



GANESHA ECOSPHERE LIMITED

GESL/2025-26/

June 3, 2025

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Scrip Symbol: GANECOS

Sub: Transcript of Q4 FY2025 Earnings Conference Call held on May 27, 2025.

Dear Sir/ Ma'am,

Please find enclosed herewith transcript of Q4 FY2025 Post results Earnings conference call held on May 27, 2025 pertaining to Company's Audited Standalone & Consolidated Financial Results for the quarter and year ended March 31, 2025.

Please take the above on record and oblige.

Thanking you,

Yours faithfully,

For Ganesha Ecosphere Limited

(Bharat Kumar Sajnani)
Company Secretary-cum-Compliance Officer

Encl: As above



Ganesha Ecosphere Limited Q4 & FY2025 Earning's Conference Call

May 27, 2025



MANAGEMENT: **MR. GOPAL AGARWAL – CHIEF FINANCIAL OFFICER,
GANESHA ECOSPHERE LIMITED**
**MR. PRASHANT KHANDELWAL – SENIOR VICE
PRESIDENT, GANESHA ECOSPHERE LIMITED**
MR. YASH SHARMA – DIRECTOR, GANESHA ECOPET
MODERATOR: **MR. MANISH MAHAWAR – ANTIQUE STOCKBROKING
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY '25 Ganesha Ecosphere Limited Earnings Conference Call, hosted by Antique Stock Broking Limited.

As a reminder, all participant lines will be in the listening-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 attached on phone. Please note that this conference is being recorded.

I know hand the conference over to Mr. Manish Mahawar from Antique Stockbroking Limited. Thank you and over to you, sir.

Manish Mahawar: Thank you, Muskan. On behalf of Antique Stockbroking, a warm welcome to all the participants on the 4Q FY'25 earning's call of Ganesha Ecosphere.

Today we have Mr. Gopal Agrawal – CFO; Mr. Prashant Khandelwal – Senior Vice President; and Mr. Yash Sharma – Director, Ganesha Ecopet from the Management.

Now, I would like to hand over the call to Mr. Agarwal, for opening remarks and post which will be opened up for Q&A. Thanks. And over to you, Gopal ji.

Gopal Agarwal: Thank you, Yash will start.

Yash Sharma: Sure, thanks, Manish and Gopal ji. Good afternoon to everyone. And I welcome all the participants here to our 4th Quarter and Full Year earnings con call of FY '25.

To begin with, we are pleased to share that the Company crossed Rs. 200 crores mark in EBITDA and Rs. 100 crores in PAT for the first time during FY '25. Production numbers also surpass 1.5 lakh metric tonnes and we have achieved a revenue of Rs. 1,465 crores. This year was a journey of navigating industry challenges while achieving significant milestones. And along with that, reinforcing our commitment to growth and operational excellence. Operations in our Warangal plant have become stabilized during the year. And its products, particularly the food grade rPET granules is having excellent performance and have set a new benchmark in the industry. We have also added a multiple set of new customers and vendors to expand our footprint across the country.

Having said about all the positives, there are still challenges which we also faced, particularly in the last quarter. Our legacy business is facing some heat due to the higher input prices as well as suppressed demand from the user industry. So, high volatility in the scrap bottle prices all around the year and the prices which soared an all-time high in March '25 because of higher exports of PET flakes, an intermediate

product while converting PET scrap into final products. The soaring input prices impacted our legacy business and customers using the rPET granules also, not comfortable with the rising gap between the virgin and the rPET polymer prices.

Currently, the stand of USA on tariffs is also creating uncertainties on the business, while some are getting positive traction and some are feeling the heat. We trust that these challenges and uncertainties are temporary and the process of emergence and addressing them is a part of our business cycle. Plastic waste management rules for use of 30% recycling have also been implemented as per the schedule. Scrap bottle prices have started to stabilize from its peak. We have also started making higher exports of the rPET polymer to keep balance between the domestic and the export demand for our Company.

In our legacy business also we are expecting that the demand should return back to normal levels in the next two to three quarters. We are continuing to develop newer value-added products, exploring newer markets, increasing proportion of alternate raw materials etc. The recent FTA of India with UK is also looking to be a very good positive for the Indian textile sector, particularly for the finished garment sector, which we expect to travel down to the entire textile value chain.

We believe that the long-term business outlook is intact. Though there could be some short term tides in between, we are excited about the opportunities available in the recycling sector and keeping the pace not only in the implementation of our expansion projects, but also looking for and exploring newer opportunities in our business domain.

Thanks a lot for your patience and now over to Gopal for taking you through all the financial numbers.

Gopal Agarwal:

Yes. Thank you. Good noon, everybody.

In FY '25, the Company made a strong performance with consolidated production numbers of 156,087 tonnes, which is an increase of 20% over FY '24 production numbers. Company clocked consolidated top line of Rs. 1,465.54 crores and bottom line of Rs. 103 crores, which is a growth of 30.5% and 154%, respectively. Company earned 14.4% EBITDA margins as against 12.3% earned during FY '24.

On a standalone basis, the Company achieved production of 112,084 tonnes which is slightly lower than FY '24 production numbers. Revenue numbers are Rs. 983.88 crores which is almost at par with last year numbers. Company earned PAT of 75.48 crores, which is an improvement of 21% over FY '24.

On Q-o-Q basis, Company's performance was slightly impacted and it achieved consolidated production of 38,790 tonnes, lower by 4.75%. The revenue of Rs. 344.37 crores, lower by 13% and PAT of Rs. 23.76 crores, lower by 20%. On a Y-o-Y basis, there is an all-round improvement in production, revenue and profitability numbers by 40%, 13% and 10%, respectively.

Company earned EBITDA of Rs. 51.10 crores, which is lower by 9.5% in comparison to Q3 FY '25, but higher by 8.5% on Y-o-Y basis. The Company's standalone business during Q4 FY '25 witness some slippage in production, turnover and profitability numbers both, on Q-o-Q and Y-o-Y basis, mainly because of soaring input prices and slowdown in demand.

During the quarter, the Company achieved capacity utilization of 99% in the standalone business and 63% in subsidiaries. Its sale volume was lower than production numbers both on standalone and consol basis, mainly because of unprecedented increase in scrap bottle prices, particularly in the month of March and also because of our focus to trim down the receivables positions rather than pushing the sale.

With this, we are ready to take the questions which you may have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer section. The first question is from the line of Parth Agrawal from Bastion Research. Please go ahead.

Parth Agrawal: Hi, thank you for the opportunity. Sir, I have a question regarding the sales volume. So our sequential decline in sales volume, is it attributed to increase in the scrap bottle prices or there's some other reason?

Gopal Agarwal: Yes. So, both the factors are there, one is the increase in the prices of input. So, that made the buyers to wait and to buy the material on a need basis only. And another way, we are also focusing on reducing our receivables number rather than pushing on the sales.

Parth Agrawal: Got it. And sir, the increase in price of scrap bottles that you have faced during the month of March, so is it due to rising number of competitors sourcing bottles, and hence there's probably price war because of that? Or there's some other reason, it's more of a temporary?

Gopal Agarwal: Yes. So basically, it is mainly because of the increase in exports of the washed PET flakes which is an intermediate product from the PET scrap.

- Parth Agrawal:** Got it. So it's nothing to do with the competition?
- Gopal Agarwal:** The competition was there but it is mainly because of the exports.
- Parth Agrawal:** Got it. Okay. Just one data keeping question, so if we go to Slide #7, where you have mentioned the consolidated performance on a Y-o-Y basis, we have mentioned our production volume for Q4 FY '24, which is a comparative for the previous year at 27,752. In Q4 FY '24, if I look at the IP of Q4 FY '24 then the number was 34,000. So if either this number has been reinstated, or why there is a change.
- Yash Sharma:** Sorry, can you please come again? I couldn't get it.
- Parth Agrawal:** So if you go to Slide #7 and if you look at the production volume, it's at 27,752 for Q4 FY '24, okay.
- Gopal Agarwal:** Correct.
- Parth Agrawal:** And if I look at Q4 FY '24 presentation which was released a year back, that time the production volume was 34,000 something. And even if you look at Slide 7 and 8, the consolidated production volume and standalone production volume are the same. So either there's some mistake with this data or I am reading something wrong.
- Gopal Agarwal:** No. So basically now we are presenting the production data of the products which we are selling in the market. Earlier maybe we had reported the washed flakes numbers also of our subsidiary which we have now removed.
- Parth Agrawal:** Okay. Thank you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Prakash Kapadia from Spark PMS. Please go ahead.
- Prakash Kapadia:** Sir, a couple of questions from my end. Sir, historically, I think value-added business was around 40%. And 60% was from the standalone business. How much was that mix? And in the next two years what kind of contribution can we envisage from the value-added business and the standalone business? And in your opening remarks you alluded to standalone business seeing challenges, so what is the outlook for that business as we move forward? Demand even we are seeing muted in the current scenario, and I think with the capacity expansion, what kind of a sales number can we directionally look at by FY'27?
- Gopal Agarwal:** So, Mr. Prakash, you are talking about the standalone business, correct?

- Prakash Kapadia:** Yes. So at a functional level, the total capacity of 286,000 tonnes per annum, so what will be the total consol sale which we can look at by FY'27, standalone and value-added subsidiary business, what kind of a mix or contribution was there?
- Gopal Agarwal:** So there is some voice in the background.
- Prakash Kapadia:** Sorry, I will go to a better reception area. So what I was trying to understand is, two or three things. One is that 286,000 tonnes per annum, what is the kind of sales which is directionally possible as a Company? Secondly, from a historical mix perspective, I understand value-added was around 40% and the standalone business was around 60%, and you alluded to the rPSF contribution to sales not being too good in terms of demand. So what is the outlook for the standalone business? Directionally, what kind of EBITDA margin can we expect with the mix change or from FY '25 onwards in the standalone and the consol levels?
- Gopal Agarwal:** Yes. So, Prakash, so first we come to the value addition quantum. So, we are operating at around 40%, for the value-added products and the normal product mix in our standalone business, and we are continuously trying to increase this share. So, we are expecting it to be 55% to 60% over the next two years' time. So, most of the contribution will come from the value-added products over next two years' time. And yes, apparently the outlook for one or two or three quarters is not good for this standalone legacy business because of the soaring raw material prices, because of the alternate uses of the input materials. But certainly, the industry is taking the alternative path to make things normalized. So we are also looking for some alternate raw materials, textile waste,, etc. We are also working on value-added products. So, we expect by the end of this financial year FY'26 the business will be normalized for our standalone perspective. And going forward, we would be able to maintain the EBITDA of 10% to 11% this year earnings in this business.
- Prakash Kapadia:** That's on the standalone side, and is it right to stay with the contribution from the value-added products, that would be at max a 17% to 18% EBITDA margin business?
- Gopal Agarwal:** So for consolidated business, yes, for consolidated business we are talking about subsidiary business, subsidiary business we are earning EBITDA margins in the range of 21% to 22%, which we expect to be continued.
- Prakash Kapadia:** Fine. I will join back. Thank you.
- Moderator:** Thank you. The next question is from the line of Kaushal Sharma from Equinox Capital Ventures Private Limited. Please go ahead.

- Kaushal Sharma:** Thanks, sir. Congratulations for good set of numbers. So my question is on your margin side that I can see that there is a good jump in our margin as compared to Financial Year '24 is around 12% to 14%. So will this margin be sustainable in future? And do we expect an improvement in the margins?
- Yash Sharma:** Yes. Thank you. So, we expect these are the sustainable margins. So the margins have improved because of the Warangal facilities. And with the stabilization of the operations in Warangal project, we are expecting these margins are sustainable.
- Kaushal Sharma:** Okay. And sir, if I see on your inventory side, spreads seem to be a little bit stretched, like we have grown our sales in last three years around 12.8% and our inventory has grown around 21%. So, what is the normalized inventory days in our business and how can we tackle this?
- Gopal Agarwal:** Yes. So, you are correct, the inventory level has increased slightly in the current year, particularly in the March quarter because of higher production and lower sales. But we think it is temporary and going forward with keeping the pace of the sales volume, we would be able to reduce the inventory.
- Kaushal Sharma:** What is currently inventory days in our business?
- Gopal Agarwal:** So, currently it is about 100 days.
- Kaushal Sharma:** Okay. So what are we expecting to reduce it?
- Gopal Agarwal:** So we are looking for reducing it to by about 70, 75 days.
- Kaushal Sharma:** Okay. In the next two years, right?
- Gopal Agarwal:** Yes. Next one and a half years.
- Kaushal Sharma:** One and a half year, okay. And sir, what revenue guidance are we expecting for Financial Year '26 and '27, if you can highlight on that?
- Gopal Agarwal:** So, for FY '26, we are looking at the turnover of about Rs. 1,700 crores to Rs. 1,750 crores. And for FY '27, the turnover will depend upon the operationalization of our new expansion plan.
- Kaushal Sharma:** Okay, sir. Thank you very much for answering my question.
- Moderator:** Thank you. The next question is from the line of Nitish Dutt from Burman Capital. Please go ahead.

- Nitish Dutt:** Hi, thanks for the opportunity. I have a couple of questions on your Warangal facility. So, for rPET, can you please provide the utilization levels? And also, what kind of realizations are we getting, especially for Q4, what realizations should we get?
- Gopal Agarwal:** Yes. So, we are operating at about 80% capacity utilization, and overall capacity utilization is about 63% in our subsidiaries.
- Nitish Dutt:** So 80% is for rPET and 63% overall?
- Gopal Agarwal:** Yes.
- Nitish Dutt:** And sir for the remaining products, rPSF, PPSF, filament yarn, etc., how do you see the ramp up over next couple of quarters? And FY'26 what kind of utilizations do you foresee for the next year? And when do you expect the pickup to start?
- Gopal Agarwal:** Yes, Yash, you would like to?
- Yash Sharma:** Yes, sure. So yes, absolutely, rPSF is already also touching almost 70% utilization and the other products are filament and being a very, very highly premium product, our utilization is still on the lower side, but we think that by the end of this year we should be able to reach between 70% to 80% of utilizations in this filament yarn as well. So I think by the end of this year, we should be looking at overall utilization level north of 75% on the overall facility levels.
- Also, I mean, our rPET capacities are also going to be increased in this facility so even that operationalization is going to happen, slightly affect because after the commissioning of a new facility, new production line, it takes some time, it takes three to six months to stabilize the operations to get the necessary approvals and everything before the ramp-up could happen.
- Nitish Dutt:** And just when are the capacities getting operationalized for Warangal?
- Yash Sharma:** So the new additional capacity which we are currently setting up will be operational by October, November.
- Gopal Agarwal:** We are expecting it to be operational by December, yes.
- Nitish Dutt:** Understood. Lastly on rPET side, do you expect that in Q1 we should see better demand ramp up, because EPR mandates have become applicable from 1st of April, so are you already seeing some increased traction from customers post 31st March?

- Yash Sharma:** Yes. So definitely the laws of mandate are in place now and there is definitely an increased discussion going on from across different brand owners. What has interestingly happened is that there were many brands who were still not even considering usage of rPET, so they have also started now, they are also now starting their journey of using rPET to some levels. Although it is still not to the level that we expected the jump should have happened, but yes, an increasing number of brands and customers are now looking to start using rPET in their applications.
- Gopal Agarwal:** The main intense is because of the rising gap between the virgin and the recycled granule pricing, which is presently about 30%.
- Nitish Dutt:** Got it. Next on rPSF side, sir do you see any kind of pickup in Q1 already, basically versus Q4? Just want to understand if the Q4 volumes are the bottom-down volumes or volumes can go lower versus Q4 as well?
- Gopal Agarwal:** No. In fact the Q4 volume is better than the Q3 numbers, when we are talking about the rPET granules.
- Nitish Dutt:** No, no, I am talking about rPSF.
- Gopal Agarwal:** Okay, rPSF numbers, yes, so we are expected to maintain the rPSF numbers in Q1 also as per Q4.
- Nitish Dutt:** Okay. And when do you see the pickup happening from, basically in standalone business when you see volume growth coming up?
- Gopal Agarwal:** Actually we are already almost utilizing 100% capacity in our standalone business. And we are not going to expand any capacity as of now in this business, so whatever the volume addition will be from the sale of inventory, rather than any volume increase from products on site.
- Yash Sharma:** Sir, what we basically expect is that the margins should improve in the next two to three quarters. Definitely the margins and numbers should improve from the current numbers, but there's not going to be a huge volume change as such, because of no new additional capacities coming in.
- Nitish Dutt:** No, I just wanted to make sure that I got it right. So in our standalone business we had 15% volume decline, so you are expecting similar volumes to continue, or do you expect volumes to improve going forward?

- Gopal Agarwal:** Yes. So, in next one to two quarters we are expecting what numbers we have achieved in March quarter, but certainly after two, three quarters the increase will be there in numbers.
- Nitish Dutt:** Got it. Understood.
- Gopal Agarwal:** We are not expecting any further decline in volume in the current quarter.
- Nitish Dutt:** Got it. Lastly, because of these increased bottle prices, do you foresee any impact on your margins for both rPET and rPSF businesses?
- Gopal Agarwal:** Yes. So the peak has been achieved in April itself, now the bottle prices have started to soften up.
- Nitish Dutt:** Got it. Thanks. I will get back in the queue for any follow-up.
- Moderator:** Thank you. The next question is from the line of Dolly Choudhary from Niveshaay. Please go ahead.
- Dolly Choudhary:** Hello. Thank you for the opportunity. Sir, I just had one question on industry level. So like any large Company if you see, there has been many announcement by different companies regarding expansion for recycled PET facility, and we are also doing a huge CAPEX. So, as also mentioned in your presentation regarding the industry size of 1.3 million and the norm is there, so as we will calculate, like the supply will meet the demand or maybe surplus it in a year or two to the total, so what is your view on that?
- Yash Sharma:** So yes, you are right. Obviously, a lot of players are announcing the additional capacities in the rPET segment. So now you should understand that there is a very important factor here that the rated capacities which are stated by the people is not actually what is the final output. The final output usually is much lesser, approximately 20% to 25% lesser than the rated capacities. What usually people do is that they disclose their rated capacities rather than disclosing actual volumes like we do. That's the number one factor.
- Number two is that we think that not everyone will be able to manufacture very high quality rPET production because rPET, as we have understood, is a very highly technical product. And if you do not achieve very consistent quality of operations in terms of your contamination levels, it is very difficult to sustain. So, looking to both these factors, we think that the actual utilizations of the rPET capacities globally remains to be in very lower number. And also like this capacity number which has been declared by industry, it's not the real number that is actually coming up on ground.

A lot of projects they get made every day and they get cancelled also in a few months' time. So, we are still not sure how this will go two years down the line.

Dolly Choudhary: Okay, thank you and all the best.

Moderator: Thank you. The next question is from the line of Sabyasachi Mukerji from Bajaj Finserv AMC. Please go ahead.

Sabyasachi Mukerji: Yes, hi. Two questions, Gopal ji and Yash. Number one is, on the rPET volumes I see that it is lower quarter-on-quarter. So Q3 we did I think around a little short of 12,000 tonnes, Q4 we are lower than 11,000 tonnes. Why is it so? I mean, one would have expected an increase quarter-on-quarter, anything here to be read into.

Gopal Agarwal: Yes. So as we told, there was an increase in the gap of virgin and recycled PET, so that was the main reason our customers just lift the quantity on the need basis.

Sabyasachi Mukerji: This is rPET you are saying, Gopal ji.

Gopal Agarwal: Yes, I am talking about the rPET.

Sabyasachi Mukerji: Okay. But on the mandate, I mean, 1st April there is this regulation right, I mean, why would people move to virgin now? I mean, they eventually have to move to recycled only, right, what is the logic behind this?

Gopal Agarwal: Actually the regulation has come from the 1st of April '25. It was not up to 31st March?

Sabyasachi Mukerji: Right.

Gopal Agarwal: So whatever the regulatory mandate is from the current year only, not in the last year.

Sabyasachi Mukerji: Okay. A follow-up to that, given now we are almost two months into the quarter, are we seeing any uptick in the rPET volumes now?

Yash Sharma: So, see, currently it is running on a similar level, I would say, as Q4 levels. There is a slight improvement from those levels, yes, the utilization have gone up very slightly. But see, what is happening currently is that, until the end of April or I would say the beginning of May, if you would have seen, the crude oil had crashed very significantly because of this the virgin PET prices came down very heavily. So, what happened at the end of that is that the difference between rPET and vPET prices increased to a very, very high level, because of which the volumes that brands were securing had slightly gone down. But now, again, from the last 10-15 days as the bottle scrap prices started

to go down and the rPET prices started to come down, again, the lifting has started to become slightly normalized, and we have also logged in some export volumes to help increase the sales and overall utilization numbers. So, I think it will definitely be better. Until this regulation, which has been implemented, we are still seeing that all the brands have not started with full force usage of the material. Everyone is currently in their process to start this utilization of the rPET material at the higher level. As that happens, definitely there should be a much larger uptick than we expect.

Sabyasachi Mukerji: Yash, just to understand this thing better, so this crude oil price variability whatever is happening, eventually once this mandate gets tricked and implemented by the government, and there would probably be some industry lobby being against it. But I think with the government's stance, if this gets implemented more strictly, I believe eventually, not in a quarter or so but companies have to comply with this regulation, right, is that understanding correct? I mean, what has been your experience in interacting with several stakeholders and the government body, if you can?

Yash Sharma: Absolutely sir, your understanding is fully correct. The current government stands as per the regulation implementation; it has to be implemented as is. And they are very strict about it, so to speak. So, even though the industry is trying to defend, but still they are saying that the regulation has to be implemented. Though yes, I mean, currently everyone is just figuring out how they have to ramp up their usage volumes so that ramp up has still not happened, but it has to happen in this year's timeline for them to be able to justify to the government the compliance of the regulation.

Sabyasachi Mukerji: Understood. Got it. Now on the year of FY '26, on the volume guidance if you have anything on the rPET side, because I think FY '25 we have done somewhere around 40,000 tonnes, if I am not wrong on the numbers, what is our target for FY '26? Do we have any volume guidance kind of a number?

Gopal Agarwal: Yes. So for FY '26, the number could be around that only because our capacity is 42,000 tonnes. And the capacity ramp up will happen by December '25. So it will take two to three months or four months' time in stabilizing. So we do not expect there would be any increase in numbers in this current financial year. But of course there would be a significant jump in FY '27.

Sabyasachi Mukerji: Gopal ji, I think last time when we spoke in the con call, I think we were doing a brownfield one in Warangal which should be up and running by September, October you said, the greenfield would probably take time, but the brownfield one should add some volumes in FY '26.

- Gopal Agarwal:** Yes, that is what I am telling. So this plant, this brownfield will be operational by December. And it would take one quarter or so in stabilization. So there may be some addition, but the major growth will come in next year only.
- Sabyasachi Mukerji:** Do we need to have further validation from the customers for this new line, the brownfield one?
- Prashant Khandelwal:** See, for every line you have to take approval from FSSAI for every line, irrespective in the similar facility you are putting up that line. So, FSSI approval will also take at least two to three months. And yes, it would be shorter time span for the approval of the brands because it is being put in the same premises, but still they will also validate every new installation separately.
- Sabyasachi Mukerji:** Understood. Just one last question on the legacy business. The volume this quarter is 23,500 versus if I look at last four quarters' average is some around 28,500 and 29,000. I understand there has been increase in scrap bottle prices and probably textile as a segment was not doing well, all is understood. My question is, I mean, we had foreseen this kind of an environment where probably people were not taking, I mean, offtake is slow. But still our production volumes are higher, which led to probably some bit of inventory stocking at our site which kind of impacted the cash flows as well. My question is, why did not we proactively cut our production? Second follow up to that is, why are we seeing such kind of challenges in this segment? Are we shifting the same raw material because the raw material I believe is same for rPSF and rPET, the scrap bottles, are we shifting some of the raw materials to rPET from rPSF, can you throw some light on these questions?
- Gopal Agarwal:** Yes. So we have increased the buying and sourcing of the raw material. So as such, we are not shifting the raw material from the PSF to rPET. So, our overall procurement number has increased, number one. Numbers second, yes, there was some slowdown particularly in the month of March, the offtake. In January and mid-February, the offtake was not much affected, but the prices of input feedstock was more increased towards the second half of the quarter. So that impacted the market, which we are not actually visualizing in the beginning of the quarter.
- Sabyasachi Mukerji:** And what is the outlook next two, three quarters on the legacy business rPSF?
- Yash Sharma:** So, we are expecting that the business would remain as it is in next two, three quarters. Two, three quarters are painful for this industry for the legacy business.
- Sabyasachi Mukerji:** Okay, got it. Thanks Gopal ji. Thanks Yash for answering all the questions. Thank you all the best. That's all from my side.

- Moderator:** Thank you. The next question is from the line of Vidhi Shah from Sihar Kothari & Sons. Please go ahead.
- Vidhi Shah:** Yes. Thanks for the opportunity. My question is regarding the planned CAPEX of Rs. 725 crores. Like, are we fully funded for it right now? How do you plan to fund any additional requirement, maybe this year or next year?
- Gopal Agarwal:** Yes, so this CAPEX is to happen over the next two years' time. We have already spent around Rs. 90 crores to 100 crores on this CAPEX in the form of advance, etc. And the rest of the expenditure is to take place over next two years' time. So we are having the entire fund tie-up for this project.
- Vidhi Shah:** Okay. When do we plan to see 100% utilization from the current Warangal facility, and even from the upcoming facilities other than Warangal?
- Gopal Agarwal:** Yes, so for existing capacity of Warangal, we are expecting to be optimal utilization by Q3, Q4 of this year. And for the expansion project, our full impact will come from FY '28.
- Vidhi Shah:** Okay. And what can be the peak revenue maybe realization per tonne and what we can expect in FY '28 at the big capacity?
- Gopal Agarwal:** So, after this expansion we are expecting our turnover in the range of about Rs. 2,600 crores to Rs. 2,700 crores.
- Vidhi Shah:** It will be in FY '27-'28 or maybe later?
- Gopal Agarwal:** FY '27-'28, correct.
- Vidhi Shah:** Okay. What will be the additional depreciation which we will see in the coming years due to this expansion?
- Gopal Agarwal:** So, from the expansion side, our additional depreciation would be in the tune of Rs. 35 crores to Rs. 40 crores.
- Vidhi Shah:** Okay. Thank you for the opportunity and congratulations for the result.
- Moderator:** Thank you. The next question is from the line of Deep Mehta from Bank of India Mutual Fund. Please go ahead.
- Deep Mehta:** Hi, sir. Thank you for the opportunity. Just one question, we are setting up a JV for backward integration, right, so what is the progress in that? How many washing lines

have we already set up and how should we look at it impacting our margins going ahead?

Gopal Agarwal: Yes. So, we have already worked on a washing line in South of India, Tiruchirappalli, and second line in Chennai we have already bought the land and work is to be started there. So we are working on the two lines at present.

Deep Mehta: And going ahead, how should we look at it benefiting us in terms of RM realization as well as margins?

Gopal Agarwal: Prashant, you will answer please.

Prashant Khandelwal: So basically what is happening now, the raw material has to be collected locally. So geographically, we want to cover the material from a radius of 250 to 300 kilometers across India. So, from there the idea of putting up different wash line in different geographies where Ganesha's standalone unit is not there, so this will certainly have an impact on collection cost, the procurement of the material locally there by reducing the impact of cost of transportation.

Gopal Agarwal: And as well as availability of the raw material for our future expansions.

Prashant Khandelwal: Yield loss is about 20% to 23%, so this additional transportation cost can be waived off if you are putting local wash lines in different areas.

Deep Mehta: Understood, sir. So if yield loss is 20% to 23%, can we expect that our RM cost can reduce by that extent over medium to long term?

Gopal Agarwal: No. Basically we will put the transportation cost on that. Basically we are presently buying the bottles in which we are getting the yield of 75%, 76%. So we are also transporting 23%, 24% of wastage. So from that wash lines we will transport only the wash flakes so that will save on the waste which we are transporting.

Deep Mehta: So can we quantify the margin benefit which we may get over medium to long term by doing this?

Gopal Agarwal: So it is more from the security of the raw materials and the reliability of the raw material rather than making margin on this venture.

Deep Mehta: Understood, sir. Yes, that's all from my side. Thank you.

- Moderator:** Thank you. The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stockbroking. Please go ahead.
- Bhavya Gandhi:** Yes. Hi. Thank you for the opportunity. Just my question is regarding the penalty clause for 1 kg if the EPR is not followed? Can you quantify the amount that the branch will have to pay per kg if they are not procuring rPET?
- Prashant Khandelwal:** Basically there are two penalties for non-compliance of EPR regulatory liabilities. Number one, there would be a penalty of 2,900 per tonne for the first default, and it will go up to 8,700 per tonne on third default. And even after this, you will not be allowed to go away with your responsibility to go for EPR recycle content in the packaging. There will be an environment compensation case which may go up to Rs. 300 crores to Rs. 500 crores depending on the turnover of the brand owner who is not completing the EPR regulation.
- Bhavya Gandhi:** Okay. But let's take an instance, in the first year say for example if it's Rs. 2.9 per kg, and if the differential between virgin and rPET is closer to Rs. 30, it makes sense to go and pay the penalty. I understand that the later stage there will be other penalty clauses which one will have to go for. But in the first year, can we expect like brands sort of going for paying the penalty rather than using the rPET?
- Gopal Agarwal:** It depends on the individual philosophy of every organization if you pay the penalty or if you pay the prices. So basically it is a regulation, it is a compliance part. So, one cannot overlook the compliance part for long. That maybe be true but for long-term you cannot afford it to be non-compliant.
- Bhavya Gandhi:** Got it. And sir, what is the Rs. 48 crores government grant which is standing in the liability part? I understand the asset part, just a bookkeeping question, what is the Rs. 48 crores which is standing on the liability side which is regarding government grant? How are we supposed to pay any amount?
- Gopal Agarwal:** No, no, actually it is not the liability which will entail any outgo on the cash flow. Actually it is the IndAS adjustment where any benefit you are getting from the government, even the notional benefit, you have to spread it over the period of the benefits which you will get. So, suppose we are saving any custom duty and we are importing any plant and machinery under EPCG license, so we are saving the custom duty on that. So, custom duty benefits will be adjusted over the period of useful life of the assets. So, until that it is standing as a liability in the balance sheet.
- Bhavya Gandhi:** Fair enough, and just a follow-up, on the Orissa plant, are we going to purchase the land or is it going to be a lease rental?

- Gopal Agarwal:** So the land would be on lease.
- Bhavya Gandhi:** Land would be on lease, okay.
- Gopal Agarwal:** Long term lease.
- Bhavya Gandhi:** Okay, fair enough. That's it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Mehul Panjwani from 40 Cents. Please go ahead.
- Mehul Panjwani:** Thank you for the opportunity, sir. I have two questions regarding revenue contribution from legacy business, and revenue contribution from export business. And the second question is with the tariff regime, is there any impact which we will have if there is any adverse tariffs by the US?
- Gopal Agarwal:** So in overall revenue, 67% contributed by the legacy business, out of Rs. 1,465 crores, Rs. 983 crores is the legacy business turnover, so it is around 67%.
- Mehul Panjwani:** Okay. And sir export contribution?
- Gopal Agarwal:** So total we made the export around Rs. 135 crores on consol basis per year.
- Mehul Panjwani:** So how much is that percentage wise? Sorry.
- Gopal Agarwal:** So that is roughly 9%.
- Mehul Panjwani:** Only 9%, okay. So then we do not anticipate any impact of tariffs?
- Gopal Agarwal:** Yes, not much.
- Mehul Panjwani:** And sir, in the value-added business, what are the key products?
- Gopal Agarwal:** So in case of fiber, we are making a number of value-added products like the shortcut fiber like the antimicrobial fiber, we are doing a hollow conjugated fiber, we are making the dyed fibers.
- Mehul Panjwani:** And what are the end user industries, sir?
- Prashant Khandelwal:** There are different end user industries like there are geotextile industry, automotives, then carpet industries, and technical textile industries who are consuming these value-added products. As well as there are certain products for the textile industries as well,

like antimicrobial and flame retardant, FR fibers. So these are also being consumed by the textile industry in apparel and home textiles.

Mehul Panjwani: Right, sir. Sir, one relevant follow-up questions --

Moderator: Sir, I will just request you to rejoin the queue for the follow up question, please.

Mehul Panjwani: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Rohit from Laddha and Associates. Please go ahead.

Rohit: Yes. Hi, Sir, I have only one question and I am not sure if that has already been addressed, but it's regarding the gap that is more and more arising between virgin PET and rPET, if that has already been answered. I actually came in the middle.

Gopal Agarwal: Yes. So, basically, the crude prices have fallen down and so the virgin PET prices have come down. And on the other side, rPET prices, the bottle prices have increased so the prices of rPET granule has increased, so the gap has widened. But now since the last 10-15 days things have become reversed, now the prices of the rPET bottle is also decreasing. But going forward, the gap will be narrowed down going forward.

Rohit: Okay. Because the crude prices, if I saw in the quarter one of FY '26, the impact of this crude price thing, the gap increasing is much wider if the rPET prices would not decrease that much. Am I wrong?

Gopal Agarwal: Yes. So the prices of raw bottles have started to cool down.

Rohit: Okay, okay. And from what I understand, sir, the prices for raw bottle or our cost of production for this rPET, for the raw material prices, they depend on some private market or something. I mean, how do you decide the rate of pan-India wide, how do I decide what my raw materials rate are?

Gopal Agarwal: So, basically though it is an informal market, the prices are dependent mostly on the demand and supply.

Rohit: Okay. But is there a platform to decide this? From what I understand, there is one private platform. I am not sure if Ganesha follows that platform for procurement.

Gopal Agarwal: So, we are not following any platform and then the industry is largely not following any platform, I think so. It is based on our requirement and the availability.

- Rohit:** Okay. So when I mentioned platform, sir more on the price discovery is what my understanding is, Kabadiwala platform is there.
- Prashant Khandelwal:** I think, sir, this industry is there for more than 30 years, so I do not think that now for price discovery and finding, and we are into this industry for the last 30 years so I do not know that any specific platform would be required.
- Rohit:** So just to conclude, sir, the impact of the gap of virgin PET and rPET would not be that much because the prices have decreased for the raw bottles as you are saying, right?
- Gopal Agarwal:** Yes, the gap is narrowing and certainly the gap is narrowing down going forward.
- Rohit:** Okay. Sure. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Sabyasachi Mukerji from Bajaj Finserv AMC. Please go ahead.
- Sabyasachi Mukerji:** Yes, hi. Thanks for the follow up. Gopal ji, I think last time in Q3 call, we had given guidance of revenue of Rs. 1,800 crores to Rs. 1,900 crores for FY '26. What is our revised guidance given that the base business is seeing little muted environment, and also I think the rPET business also will be similar to FY '25 levels only. What would be the revised guidance?
- Gopal Agarwal:** So the revised guidance would be in the range of Rs. 1,700 crores to Rs. 1,750 crores.
- Sabyasachi Mukerji:** Okay. And the base business, out of that base business will be somewhere around Rs. 900 crores to Rs. 950 crores, rest would be the value-added rPET?
- Gopal Agarwal:** Correct, correct.
- Sabyasachi Mukerji:** Okay. Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Gunjan Kabra from Niveshaay. Please go ahead.
- Gunjan Kabra:** Hi, thank you so much for the opportunity. Sir, just wanted to understand that there is a differential in the pricing that you mentioned, 30% of the differential. And the norm is not being maintained fully compliant, but in the longer term the compliance has to be there. But other existing players in the rPET chips business are also contemplating, existing customers of ours also in the interim one, two quarters, are they also

contemplating whether to delay the purchase of rPET because the prices of virgin are set up pretty much lower than their cost where pricing will go up, so are the existing players also contemplating?

Gopal Agarwal: Yes, certainly. So you see the regulation has been implemented from 1st of April. And with the implementation of the regulation, the price has been widened by 30%, 35%. So certainly the consumer industry is looking for how to implement it and they are weighing all the options available with them.

Gunjan Kabra: Sir, I am asking for our customer base that we are already supplying to, are they also contemplating between the two?

Yash Sharma: Yes. So basically, see, yes, you are absolutely right. So even the existing customers that we had, not every one of them, but some of them are looking at the huge price differential between vPET and rPET did reduce some of their offtake quantities, and the reasoning was that they would want to again accelerate it once the prices of both vPET and rPET stabilize. So yes, even the existing customers, not some of them, some of them even increase, but some of them did also decrease some volumes of offtake looking at the high price differential between the two.

Gunjan Kabra: So during the existing decline in volume is offset by onboarding new customers going forward for at least two, three quarters or it's a little slow on that side as of now?

Yash Sharma: No, no, it is. So we are seeing the addition of new customers also now which has already happened. And in fact, I mean, again since the rPET prices have started to come down and the vPET prices have started to come up and the gap has already started to come down significantly, we are again seeing that they should normalize the offtake volumes as well.

Gopal Agarwal: Yes but certainly given the price differentials and the gap of the premium and certainly the customers are facing some dilemma how to implement it.

Gunjan Kabra: Okay, got it. And with this differential, do you think the margins can be sustainable on the rPET chip side for us as well going forward? Or right now, in the interim period, can we see a little dip in the margins of the rPET chip business only?

Gopal Agarwal: So see, we are not expecting any dilution in the margins as of now.

Gunjan Kabra: Okay. And on the export side, are we looking very actively on the export market also because of the EU and in the US business also people are, like the demand for rPET is going to increase on that side also. And as per my understanding, rPET chips are

exempted from tariffs as well. I do not know if it is correct, but my understanding, so are you also working on that side?

Gopal Agarwal: Yes, absolutely. We are also very actively working to manage some of our capacity exposure to the export market as well. We have already reached to a certain percentage and now we are looking to increase it as well, yes.

Gunjan Kabra: Okay. Thanks Gopal ji Thank you. Good luck.

Yash Sharma: Thank you. Thank you, Gunjan.

Moderator: Thank you. As that was the last question for today, I now hand the conference over to the management for closing comments. Over to you, sir.

Gopal Agarwal: Yes. Thank you. Thank you, everyone participating in the conference call. And also Mr. Manish and Chorus team, thank you. Good day.

Moderator: Thank you. On behalf of Antique Stockbroking Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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