"Tolins Tyres Limited Q2 & H1 FY '26 Results Call"

November 18, 2025

"E&OE (Errors & Omissions Excepted) – This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 18th November 2025 will prevail."

MANAGEMENT: **DR. K. V. TOLIN – CHAIRMAN AND MANAGING DIRECTOR, TOLINS TYRES LIMITED**
MR. SOJAN C. S. – CHIEF FINANCIAL OFFICER, TOLINS TYRES LIMITED
MR. CYRUS TOLIN – HEAD (OPERATIONS), TOLINS TYRES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Tolins Tyres Limited Q2 and H1 FY '26 Results Call.

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

We have with us today, Dr. K. V. Tolin - Chairman and Managing Director; Mr. Sojan C. S. – Chief Financial Officer and Mr. Cyrus Tolin – Head of the Operations.

Before we get started, I would like to point out that some statements made or discussed on today's call may be forward-looking in nature and must be viewed in conjunction with risks and uncertainties that we face. The company does not undertake to update these forward-looking statements publicly.

Now, I request Dr. K.V. Tolin to take us through the opening remarks. Thank you, and over to you, sir.

Dr. K.V. Tolin: Thank you, and good afternoon to all our esteemed participants. I welcome you to the Earnings Conference Call of Tolins Tyres Limited for the 2nd Quarter and Half-Year ended 30th September 2025.

It is my privilege to address you today. Joining me on the call, our Chief Finance Officer – Mr. Sojan C. S., and our Head of Operations – Mr. Cyrus Tolin, along with our Investor Relations team from Adfactors PR.

The first half of FY '26 has been a period that demonstrated our resilience, operational strength, and strategic progress, while Q2 witnessed temporary softness due to the anticipated GST revision. Our overall H1 performance underscores the strength of our diversified business model and the relevance of our product portfolio across segments.

The tyre industry continues to remain structurally healthy and supported by improving pride moment with strong momentum in the replacement market. Rising agricultural activity and steady demand from the rural and semi-rural regions, despite the Q2 impact, underlying market fundamentals remain robust.

A key external factor influencing Q2 was the GST-related purchase deferment. Dealers, distributors, OEM partners, and fleet operators consciously postponed the buying decisions of PCTR in anticipation of the tax revision. This moderation was purely a case of demand postponement, not demand contraction. And we are already witnessing improved inquiry trends and a clear revival in order flows as we progress into Q3. With this transient phase behind us, we expect normalized volumes in the coming quarters.

One of the significant developments for the industry and for Tolins has been GST Council's rationalization of rates. The reduction of GST of new tyres from 28% to 18% and tractor and farm tyres from 18% to 5% marks a transformative step for the sector. This timely reform will meaningfully improve affordability, support channel confidence, and stimulate demand in both replacement and agricultural segments. We believe this will act as a strong tailwind for the industry in H2, FY '26 and FY '27.

Now, we are strengthening our product portfolio with the launch of new tractor rear tyres, engineered to deliver superior durability, and traction. This category is receiving encouraging feedback, and contributions are expected to pick up meaningfully from Q3 onwards.

Alongside this, we expanded our institutional client base, increased presence in the rural and semi-rural geographies. These developments have further diversified our revenue base and strengthened our growth visibility. Our Retreading and PCTR segment saw a temporarily slowing in Q2. Volumes in this segment saw a deep as customers were waiting to see the GST changes.

We continue to prioritize onboard innovations and formulation improvements to strengthen our position in this space. Operationally, we made strong progress under the leadership of Mr. Cyrus Tolin, manufacturing efficiencies improved to targeted process optimization, controlled overheads and enhanced digital visibility across plants. These steps have strengthened our operating structure and helped mitigate the temporary impact of lower volumes in Q2. They also position us well to leverage expected demand normalization in H2.

Looking ahead, we remain optimistic about the second half of the year with GST clarity now in place, pricing replacement demand, contribution from newly launched products and a healthy export pipeline we expect stronger performance in the coming quarters. The improving industry backdrop combined with our internal efficiencies gives us confidence in delivering higher revenue, better margins and stronger possible profitability in H2 FY '26.

I would like to take this opportunity to thank our employees, channel partners, customers, suppliers, banking partners and stakeholders for their continued trust and support. With this, I will now hand over the call to our CFO – Mr. Sojan C. S., who will take you through the financial performance for the quarter and the half year. Thank you.

Sojan C. S.: Thank you, sir. Good afternoon, everyone. Let me take you through the financial performance of Tolins Tyres for Quarter 2 and Half Year FY '26.

For the first half of FY '26, revenue from operations stood at INR 155.8 crores compared to INR 153.2 crores in H1 FY '25, reflecting a steady growth of around 2% despite the temporary slowdown in Quarter 2 due to the GST related deferment. Our performance in H1 underscore the strength of our diversified portfolio across retreading materials and new tyres.

EBITDA excluding other income of H1 stood at INR 22.35 crores compared to INR 30.03 crores last year. The decline reflects margin pressure due to lower volume in Q2 along with certain fixed cost absorptions. EBITDA margin for H1 stood at 14.3%.

Profit after tax for the first half was INR 16.22 crores compared to INR 18.51 crores in the previous year. Despite the softer quarter, PAT margins remain stable around 10.4%, demonstrating strong cost discipline and operational efficiency.

Earning per share for H1 stood at INR 4.16. Rs

Coming to the quarterly performance:

Q2 was impacted by the temporary deferral of purchase decisions among the dealer network due to the GST revision. Revenue for Q2 stood at INR 66.1 crores compared to INR 76.9 crores in Q2 FY '25.

EBITDA for the quarter was INR 8.91 crores compared to INR 15 crores in the same period last year. EBITDA margin for Q2 stood at 13.5%.

Profit after tax for the quarter was INR 6.92 crores against INR 9.6 crores in Q2 previous year. Despite moderation in revenue, PAT margins remains steady around 10%, supported by efficient cost management and prudent overhead control.

On the balance sheet front, our financial position remains strong and comfortable. Raw material prices including natural rubber and crude-based products have remained largely stable, and this will support margin improvement in the coming quarters. We also expect operating leverage benefits to play out as volumes normalize and new product categories are being to scale.

Looking ahead, we anticipate healthy improvement in demand supported by the GST-led affordability, recovery in replacement and agricultural segments and continued traction in export markets. We expect the second half to deliver strong revenue, better volume and margin recovery. The company remains committed to disciplined capital allocation, operational efficiency and sustainable long-term value creation.

With this, I conclude the financial review, and we are happy to take your question. Thank you all.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: So, Mr. Tolin, the numbers are really disappointing, and I remember that in the Arihant call in September end, you mentioned that I specifically asked you that due to the GST reduction on tyres, are we seeing any sales deferment and you mentioned that there is no sales deferment whatsoever because the demand-supply balance is currently in favor of the manufacturers and suppliers. And now you are saying that our sales are down because of GST. And if we see, if you see your own presentation of Page #10, then the fall is basically coming not from the tyres but from the retreading part. So, I don't understand what the actual reason for such bad numbers.

Dr. K.V. Tolin: Thank you for your question. Actually, the tyre segment has grown. But we got a setback on the GST because GST, everyone was expecting there is a GST cut, there will be a GST cut to 5% from 18% on the PCTR area. So, for that only we have from August 15 onwards, we have slowed down. There was a big slowdown around 20%, more than 20% slowdown in the PCTR segment. That only has created this shortfall in the revenues. Not on the tyres.

Keshav Garg: So, in the Retreading segment, has there been any change in GST taxation?

Dr. K.V. Tolin: No, no. Everyone was anticipating. That is why they kept on hold. But there is no change.

Keshav Garg: Somehow in the Arihant call, no mention was made of this that people are postponing. And now it seems like an afterthought. In any case, now, Mr. Tolin, going forward for FY '26, what is the realistic expectation for top line as well as for margins for the remaining year and for the full year?

Dr. K.V. Tolin: So, we see this GST impact, we were never calculated this kind of shortfall will come. Like that, see, we have a solid plan of minimum growth of 10%. So, these kind of factors, when expected factors are coming in, that is why these changes are there. Even nobody has control on these kind of factors now. So, that was the reason.

Keshav Garg: So, basically, we should end the year around INR 330 crore or top line.

Dr. K.V. Tolin: See, that is the minimum expectation we should grow because now this Q3 is doing very good.

Keshav Garg: And what about the margins?

Dr. K.V. Tolin: Margins also, we will see. Margins also, we don't want to compromise on whatever business we undertake are all good margins. Even if you look at the tractor rear tyres, which we are entering, is also a very profitable, very highly margin area. That is why we have chosen those areas. So, the margins also will not be compromised from the previous years. Even if the top lines have reduced, the margins are still intact.

Keshav Garg: No, I mean in the second quarter, the margins have come down to 13.5%, and you are very confident about 20% margin.

Dr. K.V. Tolin: Consolidated, we have that margin.

Keshav Garg: No, I am talking about consolidated only. For the second quarter, standalone margin is 7%, consolidated margin is 13.5%.

Dr. K.V. Tolin: Yes.

Keshav Garg: We did INR 9 crore EBITDA on INR 66 crore consolidated revenue. So it is 13.5% margin as compared to the 20% margin, which you were extremely confident that we will maintain.

Dr. K.V. Tolin: Yes, but see, even though when compared to our peers, we have maintained a comfortable margin.

Sojan C. S.: In the coming quarter, this PCTR segment will recover whatever we were short of in Q2. Plus, these additional revenues from agricultural tyres, tractor tyres, plus this, we have got one order from Tamil Nadu State Transport for supply. It is a good margin business. So that, those things will contribute to stabilize the margin in the next half, second half.

Keshav Garg: Mr. Tolin, again, this also the INR 40 crore, INR 50 crore from state government, earlier you said that we don't participate in that government business because it is not a good fit for us.

Dr. K.V. Tolin: Low margin. Yes. But this one has come in a higher margin. See, when there is a higher margin business, we don't jump in the lower margin business. We have taken up this with the higher margin.

Keshav Garg: Right, Mr. Tolin, best of luck. And I hope the numbers improve going forward. To the best of my memory, the last time I heard you, you were mentioning 20% revenue growth with 20% margin, which now has come down to 10%. I hope it does not fall further.

Dr. K.V. Tolin: Yes.

Moderator: The next question is from the line of Vijay Pandey from Nuvama. Please go ahead.

Vijay Pandey: Just on the previous question of Keshav, so how are you seeing it now from 22nd September, the GST rate cut has been formally announced. So, it has been around two months' time. How are you seeing the sales now as compared to probably sequentially or Y-o-Y? Has there been any improvement? Should we expect the 20% growth? So, is it fair to assume that there will be a 20% growth Y-o-Y than we see over at least last two months?

Dr. K.V. Tolin: See, this, our Prime Minister has announced this GST cut on 15th of August. From there onwards, there was a slowdown in buying. So, everyone was expecting their GST cut. That is why this slowdown was happened. Almost 45 days. There was around 27th after when the GST, really when it was implemented only then on 27th September. Then only the sales resumed. Otherwise, they were buying only for their minimum requirements. Nobody was taking in the larger volumes.

Vijay Pandey: I am talking about post from 22nd.

Dr. K.V. Tolin: Yes, post only everything is fine. In my speech, I mentioned that. It is everything back to normal and now very good volumes. Everything has pursued to the normal way.

Vijay Pandey: So, are we seeing any exploration because there was no sales or less sales in previous one month?

Dr. K.V. Tolin: Yes, but that was a temporary phenomenon, and it has now normalized and the buying are very good. People are buying and see what we were expecting as per the normal volumes.

Vijay Pandey: Secondly, sir, what is our sales from the rubber compound business? So, outside PCTR and tyres.

Dr. K.V. Tolin: Can you come back again?

Vijay Pandey: The rubber compound business, the bonding gum, vulcanizing. What will be our sales from there?

Sojan C. S.: Bonding gum overall it will come around 7% of PCTR sales.

Dr. K.V. Tolin: So, it will be almost 7% of the total pre-crude sales, PCTR sales.

Vijay Pandey: 7% of total…

Sojan C. S.: PCTR sales. PCTR segment.

Vijay Pandey: And sir, in terms of the Agri and tractor tyres and that Tamil Nadu State Corporation on the order which we have received, can you give a little bit of idea what the size of the order?

Dr. K.V. Tolin: It will work around INR 50 crores, that order, on annual basis. We have all the documents we have on the website, if I am not wrong.

Vijay Pandey: So, that INR 50 crores is for agriculture business?

Dr. K.V. Tolin: PCTR. No, no, PCTR.

Vijay Pandey: And from the agriculture business, how much are we expecting?

Dr. K.V. Tolin: The agricultural tyres, we are expecting something like INR 10 crores business in this, the total from our existing line and we are adding something like INR 3 crores to INR 4 crores from the new tractor rear tyres.

Vijay Pandey: So, overall, in terms of annual run rate, it will be INR 15 crores?

Dr. K.V. Tolin: Yes, in the next year, for the next 6 months.

Vijay Pandey: And lastly, sir, if you can, may just give a brief update about the Apollo off-take agreement, how is it progressing?

Dr. K.V. Tolin: It is progressing. PCTR sales of all the companies, not only ours, if you look at other peers who are making in PCTR, all the volumes have dropped in this GST issue. So, everyone is picking up the volumes this month and all. They all are coming back to normal. So, everything is now in the normal way.

So, Apollo business is also continuing. They are also very happy about the business. We have a contract with Apollo so that I cannot give more details about the Apollo business. But it has not yet turned into a top-line business that we are working with Apollo, still continuing on a job-work basis kind of thing.

Vijay Pandey: So, it is still a contract manufacturing?

Dr. K.V. Tolin: Still on contract. So, we are expecting some volumes will come to on a top-line basis, maybe this month itself. So, our team, both the technical teams are on the dialogs for those things.

Vijay Pandey: What can be the revenue from that business currently in the second quarter?

Dr. K.V. Tolin: Second quarter will be something like INR 2 crores to INR 3 crores.

Moderator: The next question is from the line of Srishti Agarwal from Step Trade Capital. Please go ahead.

Srishti Agarwal: So, my first question was regarding the GST demand. So, are you expecting the demand to be in a regular rate from the next quarter or will it take some time for the demand to come back?

Dr. K.V. Tolin: It is already back to normal and we are doing good volumes. It is back to normal. It was a temporary phenomenon in the last quarter. So, that is over after the GST, this new GST rates were announced and it was enforced that it was all back to normal.

Srishti Agarwal: And your agricultural tyre segment, you will start getting revenue, realizing revenue from Quarter 3 or Q4?

Dr. K.V. Tolin: Q3 itself we are expecting because already everything is set. Next month onwards, we are starting the sales. Then we have to see in the Q3 onwards, Q4 onwards, the real numbers will start climbing.

Srishti Agarwal: And you just mentioned that there is a drop in volume, but you have maintained your profit of that margin. But if you see on an EBITDA level, here EBITDA level has dropped quite drastically from 19% to 20% to 13.5%. It dropped in last quarter also and it dropped this quarter also. Is there a specific reason?

Sojan C. S.: That is mainly due to this volatile raw material prices in the last two quarters.

Srishti Agarwal: Sorry, can you repeat that?

Dr. K.V. Tolin: Raw material price were on an upward trend during this quarter. Rubber, everything.

Srishti Agarwal: That's it from my side.

Moderator: The next question is from the line of Nimish Pandya, an individual investor. Please go ahead.

Nimish Pandya: I have three questions, sir. So, my first question is, what are the major strategic priorities for Tolins Tyre over the next 12 to 18 months? Can you shed some light on this?

Dr. K.V. Tolin: Already, I have explained in my speech, we have added too many new product lines like the Tracker rears that will be a driving force. Also, our exports from UAE also is picking up to U.S. and all because U.S., we don't have much bigger tariffs. So, that also can be an additional driving force in the coming months to grow. So, we are positioning ourselves in the two-wheeler segment. That growth also is coming in. The last quarter, even though we had a small softing on the PCTR area, the tyres were, the growth were consistent.

So, also, our new project on the recycling Terra Rubber, that also is taking shape. That also will get commissioned by December end or maybe in the first of January, in the month of January itself. So, these are the drivers that will be taking the company forward in the coming months and coming financial year also.

Nimish Pandya: So, my next question is, how confident is the management about delivering stronger revenue or we can say margin recovery and profitability in H2, FY '26?

Dr. K.V. Tolin: Our company, we are into this business for the last 43 years. There are always some ups and downs in the market due to this kind of unforeseen situations. And see, we are always, we have always been very successful in striding all those challenges, situations. And that is what has happened after the September 30th. Now, in this quarter, we are seeing extremely good performance. And I think that will continue for time being. We don't see any big challenges and the experience that we have over these years in this industry can take very well forward, take the company forward in this, any kind of challenging situations.

Nimish Pandya: Sir, that answers my questions.

Moderator: The next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, I can see that our employee expense has doubled year-on-year from INR 2 crore to INR 4 crore despite the fall in revenues. So, what is the reason for the same?

Dr. K.V. Tolin: In the first quarter, we have seen very exponential growth in the company, and that is why we have to add some skilled labors, very skilled labors. But now what we are trying to do is we are trying to cut out. Now we increased the production with the adding of the new labors. Now what we are doing, we are retaining some skilled labors and trying to do a lot of automation also. So, that is also going side by side. So even though you can see in the coming years with the same kind of and for cost we will be doing much bigger volumes. That is how we are going to go through in the coming years.

Keshav Garg: And how is the UAE business doing?

Dr. K.V. Tolin: UAE also has got some addition. We started some U.S. exports also this month from our UAE factory because UAE has only 10% tariff to U.S. So, that has been a good opportunity for us because we have the only manufacturing unit in UAE for this tyre retreading materials. So, we are utilizing this situation. We are utilizing that capacity over there. You know that the capacity is very much underutilized. So, we are utilizing that capacity over there in this situation.

Keshav Garg: So, Mr. Tolin, like even if we take your reasoning at face value, that due to GST issues, we could not basically sales got deferred. So, whatever our customers didn't buy in second quarter, they would have bought in the third quarter. So, for the whole year, why the guidance reduced from 20% to 10%?

Dr. K.V. Tolin: I didn't get you. Once again.

Keshav Garg: See, even if we take your reasoning for poor performance in second quarter at face value, that due to GST related issues, our revenues got deferred, so in the third quarter, they would have normalized. So, for the full year, why has guidance come down? I mean, if sales shift from one second quarter to third quarter, I mean, the full year sales should not. What is the change in the full year?

Dr. K.V. Tolin: We never told about a full year change. We are still saying that we will be performing as per our guided numbers, but we have indicated in the initial stage. Only there is a small drop in the Q2 in the PCTR area only, not in the tyre area. So we will come with this additional business what we have got from this Tamil Nadu STU. We will perform as per our expectations. And there is no challenge in the margins also. This business what we have from Tamil Nadu STU is not a low margin business. It is a very good, fairly very good margin business. So, there is no challenge in the PAT margins.

Keshav Garg: So, in this Tamil Nadu order, we will make 20% margin?

Dr. K.V. Tolin: Sir, this is all net to you. We cannot say net to you. We can only give you some guidances. We are not a low margin business. The margins in the previous year also will be continuing. That is what I can give you guidance like.

Keshav Garg: Now, Mr. Tolin, so this INR 50 crore order, INR 40 crore to INR 50 crore order, it is executable within what time period?

Dr. K.V. Tolin: It is one year.

Sojan C. S.: One year.

Keshav Garg: In FY '26 or the next one year?

Sojan C. S.: One year.

Dr. K.V. Tolin: One year. Next one year, half of it will be covering this financial year.

Moderator: The next question is from the line of Prateek Srivastava, an individual investor. Please go ahead.

Prateek Srivastava: Sir, I again want to come because it is a very confusing conference call. Are you still guiding for 20% top line growth with 20% margins overall? Or are you reducing the guidance overall? I am getting very confused.

Dr. K.V. Tolin: Sir, we never talked about 20% top line. We were committed with our expectations are minimum 10% on the top line. That is what our expectations.

Prateek Srivastava: Sir, the other person was saying in the Arihant conference, you gave 20% top line growth for this year.

Dr. K.V. Tolin: Sir, I don't recollect that, but then I am not disputing it. Always, we are maintaining the same that we will be performing 10% more. That is the industry standard. So, we will be performing better than the industry standard. That is our guidelines. That is our targets.

Prateek Srivastava: We will do a back check on that. Now, coming back to you are saying that post-GST cut, every business is normal, business is good. But I want you to quantify this, sir. What do you mean better? What do you mean good? And tell me, explain in terms of volume growth. So, are you saying the volume growth, what is the volume growth so far for now? I don't want numbers. You can at least tell us, give the guidance on the volume growth post the GST cut.

Dr. K.V. Tolin: See, whatever we were doing in the first quarter, that volumes are now come back to normal. That kind of a volume is up now.

Prateek Srivastava: Because I don't have the number handy, but maybe someone can...

Dr. K.V. Tolin: Yes, please. Everything is available. So, you can just go back and check. That is, see, whatever we have in the Q1, it is normal.

Prateek Srivastava: Yes, someone in the call can check, but okay. So, you are saying the volume growth are back to Q1.

Dr. K.V. Tolin: Yes.

Moderator: Does that answer your question, Mr. Prateek?

Prateek Srivastava: Yes, it does.

Moderator: The next question is from the line of Vijay Pandey from Nuvama Wealth. Please go ahead.

Vijay Pandey: Sir, I just wanted to check on the same part that in terms of if I have to think about Q3, what should we expect in terms of Q3? Because it is almost a half of the Q3 is almost done. So, how are you looking right now at Q3?

Dr. K.V. Tolin: Q3, we are back to what we were in the Q1 positions. So, the volumes have picked up, and it is normalized. So, everything is back to normal now. There was a drop in the Q2 after 15th of August. Then that is no more there. That slowdown is no more further. And with that, additionally, we have got some business from this Tamil Nadu also. So, that also we started supplies. So, this sales also will add up on that. So, going forward, any challenges coming ahead, we don't know, but as of now the Q1 volumes are already there.

Vijay Pandey: Also, sir, how is the raw material prices looking right now?

Dr. K.V. Tolin: All softening, all softening. So, we should come because nobody has come up with a price reduction in the market and all because already there was a GST cut. So, none of the companies have come with a GST, sorry, rate cut. Even the rates are softening. You can see all the rates are softening.

Moderator: The next question is from the line of Srishti Agarwal from Step Trade Capital. Please go ahead.

Srishti Agarwal: So, you said that you never mentioned the 20% growth, but you just said that you would have growth above industry standard. But it seems I don't know about the Arihant call, but if you see the transcript for your May 2025 call, you have clearly mentioned that we can have a conservative look at about 20% or 20% to 25% CAGR for FY 2026, and now you are saying that we have never mentioned it, and you are saying that it is up to 10%. So, I don't know what…

Dr. K.V. Tolin: See, 10% is the minimum growth that we already having in the pipe, in our targets, but we are performing better. Now with a soft and reduced Q2 numbers, I am not boasting on that 20% or something like that immediately, but 10% immediately, already we have the orders in hand. So that we have committed, but things will gather up because our tractor rear tyres, everything is coming into the market next month. So, all these put together we will perform better than what we have committed. That is what we can say.

Srishti Agarwal: But GST cut did have an impact in there. If you are saying that it was 20% earlier and it is 10% now.

Dr. K.V. Tolin: GST cut took around, yes, our around 45 days business has been put on a hold kind of thing in the PCTR area. There is around 25% drop in that business, but now we have to gear up and get those numbers back in our kitty. So that in the coming in this quarter and next quarter we will try to augment that and come to the numbers what we need.

Moderator: The next question is from the line of Deepak Juneja, an individual investor. Please go ahead.

Deepak Juneja: Sir, my question is regarding the competition in the market. I am not looking for figures, but how do you see, sir, our pricing compared to the competition?

Dr. K.V. Tolin: Sir, we are very well placed. Pickup of our material everything is fine. Even though there was little softening in the raw material prices, none of the companies have reduced the prices. So, we are also holding. There are some good volumes coming in at a good margins. So, things are happily moving. Dealers are happy. So, at present, there is no challenges we foresee in this competition race because there is a healthy and very robust demand in the market as of now. That is what I am seeing in present entire segment.

Moderator: Does that answer your question?

Dr. K.V. Tolin: You had my answer?

Moderator: Mr. Aniket?

Aniket: So, sir, I have few questions. As our revenue declined, and you are saying it is because of anticipated GST revisions because our customer are not purchasing these tyres. This is what you are trying to say, right?

Dr. K.V. Tolin: Not on tyres, on PCTR.

Aniket: Sorry, sir?

Dr. K.V. Tolin: On retreading material, PCTR.

Aniket: So, are you seeing the demand in the Q3 and Q4?

Dr. K.V. Tolin: Yes, that is very well told. You are on the line. We have explained this in detail, this question.

Aniket: So, actually, I don't know why, but...

Dr. K.V. Tolin: Actually, that drop is no more there. Whatever drop was there from August to September, that is no more there. It is all bounced back, and we are now running in the normal way.

Aniket: And, sir, this is happening also, sir, this shift in the changes, this shift is in the retreading or the normal tyres? I mean, the people are more focusing on retreading tyres?

Dr. K.V. Tolin: See, retreading also is going in the same momentum that we were doing earlier. Only the drop was there in the mid-period where the people were expecting the GST. After that, both the segments are doing fairly well. And it was better than it was previously, as on date.

Moderator: The next question is from the line of Jitendra Nahar from Seven-Sapience LLP. Please go ahead,

Jitendra Nahar: Can you please quantify or detail on the stickiness of your customers in PCTR segment?

Dr. K.V. Tolin: Stickiness, I think there is no turnout.

Jitendra Nahar: Yes, please.

Dr. K.V. Tolin: There is no much of turnout. The people, see, we are very proud to say that we have dealers who are working with us for three generations for the last 40 years or so. So, there is no like that kind of a turnout, turn down from the dealer list or customer list in the PCTR area. People are with us for long, long times.

Jitendra Nahar: Also, just to reaffirm what you earlier said that whoever deferred their purchase in Q2 on account of GST, if there is a stickiness of your dealers, of your customers, then that demand should ideally be with you in Q3.

Dr. K.V. Tolin: Yes. See, that is there. It is all bounced back and we are doing very healthy, very strong demand. The demand is there as far as you have seen in Q1. Things are happening very good as of now. There is nobody has left us due to the situation. It is not, the drop has not happened because the people have left us. So, they have just kept the purchase on hold because the retreading is a very sensitive, price sensitive industry. So, people just kept on hold for a few days. They all expected that this will come down from 18% to 5%, but nothing happened. It is still on 18%.

Jitendra Nahar: And sir, secondly, on this new order which you received from Tamil Nadu State Government Transport Agency, shouldn't it be adding to your overall revenue? I mean, incremental revenue because I think this was not there in your earlier guidance, be it 10% or 20%. Shouldn't it be incremental?

Dr. K.V. Tolin: Sir, it is not. There will be an incremental thing, but this was already in our mind. We have quoted this tender around 18 months before. It was always there, but we could not, we cannot take a hold on that this will come to us like that because there were a lot of challenges in getting this order placed on us. So, we had a little bit legal battle, everything was going on. So, we never informed this to the market because once we have the order in hand only, we have to communicate. So, this also, we were counting this order also in the numbers. But this is an increment that always there is a part of this will be an incremental sales for our top line.

Jitendra Nahar: And one last question and forgive me if my facts are not correct. One, you recently incorporated a subsidiary, which was something to do with rubber recycling.

Dr. K.V. Tolin: Yes.

Jitendra Nahar: Can you please tell us as to what are your plans there? What is the investments requirement in there? And are you going to get any incremental EBITDA benefit out of that?

Dr. K.V. Tolin: Sir, this will come in the next financial year. There will be, what we are immediately doing, we are starting with a low capacity, low investment kind of just INR 2 crores of capital investment coming into this Terra Rubber. It is going to be a recycling of, see, we are now having around 3% to 5% of scrap coming out of our production. That scrap, because of the high quality scrap what, the high quality products what we are making, the scrap quality also is very high. So, that scrap we are recycling in this factory, and we will be adding back to our product itself without compromising on the quality of our prime products. So, this 5% will straight away it can come to add benefit our PAT margins in our original products.

Jitendra Nahar: Sir, your voice was not audible for a moment. Can you please repeat what the last sentence?

Dr. K.V. Tolin: So, this scrap production or reusing the scrap, it will reduce our cost, and it will add on our profit also.

Jitendra Nahar: Can you quantify this in terms of overall benefit or you are unable to do it as of now?

Dr. K.V. Tolin: As of now we have, see, one side we are trying to reduce our scrap in the factory. So, even then whatever scrap we are producing, that scrap we want to recycle and reuse in our products. This is the plan. So, the quantifying, I think, at this stage will be too early to do. Once we have the plan, the pilot run is over, and we will see, we will assess, then we can come back with the volume numbers and all.

Jitendra Nahar: And sir, what do you attribute the reasons for EBITDA reduction? It cannot be just the top line deferment, revenue deferment in Q2 because your overall capacity utilization are increasing from last 3-4 quarters but the EBITDA is going down.

Dr. K.V. Tolin: See, the Q1 utilization has gone up, but Q2, it is not about the utilization. Then the raw material price has little bit gone up, and that is coming down. It is a coming down if that prices are softening now. In the third quarter, it is softening.

Jitendra Nahar: And how do you see the raw material price movement going forward?

Dr. K.V. Tolin: Going forward it is softening, but to protect our margins, we have to see the combination in the market, how it is going to bundle up in the coming days. Prices are coming down. The raw material prices are coming down.

Moderator: Does that answer your question?

Jitendra Nahar: Yes.

Moderator: The last question for today's conference call comes from the line of Keshav Garg from Counter Cyclical PMS.

Keshav Garg: Sir, so wanted to understand, firstly, from UAE subsidiary, what are we exporting to US? Tyres or reclaim or tread rubber?

Dr. K.V. Tolin: Tread rubber, sir.

Keshav Garg: So, in UAE we don't have tyre manufacturing, only tread rubber.

Dr. K.V. Tolin: Only tread rubber. Only tread.

Keshav Garg: Sir, wanted to understand the realization of tyres has reduced from INR 2,400 per unit to INR 1,540 per unit. So, why is that?

Dr. K.V. Tolin: The price, come back again?

Keshav Garg: Sir, the realization for tyre have reduced from INR 2,400 per unit in Q1 of FY '26 to INR 1,500. Why is that?

Dr. K.V. Tolin: See, that is, you cannot take that number into consideration because then the tyres what we produce, there are three categories of tyres now, LCV light weight tyres, which the weight is high, then the two-wheeler and three-wheeler, and then the agricultural tyres. So, the unit number and cost you cannot mix. See, whatever all these numbers are same. Cost are different. Got the point no?

Keshav Garg: Sir, so now when you say that in the third quarter sales have normalized to first quarter, so basically in first quarter we did roughly INR 90 crore revenue. So, will we see closer to INR 90 crore revenue or you mean that it has normalized as per last year's Q3, which was INR 70 crore revenue? So, what does exactly normalize mean?

Dr. K.V. Tolin: So, can you just, what was your question?

Keshav Garg: Sir, like you alluded to that after this GST related disruption in second quarter, in third quarter sales have normalized to first quarter levels.

Dr. K.V. Tolin: Yes, first quarter, yes. That is what I said, first quarter revenue, yes.

Keshav Garg: So, the revenue in third quarter should be closer to INR 90 crore and not closer to INR 70 crore that we did in last year third quarter, which was INR 70 crore revenue. So, when you say revenues is normalized in third quarter, they have normalized to first quarter levels and not normalized to the same revenue of INR 70 crore that we did last year third quarter.

Dr. K.V. Tolin: Correct.

Keshav Garg: And sir, lastly, I just want to wish you best of luck. And sir, you see all minority shareholders are making huge losses on IPO price. Sir, so I hope the performance of company improves going ahead.

Dr. K.V. Tolin: Correct. The IPO, after IPO, September, the entire market is like that. We are also waiting for a good time to come. So, we all wish all the best of luck for all our investors also for we are trying our level best to perform even better, better, better, but some unfortunate things which are out of hand only driving us out of the race. So, anyway don't look at this as a short-term thing. That's a long-term, we have positioned in a very solid foundation. Even all the expertise we have for the last four decades, all we are counting on these challenging times. Thank you for understanding us. Thank you.

Moderator: Thank you. In the interest of time, that was the last question for today's conference call. We now conclude the call. On behalf of Tolins Tyres Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you all.