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Tinna Rubber And Infrastructure Limited

CIN NO. : L51909DL1987PLC027186
Regd. Office : Tinna House, No-6, Sultanpur, Mandi Road, Mehrauli,New Delhi -110030 (INDIA)
Tel. : (011) 4951 8530 (70 Lines), (011) 4900 3870 (30 Lines)
Fax : (011) 2680 7073
E-mail : tinna.delhi@tinna.in
URL - www.tinna.in

Date: 4th August, 2022

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: Audio recording and Transcript of Earnings Conference held on August 1, 2022

Dear Sir,

Pursuant to Regulation 30(6) read with Part A of Schedule III of the Listing Regulations, we wish to inform that the Audio recording & Transcript of Earnings Conference Call for Analysts and Investors held on August 1, 2022, with respect to the financial performance of the Company for Q1 FY23, is available on the Company's website at www.tinna.in

Link to access above audio recording is as under: -

https://www.tinna.in/mp3/Earning-Call-01-08-2022.mp3

This is for your information & record.

Thanking you
For Tinna Rubber and Infrastructure Limited

Tinna Rubber And Infrastructure Ltd. New Delhi

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

Tinna Rubber and Infrastructure Limited
Q1 and FY22 Earnings Conference Call
August 1, 2022

Moderator: Ladies and gentlemen, good day, and welcome to the Tinna Rubber and Infrastructure Ltd Q1 and FY23 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 touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you an over to Mr. Sonpal.

Anuj Sonpal: Thank you Margaret. Good afternoon everyone and warm welcome to you all. My name is Anuj Sonpal 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 financial year 2023. Before we begin, let me mention a short 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 management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the Company's fundamentals business and financial quarter under review.

Now, let me to introduce you to the management participating with us in today's call. We have with us Mr. Gaurav Sekhri – Director, Mr. Subodh Kumar Sharma – Director and Chief Operating Officer and Mr. Anurup Arora – Vice President of Business Development.

Without any further delay, I request Mr. Gaurav Sekhri to start with his opening remarks. Thank you and over to you, sir.

Gaurav Sekhri: Thank you Anuj. Good afternoon everyone. It is my pleasure to welcome you to our Earnings Conference Call for the first quarter of financial year 2023. I hope everyone is keeping well and safe and healthy.

Let me first start by giving a brief overview of the company. I would imagine we have some first-time people who are joining in for the first time as well. So, I will spend maybe an extra minutes giving a little overview of what we do and Subodh – our CEO will then take over and brief about the financial performance of the quarter. Tinna Rubber was formed in 1977 and we are now the largest end of tyre recyclers in the country and quite surely among the top 10 globally. Our company manufactures high quality products from recycling end-of life tyres primarily truck and bus tyre, radial tyres. The applications are very diverse. The products are used in the road construction and maintenance, new tyre manufacturing, conveyor belts, various other applications including something very small like a squeezer on the top of a of a liquid medicine bottle. The company is a pioneer in manufacturing from crumb rubber modifier which is mixed with bitumen for construction of roads. We have been in this business since the late 1990s, early 2000s.

Also, at Tinna we are making specialized materials from recycled rubber, which have very wide applications. We wish to highlight that Tinna is amongst the few players globally which is making micronized rubber powder as fine as 120-140 mesh and this is primarily used in manufacturing of high-performance rubber products such as tyres as well as conveyor belts etc. We have five manufacturing locations in India that gives us a pan India presence and helps us manage our logistic costs extremely well and give a consistent product to our customers because many of them have plants Pan India. You could have a tyre maker having a plant in Uttarakhand and also a plant in Madurai. So, that enables us to work very closely with our companies giving them a consistent product pan India. Our plants are located in Panipat and Himachan in North in Wada near Mumbai invest in Gummidipoondi near Chennai in South and in Haldia on the eastern part of India. In today's call, I also want to spend a few minutes talking about Tinna's role in sustainability and in circular economy. Today's manufacturing by and large follows a very linear economy process in raw material are taken from environment and then turned into products eventually discarded. So, this is defined as linear economy. Circular economy is where end-of-life products are then used, like we do in case of tyres and recover rubber and steel, and fiber and we put these products back in the economy by converting them into recycled materials. Tinna's recovery from end-of-life tyres is close to 99.5% and we convert these products into very specialized and high-quality recycled materials. Typically, the pricing of these products is at least 1/3 or 1/4, even of the virgin material. So, there's a strong economic benefit to use them other than the benefits of sustainability.

Our materials are supplied to leading multinational companies, conveyor belting companies, rubber mat producers, sports surfacing, material makers, etc. and we help them reduce their consumption of natural synthetic rubber essentially virgin polymers without compromising any way to the quality of the product. So, Tinna is a very prime example of success of circular economy and now with the Indian government notifying EPR for tyres, which is extended producer responsibility framework, we think that this is going to benefit us immensely on both counts one it will help us have better access to raw materials and additionally, it will also be very motivating, I think the policy itself drives higher consumption of such materials amongst tyre companies etc. I also wish to share a very interesting study that was done in Sweden in

2018. On the live assessment, comparing to roads made with normal bitumen versus modified bitumen and in that study, it has been concluded that the lifecycle assessment study concluded that the roads made for modified bitumen could help reduce carbon footprint up to 60% equivalent to 1 ton kg of co2 per 240-meter square. The study also concluded that using modified bitumen increases lifespan of the road by up to 100%. This is an extremely beneficial study for us, we are doing our best to also make the policymakers more aware of the benefits, both in terms of environment as well as in terms of just making a better road and as per our role, you know, processing abilities, you know, Tinna Rubber has so far supplied 2.3 million tons of modified bitumen, since we have been doing business, and we calculate that to have saved 800,000 tons of carbon emissions. This is a really really noteworthy, we are very proud of our contribution in our own small way to help with, you know, pressing emergencies like climate change, etc.

I think it's time that I'll pass on to Subodh now who can take you through our financial numbers for Q1. Over to you Subodh.

Subodh Kumar Sharma: Thank you Gauravji and good afternoon everyone. Let me first brief you on the fourth quarter financial performance first and then the full year.

The revenue for the operational for fourth quarter were Rs. 82 crores which grew by 70% year-on-year basis. EBITDA was reported at Rs. 11 crores growing approximately by 31% year-on-year and the EBITDA margin stood at 13.89%. Net Profit After Tax reported was Rs. 6 crores, which grew 65% year-on-year basis and the PAT margin was 7.43%. On the operational front, starting with the road sector, seasonal demand. When I say seasonal demand, with our experience and monsoon season is normally the week, month for the road sector business. So, March, April, May June and up to mid-July, the road construction across the nation is at its peak and then it slowed down during the monsoon season. So, seasonal demand has contributed in rise in sales in Q1. Further there remains a continuous push from government of India for road infrastructure, development of major highways expressway like upcoming Ganga expressway, upcoming Delhi-Dehradun expressway, upcoming Delhi-Amritsar-Katra highway and many more across the nation are driving the demand of modified bitumen and we foresee good volume in the time to come, post monsoon season we see there's a tremendous growth in this line and we see a lot of off modified bitumen in the coming months and educate order book for 11 mobile blending plants for converting bitumen to crumb rubber modified bitumen as road contractor sites. So, we have deployed 11 units as of now and we have a decent order book to finish off over 50,000 tons of modified bitumen in this financial year. We also continue to trade in bitumen only on cash and carry model to complete our portfolio offering for some of our esteemed customers.

On the long road sector front the continuously rising trend of crude and other polymer rubber chemicals is encouraging use of more and more recycled material. Now since EPR policy is also modified so we see that India tyre majors are now exploring higher dosage of sustainable raw material in their formulations. This will help them not only to achieve their sustainability goals, but will also help them on their costs. We are extremely excited about the implementation of the EPR as we expect it will open new revenue systems for us. Export in another area where we see tremendous growth and we are at cusp of starting new business with some of the leading multinational tyre companies. Now, since COVID is almost subsided, the company is investing and participating in international tyre conferences, international exhibitions. So, that also will help us to create our presence in international markets. The company has also received various pending approvals from leading tyre companies and multinational tyre companies, which will result in better optics in coming quarters.

Lastly, the company has commercialized the fourth de-vulcanizer at their Gummidipoondi, Chennai factory which not only will improve capacity utilization of crumb rubber plant but will also add to the top line. With that now, we can open the floor to the question and answer. Over to you Anuj.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Congratulations on great results, amazing performance. Sir, I had a few questions one is for the quarter that we do a lot of trading in bitumen is that the reason for significantly higher quarter on quarter numbers or is it completely the seasonal factors that you discuss in opening statement

Gaurav Sekhri: So, Agastya primarily it was just better demand from both road non road etc. The domain trading volume continues to be a small part of our business and Subodh what is the exact number for bitumen trading that is we did around 18 crores. So, about 18 crores was for bitumen trading.

Agastya Dave: Higher purchases that we can see in the cup, right?

Gaurav Sekhri: Yes.

Agastya Dave: Great. So, one thing that perplexes me is how you are managing your power costs because it's like pretty amazing. You are not seeing any hit to your P&L because of that. So, what exactly has happened? Why are we not seeing a spike in the other expenses?

Gaurav Sekhri: You are surprised to see the power costs.

Agastya Dave: Yes because it's a power intensive business, your activity levels and utilization levels are continuously increasing quarter on quarter and you have managed your power costs very well. I saw that in the scheduled in the annual report as well. So, is this something which is permanent in nature? Have you done anything at plant level which has reduced the consumption somehow the efficiencies is better what exactly has happened and is it sustainable? The current power cost level.

Gaurav Sekhri: So, it's a combination of things. Certainly, we are in the process of doing some upgrades, where we have found that we can squeeze better power efficiency, those upgrades are happening as we speak in fact, now, they're probably 70 80% done. So, that you know, surely has contributed, but overall for us, when we monitor our efficiency on a per metric ton basis, our consumption levels etc all of them are fairly constant other than these improvements, that I spoke to you about?

Agastya Dave: Right. Sir have you sir renegotiated with the power companies, power supply agreements, the rates, have they gone down? Has that also contributed or is it completely true with your operating efficiency measures.

Gaurav Sekhri: Our power sourcing is from the grid, there is no negotiation to be had with the grid, the cost is what it is.

Agastya Dave: So, then great achievement, sir, the repetition of the question that I asked him in the previous call whatever CAPEX have you looked at the situation again, revisited the capital budgeting exercise. Is there any guidance that you can give on when will we undertake substantial Greenfield or brownfield expansion?

Gaurav Sekhri: So, Agastya we are analyzing we continue to analyze these are significant decisions. Unless something substantially improves our presence we are already a pan India present company, unless something substantially contributes logistically, only then we will consider saying that, we have a couple of very interesting opportunities, we are looking at right now. But I do not have anything concrete to tell you today on this call on the timing of it or the amount.

Agastya Dave: Sir, final question from my side, you mentioned that all the whatever things that had to be done before you start supplying to the export markets, all the certifications and verifications have been done, so, can you disperse the exact timelines when we will see contribution from exports and also the tyre OEMs, the new plants that you are going to add, when will we see a substantial contributions from these two sources, exports and the new tyre OEMs.

Gaurav Sekhri: So, on the export side, what I can tell you today is that, you know, in terms of qualifications, we are very much in place, although the tradition etc that we have in place, however, each, large international customer have their own very unique to them, even set of approval at plant level and that we are engaging at different degrees at different levels. In some cases, it is very mature, and we hope will translate into business. We start seeing it from Q2 and in some cases it could easily spill over to Q3 and even Q4. So, it's an ongoing process, which is three to five years when we talk to international tyre companies, primarily. We have seen that typically the conveyor belting businesses are a little bit easier to crack relatively speaking and we have had some success there and recently, we were in South America at a trade show, which actually happened after two years. We got excellent response. So, I think the benefits of that also will start becoming visible probably from Q3.

Subodh Kumar Sharma: Agastya this is Subodh here if you see, Q1 last year FY, and Q1 this year, so our export volume is almost double. It is growing.

Agastya Dave: Sir just a clarification on the reply that you have given, Q2 and Q3 will be start of supplies or these will already show substantial contribution from new clients and new geographies.

Gaurav Sekhri: Again, it is very difficult to answer that question without going customer wise. Some will start, some will reach some level of maturity which started maybe in Q4 of last year, so it has different degrees, but the number Subodh mentioned is very relevant that.

Subodh Kumar Sharma: So, it is almost double Q1 last FY, this FY, yes volume wise.

Gaurav Sekhri: So, volume wise if we compare year-on-year basis we have double experts as of today.

Agastya Dave: Great sir**.** Congratulations again, thank you very much for answering the questions. Thank you.

Moderator: Thank you. The next question is from the line of Keshav Kumar from RakSan Investors. Please go ahead.

Keshav Kumar: Hi, good afternoon, sir. Congrats for another good quarter. So, if I analyze the non-road number, it is quite lower compared to what we did last year. So, what's the reason? Do we expect better non-road contributions from subsequent quarters and for the full year?

Gaurav Sekhri: Sorry can you repeat, are you talking of the nonroad number?

Keshav Kumar: Yeah, yeah. So, we did around 28 crores of business, right. So, last year, we had 150 crore of our consolidated revenues coming from nonroad and if I analyze this 28, it is quite lower compared to what we did in FY22. So, is there some lumpiness do we expect better contributions in coming quarters?

Gaurav Sekhri: Yeah, so if you see our road sector number, the Q1 is 28 crores whereas 21-22 the whole year it was 87.

Keshav Kumar: Sir there is probably some confusion then because your annual report road sector contribution for FY 22 is 87 Cr and non-road comes to 149, but in your presentation, it is the other way. So, we have higher revenues coming from road if I take the FY 22 number.

Gaurav Sekhri: Non-road if you feel like Q1 23 the total is 82 Cr, and bifurcation is 54 Cr is a non-road 28 is the road.

Keshav Kumar: Okay. Okay, so the seasonal impact what you were talking about, the monsoon impact has already happened, and we expect better revenues going forward.

Gaurav Sekhri: So, the, the monsoon impact, largely Keshav will come in the months of July and in August, so that ends to impact sales on the road sector side, but not on the non-road side and that is, we believe the uniqueness of our business that, we have got revenue streams on both sides, but yes in Q2 it is quite normal for us to expect some slowdown in sales for the road sector.

Keshav Kumar: Okay, so sir can you help us understand, the non-road part, how we have been able to perform so well, this quarter, I mean, some levels if you can highlight.

Gaurav Sekhri: Multiple reasons again, like one was exports, we doubled our exports, compared to year-on-year basis and largely the exports are from the non-road sector all from non-road, and even we have gone up the value chain in the non-road sector by graduating from 18 mesh to 120 mesh and 140 mesh, which is higher value products, etc, also giving us slightly better margins. So, those are the things which have helped us, continue to keep fairly strong revenue on the nonroad side. Sure sir do we expect that our margins in the nonroad vertical should also inch up? Not in the very near term, maybe 20 x FY24? I strongly believe so and I say this also because that overall inclusion rate of some of the products that we have now developed a benefit of inclusion rates, I mean, let's say a tyre company today uses five parts of recycled material. As we make higher quality recycled materials is a five part they can probably go to eight part or twelve parts a lot of that that R&D work is going on and once that kicks in as well that will positively contribute both in the revenue side as well as the bottom line.

Keshav Kumar: Great sir. Another one sir if I see the related party transactions for the last year, we had sale of goods worth about 9 crores to Tinna Trade. So, could you help me understand what we are selling there because they seem to be in a totally different business.

Gaurav Sekhri: So, couple of years ago, we Tinna Trade became quite active in marketing of **(Inaudible) 0:25:14**, they built a team to market abrasives, they also import abrasives and the product that we make is one of the products to add to their portfolio in selling to the foundry and Steel industry. So, we do not consider that in Tinna Rubber as our core. So, we essentially made that product and give it to them to complete their portfolio and all those people who sell that product is on their payroll.

Keshav Kumar: Sure sir, lastly, I am squeezing one more, sir, in the annual report, there were certain delays in repayment of loans. So, it is not was not a one off, I saw 15 to 16 instances in the past one year and the last delay was in November. So, I just want you to understand the reason and if we can expect more timely payments going forward.

Gaurav Sekhri: So, we are actually completely on time, with all our repayment of loans etc. with banks. We have not had any delay even in last year, the delay you are referring to is the delay we had with a NBFC and that was because we were in the midst of transition from Indiabulls and that loan got taken over in January this year by State Bank of India. So, only because of that transition and change, there was some delay, but that has now concluded. In fact, we do not have any loans outstanding from the NBFC which is Indiabulls and that loan in totality was taken over by State Bank of India, saving almost 400 bps to the company.

Keshav Kumar: Okay, great. Sir I have more questions but I will come back to the queue.

Gaurav Sekhri: Thank you. The next question is from the line of from the line of Vignesh Iyer from Sequent Investment. Please go ahead.

Vignesh Iyer: Congratulation on good set of numbers to the call. Sir I am new to call. I just want to know few basic information about the company. If you could help me understand what is the production capacity for the crumb numbers and what is the utilization level?

Gaurav Sekhri: So, our ability is to process approximately 75 to 80,000 tons of tyres annually, all our plants put together and this year, we believe we will be close to somewhere around 65,000 tons of tyre processing capacity.

Vignesh Iyer: As in you mean today for FY22, you manage around 63000? Right.

Gaurav Sekhri: I am talking FY23. FY23 I gave you our detailed capacity and our projected tyre processing.

Vignesh Iyer: Okay, and how much was it in FY22?

Gaurav Sekhri: **I**n FY22 it will be a shed below 50, around 50,000 tons I believe.

Vignesh Iyer: Okay. So, could you help me understand as being a very energy intensive business and the financial statement does not reflect power and sale cost separately, if it gave me what were your expenses out of that other expenses of 13.6 crores, how much was the power expenses compared to the earlier quarter. That is quarter FY22, so if you give ballpark number in case you do not have.

Gaurav Sekhri: **See** our power and labor costs together it constitutes about 16 to 17%. My suggestion recommendation is for the sake of gravity and to keep this call moving, if you can email us what specifically you want, we can then consider sending your reply instead.

Moderator: Thank you. The next question is from the line of Dipesh Sancheti from Manya Finance. Please go ahead.

Dipesh Sancheti: Firstly congratulations on great set of numbers. My question is on the same line says that the EBITDA margin has reduced from 17.97% to 13.89% and even quarter-on-quarter it has from 15% to 13.9 Is there any major reason and looking ahead what is the reasonable margin expectations we can work with.

Gaurav Sekhri: Sure. Our growth in top line has been North of 50-60% right our top line growth, 49 to 82 so there have been some reduction in EBITDA margins because of new customer acquisitions and new market developments. The second part of your question to answer what is the EBITDA margin we can expect, we believe even in this financial year, we should be close to 16% is our expectation and what is the effect of crude oil prices and the margins or on our business. For us the impact on crude oil etc is I mean on the raw material front, it makes tyres also attractive for oil extraction, which is a highly polluting industry actually, but still, they are operating in many parts of India as well as even in some other countries. So, to that extent, it makes the raw material acquisition more expensive for us, when mineral prices are high, but also at the same time, we see a much higher motivation amongst our customers to use more products. So, that kind of nullifies the impact overall also what one favorable impact of high crude oil prices for us is that it is made bitumen very expensive and for the road sector industry now, adding our additive we actually brings the cost down marginally. So, you not only make a better road, you also make a more economical road, so to that extent higher crude oil prices kind of work out okay for us.

Dipesh Sancheti: Sir what is the percentage of bitumen for a roadmap, percentage of bitumen which is added and the rubber crumb which is added firstly that one and secondly, what is the price difference also like suppose, if there is the cost is about 100. What is the price for bitumen will be 100 or for your road crumb. Just to understand how beneficial it is going to be for the road industry.

Gaurav Sekhri: So, basically normally modified bitumen is 88 parts of bitumen and 12 parts of modifier and Subodh can answer you.

Subodh Kumar Sharma: **Y**ou can replace 12 to 14% of bitumen from the rubberized asphalt and proportional is 86 to 88 as a bitumen and 12 to 14 is the rubber, right. So, that makes the end product cheaper by 2000 rupees to 2500 rupees.

Dipesh Sancheti: 2500 rupees per?

Gaurav Sekhri: Per metric ton.

Dipesh Sancheti: Per metric ton okay. Sir the last question is what is the percentage of sales and for the road sector in this quarter?

Gaurav Sekhri: 34%.

Dipesh Sancheti: 34% Okay and going forward you expect this to cross 40?

Gaurav Sekhri: Definitely, I mean, we had already some slowdown witness, because of monsoons kicking in towards the second half of June. Normally, this could easily be you are right about 40%, 40 to 45%.

Dipesh Sancheti: Thank you so much. If there is any other question, I will come into the line.

Moderator: Thank you. Next question is from the line of Ashish Rampuria, an individual investor. Please go ahead.

Ashish Rampuria: Thanks for taking my question and good numbers. I wanted to understand a bit from a revenue perspective. We have a good order book this year, but how much of this sort of is a recurring revenue and even from a good perspective sort of where do you expect growth to come from?

Gaurav Sekhri: We are very confident that we should be able to achieve quarterly revenues now fairly consistently of between 80 to 85 crores, that is a number that we are fairly confident on. Even if there is some little setback of seasonality on the road sector, hopefully nonroad will make up for it and vice versa depending on the month. So, my expectation is to be between 80 to 85 crores per quarter this financial year as a as a fairly consistent number.

Ashish Rampuria: Got it a fair point, but I want to understand how much of this becomes recurring and sort of where will the growth come from going forward as this is first year and sort of this year and we have the order book, but going forward where do we expect the growth to come from and to what extent?

Gaurav Sekhri: I think I have answered your question, we have achieved 82 crores in Q1. 80 to 85 crores, is what I expect in the remaining quarters of this financial year and those kind of channels of sales are already established. That is why we got this in Q1 and I think I am mentioning that that is what we will continue to achieve.

Ashish Rampuria: Sir got it just to reiterate, I want to understand while this is this year, but if one wants to look at sort of a more longer horizon, what sort of growth does the organization expect that is one and where does it expect to come from.

Gaurav Sekhri: Sure I appreciate the clarifying statement. We expect on the base that we are building are normalize, growth of about 15% is a fair number to expect, but we have at least three to five new interesting projects in the work. Now, these projects could be about going off the value chain, they could be about setting up a new plant, they could be about backward integration, etc. So, some of those things are in the works and we hope that by the end of Q3, we will have at least two of such ideas, crystallized and in the midst of execution and that can deliver we hope and expect exceptional growth in the FY24 and 25.

Moderator: Thank you. The next question is from the line of Dhairya Visaria, an individual investor? Please go ahead.

Dhairya Visaria: Thank you so much, and congratulations on a great set of numbers. So, I wanted to ask like, can you talk about the EPR policy, which is notified by the government and like, what is the management's view on this policy? Like, how will it change the environment for the companies affected and also your growth opportunities, if you can talk about.

Gaurav Sekhri: Sure, sure. So, Anurup Arora, my colleague here will put some more light on this.

Anurup Arora: So, we have this EPR policy which has been notified by the government. We see positive impact on our company and similarly, recycling companies in the sector, on one side we will have larger amount of raw material being available for recycling companies, which, as of now, are channel for illegal routes of pyrolysis, etc, because all the tyre manufacturing companies will have a mandate for ensuring X percentage of material getting recycled through legitimate route. So, we will have larger amount of tyres being available for which we are right now, dependent upon imports and on the other side we will have all the tyre manufacturing companies be motivated using more sustainable raw materials. So, you have more larger market available domestically, for sale of recycled and, you know, highly specialized material, which we and all the other recycling companies are making, so, it is going to have a very positive impact, and we really look forward to it.

Moderator: Thank you. The next question is from the line of Keshav Kumar from RakSan Investors. Please go ahead.

Keshav Kumar: Sir can you give some more granularity on the nonroad verticals like how much of it would be higher value add products like tyre conveyor belt transmission belts. Sir, why I ask this is because on one hand, the non-road contribution has substantially gone up, but the gross margins are the weakest in quite a while. So, how should we see that?

Gaurav Sekhri: So, what was the first part of your question Keshav, can you repeat?

Keshav Kumar: If you can give some granular details on the non-road vertical, how much of it would be higher value add products like tyres conveyors versus the others?

Gaurav Sekhri: So, on that 50% of our nonroad revenue comes from the tyre businesses and then of course, we can revalidate this more or less 50% of it comes from what the business we do with tyre companies and the remaining 2% comes from everybody else, but in terms of high performance products, I would say 60-65% of our sale came from micronized rubber products we consider as a high value products. We are very close to around 2000 tons of the business. So, around 35.

Keshav Kumar: Sir should we not have expected better gross margins this quarter because the contribution wise we had a phenomenal contribution coming from non-road? So, how should we see the gross margin linkage, because it's probably the weakest we have seen over the last few quarters.

Gaurav Sekhri: Like I explained it could be some of the impact is because of new customer acquisition and things like that, but these will normalize, and we expect at a EBITDA level to operate at around 16% going forward.

Keshav Kumar: Okay. Sir so a big chunk of non-road revenues already comes from the road sector, as you have mentioned. So, is there a positive optionality because the timelines are pretty long and you would say back in December that we have the arrangements in place? So, should we see that going further in another year or two?

Gaurav Sekhri: Are you asking me about the growth of revenues from the road sector.

Keshav Kumar: Tyres as a percentage of nonroad?

Gaurav Sekhri: For sure, because tyre industry, firstly, at a very macro level 70% of the world's virgin polymers are used for making tyres, and 30% is everything else. Okay, so, tyre will continue to be a very major part, tyre industry will be a very major part of our customer base and, in my view, while we have been very successful with all the Indian tyre majors, and all of them at different degrees are now working with us. Some with very high volume, some with relatively speaking smaller volumes, but the international tyre majors, we are only just beginning to get as customers and that the headroom is tremendous.

Keshav Kumar: So, sir on that side, we already have the validations in place, or we just started developing the business with the.

Gaurav Sekhri: In process. The COVID slowed us down because research work, you cannot do research sitting at home, you need to be in the labs, in the factories, to do product validation and things like that. So, we had a setback because of COVID and now things are normalizing and it is picking up pace. So, depending on customers, and obviously for confidentiality reasons, I cannot go into detail where we are with whom and at what stage, but we expect at least two major breakthroughs within FY23.

Keshav Kumar: Okay, great. Sir another thing and so now the EPR policy will help us on the raw material side and also on the supply chain. So, do we expect the percentage of what is blended like in the end and say tyres to go up? So, basically, the number of clients, we have already mentioned that we are fairly made inroads in the domestic industry, but the percentage of crumb rubber that goes into the tyres, that can be a positive plus, right.

Gaurav Sekhri: Definitely, I think we mentioned that there is a lot of motivation or amongst those companies both for sustainability reasons and economic reasons that they are all exploring higher dosages of recycled materials.

Keshav Kumar: Okay, so is there a rough ballpark figure of what percentage would they typically do right now and what it can go up to?

Gaurav Sekhri: It is very tough to say. Again, it's very specific to the type of tyres, In off road tyres and solid tyres already, it could be as high as 30 parts or 25 parts but in radial tyres intrusion is very less, it is like 3 or 4% today. So, in each of these applications, I know the R&D of tyre companies is they're working aggressively to see how to increase inclusion of recycles material.

Moderator: The next question from the liners Sachin Shetty, an individual investor. Please go ahead.

Sachin Shetty: My question is basically for the revenue so we grew almost 70% year-on-year, but our EBITDA margin and net profit still we actually stayed at 7%. So, what differently we can do to improve this EBITDA and net profit margins.

Gaurav Sekhri: Sachin, firstly I think to grow revenues are 70-80% and lead margin is an achievement in itself. I think you will agree that but, in terms of further improving these margins, we are constantly working and like I said, some element of acquiring new customers and new business development tends to cost some money, but now that we have acquired these customers, we hope to get our margins back to about 16% EBITDA level.

Sachin Shetty: Okay great and sir at the initial comments I heard that our capacity increased something around 65000 metric ton and our total installed capacity 70 for almost we are running 80 to 90% peak capacity utilization right sir?

Gaurav Sekhri: Correct.

Sachin Shetty: Sir is there any expansion plan or CAPEX loss to going for since we are acquiring many customers. We answered little bit earlier that we are looking at 5 new projects and some of them at least one of them is about setting up a new plant, we are scouting and analyzing a location as we speak. But it is to initial at this stage for me to announce anything.

Moderator: Thank you. The next question is from the line of Dipesh Sancheti from Manya Finance. Please go ahead. As there is no response we will move to the next question, which is from the line of Sikha Kapoor, an individual investor, please go ahead.

Sikha Kapoor: I just want you to know about TP Buildtech part. It is very commendable that how you have sold around your company in the last couple of quarters. So, if you can just throw some color on what is the current investment on your associate and what is the guidance that you can share for the next couple of years. Broader ourlook?

Gaurav Sekhri: Sure, thank you for this question TP Buildtech is we consider it very strategic in the space that it operates, it is in concrete admixtures and the larger opportunity there is to build a full fledged construction materials company. We are also very pleased how TP Buildtech has turned the corner and its sales are growing and it is acquiring some really fantastic customers. We recently have started supplying our product to Fuji Silvertech, which has a contract for the bullet train project. We are supplying our product to the Reliance Jamnagar refinery for its expansion. So, we have some real marquee projects now to which TP Buildtech is catering. It further just reaffirms the high quality product that we have in our portfolio. So, we are looking at various things. We are looking at expanding product portfolio. We are looking at possibly a third location now for TP Buildtech because two are up and running. One in West and one in north. So, we are now looking at a third location option and I think with the thrust of government and infrastructure spending, I think for the next two decades, at least, I see TP Buildtech to the to be in high growth just at the back of these opportunities.

Sikha Kapoor: Was there any change in the product mix off late or are we planning something like that?

Gaurav Sekhri: We are planning to add two new products this year. We have not done it yet, but that is in the works. At the moment we are a mono product business making only concrete ad mixtures but we are adding couple of new products to our portfolio and I think that should be achieved by the end of Q2.

Moderator: Thank you. The next question is from the line of Dipesh Sancheti from Manya Finance. Please go ahead.

Dipesh Sancheti: I wanted to know what is the nature of business with tyre companies? Are they are customers also and there are suppliers also, or do we take tyres from the local market? How is it?

Gaurav Sekhri: Mr. Sancheti with the EPR coming now, it's being notified already. So, that model also will come into the picture like we shall be buying that directly from the car company they are field rejects, there you as per EPR policy they are bound to collect some of year basis, some of the percentage of old tyres so, that will strengthen our supply chain system, but right now, we are buying it from open market, we are importing also and then we are converting into the value added product we will be supplying to the tyre company as one of their key raw material now.

Moderator: Thank you. The next question is from the line of Keshav Kumar from RakSan Investors. Please go ahead.

Keshav Kumar: Hi sir lastly, what would we be import versus domestic ELT split?

Gaurav Sekhri: Hi, Keshav. Currently, it could be somewhere around 85 to 15% or rather more skewed towards import? Yeah.

Keshav Kumar: Okay and the prices are there.

Gaurav Sekhri: So, there always remain the data of roughly Rs. 5 to Rs. 6. It keeps on changing depending on port bears so, yeah.

Keshav Kumar: So, compared to last quarter, has there been any substantial movement or it is fairly flat?

Gaurav Sekhri: There are prices increasing from the ocean ocean freight tides. So, it keeps on changing. But we see in ocean freight getting a little more settled in time to come. We see better costing for imports in time to come.

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

Gaurav Sekhri: So, I would like to thank everyone who has participated on the call today, we greatly appreciate the interest in our company and I hope that we were able to answer your question satisfactorily and offer some insights into our business. Of course, if you have any further questions or would like to know more, you may reach out to our Investor Relations Managers, Valorum Advisors and with that note, I wish everyone a very good afternoon and good day ahead. Thank you.

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