FOR STRONG ROADS

Tinna Rubber And Infrastructure Limited

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Date: 9th November, 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 November 7, 2022

Dear Sir/ Ma'am,

With reference to our letter dated October 31, 2022, please find attached the Transcript in respect to the Earning Conference Call on the Financial and Operational Performance of the Company for the quarter and half year ended September 30, 2022.

The transcript of the conference call can also be accessed at the website of the Company at: www.tinna.in

This is for your information & record, please.

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
Q2 and FY23 Earnings Conference Call
November 11, 2022

Moderator: Ladies and gentlemen, good day, and welcome to the Tinna Rubber and Infrastructure Limited, Q2 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, please signal an operator by pressing "*" and "0" on your touch tone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and 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 second quarter of the financial year 2023.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call 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 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 financials and fundamentals of the quarter under review.

Now, let me introduce you to the management participating with us in today's earnings call. We have with us Mr. Gaurav Sekhri – Joint managing 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 for his opening remarks. Thank you and over to you, sir.

Gaurav Sekhri: Thank you Anuj. Good afternoon, everybody. It is my pleasure to welcome you all to our earnings conference call for the second quarter of the financial year ending 2023. I hope everyone and your families are keeping well. Let me first start by giving a brief overview of the company so that everybody is on the same page and after that, my colleague Subodh will brief you on the performance for the quarter under review. Tinna rubber was incorporated in the year 1977 and today we are the largest end-of-life tire recycker in the sectors in the country and one of the biggest in Asia. Our company manufactures high quality products from recycling end of life truck and radial tyres, which are used in road construction and maintenance, new tyre manufacturing, conveyor belts and various other applications pretty much all applications where natural or Virgin polymers are used, some level of substitution can happen with recyclable materials. The company is a pioneer in manufacturing of Crumb Rubber Modifier, which is mixed with Bitumen and is used extensively for road construction. Tinna is amongst the few players in India who manufacture micronized rubber powder that ranges from 120 to 140 mesh in size. This is used in making new tyres and conveyor belts and high-performance Rubber Products. We have 5 plants strategically located PAN India, which gives us significant advantage as well as uniqueness to our business model and this results in better logistic costs and efficiencies by being close to our customers. I will now request Subodh to please give you a brief of the performance of the company. Over to you Subodh.

Subodh Kumar Sharma: Hi, everyone. Thank you Gaurav Ji and good afternoon everyone. Let me first brief you on the fourth quarter financial performance first and then the full year. The operational revenue for the second quarter of the financial year 2023 stood at Rs. 65.4 crores. Usually we see lower sales in Q2 as this is a peak monsoon season and road sector sales are impacted during this time. In spite of this, our sales have grown 43% year-on-year and EBITDA was reported at rupees 9.6 crores and the EBITDA margin stood at 14.68%. Net profit after tax reported was Rs. 4 crores and the PAT margin was 6.42%. Coming to the half yearly numbers, the revenue in the H1 FY 23 was Rs. 147 crores which grew by 45% year-on-year basis. The EBITDA stood at Rs. 21 crores growing by approx. 15% year-on-year and EBITDA margin stood at 14.24%. PAT for the first half Rs. 10 Crore which grew by 32% on the yearly basis. On the operational front, starting with our road sector, excessive and extended monsoon in states such as UP, Rajasthan, Haryana, Gujarat, Uttarakhand, affected sales Crumb Rubber Modified Bitumen from rubber modified bitumen and emulsion. We expect a bounce back in road construction activity in Q3, resulting in higher sales products too. We have already commenced work on setting up a central plant for manufacturing and process of modified bitumen at Gummidipoondi plant, which is expected to be operational by the end of Q3. We continue to trade and expand our bitumen trading business to other geographies, but only on cash and carry model to complete our business portfolio for some of our esteemed customers. Also, we have secured product approvals in the state of the person and Himachal Pradesh for another one year. On the non-road sector plant, with EPR policy which stands for extended producer responsibility getting notified we are already in touch with several major tyre producing companies to collaborate on waste collection and recycling. Central pollution control board is working on the development of an online platform for onboarding of all EPR stakeholders. Russia Ukraine conflict has affected drop in sales for tyre manufacturing companies du severe effect on supply chain and demand globally. Resultantly there have been a slight drop in sales for the company in the nonroad sector as well. Tyre companies continue to increase their focus on use of higher dosage of sustainable raw material in their tyre compound, and the non-road sector will continue to experience a robust growth in time to come reduction in global sea freight will make export made competitive in time to come. Coming to some general updates which have an impact on our operations. The increase in bank rate by RBI in last two quarters has resultantly impacted interest costs for the company. We recently got ourselves separated from CARE and they have upgraded the credit rating for the company from BB minus to BB. While this is a positive development, we are extremely focused to further upgrade our rating in the next review. We are also continuously working to strengthen the supply chain through backward integration by setting up our collection network in other countries. With that now we can open the floor to the question-and-answer session over to you Anuj.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of from the line of Priyanka Shah from NM Securities. Please go ahead.

Priyanka Shah: Sir I want to understand the volume revenue and margin of crumb and Reclaim Rubber business separately. Can you through some light.

Gaurav Sekhri: This is Gaurav Priyanka. So, you want a specific breakdown of within the nonroad sector sales of crumb and Reclaim. Is that right?

Priyanka Shah: Correct sir.

Gaurav Sekhri: Can you just send us a mail and we can then mail it to you.

Priyanka Shah: Okay sir.

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

Keshav Kumar: Firstly on the upcoming EU shipment rules and the recycling lobby in support of ELT ban as well, because they have also come up with a regulation to phase out crumb rubber in football pitches, which is baffling single lack of data, but with all these do you foresee a big problem going forward to get waste tires because we are sourcing majority of our input from you and I have enjoyed the cost advantage.

Gaurav Sekhri: I don't see any impact of that negative impact for sure on our business. I don't see that happening. Because if the use of crumb is going to reduce in European Union, it means more tyres will be made available for shipments to be to like us, who can recover rubber from it and use it for either road applications or you know, even in our products which you make for the non-road segment like tires and conveyor belts. So, that actually should work in our favor. If this is the direction EU was taking. Personally, I think it is an overkill reaction if you ask me about, you know, they have done their studies and it seems this is their conclusion as of now, but I don't see any negative impact to answer your question.

Anurup Arora: Hi Keshav, this is Anurup. Keshav, they do not have the infrastructure within Europe to process all these tyres. So, even if they take such decisions, they cannot recycle those tyres within the EU territory and as we speak, we are in talks with multiple, end of life tyre management companies in Europe, who are, supporting us to, accredit us as approved recycler so that they can sell their material outside Europe. So, having this thing in development, this will not happen in time to come because they just do not have the facilities to recycle the tyres.

Keshav Kumar: Great to hear sir and sir for me, the biggest conundrum with crumb rubber usage and market it figuring out where we are, happens where in the adoption and acceptance curve here. So, when I look at South Africa, Australia, US a lot of countries are already using it or they are sort of validating to prove that yes, CRMB is actually very good for our roads, and that directly is from carbon emission point of view. So, on the one hand, we have done very well seen quite a bit of traction. So, I do have the same view as you for the opportunity, but it's a little bit confusing on when it becomes the norm or scale substantially. For example, the biggest private bitumen manufacturer in the last call mentioned about demand not being much and even for the gross road projects, it is far and few in between to get some product that requires crumb rubber so could you please help with this disconnect?

Gaurav Sekhri: So, Gaurav here, Keshav, I will jump in to give some more clarity to you. I think what you are asking is that, while the validation is there, crumb rubber is a good product to be used with bitumen and you make better roads, why still it is an option is not at a very fast rate. Is that your question?

Keshav Kumar: Yes, sir and sir, I mean, recently listed the unlisted company who is the largest private bitumen manufacturer. They also mentioned that the CRMB demand is not that much and all the road projects they get it is far and few in between to get some project that requires crumb rubber. So, on one hand, we are very bullish and I mean, I can definitely see the value in the product. But is there a certain timeline that you realize maybe three years down the line, we will be at a secular growth trajectory.

Gaurav Sekhri: So, Keshav here are two or three things which may help, get better clarity on this. So, while the efficacy of the product has got validated over the last two decades, its adoption rate is slow and that is where we see a huge opportunity, only 5 or 6% of the roads made today are still using crumb rubber modified bitumen, some of it has to do with the way the government policy is structured. For example, in the Indian Road Congress guidelines, it is specified that crumb rubber modified bitumen should be used for high traffic roads 50 MSA and above. Now, our argument and our request to government is this that if something is good for high traffic, it is also good for low traffic and if it is helping environment in the same as an added benefit, then it should be encouraged. So, this is thinking to the government, but any policy change etc. takes time. We expect it to happen because we have not had any negative pushback, but when they actually do it, that would be a game changer.

Anurup Arora: And secondly, in the past couple of months, the top layer work any new major or completion level that stage is yet to come in the many highways I mean, the projects are slightly delayed because of the monsoon reason, because of the NHAI their own challenges with the environment department, etc. So, our product goes right on the top, Keshav So, that's the reason I mean, but as per the policy and as per the guidelines that modified bitumen has to be used on the top layer

Keshav Kumar: Sure sir, can I ask one more question or should I come back in the queue?

Gaurav Sekhri: Go ahead Keshav.

Keshav Kumar: Sir, one very basic one, could you help understand how the price setting is done across the spectrum of products, so, starting from road where what I reckon would be a tender based than the nonroad with the most sticky business such as the tyre companies do they carry a cost plus pricing with a certain time base pass through of course, and what the lag would be? So, basically across the board, how we, how the price settings moves actually?

Gaurav Sekhri: Very broadly the road sector business is one part is with the government public sector refineries where it is an annual contract, biannual even. So, that is one part of the business the other which is when contractors is more based on you can say quarterly pricing and then the. On the non-road sector side with tyre companies etc usually a price is agreed quarterly as well. So, that is how the pricing mechanism works in our business.

Keshav Kumar: Sir I do have more questions, but I will come back in the queue. Thank you.

Moderator: Thank you. We have the next question from the line of Ankur Kumar from Alpha capital please go ahead.

Ankur Kumar: Sir, my question is regarding as in the road segment, we can understand that there is monsoon so, that is why there is seasonality dip in this quarter, but in non-road segment also you are saying there is some reduction. Can you please explain the reason for this?

Gaurav Sekhri: We have not seen a very major dip in the non-road sector. These slight dip has happened because the production of the tyre companies etc seems to be some disruption has been there because of supply chain issues, a lot of synthetic rubber used to come from Russia for the tyre companies, natural rubber, carbon. So, I think some of those disruptions has caused lower production in tyre companies even their export markets have been impacted, a lot of Indian tyre businesses are very successful exporters of OTR. For example, BKT is one such company, etc. So, they have had some disruption both on their production side as well as their export side which has had some minimal impact on us. We have managed to cushion that impact because we have acquired new customers. So, we have not suffered as much as individually tyre companies have.

Ankur Kumar: Sure sir and sir for the coming quarter, do we expect the 65 crores run rate to continue or we expect by 80 crores that we did into Q1 that should be continued?

Gaurav Sekhri: We are confident that it will be Q3 our sales will revive back to something closer to what we had in Q1 and we are still on target to finish this financial year with a with a top line growth of between 30 to 35%

Ankur Kumar: Sure sir and sir on margin site any guidance.

Gaurav Sekhri: On margins, my guidance to you will be that last year we were at 16% EBITDA and this financial year, I believe with the higher sales expected in H2, we should be able to recover some of this loss margin and probably be between 15 and 16%.

Moderator: Thank you. We have the next question from the line of Kushagra Varshney from Rolls-Royce. Please go ahead. We move to the next question. Now we have lost the participants line. The next question is from the line of Keshav from RakSan Investors, please go ahead.

Keshav Kumar: Sir just one question. So, if we take a three-to-five-year view, what is our aspirational margin, as well as road and non-road mix.

Gaurav Sekhri: See in terms of growth, we, would like to, you know, in the next three years get very close to 500 crores of top line is the run rate we are going towards, and the business development work we are doing is along those lines. On the margin side, we certainly expect the economies of scale to kick and start yielding results to us with this growth. So, at this point, that is all I can share with you, Keshav.

Keshav Kumar: And sir do you foresee any margin risk going forward, maybe near terms its crude price indeed.

Gaurav Sekhri: We have seen crude shock, in its most extreme in the last two years of our business. When COVID hit crud became, even zero value, I mean, but $40, let's say, a barrel and then with the different problems arising, it went back up to notch of $120, $130. So, we have been there done that, frankly, we have gone through this scenario. We have not seen it have any major impact on our business. So, I do not expect that to be a challenge.

Keshav Kumar: And sir, we have enjoyed the cost differential in imported tyres versus the domestic ones, and say, three years from now, when the 100% mandates come in for EPR. Do we foresee similar kinds of raw material costs that we currently get for imports coming from domestic buyers?

Gaurav Sekhri: See the situation is today we are all having to import tyres, because domestically tyres availability, collection is not there in organized fashion and we are kind of working on on imported tires, once India with this generation of 1.4 million tonnes odd of waste tyres collection gets organized, and we have access to that, certainly the markets outside India will have to correct their pricing downward in my view, because today, their situation will not change even in time to come because they are recycling in their own countries is minimal. They will see the need to come to us for recycling. So, I think our optionality of raw material will increase dramatically with this EPR being implemented and the imported prices we have to correct accordingly.

Keshav Kumar: Sure, that even for the nonroad vertical, we will be looking at a very strong export mix going forward, maybe three years from now, right? Because we will be the one who will be processing all the tyres.

Gaurav Sekhri: Very much so and we already know that we have a tremendous headroom for growth in exports when we compare ourselves to peers. We have peers in the industry who are performing much better than us in exports, but that is also because historically, they have had those markets. We are just beginning to get ourselves established with those customers. So, we have fantastic headroom for growth, and we are actively working towards that.

Keshav Kumar: Sir do we have peers in the in the micronized rubber powder as well or that is an area where we will be the only one?

Gaurav Sekhri: I'm sorry, Keshav. I also just want to quickly chat with the moderator that we need to give everyone sufficient chance to ask questions. So, it should not just become a monologue conversation between you and us and you are very welcome to also connect with us offline via Veloram to have a more detailed conversation if you wish.

Keshav Kumar: Absolutely sir. Thank you so much.

Moderator: Thank you. We have the next question from the line of Prajay Gada from Wealthyvia. please go ahead. Yes, yes.

Prajay Gada Sir I just have two questions from my side. The first one is the volume and capacity for your new plant, the Gummidipoondi plant?

Subodh Kumar Sharma: Okay, I think yeah, hi, this is Subodh here. I think you are referring from the point like I have mentioned in my statement that we are starting one plant in Gummidipoondi, right. Gummidipoondi, we are already having tyre recycling plant, but on the road sector business growth side, we are putting up a centralized plant for manufacturing and processing of modified bitumen.

Prajay Gada: Okay.

Subodh Kumar Sharma: Yeah, so that can produce somewhere around 2000 tonnes of modified bitumen every month. So, that is in the commencement stage and we hope to start that plant by December. So, the idea is to basically service the south India contracting companies, those companies, those who are making roads on that side, and there is a big demand of modified bitumen. So, with that perspective, we are setting up this plant.

Prajay Gada: Okay, so, one more question from my side. In the earlier concall mentioned that due to customer acquisition, there was some loss in the revenue. So, I just want to know whether that claim also incurred in this quarter as well and if it is possible to incur in the further quarter?

Subodh Kumar Sharma: Sorry, your line is slightly garbled, we did not hear you very accurately, but I think your question is about customer acquisition and the impact that may have in Q3. Is that your question?

Prajay Gada: Yes sir I was asking slightly in Q2 and is it going to impact in Q3 if you can quantify?

Subodh Kumar Sharma: So, in my view, our slight correction in EBITDA margins, that has happened in Q1 Q2, there is a there is a small role there also on account of new customer acquisition and to that extent, we want to be very focused on our growth number of 85% or hopefully even north of that, and to that extent, whatever impact it had to have on our bottom line, it is already visible, I don't see it impacting us any further, I hope that gives you some clarity.

Prajay Gada: **O**kay. So, from Q3 onwards, there will be more or less not that significant impact because of customer acquisition going forward it will not be any.

Subodh Kumar Sharma: **Correct**.

Prajay Gada: And any further CAPEX for any further addition of plants for the expansion.

Gaurav Sekhri: We are continuing to evaluate opportunities, we have two to three very interesting opportunities we are working on, on capacity expansion, new plant Greenfield etc but I we only see them happening or being executed or any money being committed towards them probably in Q2 of next financial year.

Moderator: Thank you. The next question from the line of Rohit Balakrishnan from iThought PMS. Please go ahead.

Rohit Balakrishnan: Sir, just you mentioned in terms of you acquiring new customers, your non-road business can you share with these customers in the export market or in the domestic market?

Subodh Kumar Sharma: See again when you are working with the tyre company. So, it takes one and a half years to two years for the stable business. So, that is the reason we are very much hopeful that from the next year, these things will be over. So, the tyre company takes their own time. So, our customers basically in the out of India also, in India also. Some of the accounts we are working and that business likely to mature in the next 6 months to 12 months.

Subodh Kumar Sharma: Okay, and let's say this year or last year, we did about 230 crores in this year you saying 30 to 35% crores, roughly what share of our business will be from exports? I do not have that number, I am sure you have given that in the annual report, but if you can just share it, I do not have it handy.

Gaurav Sekhri: It is probably under 10% where we are at today.

Rohit Balakrishnan: And just on this point, before I move to my next question, or just on this point, you had also mentioned that you see exports getting some benefit because of reducing freight rates. So, have the freight rates already started to come down? I mean, versus what they were earlier? Can you just give some outlook, how do you see the freight rates for your specific products, let's say for this year, for the coming quarters.

Gaurav Sekhri: So, Anurup is here with me, he can give you better insight on how the freight rates are moving.

Anurup Arora: So, Rohit from the import side first of all, I will speak we have started seeing some reduction in the freight across multiple sectors and particularly from the Australia sector and you know, from this Asia Pacific region, we are seeing drastic reduction in freights. So, of course, the landed price of raw materials coming down and on the export side also we have Sri Lanka or the South African market to cater to in Latin America and the prices for exports is also down by around 20 to 25% in exports. So, we are seeing you know we are getting more competitive in exports also versus the other players who are there and on the import side as I said we are getting good, landed price reduction. So, yeah, that's what it is. I hope I am able to answer.

Rohit Balakrishnan: Yeah, that is helpful. Got it. I will come back in the queue. Thank you.

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

Keshav Kumar: Sir when we say that some of our peers already have connect with export customers in tyre companies. So, do we mean reclaimed rubber or also micronized rubber powder.

Gaurav Sekhri: Largely I would mean, reclaimed rubber because that is where we have our most competition with our peers. On MRP we are, I believe quite a way ahead, both in capacity, credibility compared to our peers here so there we do not have as much competition but yes, certainly reclaim which is also a larger product as you know companies have been using it for a decade now. So, they are more familiar with its use that is where we see tremendous headroom for growth for exports.

Rohit Balakrishnan: In the reclaim or in MRP.

Gaurav Sekhri: Reclaim.

Moderator: We have the next question. The next question is from the line of Dhruvesh Damani from DS Investment. Please go ahead.

Dhruvesh Damani: Hi, good afternoon. Just going back to the till medium term ambition that you have called out. If you were to look at a year out find it through which is about 120 odd crore quarterly on rate. How do you see the mix for us paying out at that space, what I am trying to understand is the growth drivers between road and non-road between now till that point.

Gaurav Sekhri: So, the more predictable growth comes from the non-road sector. On the road sector, from the visibility we have off the policy today, we believe this is very much achievable, but when some of the policy initiative which are in the works, if they happen then all bets are off the growth could be much-much higher and more substantial. So, we are being cautious in what we are predicting today and we believe this is very much realistic

Dhruvesh Damani: Great good to hear that and if you can also help us understand gross margin trajectory right it being slightly more volatile. I think on EBITDA side we have more predictable rates that you called out gross margin how do you see it playing out based on the input cost and because we understand some currency impact and some shipping costs and all those put together sort of create supply side dynamics for us, could you give some ballpark numbers on gross margin side that you see how it plays out maybe not quarterly on an yearly level.

Gaurav Sekhri: So, even on gross margin side, we are not expecting any major impact, on account of some of the variables you just mentioned and there is a fairly decent degree of stability on gross margins too. Sometimes our product mix changes, we may be doing some more trading of bitumen in a certain month or a quarter, which may throw an aberration, but otherwise, mostly our margins even at gross margin level are fairly predictable and we can, if you send us a mail, we can send you some information Mr. Samani.

Dhruvesh Damani: Alright, sounds good, I will do that and one last one was about global competitive landscape sort of called out export being a more sharp focus and growth area for us. So, when we sort of export from India, you see competition just from India and you see the competition from different geography also coming in and how do we position ourselves outside the pricing right if you can show some quantitative comments on that.

Subodh Kumar Sharma: So, yeah, so on the reclaim side like that China is the largest producer for reclaimed rubber and it is almost 10 times more production capacity they have. So, China is the largest. So, India is also exporting a lot again, four lakh tonnes of installed capacity, India is exporting somewhere around 1.5 to 2 lakh tonnes of reclaimed rubber whereas, China produces somewhere around 40 lakh tonnes of reclaim annually. So, these two countries are the major countries those who export for reclaimed rubber around the world.

Dhruvesh Damani: Okay, great and how do we differentiate when we sort of reach out to clients and position ourselves against these big countries like China or whether local competition from India. Is it more around quality I am just trying to understand that how do customers choose us versus others.

Subodh Kumar Sharma: See China make high tensile reclaim. India also make high tensile reclaim, but China is having limitation in sources of the natural rubber. So, they consume the high tensile rubber immediately after the production for their domestic usage, they export also and India product, whatever we are manufacturing, other peers are manufacturing, they are stable. So, that way we can differentiate the quality wise. Secondly, the very important feature in the technical property of the product is the specific gravity or the density. So, India is eyed as compared to China on that front, because Chinese tyres are they are recycling their own tyre. So, with the property side, so there reclaim is slightly dense, which is not acceptable in general by the good manufacturing tyre company, like multinational tyre company. So, that is the difference in between the two country products.

Dhruvesh Damani: Sounds good. Thank you that answers my question. I have some more but I would probably send them offline, Thank you.

Moderator: Thank you. We have the next question from the line of Rohit Balakrishnan from iThought PMS. Please go ahead.

Rohit Balakrishnan: So, in terms of micronized powder business, so, that segment is largely export right now, or is it also domestic and just a larger question, I mean, in terms of that product, how different it is from reclaim and would you have a sense like you give some sense in terms of the size of that size of reclaimed rubber in terms of production and export from India and globally, I mean, China being the number one. So, could you have some sense of the overall market size of this product also, and how would it be varied, how different would it be from let's say reclaim in terms of its usage and properties, just a layman terms?

Subodh Kumar Sharma: Okay, this is Subodh here. So, both our products are different in nature, the one is in the powder form and it is totally vulcanized whereas the reclaimed rubber case comes into sheet form and it's the low cost polymer, it act as a low cost polymer and it is being used in you know, decades by the tyre industry and it can be vulcanized with the polymer but if you see the, the technical performance, so performance wise, micronized rubber powder is much ahead than the reclaimed rubber because it again works on the nanotechnology. The more you grind, the more you micronized, the more you find any product, its dosages without affecting the end product quality, and it can load more and more in the compound. So, both the products are different in nature and the way micronized rubber is picking up. So, this is a futuristic new age raw material and part of most of the tyre company is raw material bouquet.

Rohit Balakrishnan: Understood and in terms of, let's say the overall current usage by I mean, globally, would you have any sense on that?

Subodh Kumar Sharma: See right now, if I talk about Tinna, so, our around major sales in the Indian tyre producing company, and we are exporting it to Sri Lanka, but the product is very well accepted by the tyre industry across the world and, this product was launched way back in the year 2011-2012, by American company Lehigh Technologies and they were marketing the product with different brand name rather than recycled rubber material, they were selling it as a polydyne product and that product is being used by all multinational tyre company across the nation. And later on that producer was taken over by Michelin tyre company. So, that is the reason in last two years many multinational tyre companies are showing interest in Tinna's products and they are taking trials and all. So, we see in the future, there is a good export market for us in this space also, in this product line.

Rohit Balakrishnan: Okay, so, specifically this product, how do you see, let's say, 2-3 years out, any kind of, I mean, from a rupee number for you in terms of sales or percentage revenue, when you said 500 crores, what kind of percentage could be from this specific business line or product line? I mean, roughly, if you have any?

Gaurav Sekhri: Let me give you some historical data and, you can try and get a better sense of the potential. When we started manufacturing this product, we were averaging sales of about 100 tons, 150 tons a month, we are now doing around 800 tons a month of this product and we believe that their potential is still very-very large in India itself, because many tire companies in India are still experimenting with it, they have not fully included it in their manufacturing. They are beginning to use very small dosages are only in a certain type of tyre or a certain part of tyre whereas we are seeing some other competitors out there who are very evolved and using much higher volume. So, the potential exists. But this is a journey a tyre company has to explore on its own. Because they are very secretive, they do not discuss too much with us about the recipe and their user cases, we can only guide them to the extent possible and then from then on, they kind of have to explore, , their journey with this product reclaim on the other hand is a more evolved product, they've been using it for decades, they know it and each tyre compounder is like a chef in a kitchen, they have their own recipe, some are completely sold on MRP and switching to MRP with small portions of the reclaim, some are still traditionally using lot of reclaim or very little of MRP. So, the potential is very large is what I am trying to give a sense to you. See further to add here, the India consumes somewhere around 1.2 million tonnes of natural rubber, out of which around 70 75% is consumed by tyre industry. So, easily 5% to 8% can be replaced with the micronized rubber powder without affecting the end product. So, that the potential you can think of.

Rohit Balakrishnan: Got it that is very helpful. Sir in this last question what would be the pricing differential between the normal reclaimed rubber and MRP?

Gaurav Sekhri: See it depends on grade to grade basis there are various grades in the reclaimed. There are various grades in the micronized rubber powder. So, maybe you can write to us through Valorem and we can share the more details about the pricing.

Subodh Kumar Sharma: Ballpark, reclaim ranges from 45 rupees to 55 rupees and MRP is also very similar plus or minus one or two rupees. So, that's sort of the range of any of these high performance recyclable materials per kg I am saying,

Rohit Balakrishnan: Okay. Thank you very much. This is very helpful. Thank you.

Moderator: Thank you. As there are no further questions, I would like to hand the conference back to the management from Tinna Rrubber and Infrastructure Limited for closing comments. Please go ahead, sir.

Gaurav Sekhri: Thank you. I appreciate all the participants who have shown interest in our company and paid their valuable time to have this interaction with us. We look forward to interacting with everyone more often and I wish everyone good evening and wonderful day ahead. Thank you.

Moderator: Thank you members of the management. Ladies and gentlemen, 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.