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Date: 1st August, 2023

To,
The Manager (Deptt. of Corporate Services)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street , Mumbai-400001.
Scrip Code: 530475

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

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Sub: Transcript of Earnings Conference held on July 31, 2023

Dear Sir,

Pursuant to Regulation 30(6) read with Part A of Schedule III of the Listing Regulations, we wish to inform that the Transcript of Earnings Conference Call for Analysts and Investors held on July 31, 2023, with respect to the financial performance of the Company for Q1 FY24, is available on the Company's website at www.tinna.in

This is for your information & record.

Thanking you
For Tinna Rubber and Infrastructure Limited

VAIBHAV PANDEY
Digitally signed by VAIBHAV PANDEY
Date: 2023.08.01 12:14:59 +05'30'

Vaibhav Pandey
(Company Secretary)
M.No. A-53653

Tinna Rubber and Infrastructure Limited
Q1 FY24 Earnings Conference Call
July 31, 2023

Moderator: Ladies and gentlemen, good day and welcome to Tinna Rubber and Infrastructure Limited Q1 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, Ms. Jain.

Purvangi Jain: Good afternoon, everyone and warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Tinna Rubber and Infrastructure Limited. On behalf of the Company, I would like to thank you all for participating in the Company's earnings call for the first quarter of the financial year 2024.

Before we begin, a quick cautionary statement. Some of the statements made in today's concall may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision. The purpose of today's earnings conference call is purely to educate and bring awareness about the Company's fundamental business and the financial quarter under review.

Now I would like you to introduce the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Gaurav Sekhri - Joint Managing Director; Mr. Subodh Kumar Sharma – Director and Chief Operating Officer and Mr. Ravindra Chhabra - Chief Financial Officer. Without any further delay, I request Mr. Gaurav Sekhri to start with his opening remarks. Thank you.

Gaurav Sekhri: Thank you, Purvangi and good afternoon, everyone. It is a pleasure to welcome you all to our Earnings Conference Call for the First Quarter of Financial Year 24. Let me start by giving a brief overview of the Company, after which Subodh, our COO will take over and give details about the financial performance.

Tinna Group was incorporated in 1977 and today we are the largest end of life tyre recyclers in the country and amongst global leaders in manufacturing of recycled rubber materials. We are a prime example of the benefits of a circular economy and a one-stop-shop that caters to the entire gambit of recycled rubber applications. Our Company manufactures high quality products from recycling end of life truck and bus radial tyres primarily and our recycled rubber material goes into all rubber products and in various sectors. We classify them as follows. The infrastructure segment which caters to the road construction applications; the industrial segment which is in manufacturing of products like tyres and conveyor belts, industrial rubber hoses, etc.; the consumer sector, which includes products like rubber mats, gym tiles and sports surfaces. We recovered approximately 99% of the materials from tyre with almost zero wastage. The Company is a pioneer and the largest manufacturer of crumb rubber modifiers and probably the only Company in the world to produce micronized rubber powder of a very fine mesh size of 170 in ambient grinding conditions.

We have 4 plants in India at all strategic locations. We have also recently set up a plant in Oman, which is our first overseas venture. We have commenced trial production in Oman in mid-July and we expect to fully commission the plant during this month. Also to add, I am pleased to inform you that we have commenced work to build a new plant at Varle in Maharashtra. This will increase our tyre crushing capacity by 60% and add approximately 60,000 tons capacity to us. We have already acquired land and work has started on the site. Also, we have placed orders for machinery to manufacture Thermo Plastic Elastomers at our existing plant in Panipat with a capacity of 6000 tons per annum. By getting into TPE, we intend to increase the total addressable market and increase applications for our recycled rubber material. Both projects are expected to commence production by the fourth quarter of FY24.

Lastly, in corporate updates, we have doubled our authorized share capital to Rs. 20 crores from the previous amount of Rs. 10 crores. We are also issuing ESOPs to our key management personnel. I am delighted to inform that the Board has recommended issue of bonus shares in the ratio 1:1 subject to the approval of our shareholders. I would now like to invite our COO, Subodh who will give you more details about the financial performance and the operational highlights for the quarter. Over to you, Subodh.

Subodh Kumar Sharma: Thank you, Gauravji and good afternoon, everyone. So let me first brief you on the financial performance for the first quarter of FY24. The operational revenue stood at approximately Rs. 81 crores, which declined by 2% year-on-year primarily due to a sharp decline in net sales realization by 18% year-on-year basis, which was partially offset by healthy volume growth of 20% year-on-year. EBITDA was reported at approximately Rs. 12 crores, which grew marginally by 2.6% year-on-year basis and the EBITDA margin stood at 14.53%. Net profit after tax was reported at Rs. 7 crores, which grew by 16% year-on-year and the PAT margin was reported at 8.82%.

Talking about the sector wise performance, revenues from the infrastructure sector contributed around Rs. 41 crores, which declined by 5% year-on-year. The Company secured 2-year contract for the supply of crump rubber modifier from Indian Oil Corporation Limited, worth Rs. 107 crores. Also, Ministry of Environments has issued a landmark advisory advocating the usage of recycled waste material on the road. This will impact further sales growth in the infrastructure sector. The Company commenced export to some of the largest multinational tyre companies and as you know in the previous calls, we have covered the stabilizing the recycled rubber material usage in the tyre sector. It is an ongoing process. It grows with the time.

Regarding export, the prevailing economic misbalance in the European market has impacted export sales. Consumer sales, specifically to Sports Turfs, Gym Mats, Rubber Tiles volume wide, it has doubled almost in Q1 FY24 on Y-o-Y basis. Our steel sector revenues stood at Rs. 13 crores, representing a growth of 12% Y-on-Y basis. With that now, we can open the floor to the question and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Prachi Sharma from Ace Capital Partners. Please go ahead.

Prachi Sharma: Sir, I just have two questions, can you let me know the margin from road sector versus the margin from reclaim rubber? And the second is sales from the road sector that come from the refinery versus the road contractor?

Gaurav Sekhri: Subodh, you want to answer the second part of the question, which is she would like how I have understood the bifurcation of sales between what is it to IOC and how much is it directly to road contractors.

Subodh Kumar Sharma: So the sale what we have highlighted here is the gross sale, what we supply to entire infrastructure companies as well as to the refineries. I think I can cover what you asked for.

Prachi Sharma: Sir, if you can answer the first question?

Subodh Kumar Sharma: We have, ma'am, we always give our consolidated EBITDA margins and we do not give sector-wise EBITDA margins because we think that information is sensitive to the Company, so we don't disclose that.

Moderator: Thank you. Next question is from the line of Dipesh Sancheti from Mania Finance. Please go ahead.

Dipesh Sancheti: I just wanted to understand about the expansion plans which the Company has put, how much is the CAPEX for the individual expansion plans?

Subodh Kumar Sharma: So the CAPEX figures Dipesh for the Varle expansion is approximately Rs. 38 to Rs. 40 crores for the Thermo Plastic Elastomer project is around Rs. 3 crores and the Oman set up will be around, we have already invested Rs. 11 crores. I think we will probably put in another Rs. 2 to Rs. 3 crores.

Dipesh Sancheti: Now this includes the land also right at Varle?

Subodh Kumar Sharma: Yes, it does.

Dipesh Sancheti: And I just wanted to understand the total net sales expansion, net sales growth we see is Rs. 150 crores from all these projects approximately, the expansion plans will completely be an addition to the existing revenues or will they replace the particular set of revenues?

Subodh Kumar Sharma: No, this is pure addition because and I can explain that further for you. The Varle project is being set up for processing of PCR tyres, Passenger Car Radials and I think you may be familiar that today our business is maybe 80-85% of his TBR recycling, which is truck, bus, radial, so this will be extra because we will be processing a new kind of tyres. Regarding PPE, the whole new opportunity where we are actually finding ways to include use of recycled rubber into plastic materials, which is an ocean. So we are expanding the total addressable market size. So that is also additional and Oman is of course our overseas venture where we are capturing tyres at origin and we will be processing there and that will also add to the existing business.

Dipesh Sancheti: Congratulations on great set of numbers and thank you for the bonus.

Subodh Kumar Sharma: Thank you so much. Thank you for your interest in our Company.

Moderator: Thank you. Next question is from the line of Sunil Jain from Nirmal Bang Securities. Please go ahead.

Sunil Jain: Sir, my question relate to, there is some trading business in this, so can you bifurcate or indicate how much margin we may be doing in the trading business so we can get your core gross margins?

Subodh Kumar Sharma: In the trading portion, we are doing a bit of trading business. That is a purely opportunity business wherein the 100% transaction on cash and carry business. So wherein we are locking approx. 1 to 2% margin in the trading activity and this is just to keep the customer aligned with our existing road infrastructure business. So that is a pure opportunity in cash and carry business with 1 to 2% of margins.

Sunil Jain: Except this IOC business has reached to its full scale means there is a big turnover for 2-year perspective, so proportionate revenue has reached or it will take some time?

Subodh Kumar Sharma: No, actually, the LOI by Indian oil was issued somewhere in the mid of April and then rest of the formalities we completed, so that yet to kick off actually and somehow this year the monsoon also has knocked the door a little early. So we are hoping this, everything will start adding to the topline as well as bottomline from the Q3. That is what we feel.

Sunil Jain: And this Oman project, which you said that will be starting to give revenue from Q2, so it will be step up or the full potential revenue can start from the initial stage itself?

Gaurav Sekhri: This is Gaurav here, sir. I will reply to your question relating to Oman. So the plant was started about 15 days ago. In fact, I was in Oman just a few days ago and it is looking very good. We expect to run at around maybe 50% to 60% capacity utilization during August and September and then we will scale up progressively. That is the plan.

Sunil Jain: Sir, last question relating to what we see that there is an EPR rule which is coming, which is for collecting the tyre in the domestic market, so first of all, what is the status on that means is that website has been launched or not and second thing are we setting up any waste tyre collection centers or something like that to expand that business?

Gaurav Sekhri: Sure, it is a great question. I am glad you asked. You may recall when the EPR was notified back in July 22, in fact, contrary to everyone's sentiment, we underplayed the relevance of that from a timing perspective because all things relating to government sometimes takes more time than we anticipate and that is what has happened. We are now one year since EPR was notified and the policy is not yet operationalized. However, now I do feel that we are not far. I believe that before the end of this calendar year, we will start seeing impact of this EPR policy. In regards to your specific question on the website and portal, it is ready, some testing is happening to see that it works properly. So as soon as the government feels that it is now stable, they will open and make it operationalized. So that is where we are at on the portal.

Sunil Jain: To understand it better, we import lot of waste tyre and I think the domestic collection is not so great for the industry itself, not only for you, so what could be the process means in future, how it will play out? How the collection process will improve and how the tyre Company will comply in that way?

Gaurav Sekhri: See, EPR has very clearly put the owners on tyre companies that they have to be responsible for their waste. That is what EPR means and I believe that the rules that are being put in place will ensure compliance by tyre companies and that will lead to diversion of these tyres into organized economy to organized players, to material recyclers like us versus today, where a lot of these tyres are going for possibly polluting applications like burning in brick hills etc., so that is the impact we are anxiously waiting for and the rules I believe are sufficiently tight to ensure compliance.

Sunil Jain: That is correct, the tyre Company will be responsible, but will we be playing any role in that of collecting tyre or not or it will be just we will be getting it from tyre Company only?

Gaurav Sekhri: We are actively discussing with tyre companies and we are happy to accept any particular role that they may have in mind for us whereby we can reduce maybe their burden. We are happy to be involved because there are enough global examples of efficient tyre collection and management and we are very happy to play a role in it, especially if it adds value to our business and to our profitability.

Sunil Jain: Sir, last question if you don't mind, this 60,000 ton capacity, which is comparatively larger capacity, is this targeted to looking at this EPR rule and all?

Gaurav Sekhri: Very much so, sir. It is on account of 3-4 primary things. One is EPR, second is we have mentioned in our earnings presentation also how we have seen doubling of sale of our products into the consumer sector. The consumer sector products and the infra sector products are very easily we can manufacture them from using PCR as a base. Therefore, we are motivated to set up this PCR recycling plant and the TPR rubber that we recover we will largely use it for catering it to the industrial sector and maybe to the infrastructure sector, but for consumer sector products, even rubber recovered from PCR is also suitable and we are seeing very good response from that market and that is our motivation to set up this capacity.

Moderator: Thank you. Next question is from the line of Smita Mohta from Kredent InfoEdge. Please go ahead.

Smita Mohta: So basically, I wanted to ask that you have divided your revenue into 4 streams, infrastructure, industrial, steel and consumers, so I just wanted to know that going ahead in the infrastructure and the industrial sector because of the ongoing election year, do you see order books from the government rising because basically I feel this infra orders are from the government, right?

Subodh Kumar Sharma: Yes, infra order is basically, the awarding of the road project comes from the government side, but there are many projects which have already been awarded and our product is being used at the end of the project when it is nearly completion. My product goes right on the top layer of the road, so I don't think the election year and all these things will impact because this will impact only to the new award, new contracts which are in pipeline till the time they are awarded, then it is the issue, but whatever they have awarded that has to go on because the funds etc., everything is already allocated.

Smita Mohta: So can you say about the future infra and industrial sector projects? How do you see it going forward for next year?

Subodh Kumar Sharma: Yes, very much like, there are already 25 to 30 big expressways are planned which are coming on the stage of the top layer resurfacing. You might have heard that even in the state of Uttar

Pradesh, there many special projects are coming up and the Ganga Expressway is also one of them, which is also their target completion is FY24 which will further extend to 6 months, but yes, there are many projects, Expressway two-lane to four-lane, four-lane to six-lane and almost all the states, the work is happening at full space.

Smita Mohta: So have you heard from those players asking you for your products?

Subodh Kumar Sharma: Yes, very much. We have a strong pipeline at least for the next 2 to 3 years, considering whatever the projects have already been awarded and at this stage that will come in the phases when the top layer work will start. So we are very confident on that.

Smita Mohta: And can you define the margins, the infrastructure sector and the industrial sector gives you a higher margin compared to the consumer sector or is it the consumer sector which is giving you a better margin compared to infra and industrial?

Subodh Kumar Sharma: And there is the basket of products. When we talk about the infrastructure sector or industrial sector, there are various products in the industrial sector which are low margin, which are high margin also. Similar way in the infrastructure also, we have the product like the trading, I covered 1% to 2% margin kind of stuff and we have a crumb rubber modifier which goes to the Indian Oil Corporation. That is a high margin product. So we always consider our gross EBITDA across all the sectors to maintain.

Smita Mohta: Sir, as you had got this IOC order, so what percentage of your entire order book can you say for the next year would be IOC?

Subodh Kumar Sharma: See the Rs. 107 crore is the worth of contractors given to us to be completed in the next 2 years, so we hope like around 80% to 90% quantity will be consumed within this financial year.

Smita Mohta: 80% to 90%, great, and sir, about your Oman, so in your Oman sector, sir, is it for the raw material basis, will you see because you had said that you will see cost reduction, so will it be for the product basis cost reduction or RM basis cost reduction?

Gaurav Sekhri: This is Gaurav Sekhri, ma'am. Oman, the reason and our motivation to set up a plant there was to capture the waste tyres at origin itself and recycle them and when we do that, obviously it comes at a lower cost. Cost of manufacturing in Oman to our assessment is more or less at par to India and now we have a sufficient export base as well for our products and that is expanding fast. So the logic and our approach was to cater to some of those markets directly from Oman as a result, delivering a better margin and I hope that is how it will pan out. We will hopefully see that happening in the next 2 quarters.

Smita Mohta: So are you seeing virtually order book coming to you from the Oman facility as you had anticipated?

Gaurav Sekhri: Absolutely, ma'am. We already have a sufficient export base like I said, so that option remains for us, but parallelly, we are also working with Government of Oman to implement use of rubber in roads and if that happens, then we can use local tyres, process it locally and even have a market locally and that would be the most ultimate way to run the Oman facility.

Moderator: Thank you. Next question is from the line of Rahul Dhruv from Pegasus Growth Capital. Please go ahead.

Rahul Dhruv: My question was on your investments that you have outside of the gross block as in the noncurrent investments which is around Rs. 25 or Rs. 27 crores odd, can you explain those investments?

Subodh Kumar Sharma: Sir, we have discussed this in our earlier earning calls as well. Essentially these are investments which we consider noncore and we are looking out for an opportunity to exit them, hopefully even contributing something to the Company in the bottomline, but the intention of the management is to exit them because we do not consider them core to our business.

Rahul Dhruv: Can you just explain what exactly they are and I am sorry I have attended the call for the first time. That is why I am asking, the BKG and the Indore Enterprise and the Pooja Infratech, all those investments, Kriti International, so I just wanted to know what exactly they are in?

Subodh Kumar Sharma: These are essentially either land owning assets or they are shareholding in companies which own some real estate, so this is what we are looking to exit, sir.

Rahul Dhruv: And what was the objective behind the investments?

Gaurav Sekhri: See, when they were made at that point of time, we saw them to be good opportunities to be able to get a good return for our shareholders, but as time has passed, we are very clear that these are not core to our business and even if they may be attractive we would like to exit them and convert this asset base into cash and use it in our core business.

Rahul Dhruv: Just one thing on this question itself, so your Company I saw there are some trading activity also there and I just wanted to understand is the Company base still open to investing in noncore businesses as in like this land or for that matter even the trading activity that you do, are you just focused only on the rubber business over here or are you planning to do other things as well in this balance sheet?

Gaurav Sekhri: In Tinna Rubber, our focus is only our rubber business, tyre recycling business, possibly go upstream or downstream, but the central theme will remain recycling of waste tyres and rubber.

Rahul Dhruv: Just an extension of that, what do you expect to get out of the sale of these investments approximately?

Gaurav Sekhri: It is difficult to say, sir. I would not want to speculate a number at this stage.

Rahul Dhruv: And on the CAPEX, the Rs. 38 to Rs. 40 crores for the plant and Oman and the other plant, we are basically looking at around Rs. 50 crores or Rs. 45 crores of investments and how do you plan to fund them?

Gaurav Sekhri: So we are in the midst of taking a new term loan of approximately Rs. 30 crores to help us with these capital expenditures and the rest will come from internal accruals. The Oman investment that we have done so far of approximately Rs. 11 odd crores has completely come from internal accruals.

Moderator: Thank you. Next question is from the line of Jigar Shah from ASK Securities**.** Please go ahead.

Jigar Shah: I have a couple of questions. Sir, what would be the crump rubber sales to tyre industry versus road sector? And the second is that is there any proposed entry in composite business based on any technical tie up?

Gaurav Sekhri: So the total Q1 results, so we have highlighted the total topline of around Rs. 81 crores. So that is approximately 49% has gone to the infrastructure sector, around 28% has gone to the industrial sector, 16% is the steel sector and 7% to the consumer sector. This is the sector wise bifurcation of our topline.

Jigar Shah: On the second part, is the proposed entry in the composite business based on any technical tie up?

Gaurav Sekhri: On the TPE, the Thermo Plastic Elastomers, we are in active discussions with some specialists from Europe to help us with the product development, the machinery we have already finalized and on the product development side, we are in active conversation, but what has been very helpful in us to explore this opportunity is that the Company about 20 years ago was in the business of Thermo Plastic rubber compounds. So we have a fair bit of experience in-house in injection molding and the behavior of Thermo Plastic rubbers. So we believe we have the necessary knowledge and experience to get into this business.

Moderator: Thank you. Next question is from the line of Viraj, Individual Investor. Please go ahead.

Viraj: Sir, very interesting Company following it only recently, regarding all your new investments you are making in Greenfield expansions including the acquisition of the Oman facility, what would the net asset turnover be on these investments at full scale? So what kind of sales did you derive from all these platforms put together?

Gaurav Sekhri: So the sales projections we have given and I can share them with you again. So annualized sale out of the Varle facility which is for PCR's will be approximately Rs. 100 crores, the sales from the Thermo Plastic Elastomer business on an annualized basis will be approximately Rs. 30 crores and the Oman facility is expected to contribute around Rs. 18 to Rs. 20 crores.

Viraj: It is about Rs. 150 crores, so roughly 50% higher than your 23 revenues.

Gaurav Sekhri: Yes, that is right.

Viraj: And can you give us a sense of how the business model works vis-à-vis collecting rubber tyres currently in the domestic market and why the export markets prefer to send tyres back to India for recycling? Is there a specific reason why they are not recycled in their local environments vis-à-vis the shipping and the freight costs and collection, etc.?

Gaurav Sekhri: India has high level of industrialization, so we will give you a classic example of Oman, where we have chosen to set up a plant. Until we set up the plant, we were picking up tyres from Oman and bringing them to India for processing here. Now, Oman is a fairly large country in landmass, low population, hardly any rail infrastructure, so all transportation happens by vehicle. They also have very stringent rules for replacement of tyres. So they have a high generation of waste tyres, very little industrialization, so for them there is no option really. It is only to keep putting them in landfills or putting them in the desert and just stockpiling them, which is happening for all these years. So this is one example and there are many such countries. Also, Australia is another example. It is a continent with about 22 million people and very high generation of waste tyres, not much industrialization, so they don't know what to do with them. As a result, in order to save their environment not to put these tyres in landfills, they offer these tyres to us where they can come and be recycled in a responsible manner. So we worked out a closed loop for such countries where we give them accountability of how these tyres are being processed and they feel much better that these tyres are coming here, materials are being recovered rather than those tyres going in their landfill.

Viraj: Appreciate it, sir. So in that case, given the environmentally friendly nature of what you are doing in terms of circular economy, are you able to source these raw materials at a massively discounted cost, or are they free, do they just hand over these tyres to you saying get rid of them for me in a responsible manner?

Gaurav Sekhri: Each country is a bit different. There are some countries where we have very attractive terms because they simply do not have other options and in some other geographies, we end up paying for these tyres, but what matters to us is our lease cost option on a landed India basis and that is how we take our decision on which geographies to promote.

Viraj: Understood. But typically your RM as a percent of sales would be sub 10%-sub 15%?

Gaurav Sekhri: No, it is a bit high, I believe, Chhabraji what is it?

Ravindra Chhabra: RM as a percentage of sale is about 40.

Viraj: It is as high as 40, so you are paying a fair amount for sourcing the old rubber tyres?

Gaurav Sekhri: Yes.

Viraj: And then on top of that, you would have your freight costs obviously to which would be to your account?

Gaurav Sekhri: This 40% is worked out on the basis of landed to our factory, so to include everything.

Viraj: Excellent, sir, all the very best. We will be watching your Company carefully.

Gaurav Sekhri: Thank you for your interest.

Moderator: Thank you. Next question is from the line of Anirban Manna, Individual Investor. Please go ahead.

Anirban Manna: Thank you, sir for good set of numbers and rewarding the shareholders with the bonus. My first question would be regarding the rest of the year, so how you can see yourself in terms of some ballpark number for rest of 9 months in terms of sales and in terms of EBITDA?

Subodh Kumar Sharma: So, sir, we had given some guidance on this in our earlier calls. We are expecting to grow in the financial year by about 20%. We had given a guidance of our EBITDA margins improving to around 15%. We are at 14.5% already in Q1. I believe that this should be maintained. So to answer your question, we are looking at topline growth of around 20% and we are looking at achieving EBITDA margins of around 15%.

Anirban Manna: And after successfully launching the Oman production, so is there any plan to operate in any other country in near term or in midterm?

Subodh Kumar Sharma: So we are always looking at opportunities, but I believe we are going to wait at least for this financial year to see through the projects we have already taken on hand and they are quite substantial in our view before we decide to go into a new geography.

Moderator: Thank you. Next follow up question is from the line of Smita Mohta from Kredent InfoEdge. Please go ahead.

Smita Mohta: Sir, just a follow on question, I would like to ask you that at the current juncture for your India orders, the raw material that you are sourcing as you currently said to one of the participants that has your freight expenses, freight charges and all, so are you going to get the raw material from the Oman also for India as majority of rubber tyres are imported because it is sufficiently not available in India, so will that not make your cost go up or are you thinking Oman facility to cater to the other international geographies which will not increase your cost?

Subodh Kumar Sharma: So, ma'am, with Oman, we have created a lot of optionality for us and that is how we wish to approach the business. It is possible that Oman may process the tyres, recover the rubber and export it directly to a third country. It is also possible now for us to take a base crumb rubber powder from Oman into our India facility depending on the demand and supply situation here in India. It is also very much possible that we may still bring in some shredded tyres or cut tyres from Oman for our facility in India if we can get even more tyres from Oman than what we can process there. So the idea of the Oman facility is to create all this optionality for the growth and for the Company and we will be dictated by whatever delivers as the best margin.

Smita Mohta: So currently for India processing of order, what percentage of your RM do you have to import into India?

Subodh Kumar Sharma: Out of our current processing in India, our raw material imports are in the ratio of around 60%.

Smita Mohta: Can we see this, your raw material is the percentage of sales decreasing anytime in the next 3 to 5 years with your Oman facility being brought up and you take into many other geographies which will increase your volume, but not increase your CAPEX for the plant as you have already done it?

Subodh Kumar Sharma: Ma'am, again, I have not fully, I couldn't hear you properly, your voice is a bit feeble, but my answer is that how Oman will work in relation to India will be dictated by the waste and how do we get the best margins. So that is what will determine our decision.

Smita Mohta: I was asking sir that whether the percentage of the cost of sales, your raw material as a percentage, is it expected to go down anytime soon in next 5 years?

Subodh Kumar Sharma: No, I think we are operating quite efficiently on that parameter. Already, we have 15 to 18 geographies from which we have the option to bring tyres into India and we pick the least cost option, so I don't believe any material change to that at this stage.

Moderator: Thank you. Next question is from the line of Viraj, Individual Investor. Please go ahead.

Viraj: Question regarding your working capital, what are your current working capital days?

Ravindra Chhabra: Sir, I am Ravi Chhabra, CFO. To answer your question, we are having working capital line from bank for about Rs. 33 crores.

Viraj: So that is not my question, sir. I am saying, what is your number of working capital days, inventory days plus receivable days, less payable days?

Ravindra Chhabra: Our debtor days are about 45 days, 1.5 months and inventory also it is about 45 to 60 days, sir.

Viraj: And payable days?

Ravindra Chhabra: Sir, about 2 to 3 weeks because since we buy scrap tyre which is low value item and mostly these are purchased in advance and so our debtor days are 2 to 3 weeks.

Viraj: So your total working capital days is about 60 in the business?

Ravindra Chhabra: Right.

Viraj: My next question is regarding the current funding program, which the other caller had asked, you are going to be taking some term loans and some through internal accruals and then you have these land parcels that you are looking to monetize, so can we safely save within FY25, so not the current financial year, but the next financial year, monetizing these land parcels, you would be a debt free business and in a position to invest more for expansion?

Gaurav Sekhri: Gaurav here. It is certainly we are striving towards that and had we not done these current expansions which of course for compelling and we have done it, we would have achieved a debt free status in any case, but at this point, for us growth is…

Viraj: Growth is more compelling, absolutely.

Gaurav Sekhri: Yes, so that is and we are very comfortable with the debt ratios that we have now.

Viraj: Any particular geographies you are considering in the overseas markets where you think there is a compelling raw material availability at a cheap price and a sort of local economy where you can source it and recycle it like Oman or you just want to do Oman for now and you think India has enough of business?

Gaurav Sekhri: We are already operating in about 15 different countries for originating waste tyres and all of them, we are developing a high degree of knowledge of how they function, how they operate and if any of them would be suitable for us to possibly set up a similar operation there as we have done in Oman, they are all good options, but I think we will first take a breather, we will stabilize Oman and only consider an overseas expansion now, certainly not before FY25.

Viraj: Last question is who is your competition, sir in the Indian market and are there a lot of Chinese or other players in the Asian markets that do this?

Gaurav Sekhri: So firstly, our business model, we have now learned, we are very unique not just in India, but at a global scale. We are the only Company which is processing tyres and using the materials so actively in the infrastructure sector as well as the consumer and the industrial sector. There are people we compete with, but they are in one of these sectors. There are tyre recyclers who are catering to the industrial sector and possibly consumer sector, but not to the infrastructure sector and vice versa. So we are quite unique in that respect. We haven't come across any business globally, which has such a diversified customer base as us, certainly not in India.

Viraj: And in India, do you have a lot of organized competitors who meet the sort of regulatory requirements as these new regulations come into effect or you among a handful?

Gaurav Sekhri: No, there are some good credible operators, GRP is one, LG Rubber is another, both are listed and there are a few others who are privately held. These are all good businesses, but like I said, they are either regional in nature or they are not in all the sectors that we are present. So having a Pan India presence and being in all sectors, we are the only Company in the country.

Moderator: Thank you. Next question is from the line of Sujoy Ghosh, Individual Investor. Please go ahead.

Sujoy Ghosh: First of all, thanks for the very good detailed presentation, you have given all the relevant details. Sir, now in quarter 2 and towards the end of Q1, we have been hearing a lot of rainfall ragging across many parts of India, so how will that affect our business in this quarter?

Subodh Kumar Sharma: This is Subodh here. So especially for the road sector business, rainfall is not appreciated and that is the reason if you see the rainfall in this FY24, it is actually early monsoon which started almost from 15th June onwards, so that has made some dent of approx, two weeks early, but the monsoon season if you see historically also, it is the same for us and we have the much larger experience because of the last 5 past years. So that is okay, so peak season basically for the road infrastructure business is October, November, December and then February to July. So it is actually in an infrastructure business, the whole business is for the 9 to 10 months, not more than that. So we are quite confident that this recovery will come in the Q3 and Q4, whatever we are losing on account of Q2.

Sujoy Ghosh: So on an overall basis, there won't be any impact in the annual revenue numbers?

Subodh Kumar Sharma: Yes.

Sujoy Ghosh: Sir, you have listed out four business segments, so if one were to ask like going ahead, what would be your key focus or key growth drivers or you expect decent 20-25% kind of growth from all these revenue streams?

Gaurav Sekhri: So our focus is almost, all the sector is the same and that is the reason we are diversifying and not only processing now TBR. In the time to come, we shall be processing the passenger car radial also. That is the addition to our business. So that is where we see the opportunity across all the sector what we are catering to.

Sujoy Ghosh: And sir, earlier you had mentioned that when you started this ELT business, so you had to work at a bit lower margins because you were gaining market and you were gaining the credibility from various OEMs, so will the same cycle repeat in this PCR business also?

Gaurav Sekhri: No, not like that. When especially in the industrial selling where we are catering to the tyre and the rubber conveyor industry, so then it is a process like you start with the trials and left trials and the field trials, so getting into the entry with the tyre Company and all, it is a process of around 1 to 2 years and some time, it may take more than 3 years also. So in India, you name the brand, we are working with them, now we are eyeing on the exports and that is where you know we have started multinational tyre Company's business. So again it is a process like I said, it will grow with the time. It is not like you start today and you build something from tomorrow onwards. It is a process, especially in the industrial selling, but in the infrastructure, in the consumer sector, it is not like that. So that is where we also are witnessing growth in the past 3 years.

Sujoy Ghosh: Sir, you mentioned there are 25-30 Expressways coming up for construction, so let us say over the 3-4 year period, can we look at 25, 20% kind of volume growth CAGR?

Gaurav Sekhri: The volume growth, it is not like all the expressways are coming at that level simultaneously. So it will be the phase manner. Whatever the business plan we make for the year, it is always in the phases, but we know there is a great potential and we see a strong pipeline of business for the infrastructure sector for at least next 3 years.

Sujoy Ghosh: Sir, any number you would like to share?

Gaurav Sekhri: Like, consolidated growth, what we are having approx. 20% on year-on-year basis, so that much we are focusing on.

Moderator: Thank you. Next follow-up question is from the line of Prachi Sharma from Ace Capital Partners. Please go ahead.

Prachi Sharma: Sir, I just have a couple of questions on the international operation, so as the international operations for import to India or does the Company have sales in those markets?

Gaurav Sekhri: Sorry, what was the last part of your question? I couldn't hear you.

Prachi Sharma: Does the Company have sales in those markets?

Gaurav Sekhri: From where we pick up tyres you mean?

Prachi Sharma: Yes.

Gaurav Sekhri: In some geographies, yes, but not in all of them.

Prachi Sharma: And just on the same line, I just wanted to know that are the international operations focused on like the road sector or the reclaim rubber?

Gaurav Sekhri: At the moment, we can only speak of Oman ma'am, and in Oman we do not intend to set up a reclaim rubber plant. We have set up a crumbling plant and a plant to make MRP.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

Gaurav Sekhri: Thank you to all the participants for the interest you have shown in our earnings call and to Valorem for organizing it. If you have any further questions or would like more information about us, please reach out to our Investor Relations Manager at Valorem. Thank you very much again and have a wonderful day.

Moderator: Thank you very much. On behalf of Tinna Rubber and Infrastructure Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.