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Tinna Rubber And Infrastructure Limited

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Date: 6th June, 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: Transcript of the Conference/Earning Call held on May 26, 2022

Dear Sir/ Ma'am,

With reference to our letter dated May 27, 2022, intimating you about the conference call with Analysts/Investors held on May 26, 2022, please find attached the transcript of the aforesaid conference call. The above information will also be available on the website of the Company: www.tinna.in

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
Q4 and FY22 Earnings Conference Call
May 26, 2022

Moderator: Ladies and gentlemen, good day, and welcome to Tinna Rubber and Infrastructure Limited, Q4 and FY22 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 "*" and "0" on your touch tone phone. Please note that this conference is being recorded. I now hand the conference order Mr. Anuj Sonpal from Valorem Advisors. Thank you an over to you, sir.

Anuj Sonpal: Thank you. Good afternoon, everyone now a 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 Conference Call for the fourth quarter and financial year ended 2022. Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward opinion 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 an 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, I would like to introduce you to the management participating with us and today's earnings call and hand it over to them for opening remarks. We firstly have with us Mr. Gaurav Sekhri, Director, Mr. Subodh Kumar Sharma, Director and Chief Operating Officer and Mr. Anurup Arora, Vice President 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. So, good afternoon everyone. It is my pleasure to welcome you to our first ever Earnings Conference Call today. Today, we would like to present data for fourth quarter of financial year ending 2022 and I would like to begin by expressing my vision desire that I hope everyone and their families who are on this call are safe and healthy. Given this that this is our first ever earnings concall, I will spend a few minutes in very brief I will explain about our business and overview after which Subodh, our CEO will give you the performance for fourth quarter as well as the financial year which is under review. So, Tinna Rubber was set up in the year 1977 and the business evolved over the years and we are now the largest end-of-life tyre recyclers in the country, one of the biggest in Asia and I believe we would be amongst the top 20 globally as well. Our company is manufacturing high quality products from recycling end-of-life tyres. We primarily focus on truck and bus radial tyres, we are into what is defined as material recycling. So, we mechanically recover the materials from tyres for example, rubber and steel and these materials are then put back into the economy. So, our business is a prime example of circularity and very much aligned with the sustainability goals. The steel is melted and goes back into making new steel. We also do some value addition of steel by converting steel wire into steel abrasives. The rubber on the other hand is developed into products, which goes into primarily two buckets. We have a road application, where we are pioneers in the country as well as we make high-end recycled raw materials from the recovered rubber which go in making new rubber products, high performance products like tyres, to low performance more basic products like rubber mats. We have five manufacturing locations across India. So, we have a very good very advantages, strategic presence Pan India. Three of our plants are located at ports which helps us fully harvest the benefits on logistic costs and in being close proximity to customers. We are the only Company in the country in tyre recycling which has a pan India presence. There are some of our peers who are regional players, so, they could be, people who have plants in West and some who have maybe plants in south or north, but there is nobody like us who has a pan India presence with plants in North, East, West and South. I would like to now pass on to Subodh to please elaborate on the financial performance of the fourth quarter as well as the financial year 22. Over to you Subodh.

Subodh Kumar Sharma: Thank you Gauravji and good afternoon gentlemen. Let me first brief you on the fourth quarter financial performance first and then the full year. The operational revenue for the fourth quarter were Rs. 64 crores which grew by 43% year-on-year basis. EBITDA was reported at Rs. 9 crores growing approximately by 46% year-on-year and EBITDA margin stood at 14.38%. Net Profit After Tax reported was Rs. 5 crores, which grew four times year-on-year and by 20% quarter-on-quarter basis and the PAT margin was 7.66%. On the operational front, the growth in revenue in Q4 FY 22 was due to better demand environment and increased capacity utilization on backup B bottlenecking and growing product value chain. The sales to road sector picked up post winter from February 2022 onwards, as the construction activities resumed after the winter season. There was a push to complete Bundelkhand Expressway and the other initial highways and Expressways. Demand front tyre and conveyor belt company has also increased as natural and synthetic polymer pricing were at all time high range, which encourage trying to use more and more recycled rubber materials in the rubber compounds. The Company secured business of processing of 25,000 tons of CRMB to be completed in next 12 to 16 month. This will help in deployment of four mobile blending plants at contractor side wherein we shall be supplying the recycled rubber material and contractor will bring their bitumen and we shall be converting this bitumen into the rubberized bitumen for the road construction. New and upgraded version of micronized rubber powder and reclaimed rubber was introduced to Tyre Companies compelling them to use higher dosages of recycled material and all the tyre companies because of circular economy and on the cost advantage are looking for more and more refined products better products so that the dosages and consumptions can be increased. Now let me brief you on the financials for the full year of financial year ending 2022. The operational revenue were Rs. 237 crores, a growth of around 82.3% year-on-year. EBITDA stood at Rs. 37 crores, representing a growth of about 112% year-on-year. EBITDA margin were reported at 15.56% While net profit stood was Rs. 17 crore against a minor loss in the previous year. PAT margin improved to 7.12%. For this financial year sales from road sector increased by 42% year-on-year to Rs. 88 crores while sales from long road sector increased by 62% to Rs. 149 crores. I would like to emphasize here that we started de-risking our business in 2014-15 by adding products for non-road sector like tyre and conveyor belting and other rubber related products. This was initiated due to slow down in the road infrastructure during that time. In 2014-15, non-road sector contribution was just 41 crores of total revenue, which has grown to Rs. 149 crores in large financial year and with government push on infrastructure and highway, road sector have also grown from Rs. 53 crores to 88 crores. The company generated Rs. 25 crores of cash profit from which we were able to reduce our net debt further and the company also completed refinancing of NBFC loan from SBI which will result in annual saving of Rs.1 crores. If I talk specifically on that debt, there is approximately 25% reduction in debt in last financial year. If we compare 2016-17 it stood at Rs. 93.5 crore which is now reduced to Rs. 68 crores. With loan of Indiabull and term loan fully paid Company average cost of debt would be in range of 9 to 10% as against of 12% in the last financial year. Interest costs in 2122 stood at 8.98% as compared to 9.56% in 2021. Expected interest costs what we aim will further be down by 1% in 2022 to 2023. Though that data has gone up from 35 to 33 crores that too because of increase in revenue, but day sales outstanding has come down from 70 days to 51 days. The Draft EPR Policy is out for public comments and about to be notified by June 22. While it is notified, this will strengthen the supply chain and ELT collection will be more organized across the country. Finally, I am pleased to inform you that the board has recommended a dividend of Rs. 4 per equity shares for the financial year ended to 2022, subject to approval of shareholders. With that now we can open the floor to the questions and answer session. Over to you Anuj.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: You have really done remarkably well. Sir, I have actually four questions, if you will allow me. Sir first is if you can give the data for the trading side of the business. So, how much bitumen trading happened during the quarter and also for the year?

Subodh Kumar Sharma: Would you like to give us a list of all your questions and then we can tackle them one by one if there is any overlapping it becomes easier to answer.

Agastya Dave: Perfect, perfect. So, the first question is on the trading business. How much was the bitumen trading for the quarter and for the year and what kind of impact did it have at the EBITDA level? So, how much EBITDA was the core business generating and how much was from bitumen trading? Second, sir, from last year what kind of price increases have we seen in our end products? I know it will be very difficult for you to give because we have such a huge basket of products, but a ballpark number would do. What kind of ASP games we have seen. Next sir, you mentioned that you expect the notification for the drug policy to happen in June. So, did I hear that correctly and that is a sure short thing which is happening now. Definitely do or is it just I mean, something that has been we hoping for a June notification or that has been confirmed by someone and the final question is on the power side. So, there is a lot of inflation that we have seen on the power and fuel side. So, what are you seeing this is something that I have asked you in the past as well, but has anything changed because industry at large is facing huge inflation on the power and fuel side? These are my first at least the first set of questions sir. Thank you.

Gaurav Sekhri: Thank you for your question. In regards to bitumen trading, it is a very small part of our business. I have our CFO handy, who is going to give me a more approximate number and so our total bitumen trading for the FY 22 is approximately at Rs. 18-19 crores. Our our guardrail of bitumen trading is very clear. We only trade and source bitumen for some of our customers when they ask us to do it and we work on a back-to-back margin, zero cash flow deployment basis. So, we only take up any bitumen trading on these two bases. It is not a focus area for us today. That is my answer on the bitumen trading side. Second on the price increase impact, depending on products Agastya, we have managed a price increase of between 5 to 10% in FY22. Largely the negotiations for price increases happen in Q2 and they have certified in Q3 and to some extent in Q4. It is an ongoing process. We are continuing to engage with our customers on this, but we have secured between 5 to 10% depending on the customer and depending on the product. On the draft EPR policy, it has been extensively discussed. Fortunately for us, government involved us in the committees as well, which adopted this policy. We believe at this point, it is with the Ministry of Environment, I believe with the Minister, I mean, but there is no certain way of knowing it, pending approval, it has cleared the public suggestion process. It has been recommended and endorsed by Niti Aayog, but you know with government work, it is tough to predict accurately when something like that could happen, but we believe we are not far from it getting implemented. On the cost escalation on account of power right now the bigger concern for us is getting stable power that is a challenge that is being faced by all industries and we are no exception. So, we are not as first about the cost escalation today more about stable and continuous supply of power that is available.

Agastya Dave: But could you put a number on the hit you are taking directly or indirectly either through higher price or the hit you are taking due to let's say reduce volume because you are not getting adequate power. Is there a quantity that you can mention that this is my hit, because of this power.

Gaurav Sekhri: So, at this point, we have not yet seen the grids increasing power. So, there is there is no increase of power there is like I said the concern is about stable and continuous supply. This disruption also has been faced more in the last few weeks, I will say and fortunately because we are very well de-risked in a manner of speaking I mean we have 1 plan in Himachal, one in Haryana, one in Maharashtra, one in Tamil Nadu, West Bengal. So, we are able to cope and manage with it. It has not seriously impacted but certainly, there have been power cuts, etc., but the impact is minimal at this point.

Agastya Dave: Sir I said that I have two other questions, but I will go back in the queue and give others an opportunity and I will come back with two other questions. Thank you, sir. Thank you.

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

Keshav Kumar: Can you help me understand what kind of CRMB volumes and margins we have done in the past 1 to 3 years? So, how would that compare to the 25,000 metric ton businesses secured for next year and also get clarity on the contract structure? If this is fixed price or the entyre tenure and it will be more susceptible to margin pressures if we see high ELT prices?

Subodh Kumar Sharma: See when I talk about the CRMB, the CRMB is the Crumb Rubber Modified Bitumen, but here our role is like 25,000 tonnes of CRMB that means CRMB processing, where in my product only crumb rubber will be going to the contractor. Okay, so bitumen will be coming from the refinery. So, this business is for the roadway, if we are securing this business from 12 to 16 months, so this may be extendable another for two to three months because many times the road highways and all sometimes stuck in some environment or something. So, it is two to four months extendable, but here our business will be purely the supply of recycled rubber material, and that we shall be processing every operation maintenance part of operation and maintenance contracts and that will be the only our involvement with that.

Keshav Kumar: Sure sir and sir what has been the moment in ELT prices both domestic and imported over the three months. CRMB, we have currently only a month and a half an hour. If I see our inventories, we are currently at a month and a half. So, how much of it would be raw material and what is our strategy currently with the kind of price certainty we see through.

Gaurav Sekhri: I think your question is directed more towards how we are ensuring stable and regular supply ELTs for our plants, right.

Keshav Kumar: Yes, on the price point and also as well as what our overall strategy is going to be tackling the volatility.

Gaurav Sekhri: Sure, so this is this is very much a game of increasing optionality, that is how we are, we are addressing it. We, early part of FY22, we had large origination out of Europe. We now have built pretty good origination out of Middle East as well. We are seeing more stable supply coming from Australia. So, it is our strategy to tackle this is by just having more optionality and we are continuously working on creating new origin for us as well as strengthening our domestic origination by tyres like we have with at least two major Indian tyre producers and we are in the midst of discussions to have similar tyres with two more. So, this is how we are ensuring regular supply as well as keeping price in check, because when we have optionality, then we can dive back down on any organization which you know, tends to creep up.

Keshav Kumar: If I can take one, small one, then I will join back in the queue. So, from where we stand including the tyre companies, wallet share is made is it sort of an irreversible trade. So, what I mean is have an offer lower value applications such as rubber match, you would have some cyclicality depending on what is cheaper and more readily available, with tyres, the companies have to be more deliberate which explained for long gestation in high entry barriers. So, is it fair to assume that this could become a strong annuity business for us with the superior margins going forward?

Gaurav Sekhri: Very much. So, I could not articulate it better, as you have done in your question. You know, these the entry barrier, and the time it takes to break into tyre businesses tyre companies, it is a three maybe five year process, depending on the company and they really have very little motivation to change their formulations and all of that. So, you kind of the answer is in your question that this had and will continue to result into strong annuity flow for our company.

Keshav Kumar: And sir how soon can we expect a double-digit contribution coming from tyres?

Gaurav Sekhri: How do you mean double digit can you please explain?

Keshav Kumar: As a percentage of revenue.

Gaurav Sekhri: You know, Keshav, our nonroad business, which is basically on tyre companies, conveyor belting companies, rubber mat companies and all of that, in the year 1617 was a meager Rs. 45 odd crores as a number in front of me, I will share with you. In financial year, FY15, our non-road sector business was Rs. 41 crores and that in FY22 has grown to Rs. 150 crores. So, that is the kind of growth we have seen and we believe that while we have done extremely well, even if we say so ourselves in working with Indian tyre businesses, we see tremendous headroom for our company in with some of the large multinationals with whom we are at different stages of conversation. Like I said it is a three-to-five-year process. So, still a lot of headroom for growth Keshav.

Moderator: Thank you. The next question is from the line of Rahul Ramakrishnan from Vista Investments LLC. Please go ahead.

Rahul Ramakrishnan: Sir, I have just one question and that is kind of got to do with the demand that you are seeing for your recycled rubber from the tyre industry. Would it be fair to say that a lot of the demand that you are seeing from that industry is due to high natural and synthetic rubber prices and if so, can we see a bit of dampening of this demand in the next in FY23?

Subodh Kumar Sharma: So, like you said, no, we do not foresee like this, because we are experiencing after meeting all these companies, more than the price you know, they are more concerned about the environment and the circular economy. So, all these tyre companies are having some sustainability mission like their company, Michelin, Michelin is having a sustainability mission like 2048. By 2048, they will be ready with the tyre which will be made out of 70% sustainable raw material, out of which 30% will be recycled rubber material. So, on the same line, even Indian tyre majors are also having their sustainability mission and they are exploring more and more usages of recycled rubber material in their compound. So, that is another reason we seek sales are growing with the Tyre Company like you have seen from 41 crores to 149 crores and in the time to come, this is going to be stable and because of the environment and sustainability reasons, they are not going to just because of price.

Gaurav Sekhri: I just very quickly add, also that, all commodities are in a bit of a supercycle at this point of time and Virgin polymer is either in the form of natural rubber or synthetic rubber, which is a derivative of petroleum. All commodities are in a bit of a supercycle now and rubber, as it is has a 7 to 10 year cycle of price movement, historically speaking and in short, we do not expect cycle of Virgin polymer to correct in the near future. Since it was relevant I thought I will also mention this.

Rahul Ramakrishnan: Okay, sir just a follow up to that. So, personally like all commodities, so I do not expect rubber prices, or any so as you said, we are in a super cycle, but even in a super cycle, we do tend to see minor declines, right, let's say there is like a 20% decline. I am not saying that prices will go back to like, pre-COVID levels, but even if there is like a 20% decline in price, would not that affect you even a little bit like, are you saying that you are totally immune to any decline in natural or synthetic rubber prices?

Gaurav Sekhri: Our take Rahul is not so much because, at the end of the day, one is how Subodh explained that every tyre business has a strong sense of, commitment to environment and using more sustainable materials. Also, the change will only be if virgin polymer prices come down, granted that their level of saving may come down, but it is still a saving. So, why would you why would you sacrifice that.

Subodh Kumar Sharma: Not only the saving Rahul, if you see the recycled rubber material and the poly material still a 4x difference, so, that will be one reason, second reason is not only the natural rubber or synthetic polymer price have gone up, if you see in the last couple of months, even due to this price rise raw material, our product. Sales price has also gone up even then the user is attracted to use it more and more. So, if that has come down also reflecting their input material, and my sale price will also be a little bit slightly better.

Rahul Ramakrishnan: Perfect, perfect. You answered my questions very well and just one last question. The penetration of your reclaimed rubber in tyre manufacturing like you have an estimate like at what percentage are most tyre manufacturers using it versus like you know, the mix?

Subodh Kumar Sharma: See, right now most of these tyre companies are using 3 to 5% of regenerated, reclaimed rubber and if you talk about the conveyor belting business, they are using 20 to 30% of reclaimed rubber in their compound, but they are exploring even tyre companies are exploring, they want to escalate it up to 10% of this material and that is the reason why I have covered in my statement, the upgraded version of micronized rubber powder and the reclaimed rubber we are introducing to the tyre company. So, that is the reason like, you know, we were making micronized rubber powder of 80 mesh and mesh is something related to the fineness of the material. Today we are selling 140 mesh, which is much-much finer product, so that encourage user to use your almost double what he was using 80 mesh. So, similar way on the reclaim also from many years, the reclaim in the market is just by their tensile strength. So, market was depending on the normal tensile reclaim, we now have introduced the high tensile reclaim, which encourage them to use more dosages. So, that's where we can go add on the dosages with the time.

Rahul Ramakrishnan: Brilliant sir suffice to say that exciting times for rubber here to say, I wish you all, all the best for the future.

Moderator: Thank you. The next question is from the line of Devesh Sharma from DS Investment Inc. Please go ahead.

Devesh Sharma: Quick question on the industry construct itself, right? So, like you rightly said that you started nonroad segments somewhere around 16-17 and it is almost 3x from that, right? So, this push angle, right, where we sort of educate industry participants, manufacturing companies, and everybody versus once they start using it, and then it becomes a pull product, right? So, how do you see this transition playing out for us currently, as well as in coming year, I just wanted your view on that construct.

Gaurav Sekhri: So, Subodh briefly mentioned and spoke about how we are trying to go into even more specialized products and innovation, enabling tyre companies to use higher doses of recycled rubber materials. Because at the end of the day, none of these businesses will compromise safety or longevity on their product. So, our attempt and focus for FY23 is to continue to innovate and one proof of that is how we have started making 140 mesh and then grinding MRP versus 80 mesh when we started three or four years ago and this final mesh size is enabling tyre companies to use higher doses as well as using it in applications and tyres which otherwise would they would not have considered to use recyclable materials. For example, tyre companies are have always been quite open to use recycled rubber materials in two wheeler tyres, off road tyres, agriculture tyres, etc, but not so much on in radial tyres. What we are expecting is that as we go up the value chain, we are opening opportunities for ourselves, as well as tyre companies to use more recycled materials than radial tyres as well. I hope that answers your question.

Devesh Sharma: And the second one would be if you could sort of look at broadly three segments that we operate in, which is the road and within nonroad, the tyre and value industry and as well as third being the steels. If you were to look at few years out, how do you see these segments as a mix of overall consolidated and if you could comment about the margin profile of each of these and how would you sort of see your company evolving in the direction that would be helpful, thanks.

Gaurav Sekhri: Sure, so, on the road application site, we see strong growth because many new mega projects have been announced by the government, new connectivities, Subodh can give you specifics, but many of these new projects now have already in their specification that they will be using modified bitumen and as and when these roads come towards completion, that is when we will see sales for us because our product is used right at the end, when we are doing the bituminous concrete, but looking at the pipeline, we see fairly good growth, stable growth, multiple projects, multiple parts of India. So, that is one I mean, to expect a growth of about 20 odd percent year-on-year to me seems very achievable on this side. On the nonroad side on the tyre companies, tyre industry grows 15% 20% year-on-year that growth will come towards that is just natural. Beside that with innovation and R&D that we are doing, as we make more specialized range of products, those intrusion rates, I believe will help us right growth, which will be exceptional, different from the routine growth, as well as we see a very strong opportunity for us in exports, off into the non-road sector, because already that line that business is there, our peers, our industry are successfully doing it, our share of exports is still small. So, we see a very good and large opportunity for us and that is going to be our focus in FY23.

Devesh Sharma: Okay, great. Thank you and if you could also comment in the margin profile of both tyre, non tyre and the steel segment.

Gaurav Sekhri: I would like to, answer that on a combined basis. You see, we have witnessed EBITDA margin expansion by about 200 BPS, between FY21 and FY22. We have gone up from about 13.5% to 15.5% in FY 22. I would like to see, or my full expectation is, I am being a bit calibrated in response here. But I expect to further gain on this we are very confident on that.

Moderator: Thank you. The next question is from the line of Karan from Maximal Capital. Please go ahead.

Karan Asli: Couple of questions from my end. The first is regarding volumes. So, could you help me under the volumes in Q4, Q3 and FY22 and the second question is, with respect to the working capital cycle, we have seen a good reduction across all three components. So, if you could just help us understand what this could be going forward and what would be the drivers? Would it be receivable, inventories or payables. So, these two.

Gaurav Sekhri: So, your second part of the question was in relating to working capital cycle, can you please ask that again.

Karan Asli: You have seen a significant improvement in our working capital cycle this year versus the last couple of years. So, just want to understand how sustainable this is going forward and you know, how do you expect this to play out and if you could just give some more qualitative inputs in terms of what has driven this improvement and could this carry on going forward?

Gaurav Sekhri: I will take this question for this, this is Gaurav Karan. So, Karan on the improvement in working capital cycle, this is a function of we have kinds of customers the quality of customers, we are dealing with, is enabling this improvement in better collection cycle as well as on the working capital cycle, we have just squeezed more efficiencies out by keeping lower inventories of finished products and that is just our drive towards optimization that has resulted in that. I see less scope of dramatic improvement on this front, I mean, we have already become quite efficient both in raw material supply chain in finished goods inventory, as well as our average collection base that we have with the customers. So, I hope that answers your question on the working capital cycle on your first question Subodh would you like to just answer that?

Subodh Kumar Sharma: See if we compare 2021 so during that year, we processed 33, 000 tons of ELTs and in 2021-2022, we have just almost 45,000 tons of ELTs. So, that way we have almost 33% up on the tyre crushing site. So, if you see the product wise like the road sector volume has grown crumb rubber modified what we sell to the refinery that has grown from 6000 tonnes to nine and a half 1000 tonnes to the refinery. Bitumen emulsion in the road sector goes that also is almost same. There is no I mean stable will be previous year volumes and if we see reclaim rubber, there is a reclaimed rubber is also almost same as for the previous year, there is a some operational issues in the starting of the fourth devulcanizer at our Chennai factory which is starting in this year in this Q1. So, because of that the volume is almost same and we see the total crumb rubber production. So, that also has gone up from 35,000 tons to 37,000 tons

Karan Asli: alright and that was helpful and what will be the expectations or hope for FY23 with respect to volume.

Subodh Kumar Sharma: So, you know, without elaborating too much on FY 23 we are very constrained around 20 to 25% growth. Last year, we had given an indication of around 25 to 30% we grew in 80%. So, this year, I can tell you that our business plan and projections etc are showing that a growth of approximately 20 to 25% is very much achievable.

Moderator: Thank you. The next question is from the line of Sumangal and individual investor. Please go ahead.

Sumangal: My first question sir, I have three. Could you help me understand the opportunity size for each of the segments? So, maybe if you can explain the industry structure in terms of what are the industry volumes and what volumes we do so market share perhaps what market share we have in each segment? That is the first question.

Gaurav Sekhri: See on the is the modified bitumen market itself in India is only about 10% today of the total bitumen sales and within modified bitumen there are essentially two or three variants, there is crumb rubber modified bitumen, there is polymer modified bitumen. We have dominant market share in terms of a modified bitumen. We are not as bullish on the polymer modified bitumen today. We can make it we have done it in the past, but our forte really is crumb rubber modified bitumen. So, when you ask about the total industry and the opportunity, it is we are only beginning to again scratch the surface of the opportunity as a government and the contractors and everyone are getting more aware of the benefits of modified bitumen, like I said, we are under 10% today, and we expect this to grow quite substantially. So, that is the opportunity on the road side and why I also mentioned to you a little bit about the two different types of modified bitumen is because if we see traction coming up and we are doing our own research on even a plastic and rubber modified bitumen. If we see those trends catching on and those products getting approval, we are fully geared up to also harvest benefits in that so that is on the road side. On the non-road side, I think I answered earlier that it is a function of new research innovation, which is being done both at by tyre companies, rubber molded good companies conveyor belting companies, and by us. So, I think there is a lot of opportunities still in innovation within the products to increase its usage and application. At this point that's all I I can tell you

Sumangal: Okay, so you will not be able to share maybe volume numbers or what is the bitumen market size in India and how much volume we do so far?

Gaurav Sekhri: So, we'll bitumen market I told you is the modified bitumen market is let's say under 10% of total bitumen sold and total bitumen sold in India is about 7 to 8 million tonnes annually.

Subodh Kumar Sharma: Total bitumen consumption in India is around 7 to 8 million metric ton out of which 2 million metric ton is being imported and 5 to 6 million metric tons domestically produced right. So, there is a great demand and importers also you know picking up in India. So, almost seven to 8% 9% is the modified bitumen requirement because you cannot use the modified bitumen on all the roads like rural road is more towards the coal mix technology, state highways and other roads consumed the normal bitumen so expressway and the roads which are having the traffic density requirement of 50 MSA that's the norm as for the Government of Ministry of Service or Transport, so, that Expressway and highway requirement is the modified bitumen. So, considering all that background so, we see there is approximate potential of around 8 to 10%. India right now is consuming somewhere around 2 lakh tonnes to 2.5 tonnes of modified bitumen in total, but there is a great scope great potential for this. Similarly, on the non-road sector size, like you asked about the peers have against the peers there is a specialty products what we are making is the micronized rubber powder and the HD high tensile reclaim. So, in the micronized rubber powder, we are the largest and we are having over 90% of market share and we have entry with almost all the tyre companies as the conveyor belting business in India, so in the micronized rubber powder, we are the largest.

Sumangal: Okay, and on the road side the trend of asphalt usage versus cement in the construction of roads is that trend that is helping you and other sustainable trend you are seeing in the road construction.

Subodh Kumar Sharma: No I do not foresee. In fact, government decided to go for the concretization of the road in 2015-2016 but there have been reverse in 2018 onwards they are focusing expressways and highways more flexible payments like bituminous roads, so, concrete road will be more the city road and the area where we water and drainage issues are there so for that reason only.

Sumangal: Okay, and I have couple of questions on the balance sheet. So, do you plan to raise any capital since I understand this is a capital intensive business do we then have sense to raise capital or you feel like you have enough capital from internal sources to fund the growth.

Gaurav Sekhri: As of now we have no plans to generate more capital, CAPEX investment, etc. So, in FY22-23 we have no plans for this CAPEX and all.

Sumangal: Okay, and the last question is on certain related party transactions that you have and guarantees you have given to the group companies, what is the status and nature of those?

Gaurav Sekhri: So, you know, historically, small, midsize businesses like ours, in order for us to raise loans, there has been a need for such guarantees. We are certainly not added also in the last few years to any new guarantees and we are consciously making an net worth to reduce these guarantees year-on-year. We have already done so, in the last one and a half years, we have reduced profit guarantee to some extent and something relevant to mention here is that anywhere where Tinna Rubber has given a corporate guarantee today, those loans are individually backed by a collateral of that company as well as some other collateral from the promoters as guarantee. So, this is also relevant, I think for you to consider.

Sumangal: Sir and the investment in BGK Infra tech what does this business do and you are carrying it at Rs. 20 crores, is that supposed to be written down at all?

Gaurav Sekhri: No, it is not to be. I mean, there is there is no need to write down in fact, any investments that we have done which were not core to our business, we have exited many of them, this one is remaining and we are making efforts to exit from this as well as it is not core to our business it is not considered core to our business anymore and every such investment exited by Tinna Rubber has been exited with a profit and I expect the same to happen with BGK Infra tech wherever it happens.

Sumangal: So, you have return on capital employed kind of a benchmark within the organization. So, like you have defined capital allocation strategy, which you guys will follow now.

Gaurav Sekhri: Since last now a few years that has been our strategy and we are following it religiously, we have some target in mind for key financial indicators, we are keeping a very keen eye on them and our focus is build our business in the space of tyre recycling and what is allied to that, and that is what we gave all our attention as a resource going forward.

Moderator: Thank you. The next question is from the Sujoy Gosh individual investor. Please go ahead.

Sujoy Gosh: So, my first question is what would be our capacity utilization at the end of quarter 4?

Gaurav Sekhri: End of quarter for last financial year right. We are at around 75 to 80% capacity utilization now.

Sujoy Gosh: And like you mentioned in an earlier meeting that you might be looking at some CAPEX in the coming year. So, is that on track or what is the status of that.

Gaurav Sekhri: We have done some minimal CAPEX in FY22 largely towards either de-bottlenecking and to squeeze more capacity out of our plants or in specifically to only enhance capacity in our value added products, specialized products and that is where focus will remain even in FY23, but that total quantum of CAPEX will be quite minimal compared to the cash flows etc that we are generating.

Sujoy Gosh: So, the de-bottlenecking is what you will do no Greenfield or Brownfield?

Gaurav Sekhri: We are always looking for opportunities, we are not shutting ourselves on that. If something really compelling comes along the way we will look at it but at this point, that is not the case.

Sujoy Gosh: Okay and sir you had mentioned that exports to the bit of a low hanging fruit for a company like you. So, how are we doing on that and what is the hindrance or do we need to have country specific teams in all those countries where you want to export or what are the plans on that side?

Gaurav Sekhri: We are very much looking at that and focused on that on exports and our exports have grown from FY21 to FY22 in specialized products. There was one commoditize great business export that we were doing which we lost out in FY22 because of very, very high prohibitive freight rates. We hope that will come back as soon as freight rate correct, but we continue to see a very large opportunity for us. In exports, we have had some degree of success in markets like Sri Lanka, but there are many, many untapped markets still and we are seeing some very positive developments there. I hope some of those will start yielding results from probably Q2 or Q3.

Sujoy Gosh: Great sir and sir on a quarterly basis in Q4 our revenues have dipped a little so what would this be on account have dipped a little. So, what would this mean I do not know was there a bit delayed construction activity, road construction activity in quarter 4.

Gaurav Sekhri: Quarter four, there is a slight drop on as compared to Q3 that is because in the winter season the road infrastructure is normally at the very slow pace because of the temperature issue and during the winter even river processing work is also slightly slow because more and more exports from these tyre manufacturers are slow down. They start picking up from the February onwards. So, that is the one reason the road sector was down and nonroad also, started picking up by the end of January or early February. So, that is the reason and secondly, we were witnessing a rise in the input raw material pricing from November and December. So, we also, very, very much conscious about the price revision with the customer. So, because of that, due to be slow down even that price revision with the customer also took a little time. So, that's why we feel a slow sale in the Q4.

Sujoy Gosh: Okay sir if I look at a full financial year, so what kind of trend we see, is there any seasonality or is it more or less linear throughout the year say it H1 versus H2 or December quarter versus June quarter? Is there any seasonality or is it mostly linear.

Gaurav Sekhri: It depends on the kind of work but normally, especially for the road sector, there is slightly slow growth in the monsoon and if the winter is December 15 to around end of January, there is a slight drop in the sale.

Moderator: Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Sir a lot of the follow up questions are answered. So, I just need some clarity is because the line was very, very poor in between. So, can you give me the FY22 full year volume number of tyre crushed? I will get it from from Anuj and his team. Sir, one thing that I noticed that the associate company this time around has shown a breakeven numbers so, but you also said that you are looking to get out of it. So, are there any timelines in your mind or will you just does it make sense to hang on to it given the pedigree of the company?

Gaurav Sekhri: So, I think you are mixing up between the investment we haven in BGK Infra Tech and TP Buildtech.

Agastya Dave: Right, because the names are very similar. So, the associate company are you still.

Gaurav Sekhri: TP Buildtech is the one that that you rightly have said has managed to firstly grow from a top line of Rs. 28 crores to Rs. 45 crores in FY 22 and also managed to make a small nominal profit. We have no desire or inclination to get out of this new business, we firmly believe in it. It is a fantastic fit to Tinna rubber, because it is in the space of concrete admixtures and the customer base is very similar to that of Tinna rubber. We have a strong working partner in this company, which is the promoter of PI industries. So, we are looking to further strengthen and build this company.

Agastya Dave: Yeah, I was a bit confused, because you said that it is not core to your business and it was a no core to your business and I was a bit surprised with that.

Gaurav Sekhri: That is BGK Infratech, those investments were made about 5-7 years ago, that is where we will look to exit and just use our liquidity into our core activities and strengthen both rubber as well as know, TP Buildtech.

Agastya Dave: On the first part right now you have reached 75-80% capacity utilization. So, first question is that what is the peak theoretical capacity utilization that you can achieve? Is it like 95% or you can actually hit 100%? Well, we are looking to further expand our capacity itself by de-bottlenecking.

Gaurav Sekhri: We still see some opportunity there and we are aggressively working on that. So, I think the number that was mentioned to you on that question for FY22, we have crashed approximately 45,000 tons of tyre. In the current financial year, we expect our tyre processing, even with just simple de-bottlenecking and those kinds of initiatives to cost about 65,000 tons as expected.

Agastya Dave: Right, that is after D bottlenecking.

Gaurav Sekhri: Yes, well said. Those are some of the opportunity we have already got earmarked and we can we can deliver on that. So, sir, can you can you help me understand one thing that given that the policy that we were so awaiting for some time and it seems like it is right around the corner and as of now it has not been notified and you already have a visibility of let's say 65,000 ton production and the demand is also looking fairly good and the demand is only going to increase.

Agastya Dave: So, would not it be a right time to actually go for a Brownfield or Greenfield expansion. Because I am pretty sure if it is a Greenfield expansion land acquisition itself will take six months construction will then again take probably a year, if it is a Brownfield again then you will have to order the equipment, you'll have to set it up, you will have to make other arrangements. So, the capacity expansion bit is something which I am like things are not adding up because you definitely have good visibility right.

Gaurav Sekhri: Agastya, we do firstly, we build 5 plants. So, in terms of the ability to build fast and efficiently, I believe we have acquired that capability and I think we just have to take our word for this that at the first instance of such opportunity becoming even more clear and visible, we will not hesitate.

Agastya Dave: One final question. Sir, based on our previous interactions, we could see that there is a probability that as the capacity utilization keeps on increasing, you can hit that 18 -19% EBITDA margin levels. So, given the inflationary situation is there anything that has changed from that, which can put any kind of margin pressure based on the information you have as of now, we cannot predict the future, has anything changed which would change your margin trajectory.

Gaurav Sekhri: We have found our business to be now very resilient to some of these market shocks that we have witnessed in FY22 be in freight logistics, rise in petroleum prices, commodities etc. I am very confident that we have the ability to sustain and tackle effectively, any such eventualities and I do not see any reason why our business should not be achieving a much better if it does then 15.5%, which is what we have achieved this year.

Agastya Dave: Amazing sir. Congratulations again, sir. Your performance was just spectacular this year. Thank you very much.

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

Keshav: Hi, sir, could you help understand about MRP on reclaimed rubber usage in tyres, so, do the applications vary or is that MRP can contribute to higher replacement potential.

Gaurav Sekhri: See MRP and reclaim both are having the different applications so MRP is picking up, reclaim his Mora degenerated. It does not add the added advantage to the rubber compounds it is just a cost saving option for the user whereas the micronized rubber powder MRP is a semi enforcing filler. So, this is basically helps in the cost saving as well as it also gives the stable parameters technical parameters to the tyre producer.

Keshav: So, sir for MRP what could be other potential higher value application areas apart from tyres? Could we target other niche areas such as transmission belts, etc and are we seeing any traction there?

Gaurav Sekhri: Now, we are ready and we have upgraded the 80 mesh 120 and 140 now, so 140 is finding the application in the radial tyres in the transmission belt, conveyor belt. So, higher dosages and the many other compounds also can be used.

Keshav: Alright, sir and lastly, what are the current domestic and imported ELT prices?

Management: Currently we are not much more focusing on the domestic front. We are more focusing on the importing part, although there is increasing in the faith but on the domestic side, it is a very less purchase from our side as of now.

Keshav: Any color on the prices?

Management: **O**n the pricing side the domestic prices are in the range of Rs. 20 to 23 per kg and there is a good delta still between the imported and the domestic prices at least Rs. 5-6.

Subodh Kumar Sharma: This is particularly we are talking about the south and west region if you talk about the north region we are the landlocked area Delhi and D close by area. So, tyre prices now somewhere around Rs. 48 a kg

Keshav: Okay. So, in March also I think it was around 28-29 so, it has stayed in that range or has there been some softening.

Management: These are volatile these depends upon the movement pricing movements of some fuel or something. So, these are volatile keeps on changing. So, these are not something you know we can keep on relating on the previous months. So, month wise also these keep on changing with the fall or rise of Rs. 2-3

Moderator: Thank you very much as there are no further questions, and I'll hand the conference over to the management for closing comments.

Gaurav Sekhri: Thank you. I appreciate everyone who's taken part and has shown interest in our business and also invested in our company. As management, we remain focused to deliver excelling results performance for our shareholders. I would like to close by just maybe, informing on what our focus areas will be for FY23 that should help give you take a more informed decision. We are going to be focused on increasing exports. We see tremendous headroom and growth opportunity there. In this year we are aiming to bring higher efficiency in shipping and logistic costs. Of course the situation is a dynamic and that is why it needs our attention. We are looking to build higher efficiency in origination of raw materials domestic as well as what we source from overseas. Tinna will focus in research and development and product innovation. We see large opportunities untapped in this area. We are centering our team here and our abilities and our strong focus will be to build a robust balance sheet with best in class, key financial indicators. So, these are the only areas that we will be working on in FY23. 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. Thank you.