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Date: May 30, 2024

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

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

Scrip Code: 530475

ISIN: INE015C01016

SUBJECT: TRANSCRIPT OF INVESTORS ANDEARNINGS CALL HELD ON MAY 28, 2024

Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our letter dated May 28, 2024, please find attached the Transcript of investor and earnings concall, held on May 28, 2024.

The aforesaid transcript is also available on Company's website at https://tinna.in/notices-announcements/

You are requested to take the same on your records

Thanking you

For **TINNA RUBBER AND INFRASTRUCTURE LIMITED**

SANJAY KUMAR RAWAT
Digitally signed by SANJAY KUMAR RAWAT
Date: 2024.05.30 11:15:28 +05'30'

Sanjay Kumar Rawat
Company Secretary
ACS: 23729

Enclosure: a/a

Tinna Rubber and Infrastructure Ltd
Q4 FY24 Result Conference Call

Event Date / Time: 28/05/2024, 14:00 Hrs.
Event Duration : 49 mins 42 secs

CORPORATE PARTICIPANTS:

Mr. Gaurav Sekhri
Joint Managing Director

Mr. Subodh Kumar Sharma
Director and Chief Operating Officer

Mr. Ravindra Chhabra
Chief Financial Officer

Mr. Anurup Arora
Senior Vice President CPG and D

Mr. Tanuj Khiyani
Ventura Securities Limited

Q&A PARTICIPANTS:

1. **Nirav Seksaria** : Living Root Analytics
2. **Rishi Kothari** : Pi Square Investments
3. **Abhishek Singhal** : Naredi Investments
4. **Pradeep Rawat** : Yogya capital
5. **Viraj Mahadevia** : Moneygrow India
6. **Ritesh Poladia** : Girik Capital
7. **Pritesh Chheda** : Lucky Investments
8. **Sandeep Dixit** : Arjav Partners
9. **Amit Kumar** : Individual Investor

Moderator

Ladies and gentlemen, good day, and welcome to the Tinna Rubber & Infrastructure Limited Q4 and FY24 Earnings Conference Call hosted by Ventura Securities Limited. 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 then 0 on your touchtone phone. Please note that this conference is being recorded. I would now like to hand over the call to Tanuj from Ventura Securities Limited. Thank you, and over to you, Tanuj.

Tanuj Khiyani

Thank you. Good day, ladies and gentlemen. On behalf of Ventura Securities Limited, I welcome you all to Tinna Rubber & Infrastructure Limited Q4 and FY24 earnings conference call. The company is today represented by Mr. Gaurav Sekhri, Joint Managing Director; Mr. Subodh Kumar Sharma, Director and Chief Operating Officer; Mr. Ravindra Chhabra, Chief Financial Officer; and Mr. Anurup Arora, Senior Vice President CPG and D. I would now like to hand over the call to the Managing Director of the company, Mr. Gaurav Sekhri, for his opening remarks. Thank you. And over to you, sir.

Gaurav Sekhri

Okay. Hello, everyone. Welcome to the earnings call of Tinna Rubber & Infrastructure Limited for the fourth quarter of the financial year ending 2024. First, I would like to thank our host of today's earnings call, Ventura Securities for hosting this earnings conference call. Now let me take you through some of the key operational highlights of the fourth quarter and also the financial year end 2024, and after which my colleague Subodh, our COO will take over and give details about the financial performance.

It gives me great pleasure to inform you that our company continued on its growth path in the financial year ending 2024, recording around 23% growth YoY in consolidated top line, 70% growth in EBITDA, and 85% growth in net profit. Our EBITDA margins have improved from 12.42% in the previous year to 17.25% in FY24. This financial performance is a testament of strategic roadmap laid out a few years back of diversifying our product portfolio and building a pan India presence for our business.

In other developments for the year, we improved our working capital cycle, improved our credit rating and reduced our interest costs. These improvements in our financial performance have led significant increase in our return ratios as well. On the operational front, in FY '24, our consolidated tyre crushing volumes grew by 44% YoY, while for the fourth quarter under review, the same increased by 30% YoY, though there was a 10% rise in input costs due to the prevailing issues in the Red Sea area.

In FY '24, the infrastructure segment contributed to 52% of our revenues, while Industrials followed by 25%, steel contributed to 13% and the balanced 10% revenues came from consumer segment. In Q4 FY '24, Infrastructure segment witnessed a growth of 60% YoY, which is attributed to the accelerated highway construction across the country, which has now surpassed 12,000 kilometers this year.

In the industrial segment, we witnessed a growth of around 45% YoY in Q4FY24, driven by higher sales in exports, where we have started exporting recycled rubber material to leading multinational tyre companies and have further appointed agents in Thailand, Japan, Taiwan and USA. The Consumer segment witnessed a growth of over 100% YoY in Q4FY24 with volumes increasing by 150% YoY from rubber mats, brake pads and other consumer applications.

Lastly, the steel segment witnessed a growth of around 12% YoY, which is an outcome of higher tyre crushing capacity across our plants. In other developments, the company has made a strategic investment in solar energy to set up 1.2 megawatt of solar power. This is expected to generate 1.6 million units annually, contributing to annual savings of INR 1.25 crores. This plant is scheduled to be operational by Q2 of the coming financial year.

On the CapEx fund, during FY '24, we commercialized our Oman facility in July 2023, which has generated revenues of around $1.5 million and EBITDA of $170,000. Furthermore, Tinna incurred a CapEx of INR 45 crores for setting up greenfield projects, namely a passenger car tyre recycling plant in Maharashtra, a plastic and rubber composites facility at the existing plant located in Paipat. Our R&D activity is full on to develop customized products for diverse applications like footwear and auto parts, and we anticipate commercial sales to commence from second quarter of FY25 for our elastomers business.

Lastly, I'm very happy to inform you that the Central Pollution Control Board recently directed all producers to fulfil their assigned EPR obligations for the fiscal year 2023 and this has resulted in our company monetizing and selling some of the EPR units that we have earned to the tune of INR 6.6 crores in FY24. It is to be noted that Tinna is one of the largest recyclers of End-of-Life Tyres in Asia and a prime contributor of India's circular economy plan, and we will continue to benefit from the EPR policy, which is now fully operational.

In conclusion, let me reiterate our vision for 2027. We remain completely committed and focused towards achieving it. To reiterate, it is our aim to reach revenues of INR 900 crores by FY27 and achieve EBITDA margins of 18% plus and return on capital employed of over 30%. We strongly believe that with the current economic and government tailwinds as well as higher consciousness by all stakeholders on circular economy, Tinna is poised to see this vision through.

With that said, I now request Subodh to brief you on the financial performance of the company.

Subodh Kumar Sharma

Good afternoon, everyone. Thank you, Gaurav ji. Let me first brief you on the fourth quarter financial performance first, followed by the performance of financial year ending 2024 on a consolidated basis.

The operational revenue for the fourth quarter of FY '24 stood around INR 110 crores, which grew around 51% YoY basis. EBITDA reported around INR 22 crores, which grew up over 200% YoY basis, with the EBITDA margin standing at 20.47%. Net profit after tax reported was around INR 16 crores, which grew by 130% YoY basis, and the PAT margin stood at 14.29%.

Coming to the performance for the financial year 2024, the operational revenue were around INR 364 crores, which grew by approximately 23% YoY basis. The EBITDA stood around INR 63 crores, which is approximately 70% growth on YoY basis, and EBITDA margin stood at 17.25%. PAT stood at INR 40 crores, which grew by approximately 85%, and PAT margin were reported at 11.10%.

I'm also pleased to announce that TRIL has paid an interim dividend of INR 3 per share and the company board has recommended a total dividend of INR 5 per share for financial year 2023 2024.

With that now, we can open the floor to the question-and-answer session. Thank you so much.

Question & Answers

Moderator

Thank you, sir. Ladies and gentleman we will now begin the question-and-answer session if you have a question please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request you may do so by pressing * and 1 again. Ladies and gentleman if you have any question please press * and 1 on your telephone keypad.

First question comes from Nirav Seksaria from Living Root Analytics. Please go ahead.

Nirav Seksaria

Am I audible

Gaurav Sekhri

Yes Nirav

Nirav Seksaria

Could you mention about the CapEx plan for FY25?

Gaurav Sekhri

I'm sorry, could you repeat?

Nirav Seksaria

Could you specify the CapEx plan for FY25?

Gaurav Sekhri

We expect to continue with investing in new capacities as well as in some process improvement related CapEx, I believe we will see a CapEx of anywhere between INR 30 crores to INR 40 crores in FY25.

Nirav Seksaria

Okay. And sir your aim for FY27 was to have 10 operational plants, right? So how are we going to move forward with that since we need to open 4 new plants?

Gaurav Sekhri

We are evaluating variety of options as we speak. I cannot disclose more today on this call, but we are continuing to analyze and we already mentioned that we are committed to our vision of '27 which is to reach INR 900 crores of top line. Now that could come in a new physical location. It would come in addition of plant in our existing facility, because we have the opportunity to use the base that we have already existing. We have 5 locations that we operate from. All of them have ability to be expanded. So, it could come in any form or manner.

Nirav Seksaria

Okay. And could you also specify the exports as a percentage of revenue?

Gaurav Sekhri

Give us 5 seconds, we will come to you on that.

Ravindra Chhabra

I am Ravi Chhabra, CFO. About 8% is our at total turnover, INR 24 crore during this year.

Nirav Seksaria

For FY25. Okay. So to follow-up on that, so we import like 60% of our tyres. So with the recent introduction of EPR for which the naturals tariff benefited off, so would we plan to increase on to our domestically procured tyres? Could you explain the unit economics or that will be much more cheaper for us?

Gaurav Sekhri

No, it's more complex than that. We will, however, to answer your question, we are always looking to have more localized sourcing of tyres because that is the most environment friendly form of recycling as well. But yes, not at a disadvantage to our overall economics.

Nirav Seksaria

So, for FY25, what percentage can we expect from the domestic tyres to be?

Gaurav Sekhri

It is impossible to predict and tell you that.

Nirav Seksaria

Okay. But we can expect it to narrow down going forward, right?

Gaurav Sekhri

Like I said, we will just be guessing.

Nirav Seksaria

Ok sir, Thank you

Moderator

Thank you. Next question comes from Rishi Kothari from Pi Square Investments. Please go ahead.

Rishi Kothari

Am I audible?

Gaurav Sekhri

Yes Rishi

Rishi Kothari

Yes, yes. First of all, congratulation on a good set of numbers. And one of my questions is around the legacy crisis that we are right now facing in terms of exporting of tyre. So what percentage of cost that you, mentioned that it's a 10% increase in cost? So it's because we are more refunded on the export based tyre marketing campaign. So if we are, what is the problem that you're facing in terms of being domestic use End of Life Tyres? Is it that the domestic players are not being any summated or is it something different?

Gaurav Sekhri

Firstly, your voice is coming to us not completely clear. But if I've understood correctly, your question is about Red Sea on that, the crisis in Red Sea continue to impact us with some erraticness in the schedules as well as it has a cost impact, which we are doing our best to pass it on to our end consumers and we continue to look at alternate options for processing raw materials. We fortunately have a fairly large base of supply between domestic as well as overseas, somewhere Red Sea is does not play a role. So that is our hedge on the Red Sea issue.

Rishi Kothari

Okay, got it. And also, one more thing, the recent agreement of exporting the raw material crumbs to the foreign players, that's just in the tyre industry or industry segment. Is this for the tyre manufacturing, right?

Gaurav Sekhri

Yes.

Rishi Kothari

Okay. And also, in terms of debt, if we talk about, do we have any plans of reducing the debt in the books that we have right now, currently?

Gaurav Sekhri

So we are continuing to service our debt in an efficient manner. At the moment, debt is a very good option for us as access to capital. And I don't see us wanting to reduce our debt in any accelerated fashion.

Rishi Kothari

Okay. So, we will continue the pace of increasing the debt in the book because it is in a way good debt ratio?

Gaurav Sekhri

In routine, Rishi, and in fact, if our CapEx plans, we see opportunities which are compelling, I'm not adverse to taking on little bit more term debt on our books because our balance sheet can support it.

Rishi Kothari

Thank you, sir.

Moderator

Thank you. I request the participants to restrict with 2 questions in the initial round and join back the queue for more questions.

Next question comes from Abhishek Singhal from Naredi Investments. Please go ahead.

Abhishek Singhal

Good afternoon, sir. So, my first question, we opened a company in Netherlands. So, we import from there or use it to export our product. And in near future we establish a plant in Netherlands?

Subodh Kumar Sharma

Abhishek, the Netherlands company is not yet operationalized. It is a dormant company. Our imports or exports are not connected to this company. This vehicle has been set up as an investment vehicle for any other overseas investments and opportunity that we see but at this point this company is not operationalized.

Abhishek Singhal

Okay. And in your presentation solar power plant, 125 million annual saving from solar power plant, and you mentioned INR 1.25 crores annual savings.

Gaurav Sekhri

The savings will be INR 1.25 crores. That's the accurate number. If you have picked up this number mentioned differently, then it's probably a typing error. We will look into it.

Abhishek Singhal

Okay. And in FY24, we are under INR 6.6 crores from EPR. So, is that actually going to bottom line or any expense for incurred this income?

Gaurav Sekhri

No, there is no expense directly related to EPR. The impact of this comes in the top line first and then it drops down to PBT.

Abhishek Singhal

So, what is the per kg rate for EPR certificate?

Gaurav Sekhri

The EPR rate is very fluid. I don't wish to get into details on this call on the prevailing price. It's extremely volatile today. We have only begun this process very, very recently. I would recommend let the market stabilize a bit more and then we can share more information with you.

Abhishek Singhal

Ok. Thank you, sir.

Moderator

Thank you. Next question comes from Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat

Good afternoon to everyone and thank you for the opportunity, so my first question is regarding the margin. So earlier, the company used to have a single digit margin and now we have high teen [**Inaudible 19:08**]. Can you please explain what has changed internally as well as externally since that pre growth period up to now?

Gaurav Sekhri

The margin improvement has happened on various accounts. It has happened in us moving to a category of customers who value quality and service more than just price. We have improved our margins because of some product lines that we have developed, which enable us to get better margins because they deliver fantastic economics to our end customer products like MRP, as well as operational efficiency. So, all of these have contributed and we continue to see lot of opportunity in, for example, operational efficiency, which we hope to harvest the benefits as our business goes towards our target sale of INR 900 crores in FY27.

Pradeep Rawat

Yes, sir. And what has improved externally? Can you please explain a bit about it?

Gaurav Sekhri

Externally, I would only put it to generally better economics, better economic activity in India. The demand for all products is robust. Government spend in infrastructure is at an all-time high, which has a direct impact on our business. So those factors have contributed immensely as well.

Subodh Kumar Sharma

So I'm just jumping into the conversation. If you see our overall growth from the infrastructure sector, that has contributed well. So, in the last financial year, we have done fabulous on the infrastructure side. And if you see, I mean, the overall even bitumen consumption has gone up by 10%. India imports around 3 million MT in last financial year, they have imported around 4 million MT of bitumen.

So around 0.8 to 1 million MT bitumen consumption has gone up. So that means more infrastructure is being built under process and the more and more demand is coming and modified bitumen is the reality. And that's the reason you see our overall Crumb Rubber sales, our overall revenue generation from the infrastructure sector is improving, which is up by 3% to 4% as compared to FY23.

Pradeep Rawat

Yes, great. Understood. And my second question is regarding the revenue generation from our new passenger car radial tyre facility and composite facility. So how much of revenue can we generate from these facilities in FY '25?

Subodh Kumar Sharma

So, if you see like that's the overall teamwork and the efforts management has put in start this Varley facility in Bombay, it's in the record time of 6 months we completed. And by end of February, the plant came into the operation. The 1st month, it took us to fine tune the production, but still we could make around INR 3 crores of revenue generation from that. But ultimately, the benefit of this location will come into the notice in the FY25, and we expect to generate approx INR 75 crores to INR 100 crores of top line from this new facility.

Pradeep Rawat

I think there is a typo in the presentation there is mentioned INR7.5 crores to INR 10 crores. So, the utilization would be somewhere around 60%, 70% on this plant?

Subodh Kumar Sharma

Yes. I mean this capacity is around 60,000 tonnes per annum. So around 5,000 tonnes of tyre it can handle every month. So, we expect total revenue out of this location is somewhere close to INR 75 crores to INR 100 crores in between.

Pradeep Rawat

Okay. And my last question is regarding the extended producer responsibility. So how much of the total revenue is coming from this extended producer responsibility contracts?

Subodh Kumar Sharma

Sorry?

Pradeep Rawat

Yes. So, I think that we generate revenue like from producers also. Those producers are like they will give us contract on basis of recycling there -- sorry, I will get back to you on that question. My next question is regarding the EPR credits. So how many EPR credits did we generated in FY24?

Gaurav Sekhri

We will be generating annually within 50,000 to 75,000 credits, which is our current business model. And that's all I can share at this point of time. There is still a lot of work being done with the CPCB and with Ministry of Environment on the weightages, et cetera, on as confirmed on different product categories. So, some of those things, there is still some changes expected. But at this point of time, our business could generate between 50,000 to 75,000 credits.

Pradeep Rawat

Ok, I will get back in to the queue, thank you

Moderator

Thank you. Next question comes from Viraj Mahadevia from Moneygrow India. Please go ahead.

Viraj Mahadevia

Hi, Mr. Sekhri, congratulations to you and the management team. You've got a fantastic finish to FY24. Given the new capacity added in Q4, you mentioned that there will be a ramp up during FY25. At full capacity utilization, how much could you generate in revenues out of this facility?

Gaurav Sekhri

Hi, Viraj. Nice to meet you again. The Varle facility with the capacity that has already been created, this plant as Subodh indicated will generate between INR 75 crores to INR 100 crores of top line. The basic plant footprint is for more equipment, more machinery, more kind of projects to be put within the same premises. So [**inaudible 25:55**]

Moderator

I'm sorry. Just a moment, sir. Let me check. Dear participants, kindly stay connected.

I welcome back the management team. Please go ahead, sir.

Gaurav Sekhri

Yeah. Hi, Viraj. Did you get the answer?

Viraj Mahadevia

No. No. It went on to hold, but you I think you are mentioning that you have the ability to add capacities at Varle. So, if you can pick up from there, please.

Gaurav Sekhri

Yes. Varle site has ability for us to add more equipment and more plants in it. But with the CapEx that we've already done, that will result in top line contribution of between INR 75 crores to INR 100 crores.

Viraj Mahadevia

Understood. And how much can you debottleneck Varle for and with what investment approximately?

Gaurav Sekhri

There is no debottlenecking.

Viraj Mahadevia

I'm sorry, brownfield expansion? How much can you do?

Gaurav Sekhri

See a lot, Viraj, a lot. It's a large, large emesis with an ability to ramp up quite a bit.

Viraj Mahadevia

Okay. My second question

Gaurav Sekhri

Just to give you a perspective, Varle is a 13-acre site versus our next largest plant is our Chennai plant, which is only 5 acres.

Viraj Mahadevia

Okay, understood. So my second question is regarding EPR. Where do you source your used rubber tyres from? Is it with direct tie-ups with the tyre manufacturers? Or it's sourced from the retail channel? And then does that inventory sit of raw material on your books or does it sit on a tyre manufacturer's books until the offtake in time for processing?

Gaurav Sekhri

So, we have multiple options of sourcing. Some are with tyres to tyre companies, some are with tyres with aggregators, some are with tie-ups from PROs, which are producer responsible organizations. But the inventory, once it is, we take ownership, it's obviously on our books.

Viraj Mahadevia

Ok. Thank you, all the best

Moderator

Thank you. Ladies and gentleman, if you have any question please press * and 1 on your telephone keypad. Next question comes from Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia

Sir on a -- you have processed about 99,000 tonnes of tyre thing that you can generate anywhere between 50,000 - 75,000, credits only. So, the weightage for your tyre crumbs is are lower than the other processes, is that understanding right?

Gaurav Sekhri

Ritesh, we have, as importers of End-of-Life Tyres, we also have our own obligation of EPR units as well as credit. So net available to sell is the number that I had indicated to you. It could be between 50,000 to 75,000 EPI units, after meeting our own obligation.

Ritesh Poladia

You have to utilize some of obligations for yourself also?

Gaurav Sekhri

That's correct.

Ritesh Poladia

So, what is the gross generation you can do on the 1 lakhs tonne capacity?

Gaurav Sekhri

Ritesh, I have described the policy to you. Further details, it is a bit too early for me to share. I would prefer let 1 or 2 quarters pass by, let the policy settle and then I think we will share more details with you.

Ritesh Poladia

Okay. Sir, I'm sure it's too early, but this INR 6.6 crore of EPR generation, is this for part or you have sold the entire obligation for this year?

Gaurav Sekhri

We have part sold.

Ritesh Poladia

You have part sold. Sir, so remaining unrealized EPR rate, do they find a place in balance sheet or how do you record the entire EPR transaction?

Gaurav Sekhri

We have chosen to take a conservative view on accounting of these credits a bit like how companies also create carbon credits. In our mind, they are of value only once monetized. So that is the path we've adopted.

Ritesh Poladia

Okay. Would you like to comment on what is the ongoing price of the EPR or is this a negotiation? And just INR 6.6 crore have you sold to the OEM or through intermediary?

Gaurav Sekhri

So, our sales has been achieved by a direct sale. We are in touch with, as you know, all the tyre companies, we have ongoing relationship. So, we have not, at least, at this point found the need to use an intermediary. I'm not ruling it out for future. And what was your other part of your question?

Ritesh Poladia

Yes, that is more or less answered. Sir last one question, sir assuming the regulation, I'm sure it will evolve over a period of time. But do all the tyre manufacturer have to procure the EPR? So, generation of EPR is enough or demand is far higher than the supply?

Gaurav Sekhri

See, the obligation of tyre companies as per the policy is on a standard basis. And as the years pass, their need for EPR units will increase because their obligation will increase. And that is where the market sits today. Like I said, it is still very early for us to already develop a sense of whether there is more demand or less demand. I suggest we let 1 or 2 quarters pass and we'll all have more clarity on this subject.

But see what is certain is that government has come up with this policy. It's on the producer-based principle, which means the producers of any kind of waste, electronic or tyre or any other kind, have to be made accountable and responsible for their waste. And if a recycler is doing its job or doing a job on their behalf, then the recycler deserves to be compensated and that is how this whole policy is based. So, we are on the right side of policy. Honestly, the operationalization of this policy has happened faster than I expected.

I credit the Ministry of Environment and the Pollution Control Board who have in my view done a fantastic job. We are very familiar with EPR policies in many different countries and I think what India has come up with is easy, crisp, clear, very transparent and kudos to the people who have worked on it. So, we are benefiting from this. Please understand that our business model is not based on this EPR. Our business is robust and strong, independent of EPR.

Of course, it is a fantastic benefit to have and we will ensure that the company benefits to the fullest extent. But beyond that, it is very hard to comment on specific questions today because it's too early.

Ritesh Poladia

So that's very great to hear. But this EPR is changing the dynamic of the entire industry, not just entire but everywhere? Is the recycling effectiveness going up or you think that the economics over a period of time will exist to the new reality?

Gaurav Sekhri

I believe that government by announcing the EPR policy has brought in added incentive for people to see this industry very carefully and entrepreneurs should see merit in recycling. I mean, we were always looking to expand our business. Our vision 27 was made irrespective of the EPR policy and now this is an added sort of it is like wind beneath our wings to make us dream even higher and bigger.

Moderator

Thank you, sir. I request the participants to restrict with 2 questions in the initial round and join back the queue for more questions. Next question comes from Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda

Sir, I have 2 questions. 1, in your incremental capacity of Varle 60,000 tons. Why is the revenue intensity different from the existing capacity? Is there any product line difference in the two?

Gaurav Sekhri

There is some difference in the products that we will produce in Varle versus our other factories, because it's a different material that we are starting with. These are PCR tyres versus our other factories are largely built to process truck and bus radial tyres. So, there is some difference.

Pritesh Chheda

So, the current factory is processed truck and bus radial and this is going to process PCR?

Gaurav Sekhri

This is going to process passenger car radial, correct.

Pritesh Chheda

Okay. So, for the 60,000 tonne, you have invested what CapEx?

Gaurav Sekhri

It is approximately INR 30-35 crores.

Pritesh Chheda

For INR 30-35 crores, you have given a revenue range of INR 75 - 100 crores?

Gaurav Sekhri

That's correct.

Pritesh Chheda

And the product the main product line difference between TBR and here will be what?
So you'll have the variant of the rubber, which is the crumb rubber and the micronized rubber and all that?

Gaurav Sekhri

We will firstly have less steel. The PCR has less steel versus TBR. That is one difference. 2nd is we have a third element of nylon, which we do not usually get in TBR processing. And even the rubber composition is a bit different, because largely synthetic rubber is used for manufacturing of PCRs whereas natural rubber is used for manufacturing of TBRs. As a result, the end products also have different kind of benefits in the recycled rubber material.

Pritesh Chheda

Okay. That's why it is INR 16 or whatever per KG that realization comes out versus INR 35 plus in case of the existing. My second question, and this is the last question is there any product line difference between Q1 and Q4 when your margins have moved from 15% to 20%? Or is it that the EPR related benefit is being booked in this quarter because there's a INR 6 crore, will it even out? Could you just explain the product mix in the market?

Gaurav Sekhri

So, the EPR monetization has happened in Q4.

Pritesh Chheda

Okay. So now that explains the INR 6 crores-- the entire INR 6 crores came in Q4?

Gaurav Sekhri

Yes.

Pritesh Chheda

Then it explains my 2nd question. Okay. Thank you.

Gaurav Sekhri

Thank you.

Moderator

Thank you. Next question comes from Sandeep Dixit from Arjav Partners. Please go ahead.

Sandeep Dixit

Sir, in the presentation, you have mentioned that -- can you hear me, sir?

Gaurav Sekhri

Yes, you're audible. Please go ahead.

Sandeep Dixit

In your presentation, you have mentioned that the opportunity for the industry, sorry, infra is 5x in 3 years, right?

Gaurav Sekhri

Yes.

Sandeep Dixit

Yes. If that is the case, why are we looking at only a-- I mean, 5x in 3 years roughly works out to whatever 70% in India. We have a 60% market share there. Why is your revenue guidance only 25% then?

Gaurav Sekhri

See in the infra, like I mentioned the overall bitumen consumption in India is somewhere close to 9 million metric tonnes and we estimate approximately 10% is the market for modified bitumen. So right now, we are seeing the market is somewhere around 200,000 tonnes of modified bitumen. So, we have a more headroom to grow in that space- Number 1.

Number 2, if you see the My Products on the Infrastructure side goes right on the top of the road and that level comes after 3 to 4 years, once the contract is awarded. So, if you see in the last 1.5, 2 years, there's a lot of traction in the infrastructure side and that's the reason our contribution, I mean, the infrastructure segment is giving much better growth as compared to the other sector. And in the road sector because of road infrastructure in the last 3, 4 years under the leadership of Mr. Nitin Gadkari has performed very well.

In the last year, we did almost 12,000 kilometers of highway, which is a record. Last year where the bitumen consumption is also a record by 9 million MT. So, we see it is also a reality like the government will repeat and all these developmental works will keep happening on the pace at which it is currently happening. So, we see there is a big headroom for us in the next 3 to 5 years or maybe more for the infrastructure sector.

Sandeep Dixit

Okay. So, if my understanding is that this 5x in 3 years that you have mentioned in your presentation is for the road sector, infrastructure sector, not necessarily for our product, Tinna Rubbers products. Is that correct?

Subodh Kumar Sharma

Sorry, Gaurav, here I'm jumping in. We see this opportunity for us. We do see this opportunity for us. That is the opportunity which exists. Of course, some things have to fall in place for this opportunity to turn into a reality. Government has been encouraging use of modified bitumen, rubberized asphalt, but the adoption has not been as fast as we would like. We are seeing some accelerated pace of adoption in the last 1 to 2 years. So, if that trend continues, we will be short of capacity and we will be needing to add capacity.

Sandeep Dixit

Okay. So just to conclude, 35% CAGR has a significant upside risk rather than downside risk, if the interest picks up the way you expect it to. Am I correct? Would I be correct?

Subodh Kumar Sharma

Absolutely, sir. Because even the large road contractors, tend to have their own preferences. We have recently won over a contract of 1 very, very large and significant road contractor who for the last decade was resisting using rubberized asphalt. So, we expect such trends as assumptions and as they happen, then the potential is 5x is what we have mentioned.

Sandeep Dixit

Okay. Thank you, sir. That answers my question.

Subodh Kumar Sharma

Thank you.

Moderator

Thank you. Next question comes from Amit Kumar an Individual Investor. Please go ahead.

Amit Kumar

Sir, congratulations for a great set of numbers, and thank you for giving me an opportunity. So, first question is regarding EBITDA margin and the PAT margin for Q4 EBITDA 19% and PAT at 12.8%. So, can we take the same -- can we achieve the same EBITDA and PAT margins in FY27? And secondly, like in your presentation, the revenue guidance is 25%. But if I calculate from INR 363 crore in FY '24 and go to INR 900 crores in FY '27, it's come 35%.

Gaurav Sekhri

So, see, YoY exactly what will be the growth is very hard for us to predict, sir. We have grown from INR 295 crores in FY '23 to INR 363 crores in FY '24. Our earning guidance for FY '25, we have already mentioned in our earlier call is INR 500 crores. So, and in order to achieve that, it's simple math, we should be hitting 120 odd crores a quarter, right, quite quickly. So a lot of that work has already been done. We expect to grow at a pace where we can get to INR 900 crores to meet our vision. Now in some years, we will grow faster, in some years, we will go a little bit slower. But ultimately, we want to get to 500 in this year and INR 900 by FY '27.

Amit Kumar

Okay, thank you. And second question regarding that, can we maintain the same 19% EBITDA margin, 12% -- like 13% PAT margin or there is room to improve this by FY '27?

Gaurav Sekhri

Sir, there are so many uncertainties in this world. Nobody can guarantee what you are asking me to commit on this call. We are delivering what we have said so far. All our efforts and initiatives are in that direction. And I think we'll just have to wait and see our results to have that validation.

Amit Kumar

Okay, thank you and congratulations on great set of numbers.

Gaurav Sekhri

Thank you.

Moderator

Thank you. We have a follow-up question from Viraj Mahadevia from Moneygroww India. Please go ahead.

Viraj Mahadevia

Hi. If you could spend a few minutes to talk about the Oman setup. How are you all feeling about the market opportunity there? Is it getting bigger? Is competition increasing? And where are you in utilizations currently? And where do you see that going over the next year?

Gaurav Sekhri

Hi Viraj. So, Oman is, our experience to give you the short answer has been very good. The plant was commissioned in record time. The product economics has worked out exactly how we thought it would. There is limitation to growth in Oman because it is a small country. It is a country with small population. So, they as a result have not a very large base of waste generation. Saying that, there are only 2 or 3 players and we are one of them in Oman and we are the dominant one. That is the lay of the land for that country. The plants are already operating at about 80%, 85% efficiency. We are now exploring to see what are some niche opportunities to grow further in Oman. But we don't see dramatic increase the Oman capacity because it is basically a small country.

Viraj Mahadevia

Understood. So, it's eventually, it will in the next year or so, it will become a cash flow business rather than a growth business? Understood.

Gaurav Sekhri

Yes. It is already cash flow positive, just to be clear.

Viraj Mahadevia

Right. Perfect. Thank you. Any plans to expand in any other geographies nearby in the region, Africa or in Middle East

Gaurav Sekhri

We are looking at India overseas opportunities. We are now a bit more confident of overseas opportunities after having successfully commissioned Oman. So, we are not taking anything off the table.

Viraj Mahadevia

And this would be organic and inorganic or only organic?

Gaurav Sekhri

Absolutely. Any opportunity which is viable for growth, we will look at it.

Viraj Mahadevia

Understood. Thank you.

Gaurav Sekhri

Thank you.

Moderator

Thank you. We have a follow-up question from Nirav Seksaria from Living Root Analytics. Please go ahead.

Nirav Seksaria

Yes. So, could you mention the capacity utilization for FY '25, FY '24, sorry?

Gaurav Sekhri

FY '25 capacity utilization for us?

Nirav Seksaria

FY '24, sorry.

Gaurav Sekhri

FY '24, sorry. FY '24, figure at about 75% to 80%.

Nirav Seksaria

Okay. And so if we are setting up any new brownfield project in India, so can we expect the cost to be around INR 40 to INR 45 crore based on the last project?

Gaurav Sekhri

We have -- we believe that our CapEx spend in this financial year will be around that INR 30 crores to INR 40 crores in the current financial year. It could come in just it will not necessarily be one large brownfield. It could be in 2 or 3 different opportunities.

Nirav Seksaria

So, I'm saying that if we go for a brownfield project, can we expect the cost to be similar to the previous one?

Gaurav Sekhri

Yes and no, because it is not-- it's hard to say that we will set up exactly the same PCR type recycling plant. So, it could be a different kind of tyre recycling. It could be a different form of recycling also. But if you were to do the same plant again, I guess, yes, the cost will be the same because we just set it up last year.

Nirav Seksaria

Okay. And the INR 6.6 crore that we are receive from EPR, is that for FY '24 or is I think this is for FY '23 too?

Gaurav Sekhri

This is for FY '23.

Nirav Seksaria

FY '23. And then are we yet to receive the EPR for FY '24?

Gaurav Sekhri

We will continue to monetize our EPR units. We have some remaining over FY '23 as well. And what we have generated in FY '24 and we will generate in FY '25, It's an ongoing process depending on supply and demand. As we see an opportunity, we will monetize.

Nirav Seksaria

Okay, sure. Thank you.

Gaurav Sekhri

Thank you.

Moderator

Thank you. There are no further questions. Now I hand over the floor to management for closing comments.

Gaurav Sekhri

Thank you. Thank you all for participating in the earnings call today. I hope we were able to answer your questions satisfactorily and at the same time offer insights into our business. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations Manager, Valorem. And thank you so much again for your time. Stay safe and stay healthy. Thank you.

Moderator

Thank you, members of the management. Ladies and gentlemen, on behalf of Ventura Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: *1. This document has been edited to improve readability*
2. Blanks in this transcript represent inaudible or incomprehensible words.