Caring for Environment

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Date: November 19, 2024

To,	**To,**
The Manager (Deptt. of Corporate Services)	**The Secretary,**
BSE Limited	**Calcutta Stock Exchange Limited**
Phiroze Jeejeebhoy Towers,	**7, Lyons Range,**
Dalal Street, Mumbai-400001.	**Kolkata-700001**

Scrip Code: 530475

ISIN: INE015C01016

SUBJECT: TRANSCRIPT OF INVESTORS AND EARNINGS CALL

Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of investor and earnings concall, held on Tuesday, November 12, 2024 on the financial and operational performance of the Company for the second quarter and half year ended on September 30, 2024

The aforesaid transcript is also available on Company's website at following link:-
https://tinna.in/wp-content/uploads/2024/11/Earnings-Call-Transcript-November-2024.pdf

You are requested to take the same on your records

Thanking you

For **TINNA RUBBER AND INFRASTRUCTURE LIMITED**

SANJAY KUMAR RAWAT
Digitally signed by SANJAY KUMAR RAWAT
Date: 2024.11.19 12:41:30 +05'30'

Sanjay Kumar Rawat
Company Secretary
ACS: 23729

Enclosure: a/a

"Tinna Rubber & Infrastructure Limited

Q2 FY25 Results Conference Call"

November 12, 2024

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** **MR. ANURUP ARORA – SENIOR VICE PRESIDENT, BUSINESS DEVELOPMENT AND CPG – TINNA RUBBER AND INFRASTRUCTURE LIMITED**
MODERATOR:	**MR. AMIT LAHOTI – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, welcome to the Q2 FY25 Results Conference Call of Tinna Rubber & Infrastructure Limited, hosted by Emkay Global Financial Services. 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 please signal and operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Amit Lahoti from Emkay Global Financial Services. Thank you, and over to you, sir.

Amit Lahoti: Thanks, Sagar. Good afternoon, everyone. I would like to welcome the management of Tinna Rubber, and thank them for this opportunity. We have with us today, Gaurav Sekhri, Joint Managing Director; Subodh Kumar Sharma, Director and COO; Ravi Chhabra, Chief Financial Officer; and Anurup Arora, Senior Vice President. I shall now hand over the call to management for the opening remarks.

Gaurav Sekhri: Good afternoon, everyone. This is Gaurav Sekhri. Thank you for joining us today for the Q2 and H1 FY25 earnings con call of Tinna Rubber and Infrastructure Limited. Our financial results and earnings presentation is 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 and operational performance highlights, post which my colleague Subodh, our COO, will take over and give details about the financial performance for the quarter and the half year.

I'm pleased to share that Tinna Rubber has delivered strong financial and operational performance in Q2 and H1 FY25, even in the face of challenges posed by the heavy monsoon. We have achieved revenue of INR253 crores in H1. And I'm happy to confirm that we will achieve the earnings guidance given at the beginning of the year of over INR500 crores of sales in FY25.

On a half yearly basis, the volume of tires processed in H1 FY25 has increased by 25% year-on-year basis. And on a quarterly basis, the volume has increased by 19% year-on-year. On quarter-on-quarter basis, we saw a decline in volume essentially due to heavy and extended monsoon.

Coming to half-yearly segmental performance. Revenues from the infrastructure, industrial, consumer and steel segment have increased by 86%, 44%, 7% and 98% on YoY basis, respectively. Infrastructure segments volume has grown by 52%. This growth has been supported by a 60% volume growth in CRMB processing at MBUs and over 100% volume growth of Bitumen Emulsion business.

In the Industrial segment, we have witnessed a remarkable growth of 36%, exports have grown by 75% in volume in H1 FY25 and will continue to be a strong focus area for us. Both tire and rubber industry have witnessed short supply of natural rubber in last couple of months and increase in rubber and allied raw material prices have dented the tire and conveyor belt business. Sustainability drive across the industry is continuing to drive the demand of recycled rubber material.

Consumer segment has experienced a strong volume growth of 85%, and sales in this segment are stable and we will continue to be very focused on this segment. Our steel business has witnessed a remarkable growth of 92%, and this is due to higher volume of tire crush as well as the addition of the steel abrasive business in our product basket.

Coming to strategic updates. I'm very happy to share that CARE ratings have upgraded our credit rating to investment grade BBB- from a BB+. Tinna has qualified and registered with ECHA for export of REACH-compliant products to European Union and have qualified for SA 8000 Certification. Both are a testament to the good work which is being done by our workers.

Coming to the update on capex. Out of INR48 crores of capex plan, which we have shared with you earlier in the year, we have already spent INR33 crores, and the work is progressing as per plan. We expect another INR4 crores to INR5 crores to be spent on ongoing works, which are committed.

Providing a brief overview on the project updates. In H1 FY25, our Varle plant has contributed about INR16 crores in revenue, and it is expected to contribute about INR75 crores to INR100 crores in this financial year. At the Gummidipoondi plant in Chennai, Tinna Rubber has doubled its MRP capacity from 5,000 tons per annum to 10,000 tons per annum, and this makes us possibly the largest MRP producer in the world, with a capacity of 20,000 tons per annum.

The solar plants have been positioned successfully at both our plants in the West region at Wada and Varle, and this will lead to savings in power cost from Q3 onwards. And as you all know, power is a major cost for us in our overall operating costs. In the polymer composites business, the progress is slower than expected. However, it has begun to contribute to revenues, and we continue to focus in this business with strong research and development on product development.

Coming to international projects in Oman. Our facility is operating at almost 85% to 90% capacity. We have already processed 7,000 tons of end of life tires in H1 and it has contributed approximately USD2 million to our revenue. We are planning to further expand Oman facility by including processing of off-road tires into our complex there.

In Saudi Arabia, our company has been registered as a 100% subsidiary of Tinna Rubber, and we are in the process of locating suitable land to set up a plant with an initial capacity of approximately 20,000 tons to 25,000 tons of tires recycling per annum. We expect the capex in Saudi Arabia to be INR125 crores. This will be done in a phased manner, and we expect that we will be operational by the first half of next year.

In South Africa, I'm happy to share we have signed a joint venture to set up a tire recycling plant, we intend to initially undertake only semi processing of end-of-life tires since it's a complex geography, and we do not wish to build a full plant immediately. We expect the operations in South Africa to commence by Q1 of FY26.

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

Subodh Sharma: Hello, everyone. This is Subodh. So, thank you, Gaurav ji, and good afternoon, everyone. I will take you through the Q2 and H1 FY25 financial performance of the company, post which we will open the floor for questions and answers.

So, coming to the consolidated financial performance for the half year. H1 FY25 revenue increased by 58% to INR254 crores due to increase in tire crushing volumes, operational efficiency and EPR credit benefits. On EPR front, MoEF, Ministry of Environment and Forest has finalized the environmental compensation at the rate of INR8,500 per unit and has set a floor price of INR2,520 per unit. In Q2 FY25, we have a net positive impact of INR8.5 crores in PBT level.

Cost of raw materials increased due to increase in raw material prices, impact of Red Sea disruption reflected in increased logistic costs and an increase in outward logistic costs. Despite these challenges, EBITDA grew to INR44 crores, up 77% and EBITDA margin increased by 186 bps to 17.29% compared to 15.43% in H1 FY24. PAT increased by 94% to INR29 crores, and PAT margin increased by 208 bps to 11.24%.

Coming to consolidated financial performance for the quarter. For a fair comparison, we will be comparing the numbers on a year-over-year basis. So Q2 FY25 revenue increased to INR118 crores, up by 48%; EBITDA increased by 47% to INR19 crores, and EBITDA margin stood strong at 16.3%. PAT increased to INR12 crores up 59% and PAT margin increased by 66 bps to 10.31%.

In conclusion, Tinna Rubber is making significant progress towards its vision 2027, which includes expanding recycling plants from the current 6 to 10 locations, achieving a revenue CAGR of 25% plus, EBITDA margin of 18%, profitability growth of 33% and a ROCE of 30%. The company's strategic plan to increase tyre crushing capacity to over 250,000 MT by FY27 and Saudi Arabia and South Africa are the initiative towards this direction.

Along with robust capex initiatives, a global procurement network, a fully integrated business model, a diversified and tailored product portfolio, focus on international markets and global expansion and experienced management team with strong stakeholder support position Tinna Rubber well for future growth.

I would now like to open the floor for question and answers. Thank you so much, sir.

Moderator: We will now begin the question-and-answer session. Our first question comes from Deep Mehta from Bank of India Mutual Fund.

Deep Mehta: Thank you for the opportunity. A couple of questions. First is regarding your EBITDA margins. If I exclude our EPR benefits, then margins are slightly lower. So how should we look at margins going ahead? And what was the reason for lower margin for this quarter?

Gaurav Sekhri: This is Gaurav Sekhri. Thank you for your question. We expect a revival of our margins even without EPR over next 1 to 2 quarters, and that's for multiple reasons. One is that there have been some onetime costs which we have incurred in H1 of this year, which has impacted us. Also since EPR has been implemented, I think many of our customers, especially the tire companies kind of view that as an added incentive which has been driven to recyclers like us. And with the increase of raw material prices to some extent, then we have gone for price increase, they have been resistant, kind of citing that we are already getting this EPR benefit. I think that whole view will stabilize and settle over the next 1 to 2 quarters. And we expect that if this should positively impact our EBITDA margins even without EPR.

Deep Mehta: Understood, sir. That was very helpful. And my second question is also regarding EPR credits. So, we have recognized roughly INR11 crores for this quarter. I'm assuming that is because due to the amount of credits which we would have generated this quarter, but how much have we actually sold and realized cash for the same?

Gaurav Sekhri: In this quarter, we have not sold any. This is all on accrual basis. And our CFO, Mr. Chhabra, would like to add.

Ravindra Chhabra: Good afternoon, myself Ravi Chhabra. So we have booked accrual basis. Since it is right and the customers are also hesitant to compensate us for the increase. Most of government team is compensating us, so we have booked this INR11 crores during the quarter on accrual basis.

Deep Mehta: Understood. Sir, any plans to monetize those? And what can be the timeline for the same?

Gaurav Sekhri: Absolutely. I mean, we are in continuous dialogue. They're all our customers anyway. The last we monetized some EPR credit was about 3, 4 months ago. In Q1, we had monetized to some extent. So, these are ongoing conversations, sir. As and when we are able to strike a deal, we will and we are on the favoured list of all the EPR buyers.

Subodh Sharma: I am Subodh here. I also want to add here, sir. In the Q1, we made some transactions, some on the EPR credit sale, but by the end of Q1 and within Q2, we were expecting some floor price to be set by the MoEF that's also we were holding the inventory. And secondly, in the Q2, only the tire industry was badly impacted for the want of natural rubber and all the raw material prices were up. So, they were especially resistant to buy the EPR credit, that newly revised prices. So, I think this whole traction will start from Q3, Q4 onwards.

Deep Mehta: Very clear, sir. And lastly, a question regarding TP Buildtech margins, while top line growth has been very good, margins have also scaled up to 20%. So is this 20% kind of a margin sustainable going ahead?

Gaurav Sekhri: Absolutely. We are very pleased with the progress of TP Buildtech business that is operating at around 22% EBITDA margin and it is delivering an ROE of over 40%. We fully expect these margins to be sustainable at least till the end of the year.

Deep Mehta: That's all from my side. Thank you and good luck sir.

Moderator: Thank you. The next question comes from Nirmam Mehta from Unique PMS. Please go ahead.

Nirmam Mehta: Thank you for the opportunity. Sir my first question is regarding the fund raise that you're doing. Could you just let us know what you would use the funds for?

Gaurav Sekhri: Sure. Thank you for that question. We are seeing very interesting growth opportunities and essentially to be ready to be able to pull the trigger on such opportunities as and when they fructify, we have decided that we should do a fundraise. So this is the primary purpose. It could be mostly for organic growth, possibly even some opportunity of inorganic opportunities.

Nirmam Mehta: Sir, would we repay our debt from these funds or this would be for some other purposes?

Gaurav Sekhri: It all depends on timing. If some of the opportunities fructify very, very fast, it's possible that these funds will be deployed straight away on new opportunities. If that is taking time, then certainly, we will not keep funds idle and we will use it to reduce our debt.

Nirmam Mehta: Sure, sir. And are we looking to add any more plants in India? So we're setting up capacities in South Africa, in Saudi, but in India now that our Varle plant is commercialized, so are we looking to add more capacity locally also?

Gaurav Sekhri: See, our Varle plant, just to give you a perspective is set in about 30 acres of land whereas our Gummidipoondi plant or the older plant in New Mumbai is in 5 acres of land each. So Varle itself has a very large footprint for us to grow. That's point number one and it also leads to economies by doing more in one premises. While we see an opportunity of at least one more major tire recycling plant in India.

I expect us to maybe only undertake that in FY '27 possibly. Until that time, our focus will be to fully build up and utilize Varle, as well as seeing our international expansion too.

Nirmam Mehta: Got it, sir. And regarding the Varle plant. So I understand we process passenger car tires there. So that would -- what is the application for the rubber derived from that - those passenger car tire?

Gaurav Sekhri: Sure. That's a very good question. See, again the rubber recovered from the passenger car tires is different in characteristics to the rubber that is recovered from truck with radial tires. So it has different applications. It will go into the same sectors to a large extent, like consumer as well as infra. It's role in the industrial sector applications is a little bit less compared to the TBR. So that's the big difference between the application of the recycle rubber recovered from PCR versus TBR.

Nirmam Mehta: Okay. Got it. Sir, and in the consumer segment for this quarter, so we've seen some degrowth in this segment for the second quarter. So could you explain the reasons for that?

Subodh Sharma: I am Subodh here. Just wanted to reply to your question. If you see on the H1 Y-o-Y basis, there is a growth. There might be like Q-on-Q basis, if you are looking at the numbers, there might be because of the heavy monsoon and all, most of the consumer segment, what we service is the sports sturfing field so there is a possibility on Q-on-Q basis, but if you see the overall Y-o-Y basis numbers, we have grown.

Nirmam Mehta: Okay, sir. Got that. And sir, just one more question regarding the rubber prices. So when the natural rubber prices increase, is it beneficial for us because the tire companies would then increase the usage of these recycled rubber?

Subodh Sharma: See, there is -- definitely the benefit to the user, if we can increase the higher dosage of recycled rubber material, but it doesn't happen overnight, especially for the industrial segment where the natural rubber prices impact more, so moreover the prices now there is a sustainability drive which is the major reason of these tire companies are adopting the recycled and sustainable raw material, but they get motivated if the natural rubber or other raw material prices goes up, they explore the benefit of using high dosage of recycled rubber material to bring their costs down.

Nirmam Mehta: Okay. Got it. And sir, since -- just one last question regarding MRP since we may have the largest capacity in the world. What would be the contribution of MRP to our sales right now? And how do you see it going forward, sir?

Subodh Sharma: See, MRP majorly is consumed in the industrial segment, tire companies and all and this is growing. So if you see, we have expanded at Gummidipoondi by another 5,000 tons in the capacity. The total capacity at Gummidipoondi, plant is now coming around 10,000 tons. So prior to its inclusion, we were somewhere around 12,000 to 13,000 tons per annum and this financial year, we shall be somewhere around 75%, 80% of capacity utilization.

So that motivated us and the sustainability drive run by these tyre companies plus the exports where we have grown that motivated us to expand the capacity and we have set up this new facility at Gummidipoondi, I mean and within the same complex, we have added the machines to increase our MRP production.

Gaurav Sekhri: Also to -- just to give you a specific answer to your question, approximately 10% to 15% of our total sale in H1 is of MRP.

Nirmam Mehta: Okay sir. Got it. That's it from my side. Thank you.

Moderator: Thank you. The next question comes from Rayan from FICOM Advisory. Please go ahead.

Rayan Dalal: So I have three questions specifically towards the recycled rubber which goes towards tire OEMs. The first question is -- so we have two products which is MRP and the reclaim rubber, which is going to be sold to tire OEMs. So just what kind of traction you are seeing some domestic and global players in terms of which product is seeming more lucrative. Are they looking at a formulation of both these products together or is one seeming more feasible than the other as of date?

Gaurav Sekhri: Rayan, so essentially reclaim and MRP both are used by our company. The formulations of tire companies they tend to keep it very secretive. They don't really share, but I can tell you that almost all major tire companies in India use both. To some extent, they may be as a combination, it is possible they may be using one particular material in a particular part of tire and the other may be in another part. But as I told you, they don't really fully disclose to us. But what I can tell you is from our data, all tire companies buy both from us.

Rayan Dalal: Okay. And sir to the best of our estimates, like what would you say is the size of the recycle content going back into tires in India and globally in terms of penetration percentage and in terms of value?

Subodh Sharma: This is Subodh here. So as per the information and the data available, what the tire companies also claim. As of now around 2% to 2.5% of the total tire production in the recycled rubber material, but each and each and every tire company is now -- have carbon neutralization mission. So wherein by 2030, they want to achieve a level of 10% of the recycled rubber material addition to their systems. So that give us the total addressable market as of now for the recycled rubber material.

Rayan Dalal: And so this 2% is in India or is this a global overall?

Subodh Sharma: In general, like in India as of now it is 2%, but out of India production of passenger car tires are more where the recycled rubber material is very, very limited.

Rayan Dalal: Got it. And sir, in terms of reclaimed rubber just in terms of global markets and in India, MRP and reclaimed rubber both, the cost of processing and in terms of us having that advantage of power costs being low, etc, how will we be priced globally vis-a-vis Europe, North America and other players?

Gaurav Sekhri: Reclaimed rubber is something like when you compare with China, it's very, very competitive and reclaimed rubber in general, I mean, see -- I didn't understand actually the question. Can you repeat your question right?

Rayan Dalal: So how cost competitive would we be for recycled content going back into tires on a global scale for MRP and reclaim rubber?

Gaurav Sekhri: Gaurav here. On MRP, I can share with you that we are able to bring in tires from more or less anywhere in the world converted into recycled -- into MRP and then ship it back to anywhere in the world. So I would -- so the conclusion is India is very, very competitive in manufacturing of MRP. And even in reclaimed, I think between India and China probably makes over 90% of the reclaimed grade in the world. So there isn't much reclaimed, for example, being made in Europe or in some of the other places. So India is very competitive in reclaimed as well.

Rayan Dalal: Got it. And sir, if I may squeeze in a last question. On the reclaimed rubber front, do we -- I mean, there are lot of -- there will be a lot of new technologies that are coming in devulcanization which is not using any chemical or adhesives. So are we also planning to maybe upgrade our technologies, which will also give us probably a higher penetration with more global players?

Gaurav Sekhri: We are on top of R&D. We have committed ourselves to being a research-led organization. In fact, with a large tire major, we have just jointly commissioned a large scale plant to explore upgradation of devulcanization exactly what you are actually saying. So we are very much focused on in this area.

Rayan Dalal: Great. Thank you so much.

Moderator: Thank you. The next question comes from Priyanka Laroiya from Value Prolific. Please go ahead.

Priyanka Laroiya: I have some couple of questions. So first is, how is your process different from pyrolysis?

Gaurav Sekhri: So pyrolisis is a very different way of processing end-of-life tire in -- by undertaking pyrolisis, the recovery is in the form of oil, char and some gases, where in our case we recover the material as is and then treat those materials to go back in the economy. So the big difference is pyrolysis is more liner in nature and the material recycling, which is what we do is more circular in nature.

Priyanka Laroiya: Okay. And how much recycled rubber can be used as a percentage in a new tire? I think globally, it is 5%.

Gaurav Sekhri: See globally it is 5%, in India it is currently around 2% they are using, but they are exploring to reach at the level of up to 10%. See, tire for conveyor building business, it's all where the high performance products are there, they are going very slow in the inclusion of recycled rubber material, but for the product where the non-performance like conveyor belts, they're already using very high dosages into their system, but it is growing, and they all are motivated not only because of cost, but because of their sustainability reasons.

Priyanka Laroiya: Okay. And one more question. What is the approximate quantity of tire imported from overseas annually, specifically like, for example, for 100 metric ton tire recycling requirement, what proportion is attributed to imported tires versus domestically sourced tires?

Gaurav Sekhri: So if you're asking about overall on India basis, I think India generates about 2 million tons, 2.5 million tons of end-of-life tires and India as a country is probably importing about 0.5 million tons of tires. We as a business are probably 50%, 60%, we are using imported end-of-life tire, it's sort of where we are at.

Priyanka Laroiya: Okay. So are there any plans to increase domestic tire sources or recycling capacity in the future?

Gaurav Sekhri: Absolutely. We are always looking at least cost options for raw material. And we have -- we are completely, in fact, we are more open and we'll be happier to use more domestic recycled materials. And I think with the implementation of the EPR policy, in the not too distant future, I think this ratio of domestic versus import could change for us.

Priyanka Laroiya: So is there any difference between imported and domestically sourced tires in average cost?

Gaurav Sekhri: There is the short answer, yes.

Priyanka Laroiya: Pardon, actually, I lost you in between. Can you please repeat?

Gaurav Sekhri: You have asked if there is a difference in cost between domestic tires and imported end-of-life tire. Since our plants are mostly located at port regions, we do find it economical to use imported end-of-life tires. So there is a difference.

Priyanka Laroiya: Okay. Thank you sir. Thank you so much.

Moderator: Next question comes from Aakash Javeri from Time & Tide Advisors. Please go ahead.

Aakash Javeri: My question is that you have mentioned that the company is seriously evaluating other avenues of revenue generation. Could you throw some more light on the sentence? Are these avenues within the current product mix of the company? Or are you looking at something outside of what we are currently doing?

Gaurav Sekhri: All opportunities that we are seeing for growth are within the space of recycling of end-of-life tires.

Aakash Javeri: Okay. And the next question is that in the consumer segment, it's mentioned that you've experienced a strong volume growth of about 85% H1 over H1. But in value terms, I see only 7% growth. Could you just throw some light on that?

Subodh Sharma: Hi, Aakash, Subodh here. Hello, can you hear?

Aakash Javeri: Yes, yes.

Subodh Sharma: So volume-wise, there is a growth. But in the consumer segment, especially the sports sturfing field, there's a lot of variation and the price, which brought your total revenue generation has come down because of the net realization value of some commoditized grades is -- but quantum-wise, we have grown around 85%.

Moderator: The next question comes from Divy Agarwal, an Individual Investor. Please go ahead.

Divy Agarwal: Sir, my question was on CRMB. So I just wanted to know what kind of mesh do we get into CRMB? So what mesh quality do we need to get into CRMB? And secondly, in relation to that, as we have a market share of around 60%. So what is the differentiating factor of you as a company that sets you apart from other companies entering into the CRMB market?

Gaurav Sekhri: On the mesh side, to make CRMB is around 30 mesh plus or minus, there is some individual preference. Because of that, there could be some variance in it, but usually 30 mesh plus or minus. In terms of differentiation, we've been in the business more than 20 years of CRMB.

And I think what sets us apart is our Pan-India presence, which there is nobody else and the purity of product because when you deal with scrap and you recycle, there is always some chance and there are many plants, which don't take so much care in either fiber or steel or some foreign matters will be in the end product, whereas, I think, we have established ourselves as being very consistent in the quality of product that we are able to deliver. So that is what sets us apart.

We have in the last 20, 25 years, the credentials. We have almost 500,000 lane kilometers has been made using our product, which sets us apart from the other CRMB producers.

Moderator: Next question comes from Nirmam Mehta from Unique PMS. Please go ahead.

Nirmam Mehta: Sir, could you just give the margin differences for the different segments, say, we have 3 or 4 segments. So what would be the margin profiles in each segments?

Gaurav Sekhri: We have in the past also resisted to give segment-wise margins, we consider it confidential for our business, so we don't like to share that.

Nirmam Mehta: Okay, sir, no problem. And sir, one question on the EPR credit. So is the generation of credits on a quarterly basis? Or is it on an annual basis?

Subodh Sharma: See, the EPR -- Mr. Mehta, Subodh here. The EPR generation is always as per the policy or obligation since we are in short end-of-life tire, so we have an obligation also like the many credits I have to set up against my info. And the policy says like the previous year obligation we have to set -- offset in the forward financial year by recycling or generating the EPR credits. So that's about the policy. And what was your question? Can you repeat, please?

Nirmam Mehta: So these EPR credits that are generated, when we recycle tires, we'll generate some credits. So do we -- so are those credits generated on a quarterly basis, monthly basis or on an annual basis?

Gaurav Sekhri: Gaurav Sekhri here. We are tracking our EPR generations on a month-on-month basis. And as a result, we also include them in our financial numbers and figures, month-on-month and as a result quarter-on-quarter.

Moderator: The next question comes from Sumant Kumar, an Individual Investor. Please go ahead.

Sumant Kumar: So one thing that I wanted to understand is what would be the total capacity that is available to us today, and what would it potentially mean in terms of revenue that can generate?

Gaurav Sekhri: You mean capacity of tire crushing or capacity -- I didn't fully understand, please. Can you repeat what you would like to know?

Moderator: The line for the participant has been dropped. We'll move on to the next question. The next follow-up question comes from Rayan Dalal from Ficom Advisory.

Rayan Dalal: Yes. Sir, would it be possible to share if we are doing a capex for say, I mean, let's take, 100 tons or 1,000 tons, setting up initial crumb rubber versus going further ahead with MRP and -- versus reclaimed. Sir, just the idea of the dynamics of how the cost of capex cost would change on a ton basis?

Gaurav Sekhri: See, let me attempt to answer your question, in the best way possible. See, typically, we think that in India, any plants less than about 2,000, 2,500 tons per month capacity are not really viable. One should consider building, that's an optimal sort of size and then scaling up from there. And a plant like that, which is kind of integrated in nature could cost anywhere between INR30 crores to INR40 crores.

Rayan Dalal: Sir, for how many tons would that, around...

Gaurav Sekhri: That's 24,000 tons per annum.

Rayan Dalal: 24,000 tons. Okay. Got it. Right. And sir, I know you don't disclose margin-wise segments. Would it be possible to give a sense of the hierarchy in terms of maybe in complexity of business as well as maybe in terms of margin hierarchy and which segments do you think are more lucrative to maybe increase in the future? And which segments do you think would be maybe stable or could face margin pressure because of increased overall collection and other recycling capacity coming in?

Gaurav Sekhri: Sure. Let me give you some sense of that. See, higher value products will give better margins. So products like MRP, etcetera. deliver higher margins than our basic crumb rubber. And crumb rubber is relatively a newer technology, so easier to make lots of small regional localized players.

So to that extent, the margin on crumb on a stand-alone basis is not the same as it is for MRP, which is a more complex product and with strong entry barriers of approvals from tire companies, etcetera. So -- but by the same token, you also have reclaimed rubber, which is also higher-value products, not very different in terms of price per kilo to MRP.

But since there are many reclaimed rubber manufacturers, this product has been in the market for maybe 3, 4 decades, if jute is more established, the margins there are also, it's more competitive as a business. I hope I answered your question.

Moderator: The next question comes from Gyan Prakash Yadav, an Individual Investor. Please go ahead.

Gyan Prakash Yadav: Most of our questions have already been asked. Just wanted to know we have an increase in our trade receivable, which I can see INR38.4 crores, which is more than last year and last to last receivables. So any light on that, sir?

Gaurav Sekhri: Sir, did you say that you would have seen our credit receivable increase in terms of value or in terms of number of days?

Gyan Prakash Yadav: No, sir, the trade receivable total amount in balance is INR38.4 crores on a 6-month basis, which is more than last financial year's amount.

Ravi Chhabra: I'm Ravi Chhabra. This September, our debtor stands at INR38 crores. The sales had increased, so the debtor has increased. However, our number of days are less than 40, 45 receivables. Since our sales earlier are less at INR364 crores turnover, as on 31st March, so we do have a receivable of INR38 crores as of end September '24. And if you compare it to March '24, that was -- that number was INR31 crores. So it has gone up. But if you see that our sales, we are on a run rate of almost double sales. So to that extent, some increase in receivable is, we think, justified.

Moderator: The next question comes from Sumant Kumar, an Individual Investor. Please go ahead.

Sumant Kumar: Sir, from the presentation, what is visible is our total capacity as on today or by the end of this year, would around 150,000 tons, right. Just wanted to know what does it mean in terms of potential revenue for the organization? That's one.

Second, given the potential revenue, if the capacity fungible also. So we have different segments, infra and the rest. So can the capacity be used, fungibly from different segments whenever you want?

Gaurav Sekhri: Absolutely. And thank you for the question. The answer to the first part of your question is that we believe that we can get to about INR600-odd crores with the capacity that we already have now and the capex, which is under -- which has been undertaken in FY '24. And there is fungibility for sure. Everything begins with tire.

And then depending on demand, one can process a tire into either crumb rubber or MRP or reclaimed and crumb rubber can further go into CRMB for roads or we can make products like Flexipave, etcetera. Which are catering to the consumer segment. So there is a tremendous amount of fungibility.

Sumant Kumar: Got it. The second is, sir, you said that we are raising INR150 crores, which is basically to fuel the growth of the business. Are we -- so this money, which is going to be used, would it be used for working capital requirement? Or this is likely to be used more for either capacity expansion or as you rightly said, there could be some inorganic component in there?

Gaurav Sekhri: So we expect the fundraise amount to be largely used for capex and acquisitions essentially, not really for working capital. That's not our purpose.

Sumant Kumar: Okay. That is helpful sir. Thank you so much. One last one if I could ask you. You said that people are using recycled tires to meet their sustainability objectives. Is it something, which is voluntary that happens? Or there is also some kind of government incentive or guidelines that all these use cases of the companies, which are operating in there that they have?

Gaurav Sekhri: No, there is no government regulation, which mandates use of more recycling material, it is voluntary in nature. But there is also a strong economic benefit for companies to use more recycled rubber because it is one-third or one-fourth the price of virgin polymer. So there is a strong economical reason as well.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to the management for closing comments.

Gaurav Sekhri: Thank you so much. We would like to express our heartfelt appreciation for joining us on this conference call, and we are confident that we have adequately addressed all your queries. If you have any further questions or need additional information, please feel free to reach out through our Investor Relations team at Go India Advisors. Once again, we sincerely thank you and have a wonderful day.

Moderator: Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us. You may now disconnect your lines.