Emerald Tyre Manufacturers Limited
(Formerly known as Emerald Resilient Tyre Manufacturers Private Limited)

REGISTERED OFFICE :
Emerald House
Plot No.2, 2nd Street,
Phase - 1, Porur Garden,
Vanagaram,
Chennai - 600 095.

19th November 2026

National Stock Exchange of India Limited
Exchange Plaza,
5th Floor, Plot No. C/1, G Block,
Bandra - Kurla Complex,
Bandra (East), Mumbai - 400051.
Company Symbol – ETML (NSE Emerge) **ISIN: INE0RHD01013,**
Series – EQ

Dear Sir/Madam,

Sub: Submission of Transcript of the Earnings Conference call held on 17th November 2026, Tuesday at 04:00 P.M. (IST)

Ref: Regulation 30(6) read with Schedule III Part A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

With reference to our intimation dated 12th November, 2026 related to the Earnings Conference call, the Company is submitting the transcripts of Earnings Conference call of the analyst/investor conference call which was held on 17th November, 2026, Tuesday at 04:00 P.M. (IST) to discuss an Unaudited Financial Results of the Company for the half year ended 30th September, 2026.

You are requested to kindly take the same on your record.

Thanking you,

Yours faithfully,
for **Emerald Tyre Manufacturers Limited,**

NARAYANA RAO
Digitally signed by NARAYANA RAO
Date: 2026.11.19 13:05:11 +05'30'

H. Narayanarao
Company Secretary & Compliance Officer

"Emerald Tyre Manufacturers Limited

H1 FY27 Results Conference Call"

November 17, 2026

MANAGEMENT: **MR. CHANDRASEKHAR VENKATACHALAM – CHAIRMAN AND MANAGING DIRECTOR – EMERALD TYRE MANUFACTURERS LIMITED**
MR. VARADARAJAN KRISHNARAM – CHIEF EXECUTIVE OFFICER – EMERALD TYRE MANUFACTURERS LIMITED
MR. SHANKAR SUBRAMANIAN – CHIEF FINANCIAL OFFICER – EMERALD TYRE MANUFACTURERS LIMITED

MODERATOR: **MS. DHRUVI – EQUIBRIDGEX ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 H1 FY27 Results Conference Call of Emerald Tyre Manufacturers Limited. Hosted by EquibridgeX Advisors Private 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 star then zero on your touchtone phone.

I now hand the conference over to Ms. Dhruvi from EquibridgeX Advisors Private Limited. Thank you, and over to you.

Dhruvi: Thank you, ma'am. A very good afternoon to everyone. Welcome to the H1 FY27 earnings call of Emerald Tyre Manufacturers Limited. From management team, we have with us Mr. Chandrasekhar Venkatachalam; Chairman and Managing Director, Mr. Varadarajan Krishnaram the Chief Executive Officer, and also Mr. Shankar Subramanian, the Chief Financial Officer. We will have opening remarks from the management team, post which we will open the floor for Q&A session.

With that, I would like to hand over the call to Mr. Chandrasekhar for your opening remarks. Over to you,

Chandrasekhar V.: Thank you, Ms. Dhruvi. A very good afternoon to all of you. Thank you for joining us for the H1 financial year '27 earnings conference call. I am Chandrasekhar, Managing Director of Emerald Tyres Limited. And at the outset, I would like to thank all our investors, analysts, and stakeholders for joining this call.

I will initially give a brief introduction about Emerald Tyres for those people who have joined new to this call. I will give you a brief introduction about Emerald Tyres. Emerald Tyres was started in the year 2002. We are specialists in manufacturing industrial tyres. Industrial tyres, if you look at Emerald tyres, there are two categories of tyres. One is on-the-road tyre and the other is off-road tyres.

And the off-road tyres -- on-the-road tyres are your tyres which are used for your buses, trucks, cars, and other vehicles. Off-road tyres are your agricultural, mining, construction, and industrial equipment. So, Emerald predominantly specializes on manufacturing tyres for industrial applications with, you know, special focus for forklifts, material handling equipment, airport ground support equipment, some agricultural and construction equipment and industrial machineries, as that is our strength.

So, we are predominantly major OE suppliers to all the OEMs in India, be it Godrej, Voltas, Toyota, and the likes of that. There are a few other manufacturers, international manufacturers, who are also coming into India to manufacture, fork lifts, and we are their preferred, you know, source of tyres. All our tyres are manufactured at our plant in Gummidipoondi, which is in Tamil Nadu, and our tyres are sold in the brand name GRECKSTER, EMPOWER, and AXIMO.

We are predominantly an export-oriented company. Almost 80% of our business comes from exports. We have our own offices in Belgium and Dubai and now also in Johannesburg. Johannesburg also has a manufacturing facility which we have recently taken over.

I'll now take you through the financial performance for the half year. The total income for the first half year stood at INR117.43 crores. EBITDA is at INR15.48 crores with an EBITDA margin of 13.18%. And a profit after tax stood at INR1.96 crores with a PAT margin of 1.67%. Our performance, if you would see, had, you know, substantially impacted because of the, you know, input cost. It is driven primarily by the crude oil prices. As you know, tyres are made up of two major products.

One is rubber, natural rubber, which is a commodity. And the other is -- others are oil derivatives, be it carbon black, synthetic rubber, or even for that manufacture -- for a matter of fact, nylon fabric. Most of them are oil derivatives. So that has resulted in a major increase in our raw material costs that has put a considerable pressure on our margins.

Having said that, we have taken a lot of steps to mitigate the impact. We have focused on cost optimization initiatives, operational efficiency, and also product re-engineering programs for enhancing the value and controlling costs. Other than that, we have also now started focusing on higher margin products. Instead of manufacturing run-of-the-mill products, we can fill our factories full of orders with in a run-of-the-mill product.

But given the situation and the market which we are in, we are now concentrating on higher margin products, which has helped us cushion the impact on the profitability. I would also now like to discuss about the recent developments which have gone through. The first and the foremost, most important thing which has happened is that, we have made an investment in South Africa to the tune of INR12.23 crores in a company called SA Rubber Engineering Private Limited, acquiring 64.44% of the shares.

And now it has become a subsidiary of Emerald Tyres. With effect from 21st October 2026, it has been renamed as Emerald Tyres Africa Private Limited. This subsidiary, it brings in an expertise in manufacturing tyres for retreading tyres for the industrial and mining applications. It also has expertise in manufacturing polywheels.

This entity would help us approach -- normally when you kind of reach out to OEs, they look at various -- they look at mitigation of risk. And they always ask us, you have only one entity that is in Gummidipoondi, and it is a fully integrated plant. All your production is in one place.

So, to mitigate that risk and to satisfy the OEMs, plus explore the markets in the US and Africa and also in Europe, we got into this arrangement. And it will be a strong manufacturing base for us in the future. Other than that, we have also expanded our presence in the Australian market.

The Australian market is predominantly an import market. There is no manufacturing facility in Australia. All along we are selling on and off in the Australian market, but today we have a focus on the Australian market. This is again to mitigate the risk. Now that there is war in West Asia and the logistics to another western side is being at very high risk.

We have started concentrating on the eastern side of the market. So Australia is an important market for us going forward. Southeast Asia, Australia, New Zealand, all these places we'll be concentrating a little more. I'm also pleased to inform you that the CARE ratings have been upgraded, on a long-term bank equity lease of INR73.50 crores.

From BBB stable -- it has been moved to BBB stable from BBB minus. And our short-term bank facilities of INR51.50 crores have moved to CARE A3 plus from CARE A3. So these are the few things which have happened in the last half a year. So looking ahead, I think our first priority would be cost optimization improving on the efficiencies and product re-engineering so that we are able to manage the costs.

You know, the raw material prices are increasing day by day, but the markets are not willing to 100% give the increase what we are expecting. And since we work with export market every day, we are not able to change the prices as we raw material prices are moving.

The second thing what we're trying to do is increasing the share of higher margin products. We are trying to concentrate, push more of the AXIMO tyres, those kind of things we are trying to do. And the other thing what we're trying to do is markets where we have not been there, Africa, the US, and in Australia.

US, we are trying to push a lot more products. We're trying to innovate new products, make new products, and, and try to entice the market with newer products. Of course, we try to keep investing on technology, product development, capacity enhancement, and that's how we try to work towards being a preferred global industrial tyre solution provider.

At the end of the day the global economic environment is very challenging, but we are sure that in the recent past, last month or so, there has been a de-escalation of the war. So we hope that things fall in place and we are able to -- there are a lot of projects which are about completion, about approval from our customers.

So all these things will start moving rapidly once the geopolitical situation improves. So we are confident that there will be significant improvement both in the revenue and the profitability in the coming 2 quarters. Before I conclude, I would again like to thank our employees, our customers, and our shareholders for their continued support and trust in Emerald.

Once again, thank you. I would now request Mr. Krishnaram to add in, otherwise we can straight get into question and answers. Thank you so much.

Varadarajan Krishnaram: Thank you, Mr. Chandhrasekharan. Good evening to all of you. I think extremely happy to have this session of interaction with our shareholders. Based on the half-yearly results that we have just announced. The major impact has been, as rightly mentioned by Mr. Chandhrasekharan, has been the phenomenal increase in the cost of raw materials, which have taken almost an all-time high of almost showing about 60% increase in the crude oil prices, which has resulted in the increase in the input cost of almost all the materials that a tyre needs.

In addition to that, natural rubber has also moved about 25% to 30% increase. And if you see, even in the month of November, the prices have moved further forward. The only gratifying situation today is that with a change in the US as well as with a change in the market in West Asia, we hope, the crude has already fallen from an all-time high now to about USD85 to USD88 per barrel, which is going to seriously bring down the cost over the next 1 or 2 months.

Whatever initiatives that we have taken in this very tough time, when we had an overall increase of something close to about 40% to 42% increase in the input cost, which was impacting the last quarter. We will -- we are expecting a major release, and all the steps that we have taken the first 6 months would augur well for the second half. This is one point.

Secondly, with the West Asia crisis, the shipment delays have been a major blow, and we are not able to get watches at the right time. With the result, on the one side, the inventory goes up. On the other side, the customers have to pay 200% to 300% increase in the cost of flight. For example, to Dubai, we are paying about USD2,000 or USD1,900, USD2,000, USD 3,000. Today, to get to Dubai, we need to pay minimum about USD8,000 to USD9,000.

And you're not talking about Europe or US, which is all the more challenging. Business prices, customers find it increasingly difficult. To increase the stock, and with the result, they want to manage with local sources. And this is -- this has been one of the reasons, even though the order book has been fat, that required price increases from the customers as well as the cost impact has been a major influence.

Almost all the time, companies have had this issue, but I think as far as Emerald is concerned, there has been a drop-off 3% to 3.3% drop in EBITDA. And consequently, because of the project implementation, the interest costs as well as the depreciations have gone up. And that's the main reason why the performance have been muted. But I think the current quarter and the quarter next to that holds the key, wherein the order books have also started improving and customers are a little more relieved in placing the orders.

So we hope the next quarter and the half year should be good. But given the already the last half year's impact wherein I think as against the target that we have planned of about almost about INR135 crores to INR136 crores, we were able to do about INR118 crores with the result that INR18 crores-INR19 crores which we lost because of either postponement of orders by the customers or by delay in giving price increases, or because of their own internal constraints in terms of their market.

But all these things need to be compensated in the second half, and we sincerely hope that the winds of change are favorable to the tyre industry. And we believe that moving forward, we must be able to reach whatever targets that we could aim for in the coming months. So this is my note to that, and I would request the investors to ask questions, and we will respond to each of these queries to the best of our ability. Thank you very much. Thanks a lot.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Okay. Sir, we were told that we are following a cost-plus model wherein the raw material and freight and everything used to be passed through. So it doesn't seem that we have taken any price hike because even the top line is flat, more or less. Sir, so basically has there even been some volume growth, or it is the volume is also flat and the realization is also flat?

Management: Okay. Thank you, sir. Thanks for your question. I think your question is very, very correct in the normal sense. Whenever there is an increase, we would have gone to the customers for an increase. But in this period, we have almost gone for a 13% revision with the customers as against a 40% to 45% increase in the cost of raw materials.

There were two -- we had a double whammy effect. On the one side, the raw material prices were going up on a daily basis. With every passing day, the crude was going up, and every time we go for a revision, by the time we complete the revision, the prices have all already gone up by another 20%-25%. As you know from our earlier conversations that 80% of our business is from the replacement market.

Only in India, in the Indian business, we have 50% OEM share, whereas in the global market, our replacement market share is 80%. This 80% market, when we go for a 3% or 4% revision, already the costs have gone away another 5%-6%, and by the time we go for another revision it has already moved by another 10%. This has been a very, very, very unique situation wherein probably we should have ended with a huge loss given the impact of the cost.

But with the continuous interaction with the customers, both OEMs as well as after-sales market, we have been able to get revisions, not in a big way, 3%, 2%, 2%. We have been going on revising the prices. But we were unable to catch up with the huge price increase that was happening in the raw material side. This is one thing.

Secondly, another area we did was we tried to control costs internally by a lot of optimization exercises, as well as by ensuring that the customers get delivery faster so that they don't need to get inventory. But even that was not working because the shipment was extraordinarily delayed.

A shipment to Dubai normally takes about 10 to 15, 20 days. It has taken almost 50 days and still not reached. Saudi Arabia, it took about 70 days and still not reached. Europe, I need not say. Europe went from 35 to 60 days. With all these changes happening, the customer was frustrated. On the one side, you ask for increase, tyres are not coming. On the other side, you are charging even before it is delivered. You're coming for another price increase.

So, so to say, I think it has been a terrible half year with the customers feeling very sad every time we go with a price revision because he had a double whammy. On the one side, the logistics costs were going 200%-300%. On the other side, the supplier was consistently asking for increase in prices. He hardly has any leeway to go to the market and get the prices. So this has become a very, very unfortunate situation.

So much so, they were delaying the order book. They said the existing assignment has not reached. Why are you asking for more orders? So the top line also, to a large extent, we were able to show about 5% only increase because the orders were there, but they were not -- they give a stoppage. Don't execute further orders till I get these assignments.

So the situation was on the one side the logistics delay, on the other side the price increase, on the other side the customer not reaching the tyres, receiving tyres, on the other side the price is not developing.

You are not able to get a commensurate increase from the customers. So this was a situation which I think which happens once in 20 years, 30 years in the tyre industry, which we had faced about 30 years back. But today the situation has been influenced by a lot of geopolitical factors with the results. This is the best way that we could do. Even though order book was so best, customers were not willing to allow us to ship the tyre. That was the main reason.

Madhur Rathi: Thank you. One more thing was that post [inaudible 20:54].

Management: Sir your voice is breaking.

Management: No. Mr. Rathi please continue.

Management: Sir its voice is still breaking. Mr. Rathi you continue.

Madhur Rathi: Sure. Thank you for the answer, Sir. now the question was that what is the weighted average price hike that we have taken in the first half and what was the volume growth in the first half, if you could quantify these things?

Management: Sir, two things. The weighted index of the price increase has been around 30 to 32%. And as far as the volumes are concerned, the production volume has gone up by only by 5% to 6%, purely because as it was the reasons I explained to you either the order book is there or the customer is not permitting us to ship.

But there's some -- I had a capacity I couldn't utilize. I was utilizing my solid tyre capacity utilization has been around 55% to 58%. My pneumatic has been around 70% to 75%. The customer places the order and says, hold on, I don't want because my your existing shipment has not come. It's almost 60 days. I am buying from the market at huge prices.

And what I can do, if I allow you to ship it, again you will ask for money immediately. As you know, our payment systems are very clear. When you make the order, you have to pay 50%. When the order is ready, you have to pay 50%. Otherwise, you have to pay 100% in advance.

So I think we didn't want to compromise on the cash flow because it would have been a disaster if we would have done that. We have tried to stay afloat, protecting the interest of the company and the shareholders. To see that we execute profitable orders, we execute customers who pay money and conserve the company during this period, not getting into any adverse impact on the top line or bottom line.

Top line we could have increased, but then it would be outstanding in the books. He will say, you ship it, I'll pay after the goods are reached. You never know where the global situation is going. Suppose he rejects it or takes the tyres and doesn't pay, where are we? I think prudence is the best way to conduct in these periods.

And I think to the best of our ability, we have tried to protect the company from any undue influence or any adverse impact by protecting the margins. Because a 3% EBITDA is something understandable. If you see the tyre companies, there has been a 72% drop in EBITDA by JK Tyres and other companies of 30% to 35%.

With the -- and with the other tyres, we have tried to even though the size is smaller, we have tried to ensure that prudence has been the guidance during this period to see that we protect the company from this onslaught of price increase, logistics problems and geopolitical situations. I hope you will agree with this.

Madhur Rathi: Sir, now the thing is that our standalone revenue has increased by 5% year-on-year from INR98 crores to INR103 crores. So basically it seems that there is a roughly 5% volume growth and the price is the same. That means we have not taken any price hike whatsoever on a year-on-year basis.

Management: No, sir. I think you have to look at it from that, the composition of buyers and the products. All the high-margin products, they've been withheld because the market was demanding. All the high-value orders have been kept on hold by the customer because we did the AXIMO expansion.

The AXIMO expansion orders came in. The customer said even the budget tyre market is resisting, so please hold on, let the markets improve, then you execute. The premium tyres order. That was the reason why even in terms of volume, the premium tyres, otherwise we would have compensated much better the drop in EBITDA.

So all the premium tyres were kept on hold. Wherever in the Indian market has been a little more positive this side, whatever we could do within India, we did it. Middle East, all orders cancelled. In Europe, they were wait and watch. In US, the tariffs you never know what Mr. Trump will talk the next day. The customers were diffident to go for big orders. Now only there is a direction in the economy in the global side where people are willing to wait and bid on the market for the premium products. That's the reason, sir.

Madhur Rathi: So basically what I understand is that our product mix changed due to which the low value added product sales were more and there is an overall 10% volume growth in the tonnage and the price hike has been, sir, how much I couldn't get that number?

Management: Sir, 13% price increase we have done as against a 35% weighted average increase in the cost.

Madhur Rathi: So 13%, price increase we have taken in the first half. And sir, in the second half also, are we planning to take any price hike?

Management: Yes, second half, I think we have done two revisions till today and now the prices are falling. So we are trying to protect the prices to see that we compensate for the rest of the period, because the customers we have told them very clearly, as against a huge impact, we have only taken a portion.

So don't ask for any price reduction at this point of time, because for the next 2 years we have already taken the hit. So I think we have been extremely prudent in communicating the price increases, that they are very partially mitigating the price impact that has happened due to the raw material price increase.

So we don't foresee any reduction in prices, but we certainly foresee a good drop in the raw material prices leading to escalation of profits. And also, the customers are now willing to allow us to make the premium size order because the market is willing to look at it receptively. So both will happen in the second half, sir.

Madhur Rathi: Sir, and are we on track to do top line of INR300 crores and EBITDA margin of INR16 crores or INR17 crores that we were expecting?

Management: Sir, I am not, willing to commit on that, but I can certainly tell you that we are trying to push the EBITDA to 15%. With all the adversaries. And again, in the top line, we have already last in the first half. The second half, whatever we could push, we would somewhere stand between INR265 crores as a balance sheet.

This is what is -- reasonable estimation. We are not sparing any efforts to push on every account because at the end of the day, the second half we need to capitalize as much as possible. And given the current scenario, things seem to go positively in that direction. Hopefully we should be able to at least achieve INR265 crores, probably move towards INR280 crores, INR285 crores.

Madhur Rathi: Now, sir, we have not given in our annual report the AGM of trade receivables on a consolidated basis, and I had repeatedly approached your Investor Relation also. But still, they -- I am yet to get that information which is mandatory. So I don't know why this information is not being made available, which is a necessary requirement…

Management: Sir, our [inaudible 0:29:13] it is there. Our trade payables are 48.2 days and our inventory stands today 113 days as against 116 at the end of the year 106. The inventories have gone up because of the shipping delays. Our trade receivables today stands at 113 days as against, 120 days on 31st March 2026.

And these are all -- the trade receivables have come down but are not appreciably come down because even the stock in the warehouses could not be moved out faster because of shipping delays. And the customer update.

So I think I will send you a personal mail on these details to you, sir. I'm just roughly giving you -- I will send you all these details via mail. I'll take your email ID and be confident you will have reply in 24 hours.

Madhur Rathi: Sir, now another thing is that, sir, we are taking very high-cost loans from NBFCs at a very, very high interest rate of, I believe, 12%-13%. Whereas, sir, companies with similar debt-to-equity than ours, or even higher debt-to-equity, are paying far less interest. So maybe we need a new CEO -- sorry, CFO.

Management: I think there are 2 aspects I want to let you know. One is, the wholly owned subsidiaries, both are not funded by the banks. Because they seem to be our own arms which are there. So banks refuse to fund your own, wholly owned subsidiary with the result the company needs to handle the cash flow, the delay because of the wholly owned subsidiaries.

You can do away with wholly owned subsidiary? Not possible, because this application is giving you ties. You need to be closer to the customer. So given a choice between the cash flow and the margins that we'll take. Even if the margin falls down a little, we should be able to take care of the cash flow to see that the operations go on efficiently. This is one thing.

Secondly, we have got a 3% deduction to our CFO, he bargained with State Bank of India, got almost a 2.5% to 3% deduction in the APC as well as the working capital. But the overall impact of NBFCs have certainly come down from bank cost to bank fees.

Moving forward, the company is trying to access facilities in these wholly owned subsidiaries. They had a recent meeting with State Bank of India wherein they have accepted that one step down lending is possible, and they are actively pursuing that. Probably in the next -- this half year it will not happen because even the banks are highly wary of the global situation. But I can assure you, given the first half of the next year, this will be a major change that you will see, that the overall interest cost will come down, sir.

Madhur Rathi: So what is the weighted average cost of borrowing now and what is it expected to reduce to?

Management: Sir, our weighted average cost is around 12% to 13% today, and it is likely to come to about 10% to 11% for the first half of the next year.

Madhur Rathi: Sir, I can send you a list with the name of companies and their debt-to-equity and debt-to-EBITDA and their cost of borrowing, which should not be more than 9% at all?

Management: Sir, I think I would like to know the individual companies about their wholly owned subsidiaries, what is their business model, where they stock the tyres and sell. All those things, if you can share, definitely I'm ready for a discussion with you on this, sir.

Madhur Rathi: Sure, sir. I will share that list with you.

Management: Please share the information. And what for good lessons we can take out of that, we will certainly do it. But I would like to look at it from the context of Emerald Tyres versus those companies, which I am sure you would have considered. Please share the details, sir. I will come back to you.

Madhur Rathi: Sure, sir. Thank you very much and best of luck.

Management: Thank you very much, sir. Thanks a lot. Thank you.

Moderator: Thank you. Next question is from the line of Tejas Shirodkar from Vyom Capital. Please go ahead.

Tejas Shirodkar: Yes, hi. Thank you for the opportunity. Most of my questions are answered by the -- she asked by the previous participant and answered. Just wanted to know on one front that going forward for the second half, if the current environment, that is reduction of oil prices and some strength predictable, rare I would say, but still, if that plays out, what kind of volume growth are we looking at?

Management: Sir, I think we are looking at about 25% to 30% growth.

Tejas Shirodkar: Growth in terms of volume or…

Management: Top line, top line,

Tejas Shirodkar: Top line. And volume, according to the current orders or inquiries, how much can you quantify that?

Management: I think I'm telling the turnover can go up to INR260 crores is what I'm telling.

Tejas Shirodkar: Okay, okay, got it. This is it from my end. If I have more questions, I'll get back to the queue.

Management: Thank you. Pardon, sir?

Moderator: Sir? So the participant will get back to you for further questions.

Management: Yes, please.

Moderator: Next question is from the line of Yash from Shaan Patel Asset Management. Please go ahead.

Management: Yes, Mr. Yash. Yash, good afternoon.

Yash: Good afternoon, sir. Sir, I wanted to know the revenue mix between domestic and exports of HY FY27.

Management: It is 75-25, sir.

Yash: 75 domestic?

Management: Yes, 25 domestic, 75 exports.

Yash: 75 exports, Yes.

Management: Yes, sir. You're right.

Yash: 75 exports.

Management: Yes.

Yash: And what is the EBITDA profile in domestic front and export front, sir? Like, we are getting the same margins or there is difference in margins?

Management: Sir, domestic is always 95% solid tyres, only 5% is pneumatic tyre, whereas exports is 50% pneumatic, 50% solid. Generally, in the solid tyres, the margins are better. But then the life of the tyre is so long. So domestic, the market is going towards -- we find 2 distinct changes happening in the domestic market which is influencing the profitability.

On the one side, we find that in the replacement segment, people are more and more going for budget tyres because of cost pressure from their side. On the other side, we find that, the logistics

companies which are operating huge fleets, they want to reduce the cost by going for premium tyres.

So, you actually see a spurt in AXIMO volume in the domestic market with all these high-end users, people who use 24x7 forklifts, they are using AXIMO. So we suddenly find the domestic volumes of premium tyres is going up. And from our mutual understanding, solid tyres contributed better to profitability than pneumatic tyres. So this is the current situation.

But we must see that the great -- the major impact has happened on the pneumatic tyres on account of increase in the ingredients in the pneumatic segment, where the fabric, the nylon fabric, has gone up by almost 45%. And pneumatic tyre is predominantly premium rubber oriented. Normally it offers something close to about 25% gross margin.

Now it has come to around 10% to 11%, whereas in solid tyres what used to contribute about 35% to 38% gross margin has come to 25%. But the point is all these things are very temporary, sir. In fact, the contribution last year of pneumatic and solid has almost been equal, but given the peculiar situation today, solid seems to be better, and domestic volumes on the premium segment is better than the international markets.

Yash: Okay, got it, sir, got it. Thank you so much.

Management: Thank you, sir. Thank you very much.

Moderator: Thank you. Next question is from the line of Madhur Rathi from Counter Cyclical PMS. Please go ahead.

Management: Yes, Madhur Rathi, welcome sir, welcome again sir.

Madhur Rathi: Sir, so if I look at our standalone balance sheet and our consolidated balance sheet, sir, the difference between the debt is only INR10 crores. So INR129 crores is the debt on our standalone balance sheet and INR139 crores is on our consolidated balance sheet. Sir, even then you are telling that 12%-13% for the INR10 crores debt, you are telling me that higher amount of -- I understand, but still for INR129 crores and with the credit rating, you are still operating at a 10%-11% cost of debt. So our worry is on that front?

Management: Understood, sir. I'll share your concern. As I explained to you, due to cash flow, we need to look in for -- in fact, today I think our NBFC borrowings have significantly come down. Even then, we don't want to compromise on the cash flow, sir. Banks take about 3 to 6 months by the time you are moved.

And if you look at the current scenario, one peculiar thing has happened. I used to have X working capital for an X sales. Now today, that has moved by 40% up, which is not mitigated by the bank. So what do you do? You try to ensure that you stay afloat. You go to the bank, it takes 3 to 4 months for any proposal to get cleared, and that's the reason why the cost is high. As the balance sheet, you find the cost to be high.

Management: Mr. Rathi, you were telling that the NBFC costs are very high. So in question of our views, we have not been borrowing from NBFC's past some sort of [inaudible 0:40:09].

Management: Sir, your voice is breaking. Can you just take the direct line instead of answering? If you can speak, I think it will be better.

Management: Yes. Is it clear now?

Management: It's much better now. Yes, sir.

Management: Yes. So we have now kind of not borrowing from NBFCs, but you were also suggesting that you will give us names of banks and also of people who are borrowing at lower rates. We would like to analyze that and probably come back to you on what we could also do. If we can take any lead from the data you are providing us, we will use it and try and talk to State Bank of India who are there as of now. But most of the NBFC loans will be closed going forward.

Madhur Rathi: Perfect, sir. Sir just one final question. Sir, we are doing so much R&D and we are focusing on this premium products, AXIMO. Sir, how should we look at our gross margin or EBITDA margin going forward from all these initiatives? Maybe in next year -- if not this year, next year, what kind of margin improvement can we expect?

Management: Sir, our, our target has been about 17% to 18%. But currently, given the first half-year impact, I told you that we will look at about 15% EBITDA. But this is one industry, if the industry is doing well and the prices are at the normal levels that we anticipate, we can certainly reach about 17% to 18% EBITDA, sir.

Madhur Rathi: Got it, sir. Thank you so much and all the best.

Management: Thanks a lot, sir. Thank you, sir.

Moderator: Thank you. Next question is from the line of [Ananya Mehta from Shah Family Office 0:42:05]. Please go ahead.

Ananya Mehta: Yes, good evening, sir. Congratulations for your H1 results and thank you for the opportunity. So I have a few couple of questions. So first question is, so revenue from operations grew by approximately 10% year-on-year in H1. So what are the key growth drivers you expect to support strong revenue in second half of financial '27?

Management: That's only question. You have any more question ma'am you can hand it, we will reply?

Ananya Mehta: Sir, I am not able to hear you clearly.

Management: Yes, we are audible, madam. We are able to listen to you. You were telling what are the drivers of the top line growth in the second half you asked. Any other question? I will reply everything in one shot.

Ananya Mehta: Sorry?

Management: Other question which you have, or this is the only question you want reply to?

Ananya Mehta: Okay.

Management: Let's reply to her question first and then we will take on next questions after we reply to this.

Management: I think the second half of this year, we expect the export to grow aggressively, which is one thing given the global situation improving, both West Asia as well as the US uncertainty coming down. And also there seems to be some sort of an end coming towards the Ukraine-Russia war also. Given the global situation, people are willing to move ahead with a little more calmness to conduct their own affairs.

So this is likely to boost the export turnover. The domestic market also, it will witness a substantial growth in the second half of the year. So while the major growth will happen in the exports, we also expect a major growth to happen in the domestic market also. Both will drive the top line, and with the spurt in the premium tyres, we expect the bottom line also to improve much better in the second half of the year. With the raw material prices coming down, the margins also will become better. That's our sincere hope moving in the second half.

Management: Yes, madam, your question was what are the -- see, there are a lot of projects we are working in the past, some of the OEMs have been testing our products. They have approved, some of them approved, some of them pending. All these should have taken a flight in the first half itself. But because of this war situation, everyone, there are a lot of OEMs who have started manufacturing in India, but they are all holding back because the market isn't so export-oriented, equipment manufacturers are holding back.

There are companies out of Pune and out of [Inaudible 0:45:33] but they haven't. So hopefully once these things, the global situation cools down, this will have a double effect in the sense the exports will also start growing and also the domestic projects which were on hold will also start happening. So we believe that once things cool down, the people will start placing orders on us.

We were expecting all these things to happen in the first half itself. The last year it was the US had put tariffs on India. This year, we thought it will happen in the first half itself. In April, we were expecting things to happen, but that didn't happen. Now we are expecting that at least going forward, if things cool down, we should -- now the projects which are on hold will open up, and that will add great value to our growth and increased volumes.

Ananya Mehta: Okay, sir, understood. So I have a last question. Looking ahead, what are the management key priorities for financial '27 in terms of revenue growth, margin expansion, or capacity utilization?

Management: Our focus for the second half will be on the premium segment where, as already explained by our CMD, that the projects which are kept on hold because of uncertainty in US and other markets, that impact will be positive on the company. Secondly, we have expanded into 2 major markets. One is Australia, the other one is South Africa. Both the markets offer better margin because in Australia you don't have one tyre company manufacturing tyres there.

Everything is imported, and our brand has got excellent reception ever since we did a show about 6 months back, and the products are moving well. Again, if you take South Africa, South Africa is a market where for the same product you will get a better margin because that market really values quality. So that is going to be another priority on which we will be working. And the German and the US market, we are again focusing on certain high-end products like telehandlers, scissor lifts, the high-end GSE tyres.

These are the areas where we are seriously working, and those products are going to be the priority for the second half and moving forward to the next year also. Because as a company, we want— you can't do away with standard and budget products, but a company gains its market share and market reputation and better margins only by value addition and moving forward in the high end of the value chain. And I think one more aspect is the company is going for multi-piece rims. We were doing 2-piece rims, which is too hard being inserted or bolted into the tyre.

Now we are doing multi-piece, which is the high end of the wheel. And that is the project which we can see, and that seems to receive a lot of acceptance from domestic OEMs. Who are hitherto importing it. So all these priorities will drive the organization towards better margins, better sales, and as well as improvement of cash flow. So this is the direction in which the company will be proceeding in the second half and the years to moving forward. Plus, there has been a discussion with one of the major OEMs for developing a bigger tyre in large volumes.

And that project was kept on hold because of the US tariffs. That is almost likely to rectify, which is likely to push the capacity utilization of solid tyre from where it is to about 80% to 82% in the second half of the year. So one side, the capacity utilization will push the top line with the combination of the premium price. On the other side, the new markets that we have forayed will give us additional margin and the premium product penetration. Overall, the direction in which the company will be going will be on these 2 angles.

Ananya Mehta: Okay. I understood very well. So thank you so much for answering my all questions. Thank you.

Management: Thank you, ma'am. Thank

Moderator: You, ladies and gentlemen. That was the last question for today. I now hand the conference over to Ms. Dhruvi for closing comments.

Dhruvi: Thank you, ma'am. On behalf of Emerald Tyre Manufacturers Limited and EquiBridgeX Advisors. I thank everyone for taking the time to join today's earnings call. If you have any further queries, you can connect to us at info@equibridgex.com. Once again, thank you for joining the conference.

Management: Thank you very much. Thanks a lot.

Management: Thank you so much. Thank you all.

Moderator: Thank you. Ladies and gentlemen, on behalf of EquibridgeX Advisors Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.