Tinna | Caring for Environment

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Date: August 07, 2024

To,
The Manager (Deptt. of Corporate Services)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001.

To,
The Secretary,
Calcutta Stock Exchange Limited
7, Lyons Range,
Kolkata-700001

Scrip Code: 530475

ISIN: INE015C01016

SUBJECT: TRANSCRIPT OF INVESTORS AND EARNINGS CALL HELD ON AUG 05, 2024

Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our letter dated August 05, 2024, please find attached the Transcript of investor and earnings concall, held on August 05, 2024.

The aforesaid transcript is also available on Company's website at https://tinna.in/earning-call-recordings/

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: 2024.08.07 15:52:45 +05'30'

Sanjay Kumar Rawat
Company Secretary
ACS: 23729

Enclosure: a/a

"Tinna Rubber And Infrastructure Limited

Q1 FY 25 Earnings Conference Call"

August 05, 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. CHIRAG JAIN – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, welcome to the Q1 FY '25 Results Conference Call of Tinna Rubber and 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 at the end of the presentation. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Chirag Jain from Emkay Global Financial Services. Thank you, and over to you, sir.

Chirag Jain: Thank you, Steve. Good afternoon, everyone. On behalf of Emkay Global Financial Services, I would like to welcome you all to Tinna Rubber and Infrastructure Limited Q1 FY '25 Earnings Conference Call. To represent the company, today we have with us Mr. Gaurav Sekhri, Joint Managing Director; Mr. Subodh Kumar Sharma, Director and Chief Operating Officer; Mr. Ravindra Chhabra, Chief Financial Officer; and Mr. Anurup Arora, Senior Vice President, Business Development and CPG.

I would now like to hand over the call to the management for their opening remarks, post which we will open the floor for Q&A. Thanks, and over to you, sir.

Gaurav Sekhri: This is Gaurav Sekhri, Joint MD, Tinna Rubber and Infrastructure Limited. Thank you, everyone, for joining the call today. It is my pleasure to welcome you to our Earnings Call for the first quarter of financial year 2025. I would like to thank Emkay Global Financial Services for hosting this Earnings Call. Now let me take you through some of the key operational highlights for the quarter, after which my colleague, Subodh, our COO, will take over and give details about the financial performance for the quarter.

I'm delighted to inform you that our company continued on its growth path in the first quarter of the financial year '25, recording around 69% growth year-on-year in consolidated top line, and around 40% growth in EBITDA and 130% growth in net profit. Our consolidated EBITDA margins have improved from 14.53% in Q1 FY '24 to 18.16% in Q1 FY '25. This financial performance is in line with our strategic plan and vision, that we have set for the company for 2027, and we are very confident of achieving these goals.

On the operational front, the company achieved a 75% year-on-year volume growth in tyre recycling. I am very pleased to share that we achieved an impressive 51% year-on-year volume growth in Exports segment. We have been very focused to build our exports business. We have mentioned that in various calls earlier and presentations, and this will continue to be a strong area of focus for us in the foreseeable future.

On the segmental performance in Q1 FY '25, the Infrastructure segment contributed to 45% of our revenue, with Industrial contributing 28%, Steel at 18% and balance 8% came from Consumer segment. During this quarter, the Infrastructure segment witnessed a strong growth of 48% year-on-year, mainly because Q1 is traditionally the peak season for road infrastructure works.

Capitalizing on this momentum, we have secured new contracts for 15,000 tons of crumb rubber modified bitumen, and these achievements underscore our strong positions in the Infra sector, and us being the preferred partners for the contractors community.

The Industrial segment witnessed a remarkable growth of around 82% year-on-year in Q1 FY '25. Notably, the finer grades of MRP are rapidly repaying the conventional MRP grade of 80 mesh, with a 25% year-on-year growth in volume of finer grades. Additionally, we have experienced a significant 51% year-on-year volume growth in exports.

Moving to Consumer segment. It witnessed a growth of 98% year-on-year, primarily due to the start of our operations at Varle plant, which has increased our capacity and ability to service this market. Notably, we saw 150% year-on-year volume growth in application such as turf, rubber tiling and gym mats.

On the operating margin front, higher freight rates due to the unrest in Red Sea region, did adversely impact our operating margins in the previous quarter. Additionally, we also faced some exceptional onetime costs, such as, the employee performance bonus of FY '24 and expenses related to ESOP schemes this also had some impact on our margins. Despite this, our margins have improved by 350 bps on a year-on-year basis.

On the capex front, we have planned an approximate INR50 crores towards capital expenditure in FY '25. To date, around INR28 crores has been committed and initiated, and we are making significant progress on several key projects. On the international front, TRIL is actively expanding its global footprint. After the success in Oman, we have decided to set up a new tyre recycling plant in Saudi Arabia under a 100% subsidiary of Tinna Rubber to be called Tinna Rubber Arabia LLC. Our initial plan for this facility includes the capacity of 24,000 tons per annum, with a capex of approximately INR20 crores, and we aim to start production in first half of 2026.

Furthermore, TRIL is in advanced negotiation for a new joint venture, with a local partner to set up a tyre recycling operation in South Africa, with the first phase of operations expected to begin as early as Q3 of this financial year.

With that said, I now request Subodh to kindly take over and give his comments. Over to you, Subodh.

Subodh Sharma: Thank you, Gauravji, and good afternoon, everyone. So am I audible, Chirag?

Moderator: Yes, sir, you are.

Subodh Sharma: So thank you, sir. Most of the operational and the segmental performance has already been covered. So I'll straightaway come to the financial performance of the first quarter FY '25. So the operational revenue for the quarter stood at around INR136 crores, which grew by around 69% year-on-year basis. EBITDA was reported around INR25 crores, which grew around 40% on a year-on-year basis, and the EBITDA margin stood at 18.16%.

Net profit after tax reported was around INR16 crores, which grew by around 130% year-on-year basis, and the PAT margin stood at 12.06%.

With that now, we can open the floor for the question and answer. Over to you, Chirag.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhishek Singhal from Naredi Investments. Please go ahead.

Abhishek Singhal: Sir, my first question. Does any tyre manufacturing company purchase EPR certificates from us? If yes, then that company can set up its own recycling plant in future?

Gaurav Sekhri: Thank you, Abhishek, and welcome to the call. And regarding your query, see, tyre companies for them -- setting up a tyre recycling plant is, we don't feel like -- because it's operation as compared to the operation, they are handling. We don't see. And in fact, in the past also, we have experienced like internationally, a tyre company invested in the tyre recycling business. And later on, most of the tyre companies have stopped or separated in the business activity from that reason. We don't see tyre companies are coming and joining this business in the later stage.

Abhishek Singhal: Okay. And second question, if we remove EPR certificate from bottom line and top line. So top line grew 56% growth and bottom line grew only 19%. So what is reason behind this?

Gaurav Sekhri: So Gaurav here. Thank you for the question. If we isolate the benefit of EPR, which is actually a very much an integral part of our business now and going forward, we had some impact, as I mentioned in my comments, in our bottom line due to higher freight rates and some onetime exceptional costs. However, we have still seen some growth, our EBITDA margins on an isolated basis. Operational EBITDA margin is, I believe, roughly 11.5% this quarter. Consolidated is 13 -- I'm sorry, 13.5% for the quarter. So that is -- while slightly impacted, because of this factors, but it is still relatively healthy.

Abhishek Singhal: And sir, EBITDA in Q1 FY '25 is around approx at INR25 crores and last year, I think it was INR12 crores. So 108% year-on-year growth, but you mentioned only 40% growth year-on-year in EBITDA?

Gaurav Sekhri: I'm sorry, there is some disturbance in the line, you'll have to repeat, sir.

Abhishek Singhal: Okay. In Q1, EBITDA approx at INR25 crores. And then last year, in Q1, EBITDA approx at INR12 crores. So year-on-year, 100% growth, but you mentioned only 40% growth in EBITDA?.

Gaurav Sekhri: I think there is some, maybe confusion in how we are reading numbers. If you can send me the query by e-mail, we can probably clarify. You may be talking the same thing, but slightly -- interpretation to be different because of either consolidated or standalone. Maybe there is some difficulty on that.

Moderator: The next question is from the line of Srinath V. from Bellwether Capital.

Srinath .V: I wanted to understand the accounting for the extended producer responsibility certificates. So this quarter, we've accounted for a revenue of INR10.5 crores, but we have only sold INR2 crores. Can you help me understand how the accounting and the actuals work, for better understanding?

Gaurav Sekhri: Sure. So firstly, I would like to clarify that accounted for the credit that we have earned in FY '24, in the Q1 accounts that we have given out, and we have done so based the number of credits that are showing earned by us on the portal -- on the government portal. So on that basis, we have taken them into the picture of the company's top line and bottom.

Srinath .V: Got it. Sir, is my understanding right that this will be a recurring line item every quarter? Should we assuming volumes will only increase going forward, should be INR10 crores and above every quarter. Is that a fair assumption?

Gaurav Sekhri: I believe so, sir. We feel this is the right and conservative way to reflect the picture today because, like I said, we have only accrued credits, which are already accredited and showing in the government portal due to Tinna Rubber, and that is also up for FY '24.

So the credit that we earned during this financial year, including Q1, et cetera, as and when they start reflecting on the portal, we will keep adding them on.

Srinath .V: Okay. Got it. Sir, this credit, this INR10 crores is the full for the full year financial year 2024?

Gaurav Sekhri: That's correct.

Subodh Sharma: Yes.

Srinath .V: Got it. Got it. So in the future, if we were to basically account for what we earn in 8 quarters in the given quarter, that would be lower than INR10 crores, because this is a sort of a full year number. Is that a fair understanding, sir?

Gaurav Sekhri: You're absolutely right.

Srinath .V: Okay, sir. Perfect. Perfect. Sir, I wanted to find out from your side, even looking forward, are we looking at any new technologies? Are we looking at any new fields that we are looking to get into, in the recycling space from a more 3-, 5-year perspective. I think you have articulated very well our next 12 months thinking. So if you could spend some time in articulating how you kind of see 5 years forward?

And I'm not looking at numerics, but more from a vision standpoint, sir.

Gaurav Sekhri: Sure. So firstly, we will remain very focused on tyre recycling. We were for a very long time, essentially just a truck, bus radial tyre recycler, we expanded into doing passenger car radials last year, with our new plants. We have also initiated a TPE business, which is rubber and plastics together, which is giving us a very good visibility and introduction into the plastic space.

But our focus, at least until 2027 will remain to be recycling related to tyre and value addition of products, therefore, has to be our key focus. I don't see us doing something with battery or with paper in the near future.

Srinath .V: So can you just explain the rubber-plastic part? And what are we doing in the plastic space? A little more, can you give some examples or take or the use case for this product, that would be nice, sir?

Gaurav Sekhri: Sure. So a lot of information is already given out in our earlier presentation, and you are welcome to refer to them. But in short, what we are trying to do is, find a way for rubber to be used along with recycled plastics, to make a whole new category of products with very, very diverse applications. And these are -- different kind of products using different kinds of plastics.

So it could be products for pipes. It could be products or footwear. It could be products for industrial applications like plastic pellets, etcetera, and bringing in more durability and cost benefit by addition of rubber. That is the crux of what we are attempting to do, sir.

Moderator: The next question is from the line of Vidit Shah, an individual investor.

Vidit Shah: Yes. So what would be the total revenue that can be achieved from the capex that we are doing?

Gaurav Sekhri: What will be the total revenue from capex that we're doing. Is that your question?

Vidit Shah: Yes, sir.

Gaurav Sekhri: So, for this financial year, our earnings guidance is around INR500 crores. With the results of Q1, I think we have -- we can speak with a lot of confidence that we will achieve that. And the capex that is underway is all preparing us for Vision '27. Essentially, our aim is to get to 700 by next year and 900 by the year after.

Vidit Shah: Okay. And sir, will the company face any impact of low production of natural rubber tyre manufacturing on its Industrial segment?

Gaurav Sekhri: Not at all. We have nothing to do with natural rubber. It does not find any place in the business that we do. Our customers who are tyre companies, in fact, usually, we see a trend that when they have difficulty in sourcing of natural rubber, or prices tend to go higher, then their motivation to use recycled rubber increases. So any tightness in supply of natural rubber, we see that possibly benefiting us.

Vidit Shah: Understood. Sir, which segment will the new plant of Saudi Arabia is expected to get?

Gaurav Sekhri: All our plants produce products catering to all kinds of segments. So there is -- they are agnostic of the sector. I mean, our products that we produce have applications in various sectors.

Moderator: The next question is from the line of Sunil Jain from Nirmal Bang Securities.

Sunil Jain: Sir, I need to understand how you calculate -- whatever the amount is there you had taken the credit. How that amount is getting calculated? They must -- the site must be giving you the unit you are entitled. So how much unit you are entitled, how they collect and at what rate you get there?

Gaurav Sekhri: Sunil, should you be very elaborate answer to explain you how the calculation of credit works. You are welcome to have access to the EPR policy. It's a public document. You can go through it. It's self-explanatory. We can also share some information with you by e-mail.

But it is -- they have certain weightages, which we have defined, depending on the kind of recycling you are doing. It means that, the portal generate credits to each recycler. And in regards to your second part of the question on value, that is market discovered.

Sunil Jain: Okay. So you had taken EPR credit -- is accounted for the benefit for the full year last, though it got sold or not. It got sold or -- it's just the unit has been entitled by the portal?

Gaurav Sekhri: We have monetized to some extent, which is mentioned in our accounts. And the balance is on accrual basis, which we have taken into our accounts and that is from the government portal. The number of credits due to us, we have accrued for them. And we have taken a conservative value of INR 2000 per unit in accounting. We have sold higher than that, just for clarification.

Sunil Jain: Okay. And sir, related to this, whatever the rubber you procure from India, whatever the tyre or anything which you procure from India, that is entitled or even whatever the import you, that is also entitled?

Gaurav Sekhri: All kinds of recycling done is entitled for credit. However, in case of importing end-of-life tyres, there is also an obligation to have credit. So in our case, because we also import end-of-life tyres, we have an obligation as well as we have credit on account of our recycling.

Moderator: The next question is from the line of Viraj Mahadevia from Moneygrow.

Viraj Mahadevia: Congratulations on good results and good to see the EPR play out. I wanted to reconcile little bit of this EPR calculation. And I wanted to know if I was off by a large margin. So assuming an EPR certificate cost of even INR 2 per kg, and a recycled waste of 1 lakh tons are we of production this year, 150,000 tons, would mean about INR 20 crores worth of EPR certificates in the year. Does that make sense? Or is it widely off base?

Gaurav Sekhri: No, no. See, essentially, like I said -- firstly, thank you for your comments, appreciate it. In regards to your question, the credits are generated not on the quantum of tyres that is recycled, but the kind of end products that the recycling is making. So that is part one. And that is described very, very clearly in the policy, which came out in July 2022.

It's a public document available. If you don't have it, send us a mail, we'll share it with you. However, in our case, because we also import end-of-life tyres, we also have an obligation to have credits. So essentially, to some extent, our own recycling goes in, setting off some obligation that we have towards taking EPR credits, and the surplus is what we have reflected in our books, as what we have available to sell.

Viraj Mahadevia: Understood. My second question is, I was just trying to get a pulse on what could this EPR credit be on an annual basis? So is INR2.5 crores in Q1 representative of a run rate of what it can be on an annual basis? Or will this move up meaningfully from here?

Gaurav Sekhri: I think with the policy that we have in place on a reasonable estimate basis, we think our ability to earn number of credits is let's say, between 30,000, 40,000 credits a year. It is difficult to give you an exact number. And in terms of value, it could be -- the current value is, let's say, between INR2 and INR3 somewhere. So again, that's a market determined number. So we can't...

Viraj Mahadevia: Understood. So somewhere in the range of, with your current expanded capacity is of 150,000 by the end of the year -- this year, and with the offset on import, somewhere in the range of INR10 crores to INR20 crores per year in EPR?

Gaurav Sekhri: Raj, it's possible, but I don't want to speculate on this.

Viraj Mahadevia: Okay. We'll wait to see the delivery. We're also trying to understand. All the best.

Gaurav Sekhri: What we are sure of, is what we have chosen to account for. That's the safest way to proceed in our view.

Moderator: The next question is from the line of Ajaykumar Surya from Niveshaay.

Ajaykumar Surya: Congrats on a good set of numbers. Sir, my question is regarding -- sir, there was some -- like the retailers and conversion factor on the portal were going to be changed or they're not still fixed. So I just wanted a clarification on that, that are those factors finalized? Or is there any scope of changes that can happen in your policy?

Gaurav Sekhri: I think the government is -- continues to deliberate on how to make this policy more supportive of circularity and recycling. So I think they are also trying to see the response. And some tweaking to it is possible. It cannot be ruled out. But we are not privy to those conversations today. We have not heard anything to that account from the government yet. But if any such development is there, you can be sure that it will be announced.

Ajaykumar Surya: Got it. Sir, my next question is regarding some of the costs, we also manufacture MRP, and the policy document doesn't have any mention of that. So would that be classified as reclaimed rubber or crumb rubber? If you can just help on that?

Gaurav Sekhri: At this point, it is part of Crumb rubber. That is how it is factored.

Ajaykumar Surya: Okay. And sir, based on our capacity of 150,000 tons, which will be at the end of the year. Sir, how much ton of MRP are this cream rubber material modifier can we produce?

Gaurav Sekhri: See, we have a lot of fungibility in our process. We can -- depending on demand, we can divert production to whichever segment is showing more growth and promise. But in our Earnings presentation, we have already mentioned that we are expanding capacity to produce MRP in our plant in South India.

We are also adding mobile vending units so that we can cater better to the demand from the Infrastructure segment. So at the moment, we see good demand in both, and we are continuing to invest in both.

Ajaykumar Surya: Okay. Sir, last question regarding -- sir because if I look at the overall EPR which is implemented in India, and our expansion are also towards countries like South Africa and Saudi Arabia, I just wanted to understand what are the possible reasons? Are we able to source better pricing in raw material over there? So I just wanted a thought on what are our plans going forward? Like do you want to be global player, where we have multiple locations plant? So I just want to remain India focused?

Gaurav Sekhri: I think from our actions, you can see that we are aiming to become a global tyre recycling business. We are seeing opportunities in these geographies. So we are going ahead with those investments. Of course, after the validation of business per month, that's given us more confidence. And surely, we see some economic benefit. That is why we are pursuing it.

Ajaykumar Surya: Right. Just like -- because the EPR benefits will not be availed in those countries. So just wanted a thought on whether, does it not make sense to expand much faster in India, rather than going to abroad country? So I just wanted a thought on that?

Gaurav Sekhri: At the moment, both makes sense. We are expanding in India, and we are expanding abroad.

Moderator: The next question is from the line of Gunit Singh from Counter Cyclical PMS.

Gunit Singh: So you stated the targets of meeting INR700 crores in FY '26 and INR900 crores in FY '27. So would it be adding in long-term borrowings to achieve these targets?

Gaurav Sekhri: We -- it is possible that we may take around INR20-odd crores of term loans in the current financial year to meet with our expansion plans. That is possible. And with the speed at which we are executing, we may go ahead and take those term loans as well.

Gunit Singh: Or it's a maximum INR20 crores of term loans can be added?

Gaurav Sekhri: That's correct.

Gunit Singh: And sir, can you give us some sense on how the margins would trend for FY '25? And as per our FY '27 target, what kind of margin profile are we looking at? And are we in 18% to 20% levels of margins sustainable? Or do -- I mean, do we see some downside risks to them? Can you please throw some light.

And like the previous participant mentioned, we would not be getting the EPR benefits from branches outside. So I mean, should we expect lower margins in -- by FY '27? Can you please throw some light on this?

Gaurav Sekhri: So on margins, we are -- on a consolidated business basis, we are at around 16.5% in Q1 already. I do not see any major change in that going forward. I mean I expect, if there are some unforeseen disruptions like the Red Sea and stuff like that. If that share off some margin we expect to gain from operational efficiencies.

So I think 16.5-odd percent EBITDA margin achievement is very much realistic. That's how it seems to us. In regards to your question of overseas, I will -- I'm happy to share with you that the Oman plant, and Oman does not have any EPR benefits. It's actually operating at a much higher operational EBITDA margin than India.

Moderator: The next question is from the line of Navneet, an individual investor.

Navneet: Congrats on a good result. I just wanted one clarification. You mentioned the INR 9-odd crores EPR that you've got, that you booked this quarter pertains to last year. However, in last quarter also, I believe you had booked about INR 6.6 crores of EPR credit. So what was that pertaining to?

Gaurav Sekhri: The last quarter, INR6-odd crores that we had booked was on actual sales basis, which was basis the EPR credit we had earned during FY '23.

Navneet: Okay. So the INR6.6 crores pertain to FY '23, that's when you had accrued it, and you had sold it in Q4. The INR9 crores was accrued in FY '24 of which you've sold INR2.5 crores. Is that understanding okay?

Gaurav Sekhri: That's correct. Yes.

Moderator: The next question is from the line of Abhishek Singhal from Naredi Investment.

Abhishek Singhal: Sir, a question. What is waste end of life tyre purchase price per kg difference between domestic and import? And what is current market price or waste, end of life tyre in India?

Subodh Sharma: See, the delta -- this is Subodh here, Abhishek. So the delta in between the domestic versus the imported tyre is around INR4 to INR5 a kg. So what was your next question? I missed you in between.

Abhishek Singhal: And what is current on market prices of end life tyre in India?

Subodh Sharma: Market size of?

Abhishek Singhal: End tyre life of in India.

Subodh Sharma: Market, India generates somewhere around 2 billion tons of end-of-life tyres.

Abhishek Singhal: Okay. And what is current market size of end-of-life tyres per kg?

Gaurav Sekhri: Are you asking -- Gaurav here. Are you asking what is the total quantity of end-of-life tyres generated in India? Or are you asking something else? We are not clear.

Abhishek Singhal: Current market price of end-of-life tyres?

Gaurav Sekhri: That's how much we generate. I mean India generates somewhere around 2 million tons of waste tyres.

Moderator: Mr. Abhishek, does that answer your question? The current participant has been disconnected. The next question is from the line of Akash from Chartered Capital and Investments.

Akash: My question is related to Varle plant that we recently commissioned. What is the revenue potential of the plant?

Gaurav Sekhri: Varle plant we expect at full capacity at full year operation, it should generate between INR80 crores to INR100 crores a year.

Akash: Okay. And what would be the timeline for that peak utlization?

Gaurav Sekhri: We expect the Varle plant to begin at maybe around 70% capacity utilization, from maybe October or November -- October onwards, actually, very early Q3.

Akash: This year?

Gaurav Sekhri: This year, that's right.

Moderator: The next question is from the line of Divy Agrawal from Ficom.

Divy Agrawal: I just want a clarification regarding the EPR credit. So in the footnote of the quarterly results, it's mentioned that we have accounted for INR10.53 crores of EPR certificates, whereas in the investor presentation, we have mentioned that we have sold around INR2.5 crores of EPR certificate. So does this INR10.53 crores include this INR2.5 crores?

Subodh Sharma: No. This is Subodh. And okay, yes.

Gaurav Sekhri: Yes, this INR2.5 crores is part of the monetization.

Divy Agrawal: Okay. So if you talks, INR8 crores is of FY '24 and that INR2.5 crores of this current year that has been shown in our -- on the portal, right?

Gaurav Sekhri: We have not taken anything for current year. Current financial year, FY '25, we have not taken any credit in our books, because we have not sold also. Any accrual we have done is for credits in FY '24, and the sale is all from that.

Divy Agrawal: Okay. So the entire INR10.53 crores for FY '24?

Gaurav Sekhri: Yes, that's correct.

Moderator: The next question is from the line of Akash from Chartered Capital and Investments.

Akash: My follow-up is on the previous question on the Varle plant. On Slide 28, we are saying that the revenue potentially 7.5 million to 100 million in FY '25, and you just said it would be INR80 crores to INR100 crores per year. So am I reading it right?

Gaurav Sekhri: Let me refer to Slide 28. But the way you are making it, the way I'm listening it, it could be a typing error. Let me quickly browse. But the potential of Varle plant, as mentioned to you, is about INR80 crores to INR100 crores a year. Yes. It's -- I'm just in Slide 28. It's a typographical error, my apology.

Moderator: The next question is from the line of Aakash Javeri from Time and Tide Advisors.

Aakash Javeri: Congratulations on the numbers. So my first question is that is there a particular benchmark that the management sees, whether it decides to monetize EPR credit, like any particular price above which we decided that we should monetize it? Or how do you think about it?

Gaurav Sekhri: See, really, we are -- obviously, the higher the number, the more happier we will be. But I feel that at this point of time, the only comment I have on the value is that I feel that INR2 a unit is a very safe -- INR2 a kg of EPR unit is a very safe number. I don't see, at any point of time, the market being lower to that. And on the high side, it is very difficult to speculate.

But whatever we want, we have monetized so far has been sold higher than INR2,000 per unit.

Aakash Javeri: Sure. And my last question is on the industrial segment, you mentioned that the final grades are replacing the conventional grade, and even our growth in the Industrial segment has been great. Could you just throw some more light on it, that how do you see the trend playing out over the next 2, 3 years? Or was the growth better than your expectation also? Just anything you can share on that?

Gaurav Sekhri: Sure. So we try to be a little ahead of the curve in innovation and research. And when we started producing MRP, we were producing a base grade of 80 mesh and at that time was a very novel new product, sustainable material for companies to incorporate in their formulations.

And we -- I'm happy to share we didn't stop at that, and we continue to innovate, and now we are producing a grade as fine as 170 mesh. And we are seeing tyre companies as well as other rubber compounding companies, see a lot of merit in using the final grade, because they are able to use more and include more in their formulations. And that benefits them, and it benefits us. It's a real win-win solution. And we are seeing that in sales, how companies who started with using 80 mesh are now using more 120 or 140.

So on that, we will continue to innovate. We will continue to push boundaries on what kind of sustainable materials we can produce. The good part is that we have validation that directionally, that is being appreciated by our customers. I hope that answers your question.

Moderator: The next question is from the line of Ajaykumar Surya from Niveshaay.

Ajaykumar Surya: Sir, the EPR policy now applicable. Can you help us on an outlook on the demand and supply scenario of EPR? Like on the CPCB portal, there is gap between the demand and supply, which might lead to better pricing. But going forward, how do we see supply in the EPR credits in coming 1, 2 year because players are -- and other peers like GRP or some other unlisted players also are expanding further. So how do you foresee supply coming in for EPR credits?

Gaurav Sekhri: See, I think it is too early to guess and speculate on this. Let us wait another 1, 2 quarters for things and policy to settle down a bit more for the supply-demand trends to emerge. But I do know, and please don't hold me to this, but I believe the tyre companies collectively will need roughly INR500 crores of EPR credits to purchase, in order to offset their obligation. That is a number that I've heard, it's not validated, but that is the number that I have been shared with.

Ajaykumar Surya: Okay, sir. Got it. And sir, can you help us with the -- because, sir, the EPR grade which we would have generated is based on the capacity utilization or the actual production, which you would have done over the last 2, 3 years.

So I mean, in FY '23, we generated -- for FY '23 number, we generated around INR6.6 crore of EPR revenue and for FY '24, like INR9.05 crores. So I just wanted to know the actual production detail, if you can just help me on that. What was the capacity utilization leading those lines? And how do we foresee our capacity utilization on the final capacity, which you'll have at the end of the year?

Gaurav Sekhri: It is very difficult to clarify that to you over a call like this. As I had mentioned earlier, the credit generation is not so much associated with the quantity of tyres recycled, but the products that are made from the recycled tyres. So there's a different weightage for reclaim rubber, different for crumb rubber modified bitumen and different for crumb rubber. So it is not as straightforward as just linking it and comparing it with the tyres crushed.

But surely, the higher the tyre is crushed, the more recycled products will be made, whichever time, and they will, too, in their own will generate some credits. I hope that clarifies.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for their closing comments.

Gaurav Sekhri: Thank you again, and thank you, everyone, for participating in this Earnings Call. I hope we were able to answer your questions satisfactorily and at the same time, offer insights into our business. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations managers at Valorem Advisors. Thank you. Have a lovely day. Stay safe, stay healthy.

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