

**Date: 24.11.2025**

To,  
Listing Compliance Department  
BSE Limited,  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

**BSE Scrip Code: 544555**

Dear Sir/Madam,

**Sub:** Transcript of Investors Call pertaining to the Financial Results for the half year ended on 30th September, 2025

In accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the transcript of the Investors Call on the post announcement of financial results of Ameenji Rubber Limited for the half year ended on September 30, 2025 held on Tuesday, 18 November 2025.

The transcript of the aforesaid Analyst Meet with Investors/Analysts is available on the Company's website also.

Kindly take the above information on record and disseminate.

Thanking You,

Yours faithfully

For **Ameenji Rubber Limited**

**Mufaddal Najmuddin Deesawala**  
**Chairman & Managing Director**  
**DIN: 02243284**

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**Ameenji Rubber Limited**

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**“Ameenji Rubber Limited  
H1 FY ‘26 Conference Call”  
November 18, 2025**

**MANAGEMENT: MR. MUFADDAL NAJMUDDIN DEESAWALA –  
MANAGING DIRECTOR – AMEENJI RUBBER LIMITED  
MR. MUSTAFA SAIFUDDIN LOKHANDWALA – CHIEF  
OPERATING OFFICER – AMEENJI RUBBER LIMITED**

**Moderator:**

Ladies and gentlemen, good day and welcome to the H1 FY '26 Conference Call of Ameenji Rubber Limited. As a reminder, all participant lines will be in 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 the star, then zero on your touchtone phone. Please note that this conference is being recorded.

From the management, today we have with us, Mr. Mufaddal Najmuddin Deesawala Ameenji, Managing Director, and Mr. Mustafa Saifuddin Lokhandwala, COO.

I now hand the conference over to Mr. Mustafa. Sir, thank you and over to you, sir.

**Mustafa Lokhandwala:**

Thank you, Steve. A very good afternoon, and I thank all our investors and stakeholders who have joined us in this call and in our IPO journey as well. This is a very proud moment. This is our first earnings call post our IPO, which happened very recently, and I'm very happy to speak to everybody on call today.

Regarding our financial highlights, for the first half of FY '26, the company has achieved significant milestones driven by continuous infrastructure investment, regulatory approvals, product diversification, and capacity modernization. The company's revenue from operations has risen by about 8.47% year-over-year, while total income has increased by 8.95% in H1, showcasing consistent growth momentum.

EBITDA for H1 surged 61.3% to INR11 crores and 43 lakhs, with margins expanding from 17.99% to a remarkable 26.63%. Net profit has more than doubled, reaching INR4 crores 37 lakhs and a net margin of 10.19%, demonstrating a 103.53% increase over the previous period and underscoring Ameenji's commitment to operational efficiency and margin improvement.

Ameenji's comprehensive product portfolio spans critical infrastructure and railway components, such as elastomeric bridge bearings, pot PTFE bearings, expansion joints, composite grooved railway pads, and other custom-molded rubber goods. All these products are backed by essential RDSO and MoRTH certifications, and Ameenji has the distinction of having its own in-house enabled accredited lab. Recently, the company's agile response to changing railway standards has ensured it is the first mover in supplying 10 mm railway rubber pads under the new upcoming railway standards, and this boils to capture upcoming railway expansion opportunities as well.

From the IPO proceeds, we plan to have advanced machinery and automation, leading to expanded production capacity and introduction of railway-related high-margin products. We are also going to be introducing conveyor belts, which is a volume-based product, which will further

support our growth in domestic and export markets, wherein we already have supplies, and we will further enhance our reach to the US, Saudi Arabia, Iraq, Tanzania, Nepal, and Poland.

Ongoing infrastructure investments, modernization initiatives in railways, and regulatory approvals solidify Ameenji's position as a preferred vendor in both government and the commercial sectors. With a diversified product base and proven technical credentials, the company is well-equipped to navigate future challenges and capitalize on the available and future sectoral opportunities.

Ameenji Rubber Limited stands ready to create enduring value for its stakeholders, driven by sustainable growth, technical innovation, and a commitment to operational excellence. I welcome you all once again and I thank you for your trust and support. Steve, we can open the floor for any questions.

**Moderator:** Thank you. We will now begin the question and answer session. The first question comes from the line of Daksh Prajapati with Hem Securities Limited. Please go ahead.

**Daksh Prajapati:** Hello. Good morning, sir. So, my first question is related to rubberized railway pads. So, as you mentioned, the specifications have been changed recently and we have got the trial order for the same. So, do we have any inventory according to the old specifications?

**Mustafa Lokhandwala:** So, thank you, Daksh, for your question. So, now, when the railway introduces the new specifications, it takes time for the new inventory to take over the old specs. So, currently, we have plenty of orders under the old specification as well, which will be – which we will attempt to fulfil in the coming months.

Having said that, in the Indian railways, there won't be a situation where immediately they will stop taking the old inventory. It depends where they want to use the new specification pads, on which lines, etc. So, both products will run simultaneously for a period of time until the railways decide that, okay, now we will completely move to the new specification. So, that is something that we will have to wait and watch.

**Daksh Prajapati:** Okay, sir. And if we pass this trial phase, so what is the growth revenue we can expect from this order?

**Mustafa Lokhandwala:** It is difficult to give a forward-looking statement right now, but considering our present order book and we – once this trial phase passes, we expect good volumes. I won't be able to quantify it at this point.

**Daksh Prajapati:** Okay, sir. And sir my other question is related to tyres which we are manufacturing for the defense, which are in the trial phase currently. Yes. So, can you throw some light on the same?

**Mustafa Lokhandwala:** So, currently, the update on that front is that we have supplied the first few numbers for field trials and we are waiting for the ordinance factory to give us an update on that. The field trials will take some time, maybe two to three months or so. So, I will probably have an update for

you in our next earnings call, I hope so. But then again, with government agencies, you never know. So, that is the update as of now.

**Daksh Prajapati:** Okay, sir. And what is the role of these tyres in defense?

**Mustafa Lokhandwala:** So, these tyres are used in Arjun tanks. If you have seen, there is a steel belt that runs the tanks and in between that, these tyres help the tank run. So, I think in each tank, there are about 12 tyres on each side. If I am not mistaken, I will recheck that information. So, that is what the purpose of this tyre is.

**Daksh Prajapati:** Okay, sir. And sir, we have one more, like one US subsidiary in which we have 90% stake. And then it was mentioned that we haven't paid them like for the subsidy, for the subsidiary.

**Mustafa Lokhandwala:** So, on that front, we actually encountered some certain problems with our bank. That payment for the shares is almost done. In fact, this month, we will conclude that. So, we will be compliant on that front as well.

**Daksh Prajapati:** Okay, sir. Thank you so much, sir. Thank you.

**Moderator:** Thank you. The next question comes from the line of Rahil with Sapphire Capital. Please go ahead.

**Rahil:** Please go ahead. Hi, sir. Good afternoon. Can you hear me?

**Mustafa Lokhandwala:** Yes. Good afternoon, Rahil ji.

**Rahil:** So, I kind of missed your introduction in the beginning. So, I just want to know, I am new to your company and I don't have much idea about your business apart from the description given. So, if you could just elaborate more on the various prospects you see in the future, currently are doing and what sort of potential do you see for business to achieve like in terms of expansion, in terms of segments you enter? So, just general overview and then about the future prospects, please.

**Mustafa Lokhandwala:** Correct. So, Rahilji, I will try to keep it as concise and as informative as possible. Ameenji, as you know, mostly caters to the infrastructure and the railway segment. Within the railways, we supply sleeper pads. These pads are used between concrete sleepers and railway tracks to absorb vibrations. In that pads, there are various designs that we supply and we are the choice supplier for the railways.

With that, we also supply another component called UIC vestibules which connect to coaches, railway coaches. So, these are rubber tubes which are used. Again, Ameenji is at the forefront on that product as well. In terms of infrastructure, we supply bridge bearings for -- So, these are also rubber pads with steel inserts used to arrest vibrations from a bridge.

In that also, there are various types which we supply. Some of them have more metal, less rubber. Some of them have more rubber, less metal. Along with that, we also supply a product called

expansion joints which are used in roads and highways where it is placed between two concrete slabs to arrest vibrations and to actually help increase the life of the concrete.

Other than that, we also have industrial rubber sheets which we have been supplying since the past many years but we have increased our focus on that as well. This is the current product portfolio as it stands. And regarding future prospects which you asked, Indian Railways...

**Rahil:** If I can just jump in, please. If I can just jump in based on these current products you have. So, which delivers the most revenue as of now?

**Mustafa Lokhandwala:** Our railway side delivers the most revenue which is the rubber pads and the UIC vestibules.

**Rahil:** In terms of percentage, if you can give me anything. So, is it like...

**Mustafa Lokhandwala:** It's about -- It's about 55%, sir.

**Rahil:** So, the rest would be from the infra division?

**Mustafa Lokhandwala:** Yes, rest is from the infra and a very small percentage right now is the rubber sheet division.

**Rahil:** Rubber sheet division. Okay. So, now you are looking to foray into the defense category. Is it fair to say?

**Mustafa Lokhandwala:** Yes, Ravi. So, if I can just give you a little brief on the future development as well. So, I'll include that as well. So, in the future developments regarding that which is mentioned before also, the railway is consistently upgrading its facilities, its supplies and in that the rubber pad is also undergoing tremendous amount of change with changing specifications, etc. And Ameenji is again very involved in that process. So, we expect to get similar or better volumes in the future for this product regarding railways.

In defense, as you already know, we are supplying the rubberized wheel for the Arjun tank. We received the trial order and we have successfully supplied 18 numbers for field trials after which once it passes that field trial, we will be given approval to execute a PO of about 180 numbers or so. That is in the defense front.

Apart from that, as mentioned in our IPO updates, we are investing in upgradation of our existing machinery. Our existing presses are a little old. So, we are investing in that to have better output, increase efficiency and we are starting a new product line called the conveyor belt. We will be having our first press in our facility and that is a market which you can say it is a natural integration of our already -- of the processes that are already going on. So, you can expect revenues to start from that from the next FY once the machinery is installed.

**Rahil:** From the next fiscal year, you're saying?

**Mustafa Lokhandwala:** Yes, yes. From the next fiscal year.

- Rahil:** So, what's your capacity as on date? Like combined capacity or maybe division-wise if you can give me and the utilization. So, from that, we can, what kind of peak revenue potential you can...
- Mustafa Lokhandwala:** So, currently, in terms of railways, we are also undergoing a re-audit of our capacity. So, currently, our capacity in railways for rubber pads, if I say, stands at about INR1.35 crore pieces a year. That is around -- that is utilized by around 40% to 50%. The simple reason for that is that in railways, we have to show more capacity to get a part of the chunk because it's a tender-based business and there are many players.
- So, when we show a capacity of 1.35 lakhs, we get a commercial rate 40% to 50% quantities for that. And in terms of other products also, our capacities are utilized anywhere between 40% to 50%. In one or two products, it's about 60% to 70%. So, even infrastructure, it's a very seasonal business as well.
- For example, in the rains, in the monsoons, infrastructure work doesn't happen that much. And then post-rains in H2 is when actual activity starts. So, that's how our capacity is. We can say we are never at full capacity, but if I have to scale or if an order comes which requires me to go full capacity, we can easily do that. That is not an issue.
- So, that is what our capacities look like as of today.
- Rahil:** Is it fair to say in H2, InfraDivision is working at more than optimal capacity and you have good orders in H2 as well for Infra and railway is as usual business. So, H2 is better than H1?
- Mustafa Lokhandwala:** H2 is certainly better than H1, yes. Okay.
- Rahil:** And do you have an active order book? This works on order book basis, right?
- Mustafa Lokhandwala:** We do have an active order book. Yes.
- Rahil:** Any amount you'd like to value in terms of quantity?
- Mustafa Lokhandwala:** The amounts keep adding actually. So, I'll just revisit that and maybe you can connect later on that front. Yes.
- Rahil:** Okay. And other than this defense, you were -- in the beginning of my question, you were about to explain for the future prospects. Are there any other as of now?
- Mustafa Lokhandwala:** As of now, this is what is in the works. There are certain developments, but those are at very nascent stages. So, it wouldn't be okay for me to comment on that at this point. Maybe in the earnings call in April or something, I'll have more information for you.
- Rahil:** Okay. And lastly, based on all you've said and the demand on the ground, which of course you are more aware of and the current existing order book you have in hand, what sort of like as investors, what sort of growth one can pencil in and what sort of consistent like stable margin range we can consider for the foreseeable future?

- Mustafa Lokhandwala:** For the foreseeable future, I think we'll grow at about 20% to 25% CAGR and our current margins regarding EBITDA, I think the range in between 20% to 25%. So, we will try to maintain those for the foreseeable future. Yes.
- Rahil:** Okay. All right, sir. I'll get back in queue. Thank you so much. All the best.
- Mustafa Lokhandwala:** Thank you. Thank you so much, sir.
- Moderator:** Thank you. The next question comes from the line of Varun A, an individual investor. Please go ahead.
- Varun A:** So, can you please update me about the IPO fund deployment?
- Mustafa Lokhandwala:** The IPO fund, currently we have made advances towards our machinery. So, that deployment has already started. And in terms of the other object, which was loan repayment, we have identified the loan which we want to close and we are communicating them on getting the required letters for foreclosures, etc.
- So, that is still a developing part and in terms of general corporate, we utilize some funds. So, funds are still there and that is how the utilization is going on.
- Varun A:** Can you please update your segment revenue contribution between industrial, railways and commercial and the segment margin also?
- Mustafa Lokhandwala:** So, segment wise, our railways account for about 55% of our revenue, as I said before, remaining is infrastructure mostly and margins and across the board, we maintained our EBITDA about 23%-24%. So, that is what we will continue to maintain.
- Varun A:** Okay. So, can you please throw some light on export business? How are we planning to expand in exports?
- Mustafa Lokhandwala:** So, last fiscal year, we did about INR10 crores in exports. This year also our exports to Saudi Arabia are going as planned. Iraq, currently there is an election over there. We did a lot of exports in Iraq last year. Once the election is over, which is I think this month, exports to Iraq will also pick up and we hope to have to see that impact in H2. We are already in touch with other Middle Eastern companies in Abu Dhabi, Dubai, Saudi Arabia as well to supply our rubber products or infrastructure products and rubber sheets mostly.
- And in terms of the US subsidiary, the reason we had opened that subsidiary is that we wanted to export rubber sheets from here and sell in that market. So, that office would act as a trading office. Right now, I think the political environment is also very uncertain and with the IPO etc. But we are going to try to start focusing on that market from H2 and as well as the next fiscal year.
- So, currently that is how we are going about our exports. And there are a few other things that are again at very nascent stages where we are talking to other companies. So, I will definitely have more updates in our next earnings call post H2.



**Varun A:** Okay. And what are the new products you are looking for? And also, can you please highlight more about the rubber pads for railways, which was mentioned in the release?

**Mustafa Lokhandwala:** Correct. So, the future products as I have already mentioned, the defense wheel is something that we are focused on and we are going ahead with the field trials. Conveyor belts is something that we are expanding into. And in terms of the railway rubber pad business, railway rubber pads, we have been one of the biggest suppliers to Indian railways over the last few years. And those pads are also undergoing change in specifications, wherein the quality of pads is getting better.

And that gives us a lot of room for improvement, a lot of room for improvement in our margins as well. Exact figures, I won't be able to give you at this point because the specifications will come into effect. And once we execute these trial orders, and we will see how the situation is developing.

So, and along with this trial order, we are also in talk with railways, wherein we are giving, trying other rubber materials for field trials. And if those materials are also approved by railways, then we will have more scope in rubber pads.

So, all in all, the rubber pad business is also looking very positive, very promising. Infrastructure is always very promising and exports also. We are focusing on that. And that is our plan to grow that part of our business as well.

**Varun A:** Can you please throw some color on the industry numbers in terms of demand and supply for your product? Also, how do we see the replacement demand?

**Mustafa Lokhandwala:** So, currently, industry wise, in terms of infrastructure, it is very difficult because it is a very project to project basis. So, I won't have exact numbers for that. In terms of railways, railways requires around 8 crore pieces every year. And the replacement cycle is also about four to five years. But that replacement cycle is a little shorter right now because of the certain quality issues that the railway is facing.

And that all, that translates into higher volumes. But at the same time, now that modernization is taking place and specifications are getting better, we expect that replacements for existing pads will also increase. And so, and procurement of new pads in the new specs will also increase over time.

So, on both fronts, things are looking very good, hopefully, inshallah.

**Varun A:** So, one more question. How do we differentiate ourselves from competition?

**Mustafa Lokhandwala:** So, sir, in the listed space, currently, in terms of our products, there is no competition because there is no company with a similar product profile. But if you ask me from personal experience and on the market, our differentiators --firstly, our capacities are one of the biggest in railways compared to all other vendors.

Secondly, we have our own very strong technical team. My technical team at the factory consists of about three senior rubber technologists. And the whole team has been together for more than a decade.

Thirdly, we have our in-house NABL accredited lab. That certification, it is called an ISO 17025 certification that, we got that certification when it was unheard of that in our sector, somebody would go for that. That increases compliance on our end, it ensures quality products are supplied from our end and it increases our responsibility towards the product that we manufacture because a lot of companies then look at our testing etc. as a gold standard.

So, these are our biggest differentiators on ground.

**Varun A:** Okay. And just one last question, sir. Do we receive payment from government on time? Also, you mentioned that your H2 is always better. Can you please elaborate on this? Maybe in terms of tenders, payments, etc. Just wanted to understand the business cycle.

**Mustafa Lokhandwala:** So, sir, in railways, payments are mostly on time. The cycles are about three to four months. The reason for these long cycles is because all our products go through inspection and quality checks. So, railways will deploy a third party agency or they themselves, the RDOs will come and do the from the raw material right to the finished product. The whole inspection happens.

So, payment cycles are a little longer. But having said that, in railways, payments always, we are able to get payments on time, as per railway standard. And in infrastructure also, we work with contractors who are known to be well, good paymasters. And we try to work on an advanced model first, in infrastructure. Railways, that is not possible. And, sir, your second part of the question, if you could repeat, apart from the payment cycle?

**Varun A:** H2 is always better. Can you elaborate on this?

**Mustafa Lokhandwala:** So, yes. So, sir, see, after monsoon, H2 infrastructure picks up. So, that is one area where it is better. And also, in H2, your budgets for the fiscal year have to be given out. So, a lot more tenders and orders are expected in this phase. Hence, H2 is better, it is better than H1 for us, has been so historically.

**Varun A:** Okay. Just one more question. What is our order book currently?

**Mustafa Lokhandwala:** So, the current order book, it is constantly evolving. But exact figures, I'll have to, I'll check and come.

**Varun A:** Okay. Thank you, sir.

**Moderator:** Thank you. The next question comes from the line of Vinay Ambedkar, an individual investor. Please go ahead.

**Vinay Ambedkar:** Sir, this company is new to us. So, excuse me, if some questions are basic. One thing is, you know, that you have, you mentioned that the demand for your railway products are about 8 crore pieces. Approximately, how much would that translate into value term?

- Mustafa Lokhandwala:** Sir, like, I cannot give you an exact number, because railway pads, there are many designs, and the rates are also different. So, that is why it would not be possible to give an exact number. It would be actually very wrong on my part to give you the exact figure. But, yes, as our business.
- Vinay Ambedkar:** A range sir?
- Mustafa Lokhandwala:** Range, sir, I'll have to check my numbers and come back. I have a number in my mind. But if I say it and it is wrong, so I'll have to check and come back, sir, on the range.
- Vinay Ambedkar:** Okay. Then is it like a few thousands of crores per year or a few 100s of crores per year?
- Mustafa Lokhandwala:** Sir, I will go to such an extent saying it is in the 100s of crores. And potential to reach 1,000, yes. I can say that much.
- Vinay Ambedkar:** Got it. And this is only about railway pads, right? So, we supply other products for railways also. So, are they, can you talk about them a little bit, sir?
- Mustafa Lokhandwala:** So, railway pads in itself has many designs. Okay. It's not one design. Many, many designs. So, that is a big product. And apart from that, we supply UIC vestibules. These are basically rubber tubes and used to connect two coaches. This is a fire retardant material that we supply. These two are the main products that we supply to the railways. Apart from that, there is another third product, which is level crossing pads. Basically, at crossings, railway crossings, before concrete and rocks used to be put.
- Now, they are upgrading it to these rubber pads. These components, each piece weighs about 300 kilos. So, we manufacture those as well. But those, that supply doesn't take place directly to the railways. It goes through contractors who are given those works. So, but our rubber pads and vestibules are supplied directly to the railways.
- Vinay Ambedkar:** In vestibules, what would, what could be the market potential, demand potential?
- Mustafa Lokhandwala:** So, vestibules, that also is in the INR100, in the INR100 crore mark as of now. And that grows consistently by about 10% to 15% every year. So, that, all that, that market is not, it is big, it is not big as a rubber pad. But that, it is a very niche market with few players and better margins.
- Vinay Ambedkar:** How many players you said, sir?
- Mustafa Lokhandwala:** Three.
- Vinay Ambedkar:** How many players did you say?
- Mustafa Lokhandwala:** There are about 11 players in vestibules.
- Vinay Ambedkar:** Okay. And how would you say our size is in comparison to them?
- Mustafa Lokhandwala:** So, we get about 10% to 15% of the tenders. And size wise also, we are, we are bigger than most of them. I can, if I can say that.

- Vinay Ambedkar:** Okay. And these are also consumable, sir, in a sense that do they also have a lifespan of, like you said, railway pads, over years, of course, that is reduced.
- Mustafa Lokhandwala:** Yes, yes, yes. They also have a lifespan of about 5 to 10 years. And there are warranty clauses also. So, after, before certain time, if there is an issue, then we work with the railways to provide replacements as well.
- Vinay Ambedkar:** Interesting. Okay. And in railway pads, we said there is no listed competitor, but among the private companies, how many are there and how are we placed vis-a-vis them?
- Mustafa Lokhandwala:** So, sir, in private, in private competitors, there are about, if you go to the approved sources on the IREP portal, there are, you'll find about 50, but out of them only 20 to 25 are active players in the railway pad market. And amongst all of them, our capacities are the biggest. Our facilities are also much better than I would say 99% of the players today in railway pads.
- Vinay Ambedkar:** Okay. Very interesting. Okay. So, this covers the railway division. Can you just cover, you know, in terms of the applications for the infra division that we have?
- Mustafa Lokhandwala:** So, infrastructure is again a very different market. It is a much more fragmented market. In infrastructure, because a lot of, a lot of payments, etc., are dependent on who the contractor is for a project. So, we are very selective in whom we work with. So, that is why that division is not as big as the railway division, but there are certain workings that are happening behind the scenes, which in which we are trying to increase that market as well.
- And I'll have more information in our next earnings call, because it is still at a nation stage. But in the infrastructure segment, in spite of us being so choosy, we still have good revenues from that segment. It still covers about 40% of our revenues. That whole product mix, which is about, made about four, five to six products, and also our exports also.
- Infrastructure products are exported as well. So, that is why these two are not comparable, because of just the nature of how the procurement happens and how our supplies happen. But rest assured, our focus is on increasing that market also, because in, even in bridge bearings, etc., there is no listed player to compare us with. But if I compare on ground, even in such a -- it is a very much more highly competitive market. Even in that, we are known for our quality.
- If I can mention certain projects, for example, the Surat Metro recently consists of our bridge bearings. Mostly, we have some better bridge bearings in Mumbai Metro also, and even our expansion joints. So, that area also is developing, and we hope that we can increase our exports over there. That is why Saudi Arabia and Iraq, we focused on it.
- Sorry, I think I got cut, but export also, we can do it.
- Moderator:** Please go ahead. Yes.
- Mustafa Lokhandwala:** So, as I said, exports is also a big driver in infrastructure, and we are focusing on increasing those as well, in those revenues as well, sir.

- Vinay Ambedkar:** Okay. So, my last question would be around the process. So, what would be our raw material, and do we manufacture rubber from the basic crude derivative or some intermediate?
- Mustafa Lokhandwala:** Sir, rubber, our manufacturing, usually we use natural rubber and synthetic rubber blends, and in infrastructure, these specifications are also provided. So, how much rubber needs to be put, what kind of rubber, etc., is already well defined. So, and sir, in the rubber industry is basically a market of formulations. So, if your technical team is very strong, then you can work with various kinds of natural and synthetic rubbers, and that is mostly where we gather our raw material from, sir.
- Vinay Ambedkar:** So, who would be our main supplier for this?
- Mustafa Lokhandwala:** Sir, in this, sir, we have multiple suppliers. In terms of natural rubber, we get it from Kerala. Synthetic rubber, there are many distributors in India. So, we usually procure from them, sir.
- Vinay Ambedkar:** Okay. And the prices of the rubber we have seen, for example, what goes into tire or other applications, so they fluctuate quite a bit. How do we manage these within our financials?
- Mustafa Lokhandwala:** So, sir, two things we do. Firstly, if it is available on the cheap, we buy and store it, especially natural and synthetic rubber, because as you said, the prices vary and the supplies can become an issue. Second thing is, sir, because a lot of our business is with the government, all these contracts contain something called as the price variation clause. So, if there is a sharp change in raw material prices, then we are able to obtain the difference amount from the government itself. So, that is how we currently handle this problem.
- Vinay Ambedkar:** Right. Okay, sir. I will pause here. I got a good overview of the business. Thank you for that. Thank you. I hope to keep in touch with you and understand this better, sir. Thank you.
- Mustafa Lokhandwala:** Yes, sir. Thank you, sir. Thank you.
- Moderator:** Thank you. The next question comes from the line of Tanmay, an individual investor. Please go ahead.
- Tanmay:** Hi. Thank you for explaining with such detail. I had one more additional question. Like, could you explain the competitive and pricing environment? Like, you were talking about how you can pass on the difference in pricing of your raw materials with government contracts. And how does this factor, I mean, what kind of competition are you seeing in these pricing?
- Mustafa Lokhandwala:** Competition in terms of the tendering with other players?
- Tanmay:** Yes.
- Mustafa Lokhandwala:** So, sir, see, our businesses are full of competition. There is no way around it, especially in terms of rubber, as you see. Past, historically, what has happened in railways is that railways have continuously increased the number of approved suppliers. Now, what that, the effect that, that has had is that the rates have suffered over the years for the rubber pads, along with that, the quality has also suffered.

Now, the railways have realized that, and since last one year, Ameenji has been in constant touch with Indian railways. The new specifications that have also come for these rubber pads, for which we have received the first trial orders, that also, a lot of suggestions were made by Ameenji. Knowing the pain points that we are facing in our industry, and the railways have been very kind, they've taken note of that, and they're constantly improving.

So, in terms of pricing, sir, there is a lot of competition. But in that also, Ameenji has survived, not even survived, it has thrived, actually. And it is, I can say it is leading the pack, because in terms of our capacity, the only reason why we have increased so much capacity is because there is demand, it is because the railways want quality product, which Ameenji, even in the present environment, is giving.

Today, if you go on ground, there is so much rejection etc. happening. Ameenji's name, you won't hear it. And Ameenji has always been associated with quality. And that is the impression, image and the reality, which the Indian Railways is also aware about. So, in terms of our competition, this is the biggest differentiator.

And the fact that we are, you could say that we are leading, trying to lead the industry to a better environment speaks volumes of where we are headed, sir, in terms of our competition.

**Tanmay:**

Wow, great. Another follow-up would be, could you elaborate on your kind of cost? Like, what percentage of cost is raw material or other such costs? And, I mean, what's your outlook for that? And I mean, in regards to working capital requirements, since the increase of orders, how would that be affected?

**Mustafa Lokhandwala:**

So, sir, currently, since we have been already working at increased capacities in terms of volumes since a while, so working capital wise also, we have been able to manage our cycles. And with the extended credit lines from our suppliers and support from our banks up until now, we are able to manage a working capital cycle. And even with the increase in volume, we don't currently foresee an issue on that front.

In terms of costs, sir, our raw material cost is about, it's about 30% to 40%. Then you add labor, inspection charges, etc., electricity, and other ancillary costs. So, that is how we're able to maintain our EBITDA margin also in the range of 20% to 25%. So, going ahead, in terms of costs, the biggest reason we bulk purchase is to keep that cost in check.

And we have been largely successful in that. Having said that, since the railway is also upgrading specifications, the business environment on ground is changing. We are also having a relook at our cost structures and where we can optimize. And one other reason for upgrading existing machinery and also looking at solutions for automization is to rework on our cost structure and reduce wherever we can in terms of wastage, in terms of inefficiencies, in terms of re-educating the labor workforce as well so that output per labor can increase.

So, that is what we are doing at the back end. And we are hopeful that those, the results of that, we will see in the coming quarters.

- Tanmay:** Yes. And if I could just ask a last question. In your long-term vision, would you like to be a niche railway supplier kind of a company or a diversified industrial rubber solutions company? Which path do you want to take?
- Mustafa Lokhandwala:** That is a very difficult question. We, I would like to phrase it in such a way. I hope this one thing I would like to mention is that our visionary promoter, Mr. Ameen ji, had to travel suddenly. So, I would have loved it if he could have answered that question on call. And I am hoping that in the next earnings call, he is there to lay out the vision of the next few fiscal years.
- But if you ask me personally, in my personal capacity, I would say that Ameenji, in terms of railways, we want to be industry first, innovators in innovative railway solutions with regards to our products. And in terms of the other verticals that we are starting for, for example, conveyor belts, it is a huge market. So, eventually, we would like to be leaders in that as well.
- So, it is a mix of both, if you tell me, I can't choose at this point. But the vision is big, the vision is bold. And that is how we work from day one. And that is what we'll keep working to give our stakeholders maximum returns and to also create a legacy rubber company in our industry, the tire industry already has. But our industry, we would like to be the first one.
- Tanmay:** Excellent. Thank you so much for your answers.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I'll now hand the conference over to Mr. Mustafa for closing comments.
- Mustafa Lokhandwala:** Thank you, everybody, for being a part of our first earnings call. This was my first experience as well as a part of the management. And I hope that I can only get better. I hope I've been able to answer questions of our stakeholders to the best of my ability. And I promise that if there is any lack, I will work towards fulfilling that as well.
- And I hope and look forward to having everybody in our next earnings call. And thank you for your support up until now. And we hope that the support continues for the near and long term future as well.
- Moderator:** Thank you. On behalf of TwentyEighth Consulting, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.