and factors. I feel we should be able to maintain 18% plus. Now 50 bps, 100 bps up or down can always happen. That is hard to predict.

Mihir Vora: Sure. And sir, lastly, on your Chile investment, like what would be the total amount of investment going there? And what is our rationale behind going into those markets?

Gaurav Sekhri: Please allow us to come back to you with more details on that over the next few months. We see a compelling opportunity. We are confident that we will do something very interesting there. But I would like to give you more details of that over the next few months once we have a better handle on it.

Moderator: The next question is from the line of Krish Jain from NAFA Asset Managers.

Krish Jain: I hope I'm audible. First of all, congratulations on a good Q2 and first half, and I hope this performance continues. So just wanted some clarity on the capacity. If I'm not wrong, the FY26 India capacity was 185,000 tonnes per annum, and you plan on increasing to 235,000. And if I'm not -- just correct me if I'm wrong here, but right now, even in H2 -- after H2, the capacity is still 185,000.

So just wanted to get a breakup of this extra 50,000 tonnes per annum as to where you are planning to increase this and what kind of products are you adding? Or is rather say that you are adding capacity in which products?

Subodh Kumar Sharma: This is Subodh here. See, the total capacity, we have given a guidance of 250,000 tonnes by FY27. But the India capacity is currently at around 185,000 tonnes and Oman additional 15,000 tonnes make it to total 200,000 tonnes of installed capacity.

Going forward, like we have in the mid of setting up our plant in Saudi Arabia, which will be having close to 24,000 tonnes, plus some debottlenecking and the new fresh investment what we are planning for the Andhra. This all will take us to the planned capacity in the coming years.

Krish Jain: Sure, but that's for the coming years where Andhra capacity addition will start maybe a bit later, maybe FY28 or '29. But if I refer to Page 11 of your PPT, the India capacity, what you're expecting is 235,000. So the extra 50,000 tonnes per annum, just wanted to get an understanding what kind of capacity are you adding? Just the short on this coming 6 months. Even excluding the Saudi capacity of 24,000, that's still another 26,000 tonnes per annum. If you could give a breakup of that, please?

Gaurav Sekhri: Yes. Gaurav here. I think the clarity that we can give you on this today is that we have done some debottlenecking at our existing plants to add maybe 10-odd thousand tonnes or 15,000 tonnes of capacity. I don't think we are getting to 235,000 without setting up a new plant. We were counting on Saudi to have happened till now, but that is delayed for obvious reasons.

South Africa, I believe, will touch about 10,000 tonnes recycling in this financial year itself. So that is an addition to the overall capacity. But Saudi is delayed. We should have already been building Saudi had these troubles in Middle East not happened since February of this year. And I think what we are now doing is since our -- most of our land is fully exhausted and built in West and South and North India.

That is why this new premises of 40 acres that we got, which is much, much larger than any of our facilities. Our single largest facility right now is in 15 acres of land, whereas we are now taking 40 acres to build capacity here. So that is where the work will begin, and we expect to begin and break ground as early as November.

- Krish Jain:** Sure. That answers my question. Another question I had regarding the future capex after FY27. You plan for INR250 crores from Andhra Pradesh and another INR100 crores -- sorry INR50 crores, if I'm not wrong. So that's INR300 crores. Just wanted to get an understanding of how it will be funded, whether it will be through debt or through raising money or it will be through internal accruals?
- Gaurav Sekhri:** Sure. So Andhra, the INR250 crores, we have -- it's going to be over 3 years. So we have sufficient time, I think, to decide on the fundraise or how the capex will be funded. And we have all options open. Fortunately, we have a very strong balance sheet. So we are comfortable to explore various options, and we'll decide over the next 6 months to one year.
- Krish Jain:** Just a final question from my side. You mentioned that even TP Buildtech facilities are included in this INR250 crores capex since it won't exactly reflect in our balance sheet. I just wanted to get an understanding how much is the split for Tinna Rubber and TP Buildtech in this INR250 crores?
- Gaurav Sekhri:** I'm sorry, there was a little audio disturbance my end. Can you repeat your question?
- Krish Jain:** So yes, as I was saying, since TP Buildtech is an associate, the capex made in TP Buildtech won't reflect in our balance sheet in Tinna Rubber. So just wanted to get the split of the INR250 crores Andhra Pradesh plant, how much is the capex for Tinna Rubber and how much is the capex for TP Buildtech?
- Gaurav Sekhri:** This INR250 crores is exclusively Tinna Rubber.
- Moderator:** The next question is from the line of Shreyans Jain from 3A Capital Services.
- Shreyans Jain:** Hello. Am I audible?
- Moderator:** Yes, you are. Please go ahead.
- Shreyans Jain:** Congratulations to the team for delivering good set of numbers. A couple of questions, sir. In your annual report, investor presentation, you have constantly mentioned that recovered carbon black would be one of the fastest-growing products. And there are other players in India as well that are expanding in this product. So could you please throw some light on this product and margin profile for the same?
- Gaurav Sekhri:** The regenerated carbon black is a very interesting material, which is basically substituting use of virgin carbon black. And there are -- it has tremendous opportunities, whether it is in the tyre industry or other alternate industries. Therefore, because of the diversity of applications, it is an exciting product to get into. We expect the overall tyre pyrolysis and the rCB business to operate at similar margin profile as our core business, which is around 18% EBITDA.
- Shreyans Jain:** Great to hear that, sir. And one last question. What could be the revenue potential of PCMB business at peak utilization?
- Gaurav Sekhri:** PCMB business, we are -- it's very dynamic. For me to give you a number will be too premature. We had given an outlook early this year that our top line from the PCMB business will be

approximately INR70 crores, and we believe we'll get very close to that in this financial year. And next year, we will expand this business to do about INR125 crores at least. That is what we are working towards.

Moderator: Next question is from the line of Vinit Pokharna from Equitree Capital.

Vinit Pokharna: Am I audible sir?

Subodh Kumar Sharma: Yes, yes. Please go ahead.

Vinit Pokharna: Sir, could you help us understand the Tinna current average procurement cost per tonne of domestic as well as imported end of the life tyres, including the landed cost breakup of imports?

Subodh Kumar Sharma: See, we...

Vinit Pokharna: And how is the company managing -- sorry.

Subodh Kumar Sharma: No, we don't get into this kind of detail on open calls. We consider it sensitive to our business.

Vinit Pokharna: Also, could you help us understand the margin for the TPO, recovered carbon black and reclaim, if you can?

Subodh Kumar Sharma: As answered earlier, the margin -- EBITDA margin profile of the Pyrolysis, which is the TPO and the rCB business will be along the lines of about 18% as our current businesses.

Vinit Pokharna: Okay. But it's broad product-wise guidance you cannot provide it, like category-wise?

Subodh Kumar Sharma: Product-wise, it is hard to give you because both are the end products from the same process.

Moderator: The next question is from the line of Jawed Ansari from MM Capital.

Jawed Ansari: My question is on recovered Carbon Black. Could you please elaborate on the key issues affecting sales and customer acceptance? Because as per my knowledge, there is less demand on the supply side of rCB. Is it primary with input tyre quality or feedstock like finished product parameters such as contain moistures and ash content also. So can you please elaborate a little bit?

Gaurav Sekhri: See, rCB, there are various parameters to the regenerated Carbon Black. And every type and spec of rCB will have a certain application. The highest and the most purest form of rCB will be used by the tyre industry. But even if there are -- depending on application, there are different spec rCB applications to -- for other kind of products. Maybe I also would like to add here, Jawed, see, for the tyre industry, it always remain a sustainable raw material, which will partially replace the virgin carbon black.

But there are many applications in the plastic in the non-tyre segment like rubber mat industry, like the masterbatch industry, etcetera, wherein rCB can -- both Conveyor belting industry and rCB can grow in a very good quantum without compromising on the end results.

Moderator: Next question is from the line of Aaryan Doshi from Divitiae Investments.

Aaryan Doshi: Can you hear me?

Gaurav Sekhri: Yes, yes. Go ahead please.

Aaryan Doshi: Yes. So congratulations on a great set of results. My question was on H1 FY27. The tyre process rose 28%, right, to about 92,000 tonnes. But the revenue, excluding the PCMB was only 18%. So revenue per tonne fell about 8%, right, about INR33,000 to INR30,000. And my question was why did it fall? And is the price drop or a product mix change?

Gaurav Sekhri: I believe what you're referring to is because of the product mix change, which, in our case, because we cater to so many sectors and different kind of product categories, it can happen.

Aaryan Doshi: Understood. Understood. And second question on the geopolitical situation, like crude is above like 114 and the freight costs are also high. What has happened to your waste tyre cost per tonne in Q2 against the Q1? And how much of the tyres do you import? And can you pass any increase on the customers?

Gaurav Sekhri: See, we use a prudent mix of domestic and imported tyres. That's one. Second, we have multiple origins from where we source tyres. So it has, I think, assisted us. This diversity has helped us to manage our costs better. And what was your last question?

Aaryan Doshi: Yes. My last question was like how much tyres do you import or can you pass any increase on to the customers?

Gaurav Sekhri: Yes. We have been able to -- we've taken some price increases in the last few months and customers have accepted it and given to us. We are operating at optimal capacity utilization. We are also carrying very low inventory. So that's a sign in itself that we have been successfully been able to pass on the price increase to our customers.

Aaryan Doshi: Perfect. And one last question on the Pyrolysis. I'm sorry if it's asked before, but Pyrolysis Oil started in Q2, right? And in July, you targeted 7% to 10% FY27 revenue coming from this business. That is up to INR70 crores. So my question was what was Pyrolysis Oil revenue in Q2 and which tyre companies have approved your recovered carbon black? Like 2 questions on this.

Gaurav Sekhri: I don't have the specific number off hand. I can e-mail it to you. If you write to our IR and get in touch with us, we can send you that information.

Aaryan Doshi: And is the 7% to 10%.

Moderator: Mr. Doshi, I'm really very sorry to interrupt. I request you to please rejoin the queue. Next question is from the line of Narendra from Equinova.

Narendra: Am I audible?

Gaurav Sekhri: Yes, Narendra. Please go ahead.

- Narendra:** Congratulations on a great set of numbers. So following up on one of the previous participants' question regarding the Pyrolysis feedstock, right? So as per my reading, imported feedstock in Pyrolysis is banned. So is my reading correct? Or has there been a change in policy?
- Gaurav Sekhri:** No, you're right. As of today, for Pyrolysis business, imported feedstock is not permitted.
- Narendra:** Okay. So we have the relevant domestic procurement, right?
- Gaurav Sekhri:** That's correct.
- Narendra:** Okay. Okay. And sir, the pyrolysis segment, are we planning to add more capacity to this? Or we are happy with where we are right now?
- Gaurav Sekhri:** We will...
- Narendra:** Pyrolysis segment. Yes, sorry.
- Gaurav Sekhri:** We will add a pyrolysis and rCB plant in our new land that we've acquired in Andhra Pradesh.
- Narendra:** Okay. So sir, what is the current capacity? And what would be the capacity over there, if you could throw some light?
- Gaurav Sekhri:** New capacities, it is too early to tell you what size we will add. But our current plant, pyrolysis plant and further downstream products is 100 tonnes per day.
- Moderator:** The next question is from the line of Sumit, an Individual Investor.
- Sumit:** Hello, sir. Am I audible?
- Gaurav Sekhri:** Yes, Sumit. Please go ahead.
- Sumit:** Sir, regarding the pricing difference between the recycled Carbon Black versus the Carbon Black that is being sold by companies like PCBL. What's the difference? Is there any benefit for the tyre manufacturers?
- Gaurav Sekhri:** Sumit, the name you have just mentioned about PCBL. PCBL among the largest virgin carbon black manufacturer. Recovered Carbon Black is basically derived out of the end-of-life tyres, which is a sustainable raw material, which is a part of the sustainability goal of these tyre companies. Not only tyre companies, now there are many applications wherein the regenerated carbon black can partially or a great amount of the percentage in certain application can be adopted. And parallelly also extend the cost saving to the user.
- Sumit:** Yes, right. So is there any pricing difference, I want to ask regarding that.
- Gaurav Sekhri:** There is, there is. See, virgin carbon black pricing is completely driven by the crude oil pricing, whereas this being a sustainable raw material is having quite stable pricing, not that much of fluctuation, and it is at least 30%, 35% cheaper than the virgin carbon black as of now.
- Moderator:** Next question is from the line of Ashwani Nagar, an Individual Investor.

Ashwani Nagar:

First of all, let me congratulate the management. I've been following our investor presentations for the last many quarters and the way which you transparency and clarity present is really worth congratulating. I have 2 questions. One is, if I got your guidance right, you have said you will do INR700 crores this year, EBITDA INR120 crores and PAT INR70 crores. And you have already done INR361 crores and INR36 crores. That is one question. And second is how much of seasonality is there in your business and the right way to compare your result is to see quarter-on-quarter or year-on-year?

Gaurav Sekhri:

Hello, Mr. Nagar. Firstly, thank you for your kind comments. We appreciate it very much. In regards to your question one, we are maintaining our top line guidance of around INR700 crores. We are confident we'll achieve it. We are more or less halfway there. In regards to the EBITDA and PAT also we are on target. We always aspire to keep -- maintain EBITDA margins at 18% plus. We hope to have at least a 10% PAT conversion. So we are on target on that.

Regarding seasonality, our business does tend to -- or one part of our business is impacted during Q2 usually because monsoons tend to impact the infra business and because road construction and those kind of works tends to slow down during Q2. So there is some impact. Usually, some impact again on the same business happens in Q4 when it is excessively cold.

But otherwise, all our other verticals are not so impacted. So I think you can look at us as a business quarter-on-quarter surely. And even in terms of just growth year-on-year is a good parameter. We look at our business also on that basis.

Moderator:

The next question is from the line of Vidish Asher from Shagun Capital.

Vidish Asher:

Sir, last 2 questions from my end. One is on the capex. So as you mentioned in the presentation, INR250 crores are to be invested in Andhra Pradesh for further capacity expansion. Just to revalidate, your Vision 2029 is INR1,000 crores revenue. So this obviously excludes what we're going to spend in Andhra Pradesh, right?

Gaurav Sekhri:

No, not necessarily. We expect to start work on Andhra as early as next month, we will break ground. And while we will not complete this capex cycle of INR250 crores within the next 1, 2 years, but certainly, as the different modules get commissioned and they start, they will begin contributing. So I'm fully expecting Andhra to give an important contribution to Vision '29.

Vidish Asher:

How much would we have to spend in order to get the additional, so say, this year, we are going to be at INR700 crores, which is FY27 and we are spending another INR50 crores apart from the INR250 crores in Andhra Pradesh. So I would like to understand if Andhra will be fully invested and to be fully yielding revenue, what is the revenue potential then of Tinna?

Gaurav Sekhri:

See, we -- I do expect that we will incur a capex of about INR100 crores in Andhra within '27 and '28. And that INR100 crores of capex, usually, in our case, asset to sales ratio is 3x, 2.5 to 3x. So that's another INR250 crores to INR300 crores contribution to our top line. I hope that answers your question.

Vidish Asher:

Sir, actually, I'm not sure because we also have Saudi coming up. We have -- I think Saudi and South Africa both coming up. So I think they will also be contributing to the revenues. And we

are spending, I think, about INR100 crores there as well. So if you were to take 2.5, 3x, that should also add another INR300 crores of revenues. So that's what I wanted to understand, sir. What is -- so for '29, do we have to -- how much more are we spending in order to get the INR1,000 crores of top line?

Gaurav Sekhri:

See, in -- for us, the asset to sale ratio is about 2.5x to 3x. As we have mentioned, and I think you have also taken note, that we have another INR50-odd crores, which is going to be spend imminently. We have another -- we will end up spending at least INR100 crores, I think, in Andhra within FY -- within '27-'28 as well.

So all combined to get to INR1,000 crores by FY29 is very much in our reach. Oman, we will not do any more capex. We are done. That plant is running nicely optimally. We don't intend to invest any more money in Oman. But Saudi Arabia will take an investment of about INR25-odd crores.

Vidish Asher:

Okay. So what I would expect -- I mean, what I think is possible would be '29 would be a little over INR1,000 crores, not just base INR1,000 crores is what you are saying, right?

Gaurav Sekhri:

But you see when you're looking 1, 2 years ahead, to be 5% or 10% plus or minus is always possible. And we would rather be conservative than give you, we'll guide 1,200 and then deliver 1,000. You know what I mean?

Vidish Asher:

Absolutely, absolutely. Sir, one final question from my end. Sir, this quarter, we've had some higher other expenses as well as employees. So just want to understand what's the change quarter-on-quarter? I understand you said there were some start-up costs in the new ventures. But employees, if you could get a sense?

Gaurav Sekhri:

See, we are -- expenses are always front-ended to get the organization future ready, etcetera. So I think we are growing at a clip of about 20% to 30% annually. So one has to gear up and get ready for some of these projects a little in advance. That's point number one.

So we have been hiring some great talent to help us get there. And that will temporarily show maybe some higher costs. Aside from that, in Q2, we also provided for the performance bonus in the company. So that could also be showing a higher number. It could be because of that.

Moderator:

Ladies and gentlemen, as that was the last question for today, I now hand the conference over to management for closing comments.

Gaurav Sekhri:

Thank you, everyone, for joining us today. For any further information, please contact our Investor Relations team at Go India Advisors. Thank you all for your continued support. Wish you a wonderful day. Thank you.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.