

From | Corporate Office: 510, A Wing, Kohinoor City C-I
Kiroi Road, Off L.B.S. Marg, Kurla (W)
Mumbai - 400 070, India
T: +91 22 6708 2600 / 2500



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To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001.

To
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400051.

Scrip code : 509152

Symbol : GRPLTD – Series: EQ

Dear Sir / Madam,

Subject: Earnings Call Transcript

Please find enclosed herewith transcript of earnings call held with analyst / institutional investors on Monday, 18th May, 2026 at 05:00 p.m. IST to discuss Company's operational and financial performance for Q4 & FY26.

Kindly take the same on your records.

Thanking you,

For **GRP Limited**

Shilpa Mehta
Chief Financial Officer

Encl.: As above.

GRP Ltd.

CIN No.: L25191GJ1974PLC002555

Registered Office:

Plot No. 8, G.I.D.C., Ankleshwar - 393 002, Dist. Bharuch, Gujarat, India

T: +91 2646 250471 / 251204 / 650433

www.grpweb.com



“GRP Limited
Q4 and FY '26 Earnings Conference Call”

May 18, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording is uploaded on the stock exchange on May 18, 2026, will prevail



**MANAGEMENT: MR. HARSH GANDHI – MANAGING DIRECTOR –
GRP LIMITED
MS. SHILPA MEHTA – CHIEF FINANCIAL OFFICER
– GRP LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the GRP Limited Q4 and FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 this conference, please signal an operator by pressing star then zero on your touchtone phone. Please note, this conference is being recorded.

I now hand the conference over to Mr. Harsh Gandhi, Managing Director, for his opening remarks. Thank you, and over to you, sir.

Harsh Gandhi: Thank you. A very good afternoon, ladies and gentlemen. We appreciate your presence on GRP Limited's Q4 and FY '26 Earnings Conference Call. I'm joined today by our CFO, Ms. Shilpa Mehta; and representatives from SGA, our Investor Relations Advisors. The investor presentation has been uploaded to the stock exchanges and our corporate website, and I trust you have had the opportunity to review it.

FY '26 represented an important transition year for GRP. While the operating environment remained volatile across global markets, the year was also characterized by significant strategic investments, commissioning of new business platforms, technology transitions in the existing business and portfolio recalibration initiatives that we believe strengthen GRP's long-term positioning within the circular materials ecosystem.

The year was shaped by geopolitical volatility, tariff-related disruptions, fluctuating export markets, elevated raw material costs and pricing pressures across several segments. Despite these developments, GRP continued to prioritize long-term competitiveness over short-term optimization.

Several initiatives progressed from development into commercialization and stabilization during the year under review, while investments across technology, renewable energy, automation and new business expanded the company's future operating base.

Turning to performance. Our total income for quarter 4 stood at INR 1,450 million, representing a 10% year-on-year contraction, while FY '26 income closed at INR 5,380 million, reflecting a decline of approximately 3% compared to FY '25. This moderation reflects a high comparative base of FY '25, which had benefited from substantial recognition of EPR credit revenue, including accruals from earlier periods.

FY '26 in contrast witnessed persistent softness in export demand shaped by macroeconomic uncertainty and disruptions related to tariffs. EBITDA for Q4 stood at INR 94 million, while FY

'26 EBITDA stood at INR 429 million. The profitability was impacted again by softened export volumes, lower spreads in some product categories, inflationary pressures in key raw material categories and incubation and scale-up costs associated with the newly commercialized Pyrolysis business.

Profitability was further impacted by certain one-time and non-operational items, including foreign exchange losses, closure of the Polymer Composite business following a strategic review, losses during the ramp-up phase of the Pyrolysis business, Labour Code-related provisions and expenses associated with the proposed QIP process following expiry of approvals without an issuance.

Importantly, a significant part of these pressures arose during a period where multiple investments in businesses remained in commissioning, stabilization or early commercialization phases, while the associated cost base had already been absorbed during FY '26. As these businesses stabilize and utilization levels improve, we expect operating leverage across businesses to progressively improve in the medium term.

The broader strategic relevance of circular materials continues to strengthen globally. Increasing focus on resource security, import substitution, carbon reduction and resilient supply chains is accelerating policy support for recycling ecosystems across geographies.

In India as well, policy discussions around circular economy and waste tire recycling increasingly recognize the strategic role that GRP as an organization is performing, and GRP remains well positioned within this evolving economic landscape.

The external operating environment nevertheless remained difficult during entire FY '26. Global tire markets exhibited mixed demand trends, while shifts in the U.S. trade policy disrupted visibility, sourcing patterns and GRP supply chains. Approximately 33% of Reclaim Rubber revenues from key U.S. customers and nearly 44% of associated raw material margins were impacted by tariffs for the year.

Following revisions in February, margin impact moderated to around 41%, offering some relief for 2 months out of the 12. Domestically, Reclaim Rubber outperformed broader industry trends. Overall rubber consumption in India grew about 4%, while reclaim rubber consumption rose by approximately 7% year-on-year basis with share within the tire industry increasing.

In response, the company was able to rebalance its geographic mix and increase focus on the relatively lower-margin domestic market to offset softness in the export demand. Export volumes for the company declined by about 15%, while domestic volumes grew nearly 10%, supported by a proactive market development and selective pricing actions.

Raw material inflation was another significant impact -- a factor impacting margins during the year. While the company undertook mitigation measures through price actions, inflation was as high as 43% in certain SKUs, resulting in meaningful profitability pressures.

Against this backdrop, GRP continued to accelerate its operational and efficiency-led initiatives, which focused on manpower productivity, energy optimization, automation and transition towards newer technologies.

During the year under review, 38% of our capacity has transitioned to this new process platform with savings of approximately 5% on the power (factually corrected the word from product to power) while improving consistency, throughput, labor productivity and also customer acceptance in higher-value applications.

The company also commercialized its next-gen low-emission Reclaim Rubber technology and expanded customer approvals for the same. In addition, it introduced recycled materials designed to improve substitution efficiency and reduce fossil fuel dependence in the formulations for the customers.

Geopolitical developments in West Asia, albeit for the last 45 days of the year contributed to volatility in energy and logistics-related costs during the year -- during part of the year. However, our investments in biofuel-based heating systems and renewable energy projects have helped us ensure continuity and partially mitigate the fuel cost volatility that the rest of the industry has seen.

Within the Non-Reclaim portfolio, stand-alone businesses grew about 13% on a year-on-year basis and 22% on a Q-on-Q basis in Q4 FY '26 marked an important transition phase with several initiatives moving towards commercialization. This is mostly on account of Pyrolysis start-up during the second half of the year.

This start-up was commissioning of the continuous Pyrolysis operations at the integrated facility in Solapur. While the industry tailwinds in pyrolysis and rCB are expected to pick up, along with operational stabilization that we have achieved in Q4, Pyrova Energy, as this business is being christened, will significantly strengthen GRP's position within the emerging circular carbon and resource recovery ecosystem.

Across our plastic recycling verticals, underlying demand trends from automotive sector remained relatively healthy, supported by domestic auto growth and increasing sustainability focus by OEMs. However, the lower virgin polymer prices and inflow of low-cost imports for polypropylene, especially impacted the industry environment.

And despite these conditions, we remain positive on the long-term opportunity because as a company, we are also pivoting closer towards the automotive value chain. The Custom Die

Forms business demonstrated resilience and despite the tariffs from the U.S. markets and being dependent on an individual country, we registered a 4% growth in volumes.

However, on the other side, as communicated earlier, the company also took a strategic decision to discontinue the polymer composite business, reallocating those resources towards businesses and product categories offering stronger long-term growth and return potential. That was one of the other reasons for the revenue loss as a company as a whole.

Speaking of our capital expenditure for the year and growth plans, we have broadly divided our growth capex for the Pyrova Energy business in multiple phases. This has been communicated through our investor presentation.

Under Phase 1A, which was completed up to October 2025, we commissioned India's largest single-line reactor with a capacity of 15,000 tons at the facility in Solapur, along with the integrated crumb rubber facility, which achieved operational stability in only Q4 of FY '26.

Under Phase 1b, which is currently underway and likely to be commissioned entirely by February 2027 in phases, we plan to establish a recovered carbon black facility, along with expansion of additional lines of tire pyrolysis capacity.

Notably, our cumulative investment in the Pyrova Energy platform up to March stands at approximately INR79 crores, broadly equivalent to the cumulative EPR income recorded by the company between FY '24 and '26, reflecting our approach of reinvesting these EPR inflows towards building future growth platforms and strengthening our long-term presence in the circular economy landscape in the country.

A meaningful part of the capital intensity, incubation costs, commissioning expenses and organizational investments associated with these businesses have already been absorbed. Going forward, our focus will increase towards improved utilization, customer approvals, operational stability and therefore, value realization.

As utilization levels improve across Reclaim Rubber, Continuous Pyrolysis, Crumb Rubber and the upcoming rCB capacities, we believe these investments position GRP to progressively improve both scale and operating leverage over the coming years. We are targeting a growth capex of approximately INR 90 crores to INR 100 crores during FY '27 with continued focus on disciplined deployment and further enhancement of solar and wind energy usage across our operations in Gujarat.

Ladies and gentlemen, FY '26 was undoubtedly a demanding year for both the industry and GRP. However, periods of volatility also create opportunities to strengthen our competitive positioning, build our capabilities and prepare for the next cycle of growth, which we believe, at GRP, we are at an inflection point for.

While the near-term environment may continue to remain dynamic, we believe the underlying direction of the industry remains strongly favorable. And our focus, therefore, remains clear: disciplined execution, operational stability, prudent capital allocation and converting the investments made over the last few years into sustainable long-term growth and profitability.

Lastly, I'm pleased to share that the Board of Directors of the company has recommended a dividend of INR 3.5 per equity share, in line with our payout policy as a percentage of profit, subject to approval of all shareholders at the ensuing AGM.

With this, let me hand over the call to Shilpa to take you through the financial highlights.

Shilpa Mehta:

Good evening, everyone. Let me start with Q4 FY '26 consolidated performance highlights (Factually corrected to consolidated performance highlights). Total income for Q4 FY '26 stood at INR 1,450 million as compared to INR 1,606 million in Q4 of FY '25, reflecting a decline of 10% year-on-year basis. The base quarter has benefited from higher EPR credit recognition with EPR gains of INR 305 million in Q4 of FY '25 compared to INR 66 million in Q4 of FY '26. That is reflected in gross profit and EBITDA as well.

In addition to this, the further reason for this income decline is continued pressure in export demand across certain key markets amid global macroeconomic and tariff-related challenges. Gross profit for Q4 of FY '26 was at INR 666 million as compared to INR 936 million in Q4 of FY '25.

While gross margin stood at 46% for the quarter, margins were impacted primarily due to adverse product mix, export-related pressures and continued volatility in raw material costs across select categories.

EBITDA for Q4 FY '26 is at INR 94 million as compared to INR 331 million in Q4 of FY '25. EBITDA margin for Q4 of FY '26 is at 7% as compared to 21% in Q4 of FY '25. The decline was largely attributable to lower gross margins, weaker export volumes, initial scale-up costs in newer businesses and impact of subdued operating leverage during the quarter.

The company reported a loss of INR 13 million for Q4 of FY '26 at PAT level. Our subsidiaries, GCSL and GSPL reported combined income of INR 48 million during the quarter with an incurred loss of INR 12 million. However, these businesses continue to scale and stabilize operations. We expect them to contribute meaningfully to profitability over the medium term.

Now coming to FY '26 consolidated performance highlights (Factually corrected to consolidated performance highlights), which is annual highlights. Total income for FY '26 stood at INR 5,380 million as compared to INR 5,518 million in FY '25, reflecting a decline of 3% year-on-year basis.

Again, this is the same reason of EPR credit recognition, which was recognized in Q4 of FY '25 for past period, that is coming to EPR credit recognition during FY '26 stood at INR 202 million,

whereas the same was INR 434 million in FY '25. So that reflects the INR 214 million of prior period accruals considered in Q4 of FY '25, creating a higher base for comparison.

The year continued to witness softer export demand, tariff-related disruptions and pricing pressures across certain businesses. Gross profit for FY '26 stood at INR 2,637 million as compared to INR 2,980 million in FY '25, while gross margin stood at 49% as compared to 54% in FY '25. Margins were impacted primarily due to pressure on export realizations, raw material volatility and lower spreads across select businesses.

EBITDA for FY '26 stood at INR 429 million as compared to INR 694 million in FY '25. EBITDA margin for FY '26 is at 8% as compared to 13% in FY '25. Adjusted profit after tax for FY '26 stood at INR 46 million after accounting for onetime impact related to Labor Code implementation amounting to INR 14 million.

Other onetime impacts during the year included discontinuation of operations within the Polymer Composite business, resulting in a write-off of INR 79 lakhs. Additionally, expense of INR 42 lakhs were incurred towards QIP process following expiry of approvals without issuance.

The company also incurred forex-related losses of INR 41 million during the year. Pyrova business commercialization phase resulted in EBITDA and PAT loss of INR 24 million and INR 85 million, respectively, during the year from September '25 onwards. Our subsidiaries, GCSL and GSPL reported combined income of INR 211 million during the year, which had incurred loss of INR 47 million.

The company's debt-to-equity ratio stood at 1.15 in FY '26 as compared to 0.76 in FY '25, primarily on account of strategic growth, capex and investments in new business initiatives. In addition, the Board has recommended a dividend of INR 3.5 per share for FY '26, representing 35% of the face value subject to shareholder approval.

This reflects our continued commitment towards delivering long-term value to shareholders while maintaining the financial discipline and investing in future growth opportunities.

With this, I now open the floor for Q&A.

Moderator: Our first question comes from the line of Tanmay Golecha with 360 One.

Tanmay Golecha: I wanted to ask how much the onetime loss be accounted from the Polymer Composite business in Q4?

Shilpa Mehta: It is INR 79 lakhs on account of actual write-off, but business-wise also could be -- notionally, it could be to the tune of INR 40 lakhs to INR 50 lakhs more.

Tanmay Golecha: Okay. And considering crude prices are so high, did we benefit while selling the pyrolysis oil? Was the realizations higher on that side? And does that continue to happen in Q1 and Q2?

Harsh Gandhi: As far as pyrolysis oil is concerned, Tanmay I think we got some benefit as far as March is concerned because the impact was only to that extent, limited to the month of March. In this quarter, yes, we are seeing a realization, which is higher than what we saw in more or less October to Feb of last year, meaning October '25 to Feb '26, whatever we saw as a realization. Definitely, in this quarter, we are seeing it marginally higher than that.

But the demand for fuel oil in the country is mostly in the road surfacing industry. And while oil prices are up, the road construction activity in the country is down on account of bitumen non availability due to the West Asia conflict. So there has been some sort of impact on volumes, even though the price is marginally better than the previous period.

Tanmay Golecha: Can we quantify net margins for our different business segments, the RR and non-RR?

Harsh Gandhi: Come back again. What's the specific question?

Tanmay Golecha: Can we quantify the margins we estimate for FY '27 for each business segment that we have?

Harsh Gandhi: I think the segment reporting is done in accordance with the Stock Exchange requirements. So at the moment, the segment reporting and the margin is provided on that basis in the Stock Exchange financials.

Tanmay Golecha: Yes. No, I'm asking for the estimates of FY '27, where do you see margins?

Harsh Gandhi: I mean, again, not been giving too much in terms of the guidances in that sense. But yes, I mean, we are seeing the Reclaim Rubber margin actually through most of 2026 has been impacted on account of the split between domestic and exports. If you see the export revenue has dipped by about 11%, 12%, while domestic revenue has grown by about 11%. But as we keep saying that the domestic margins are lower by about 200, 250 basis points over the export margins typically. And so therefore, to that extent, the overall margin number has been lower.

As we attempt to recapture the lost export share and assuming that we get back to the similar levels of higher of export revenue from past, I would imagine that the restoration of the margins will happen through this year as far as the Reclaim Rubber is concerned. And this is mainly because the U.S. volume that was lost is starting to come back, and we're expecting that, that will be entirely restored in FY '27. So that's as far as Reclaim is concerned.

As far as the other Non-Reclaim businesses are concerned, again, as mentioned earlier on the call, the pyrolysis business, while it is now stable, is continuing to only supply to the fuel oil sector. The margins will be meaningfully impacted once recovered carbon black facility is operational, which is likely to be in the second half of the year.

- Moderator:** Our next question is from the line of Rohan Mehta with Max Capital.
- Rohan Mehta:** Sir, firstly, you have indicated that U.S. tariff-related disruption impacted the Reclaim Rubber revenues materially this year in FY '26. Now since tariff conditions you've seen improving since February onwards, what has been the kind of recovery trend that we have seen in exports and customer order inflows since that time during April and May now. So how has the customer engagements been since the tariff situation started easing?
- Harsh Gandhi:** Sure. Do you have any other questions more? So I can sort of take them all up together or I'll be happy to answer this one.
- Rohan Mehta:** Yes, yes. So I'll just add one more. So you also highlighted meaningful -- a lot of margin pressure due to elevated RM cost in the key reclaim grades. So I just wanted to get a sense, have the RM cost stabilized now? And how much pricing pass-through has been achieved in quarter 1 so far? And lastly, just what is the kind of incremental EPR income that we can generate from the new pyrolysis and rCB capacities? So those are my questions?
- Harsh Gandhi:** Thank you. So I'll answer each of these. As far as EPR and I'll go backwards as far as the questions are concerned. As far as the EPR income from Pyrolysis is concerned, we are awaiting certain government approvals for the project before which the grant of the EPR credits will accrue to us. So as of now, the numbers do not accrue -- so what you call it, include accrual of EPR revenue for the year of FY '26. We will accrue the income only once the approval from the PCB comes through for the particular unit.
- Given that there are delays as far as the portal is concerned, we are expecting and hoping that within the next couple of weeks, we will have the approvals in place. And as a result, accrual on a retrospective basis for the entire Pyrolysis business will be accounted for either in this quarter or in Q2, which will be in H1. So definitely, by H1, the EPR income will get accrued.
- As far as the quantum of credits is concerned, I think there's a detailed slide explaining the extent of credits that we would generate. And because this is a continuous plant producing both pyrolysis oil as well as the char to begin with, we will generate credits at the rate of 0.8 in terms of the weightage after the conversion factor.
- As and when we build the rCB business and we are able to successfully sell that to the tire companies, then the weightage is changed for the char, which is converted to rCB and the revenues from that will be proportionately higher. So hopefully, that answers the question on the EPR.
- As far as the RM margin part is concerned, I maintained that on multiple calls that this is a particular SKU where we have seen a 43% increase in the RM cost. And that led to margin erosion for most of Q2, Q3 and part of Q4. We were able to sort of restore it because there was some sort of softening of that particular product category in Q4, but post February.

However, on the other side, I maintained that some of our or major sales of that particular SKU is to tire companies where we have either annual or half yearly contracts when it comes to pricing. And therefore, our inability to pass the pricing is where we kind of took a hit on the margins.

But to answer your question, as far as the margin is concerned, it has been now entirely kind of factored into our cost structure and the revised pricing starting April '26 captures the entire impact of the raw material cost. So going forward in this financial year, at least as things stand right now, the pass-through of the margins has been -- pass-through of the cost has been entirely obtained by way of price increases.

Your last question or which was your first question, and I'm taking it last is the impact of the U.S. tariffs. So the impact of the U.S. tariffs on volumes was on 2 counts. One is direct exports to the U.S., which we had a direct hit and reduction in volumes, but there was also an indirect hit on volumes to countries where we exported and tire companies use those as base for export of tires into North America.

I mean, and these are countries like Thailand, Vietnam, Indonesia, where we supplied a lot of our reclaim to and that then in turn produced tires were sold in the North American markets. So as far as recovery is concerned, we have more or less recovered the entire volume that was lost in North America directly. However, some part of the indirect volume that was lost has come back, but a large part of that indirect volume is not recovered yet.

On the overall front, however, because we were able to offset this and grow in the domestic market, as things stand today, our order book as of now is much stronger and higher than what we've had for most part of FY '26 on account of this new business and the recovery in the North American markets. I hope that answers the 3 questions that you put out.

Moderator: Our next question is from the line of Divy Agrawal from Ficom Family Office.

Divy Agrawal: So sir, I list down my questions and then maybe you can answer it.

Harsh Gandhi: Sure.

Divy Agrawal: So sir, first question is, in the presentation, you've mentioned that you have spent around INR 170 crores on capex from FY '24 to '26. So can you help us with the breakup in terms of how much went to the pyrolysis plant, the new RR plant and other segment as well? A detailed breakdown would be very helpful, sir.

Secondly, on the Pyrolysis side, what was the revenue contribution from the Crumb Rubber and TPO in Q3 versus Q4 FY '26? And specifically on the TPO side, I wanted to ask, can you throw some color on the feedback received from the petrochem players on the usage of GRP's TPO? And what is the strategy for maintaining the consistency of the TPO grade? And where are we right now in terms of the customer approval in terms of TPO?

Next, in terms of the prices of oil that has gone up, so I think the TPO prices might have also gone up. So just wanted to know what margins can we expect from the TPO business? And lastly, on the new RF side, what has been the adoption and feedback from the customers?

Harsh Gandhi: Sorry, can you repeat the last part? What is it? The new, what?

Divy Agrawal: Yes. New Reclaim Rubber, the new reclaim rubber -- the new technology Reclaim Rubber that we produce. What has been the adoption and feedback from the customers?

Harsh Gandhi: Can I just summarize your questions because I see 5 questions. I just want to make sure I don't miss anything. First question was on the breakup of the capex of the INR 170 crores. The second is stand-alone, how is the TPO, crumb and char or the whole pyro value chain doing as a business in terms of stabilization. Third was within that TPO prices are moving up. How is -- or rather oil prices are moving up. What is the correlation on the TPO prices? Fourth question was feedback on customer approvals and the petrochemical industry feedback?

Divy Agrawal: On the TPO. Yes.

Harsh Gandhi: On the TPO and the last is on the New Reclaim Rubber.

Divy Agrawal: Right sir, right. Yes.

Harsh Gandhi: Assuming I have captured everything. So as far as -- I'll not do it in any particular order. But -- so one is that the TPO, crumb and char, as I mentioned, that the stability in the operations is kind of coming in or rather has come in entirely. We are kind of operating at beyond 85% utilization on a monthly basis, which is equal to or ahead of what our expectation as far as the plant is concerned.

And therefore, that stability is now kind of helping us with better predictability around the product as well as the processes. I think we have, therefore, a good sense of what we need to do in terms of changes from the original configuration to what is required when it comes to the new lines that we sort of invest in.

As far as feedback from or rather -- as far as the TPO itself is concerned, the current market is combination of 3 outlets. One is in the fuel sector and used again either as a replacement to FO, mainly in the road construction industry, used in industrial furnaces as fuel and third is the petchem value chain.

As far as the first is concerned, I mentioned to another question that there is softness in demand for road construction. So therefore, there's some sort of demand drop in there, but the prices remain comparable to how or rather behave in similar fashion to how FO prices are moving. As far as the industrial furnaces are concerned, there is still some work to be done to improve the properties of the product to kind of be able to use as the fuel for industrial furnaces.

And we are more or less close to achieving those specs, and we are in the validation with several customers for use in the industrial furnace application. As far as petchem is concerned, it will be a longer wait. Our approvals are ongoing. Conversations with several in the petchem value chain have been initiated. Sampling is ongoing. And as and when there is success, we will sort of announce that as well.

As far as the new Reclaim Rubber is concerned, approvals are coming through trickling in slowly, but surely, customers are taking a slow approach in improving or increasing the volumes. But we have committed to add another line because we have seen the traction on ground. So therefore, by end of first quarter, another line of that new technology will be commissioned in the same location in Solapur.

And with that, the 2 lines together will get to a capacity of closer to 700 tons a month from the current about 350 tons a month. So that is a positive development. Utilization is moving up. We're not close to the 90% yet, but we have adequate visibility of orders, and therefore, we sort of decided to go ahead and add the other lines.

And the last part is the breakup of the capex. I would say roughly 50% of the capex has been spent on the Pyrova Energy business. Roughly about 30% to 35%, if I may, is in the Reclaim Rubber in terms of this new capacity expansion as well as the new technology that we have put in. And roughly about -- the balance about 15%-odd is in other businesses, including in the energy space because we have invested in SPV for power offtake in Solapur.

And in Ankleshwar and Panoli, which will be set up towards the second half of this year. But investments to that have also been made, and these are mostly in solar and wind energy investments in addition to some amount of investment for the plastic business as well, mostly for debottlenecking and so on. So that's broadly the breakup of the INR 170 crores that has been spent over the last 3 years, FY '24, '25 and '26. I think I've answered all your questions.

Divy Agrawal:

Yes, sir. So just a follow-up on this. So on the TPO side, sir...?

Harsh Gandhi:

Sorry, can I request for the follow-up to be taken up later? I think I've given enough time. There may be more people waiting in the queue. You can come back once we...

Moderator:

Our next question comes from the line of Rajvi Shah from Bright Securities.

Rajvi Shah:

I just have 2 questions.

Moderator:

Sorry to interrupt, you have a lot of disturbance in the background.

Rajvi Shah:

So my first question was that you discontinued the Polymer Composite contract manufacturing business due to weak viability. Are there any other non-core or low return segments under the strategic review? And the second question I had was that over...?

Harsh Gandhi: I'm really sorry, Rajvi, but I didn't follow the first part of the question. I did pick up till the time you said that you've closed the Polymer Composite business, but I missed the part after that. Can you please repeat?

Rajvi Shah: Yes. I was saying, you discontinued the Polymer Composite contract manufacturing business due to the weak viability. Are there any other non-core or lower return segments under strategic review? This is the first question. And the second one is over FY '24 to FY '26, the company generated nearly INR79 crores of EPR income. As pyrolysis, crumb rubber and rCB capacity scale up further, how should we think about the long-term contribution of EPR and revenues to the overall profit?

Harsh Gandhi: Again, I'm sorry if I didn't follow the last part. You mentioned something about INR79 crores of EPR and investment, but I didn't catch the rest. I'm sorry, could you get to a more clearer line or place because it's very difficult to pick up, but I'll attempt to answer your first question in the meantime, which is on Polymer Composite. Yes, we closed down the Polymer Composite because of the weak viability, mostly to do with the tariffs from North America.

And for the period of time where it was at 50%, the customer of ours decided to relocate. So by the time the decision to sort of rescind the tariffs came, which was in the month of February, the call on closure of the business has already been taken, and therefore, the equipment has already been moved out and therefore, that particular business was already shut down. Are there any other non-core businesses that are under review along similar lines?

Answer is no. I think we're clear that the plastic, which is a combination of nylon and polypropylene will continue to sort of -- will require some patience, but have a strong potential, and therefore, we continue to maintain our position there.

Reclaim rubber, of course, continues to be the mainstay, and therefore, we are strengthening technology and making the processes more efficient. And the newer business is the energy business, Pyrova as we're calling it. Obviously, it's too early to say that we are doing any review because that's a business that we have extreme confidence in. I hope that answers your question.

Rajvi Shah: Yes, sir. Just one more question that I had was that over FY '24 to FY '26, the company generated nearly INR79 crores of EPR income. As pyrolysis, crumb rubber and rCB capacity scale up further, how should we think about the long-term contribution of EPR-linked revenue to overall profit?

Harsh Gandhi: Sure. No. So again, I think we put out for the first time the capacity aspirations or targets that we have in our investor deck on this entire business. And I guess part of it will be towards crumb and the rest of it would be from Pyrolysis in the sense that we will produce the TPO, char and carbon black out of it. At this stage, it is very difficult to estimate what will be the percentage mix of crumb, char, TPO and rCB and steel. So therefore, a little difficult to estimate.

But yes, there will be a meaningful impact and meaningful contribution of the EPR income coming in from there with the due weightage for these materials and at the due conversion factor, which will be at about 0.8x, which in reclaims case, we have at about 1.3x is the weightage (factually corrected conversion factor to weightage)

As far as pyrolysis oil and char is concerned, the weightage would be at about 0.8, and the conversion factor would be roughly, I think, 1.5x or thereabouts. So, you can estimate on that basis. But at this stage, we are not in a position to give you a complete breakup of percentage volume of char, pyro oil and crumb rubber.

Moderator: Our next question is from the line of Jigar Shah with Elevate. Please go ahead.

Jigar Shah: I just had a couple of questions. Sir, how should we think about the demand recovery in the engineering plastics and repurpose polyolefins business over the next 12 months? I mean, which end user industry are -- which end user segments are showing the strongest traction currently?

Harsh Gandhi: As I mentioned this thing, but it's clearly automotive. It's driving the demand there, both in fact in PP as well, while packaging demand continues to be steadily growing, as I've indicated in the past, margins from the packaging sector are fairly low. And therefore, our pivot towards automotive is starting to help us, and we are seeing the strongest demand coming in from automotive.

I think there's enough literature out there to figure out that automotive industry is coming under EPR, wherein there will be mandates on use of circular materials within vehicles. And I think that is driving a lot of projects on ground with several OEs and that in some ways, we are seeing as likely offshoots of demand growth for us.

Within the plastic ecosystem, if you look at an automotive, polypropylene and nylon are the top 2 polymers or rather top 2 plastics that are used in a vehicle. So clearly, as the drive towards circularity in the automotive space increases, demand for recycled polypropylene and recycled nylon, which is polyamide will be the strongest, and that's what we are banking on.

Jigar Shah: Okay. Got it, sir. And sir, secondly, the low-cost Chinese imports continue to impact recycled polyolefins. So, has the competitive intensity worsened further post Q4? Or are the spreads beginning to stabilize?

Harsh Gandhi: I didn't follow that entirely. Can you please repeat that question, Jigar?

Jigar Shah: Yes. So, I wanted to ask that you mentioned that low-cost Chinese imports continue to impact recycled polyolefins. So, has the competitive intensity worsened post Q4 or are the spreads beginning to stabilize?

Harsh Gandhi: No. So when I said the imports, the Chinese imports, I meant the Chinese imports of virgin polypropylene has been very, very aggressive as far as India is concerned. So as a result, virgin

polypropylene prices have dropped, and that is the reason why the competitiveness of recycled material vis-a-vis the virgin polypropylene, that delta had reduced or diminished, and that's the reason that our margins as well as the volumes took a hit on the EP side.

And this is mostly true for the packaging sector, which is honestly a little I would say, less stringent in terms of the quality expectations compared to automotive. I'm not saying that it's poor quality or inferior quality, but ability for the packaging industry to absorb the Chinese material was far greater, and that affected both the demand as well as margins for that portion of the business.

Jigar Shah: Got it. And sir, what is the normalized EBITDA margin post Pyrova stabilization and export recovery?

Harsh Gandhi: I think when you talk about Pyrova stabilization, there's again happening in phases, as I mentioned. First phase was the one line of the reactor. The next phase, which will be in this year will be the setup of the recovered carbon black and thereafter, the additional lines of reactor capacity that will come through. So, net-net, the full year effect of that will kind of be known only in FY '28.

But we are expecting that the Pyrova Energy as a business in itself will be high double-digit EBITDA margins is the expectation. And overall benefit on the reclaim will also come through because of the synergy of raw materials. And therefore, there's expectation of a few hundred basis point improvement in the Reclaim Rubber EBITDA margin as well.

So that's the outlook as far as I can see it and as far as we are aiming for. And I would say the full impact will be all available in FY '28. Of course, some improvement will also -already be seen in FY '27 as the utilization improves.

Jigar Shah: Got it, sir. And just last question from my end. I mean, with a targeted FY '27 capex of around INR90 crores to INR100 crores and a bit subdued profitability currently, how should one think about funding internal accruals or incremental debt or strategic partnerships or maybe even QIP?

Harsh Gandhi: So, I think as of now, as things stand right now, and I think Shilpa has taken you guys through the debt EBITDA as well as the serviceability ratios. I think our serviceability ratio remains fairly strong. So, at this stage, there's no major pressure as far as the balance sheets are concerned.

We do have unutilized limits from the loan sanctioned by DFI Proparco. And as a result, we will use prudent mix of both that debt as well as internal accruals. We have some amount of EPR credits that remain unsold, which we could sort of also trigger for sale and as a result, be able to realize cash. So, there's comfort on the cash flow. There's no pressure as far as the cash flows are concerned.

Moderator: Our next question is from the line of Ritesh Poladia with Girik Capital. Please go ahead.

Ritesh Poladia:

Sir, just on EPR, what's the EPR credit in the balance sheet? Also, what are the prices going for the EPR credits? Second, on pyrolysis oil, you said right now, usage is more into the road construction. But I believe it can be for the industrial fuel in cement, steel and power companies also.

So, what are the changes to be done, or how this pyrolysis oil application moves? Also, if you can give us the capacity once the entire capex is over by February 2027, so we can have some idea on the EPR credit? These are the 3 questions.

Harsh Gandhi:

Thank you so much. So, I'll again answer this in repeat. As far as the capacity is concerned after all of these investments, again, we put out that we are adding 2 reactors of pyrolysis, which will take us to about 45,000 tons of pyrolysis capacity. And our recovered carbon black facility that is being set up is about 12,000 tons.

So roughly, give or take, with the pyrolysis process, roughly 40% to 45% after removal of the steel, between 42% to 45% is the generation of oil, about 40% is the generation of char, which part of it will get converted to recovered carbon black.

And we do have surplus crumb rubber capacity as well because our crumb rubber capacity is in excess of 45,000 tons. It will be closer to about 65,000-odd tons. So that's the broad breakup after this phase of expansion or this phase of Solapur capex is completed.

To go back to your question on the EPR pricing, I think the EPR credit pricing remains at more or less the floor price at the moment, which is at about INR 2.52 kg. And we have contracts with several tire company customers for quarterly sales of such credits.

We do have some credits that we prefer to sell on the spot market. So, while I would say about 85% of our credits generated are contracted, about 15% of our credits remain open on the spot market, and we trigger sales based on cash flow and pricing requirements.

Your question was whether there's any EPR credit sitting on the balance sheet. Answer is no, we kind of were accruing everything in the income. So more or less, everything is reflected in the balance sheet on an accrual basis, but it is also in the revenue portion.

And the most important and interesting question that you asked on the oil application, in fact, I mentioned this when somebody else asked the question, the current TPO has 3 applications I mentioned, road surfacing, industrial fuel and the Petchem value chain. And I think the value accreditation or value approval will be based on those 3.

I mean, with the road construction activity and being sold in that segment will be the lowest price point, moving up the price point when it is used in the industrial furnaces and boilers and then even higher if it is used in the Petchem value chain. At the moment, we are able to sell it to the fuel market.

But in the industrial furnaces and steel plants and cement plants, as you mentioned, there is some amount of refining required to move up the value chain through upgradation of the flash point and reduction of the sulfur and so on. We've achieved that in the process.

We are in the process of homologation and validation. So, I mentioned this to one of the other speakers as well that we will soon start to recognize or start to sell some amount of our TPO to that sector as well. As far as the Petchem is concerned, the approval process and cycles are a little longer. So as and when we do get those approvals, as I mentioned, we will make those announcements to the investors at appropriate time.

But yes, efforts are being made to upgrade the TPO such that it is usable in the Petchem value chain as well. And when I say Petchem value chain, it could go straight away into the refinery or for manufacturing of carbon black or for production of certain type of specialized polymers as well. And we are exploring and working closely with companies across all 3 Petchem value chain players.

Ritesh Poladia:

Just one addition to this. Sir, if road sector application is x, what can be a realization for Petchem?

Harsh Gandhi:

Too early to predict given the way oil prices itself are changing. So, I mean, earlier, the delta between FO, LSHS, which is the diesel and then the naphtha or CBFS, which is carbon black feedstock, there was a lot of predictability and the delta between each of these different product categories was more or less fixed.

Given the way the geopolitics is from what I understand and pardon my ignorance or pardon my limited knowledge, but the understanding is that those deltas are no longer the same as they used to be until a few months ago because the crude availability from different parts of the world is changing.

So given that context, I mean, it's very difficult for me to put out how many x of the FO price or what's the percentage to FO price versus LSHS price versus CBFS price, etcetera. But broadly, when one looks at replacing in the Petchem value chain, you're looking at an equivalent of a naphtha or CBFS.

When you're looking at an industrial fuel, you're looking at an equivalent of an LSHS comparison. And when you're looking at road construction, you're looking at an FO equivalent. So that's broadly the benchmarks, but the delta within those is changing quite dramatically. So very tough to put a number to this.

Moderator:

Ladies and gentlemen, that was our last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.



GRP Limited
May 18, 2026

Harsh Gandhi:

Thank you again for the call. Again, as I mentioned, but I'd like to reiterate that FY '26 has been a challenging year in terms of short-term performance, but our belief continues to grow stronger for each of the three businesses that we are sort of building the long-term play for.

And therefore, with that conviction, we continue to invest in the capex to ensure that the long-term plans continue to be adhered to even though there will be short-term blips on account of externalities, which are beyond our control.

But thank you for the support, understanding and the depth of questions that are being raised every conference call. It gives us a lot to think about as well. Thank you again.

Moderator:

Thank you. On behalf of GRP Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.