



GANESHA ECOSPHERE LIMITED

GESL/2026-27/

May 29, 2026

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Scrip Symbol: GANECOS

Sub: Transcript of Q4 FY2026 Earnings Conference Call held on May 22, 2026.

Dear Sir/ Ma'am,

Please find enclosed herewith transcript of Q4 FY2026 Post results Earnings conference call held on May 22, 2026 pertaining to Company's Audited Standalone & Consolidated Financial Results for the quarter and year ended March 31, 2026.

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 Q4FY26 Earning's Conference Call

May 22, 2026



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
PRIVATE LIMITED**

MODERATOR: **MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Ganesha Ecosphere Limited Q4 and FY26 Earnings Conference Call.

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

I now hand the conference call over to Mr. Manish Mahawar from Antique Stock Broking Limited. Thank you and over to you.

Manish Mahawar: Thank you. Good afternoon, everyone. I am pleased to host today's earnings call of Ganesha Ecosphere.

We have leadership team represented by Mr. Gopal Agarwal – CFO, Mr. Prashant Khandelwal – Senior Vice President, Mr. Yash Sharma – Director of Ganesha Ecopet.

Without any delay, I would like to invite Mr. Yash Sharma to start with opening comments, post which we will move to Q&A. Thank you and over to you, Yash.

Yash Sharma: Thanks. Thanks a lot, Manish. Good afternoon to everyone and thank you for joining us.

We are here today to walk you through our Q4 FY26 Results and highlighting the key operational and financial achievements and we will share the insights on the broader industry and macroeconomic environment which has shaped our performance currently.

So, the first three quarters were marked by disruptions and uncertainties, particularly around the pending regulation clarity which created a lot of challenges for us in planning and execution. We are, however, delighted to report that in FY26, we concluded on a high note reflecting both the resilience of our business model and the agility of our teams in navigating a challenging environment.

Both standalone and subsidiary businesses have performed well during the last quarter. In Q4 FY26, company has made a strong performance with consolidated production numbers of 41,268 tons, which is an increase of 6.45% over Q3 FY26. Sales volumes have also increased to 45,162 metric tons, which is increase of 12.25% over last quarter's sale volume.

Company has clocked a consolidated top line of INR 423.94 crores, EBITDA of INR 52.35 crores and bottom line of INR 23.21 crores, registering a growth of 18.7%, 70.4% and 388.6% respectively over the last quarter. Company has earned an EBITDA margin of 12.35% as against 8.6% during the last quarter.

On standalone basis, the company has achieved a production of 28,209 tons and sales volume of 29,234 tons which is lower by 3% and 6% than the previous quarter's numbers.

Revenue numbers at INR 260.33 crores are lower by around 4.8%. However, there is an improvement of 125 basis points in EBITDA margins in the standalone business. Growth in top line as well as in margins were contributed by improved demand, stable prices as well as liquidation of the inventory.

On a year-on-year basis, there is an improvement in production and sale numbers at console level with production up by about 6.4%, revenue up by 23.1% and EBITDA up by 2.5%. Full year performance is almost at par with FY25 numbers in terms of production, sale volume and revenue. However, EBITDA and profitability were hit adversely due to the weak performance of the first 9 months for the reasons discussed earlier. There is a significant improvement in operating cash flow generation which stood at INR 170 crores enhancing our ability to fund future growth internally. Net debt position has been at INR 375 crores is also at a very comfortable level for us.

From a macroeconomic perspective, FY27 has started amidst global volatility. The ongoing Middle East conflict has disrupted supply chains and driven up virgin polymer as well as pet scrap prices, creating significant pressure across the textile value chain, which is impacting the demand for man-made fibers and the industry struggling to absorb rapid increase in feedstock prices. The situation will improve drastically upon resolution of the conflict as the inventory levels across the value chain are at very low critical levels and supply pipeline is almost empty.

The wait for India's textile industry revival has become really long, first due to higher US tariffs and now because of the global supply chain disruption in crude and its derivatives. We expect significant turnaround for the industry once the crude prices normalize and the global supply chain revives. The MoEF issued awaited notification on March 31, 2026, clearing the smoke over the adoption of rPET granules and reaffirming the mandatory recycled plastic usage targets.

This clarity has removed lingering uncertainty and enhanced industry confidence and has provided us with good visibility of demand. Strategically, we have taken decisive steps to strengthen our capacity and product portfolio. We have commissioned a 22,500 tons Brownfield expansion of rPET chips at Warangal, with ramp-up expected by Q2 FY27. We are pleased to share that we are also pursuing another 22,500 tons expansion and de-bottlenecking projects to push the installed capacity to nearly 1 lakh tonnes by FY27. We have also decided to drop the Odisha Greenfield project for now, which was originally intended to take our aggregate installed capacity to 1,32,000 metric tons by FY27-28. However, our Warangal facility alone is set to reach nearly 100,000 tonnes by the end of the current financial year with much lower and more efficient capex.

Alongside building this milestone, we are actively planning for future expansions with a strong focus on enhancing utilization levels and boosting the overall productivity of our operations. On the product side, we are having a strong visibility of demand for rPET granules during FY27, with significant improvement in capacity utilization level of existing as well as enhanced capacities. Our filament yarn has successfully qualified with the leading global textile brand and we expect to steadily improve utilization rate in this segment as well over the next three to six months' time.

This milestone is particularly significant as it demonstrates the acceptance of our sustainable products by global leaders, paving the way for export potential and long-term relationships. At the same time, we remain cautious on the RPSF and spun yarn, where demand has slowed due to geopolitical disruptions and the substantial increase in PET scrap prices. But we are confident that our diversified portfolio and focus on high growth segments of subsidiaries will continue to drive the momentum.

The combination of regulatory clarity, capacity expansion, product qualification with global brands, and rising industry adoption of rPET products has positioned us strongly for FY27 and beyond in achieving sustainable growth targets.

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

Moderator: Thank you. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Meet Gada with Shanghvi Family Office. Please go ahead.

Meet Gada: Thank you so much for the opportunity. First of all, I would like to acknowledge the team for having the prudence to switch from this Greenfield to Brownfield expansion considering the evolving business dynamics. My first question to you is that what kind of supply additions have you witnessed in the rPET capacities and licenses being provided by FSSAI from the start of FY27 and also if you could touch upon the demand scenario on the supply-demand gap, how is that seen by the customers?

Yash Sharma: Thanks. So, see the current FSSAI approved capacity has grown to about 2,80,000 metric tons as of today and there are also pending FSSAI applications as of today to a tune of about 1.5 lakh metric tons as we speak, which also includes our Brownfield expansion as well. As of today, the demand for rPET looks extremely robust and strong as after the mandate has been cleared by the MoEF and again has come out with the final notification, all the global brand owners and national brand owners have shown aggressive interest and we have had good commitments and interest from them to supply rPET to them for the full year of FY27.

Meet Gada: Thank you. My second question would be that how much further Brownfield capacity addition or de-bottlenecking can be done at your Warangal plant and will it be sufficient to offset the 40-45,000-ton impact due to the shift in strategy?

Management: No, so we have already put up the line of 22,500 ton and we are putting another line of 22,500 ton which would be operational by the Q4-27. So, we are adding the 45,000 additional capacity as well making some de-bottlenecking. So, that would be around 10,000 ton. So, total capacity would be around 97,000-ton, 98,000 ton.

Meet Gada: Got it sir, got it. And how has the pet scrap availability been post this war and what kind of extra cost burden do we expect going forward into FY27? So, how does it revise the prices or the realizations of rPET?

- Management:** So, really the demand of pet scrap is really very high at the moment because of the several applications including the rPET. So, that is why the prices of the pet bottle scrap has also increased substantially during the last two months' time. But we are working with our buyers at the cost and the pass-through mechanism in which we are passing through the increase or decrease in raw material of prices to the buyer.
- Meet Gada:** Sir, if you can quantify in terms of what would be the pet scrap prices now and the realizations, we are deriving in rPET?
- Management:** So, currently the rPET price is in the tune of INR 56, INR 55.
- Meet Gada:** Got it sir. Thank you so much for answering my questions. Thank you.
- Moderator:** The next question comes from the line of Dheeraj Ram with 360 One Capital. Please go ahead.
- Dheeraj Ram:** Hi sir. Congratulations for a great set of numbers. So, a few questions from my side. So, first one is what would be the guidance on EBITDA per kg for standalone business and subsidiary business for FY27 and FY28?
- Management:** So, thank you Dheeraj. So, instead of going for the product-wise EBITDA, we are working on the absolute numbers for the year. So, we are looking for EBITDA of about INR 225 to INR 250 crore in this year.
- Dheeraj Ram:** Okay. But any EBITDA per kg, sir, or specific EBITDA per kg for standalone?
- Management:** So, because of the several reasons, we are not working on the product-wise EBITDA.
- Dheeraj Ram:** Okay. Fine. Sir, any CAPEX guidance that you want to say? As per my understanding, you are going to reach almost 90,000 to 1 lakh tons in your rPET by end of FY27. So, what would be the CAPEX for this entirely?
- Management:** So, we have already made the CAPEX for these 22,500 lines which is up and operational and we are waiting for some clearances. And for further capacity addition on the de-bottlenecking of about 36,000 tons, around 150 crore CAPEX will be involved.
- Dheeraj Ram:** Okay. Got it. And these 22,500 tons that got operational, is the FSSAI approval completed or that is going on and might commence in Q1 or Q2 FY27?
- Management:** So, we have already applied for the FSSAI approval and we are expecting it. We will get it by end of next month.
- Dheeraj Ram:** So, FSSAI approval will be completed by next month and then we can expect operational of this plant. Is that right, sir?

- Management:** So, the line is operational. Only thing is the approvals we are waiting for. So, once the approval comes in, the line will be started full-fledged.
- Dheeraj Ram:** Got it. And any CAPEX plans for FY28, sir?
- Management:** So, we are finalizing the CAPEX plan for future beyond this 1 lakh ton capacity and we are sensing these geopolitical situations and the challenges emanated out of the situation. So, we will shortly finalize our extension for the future expansion plan.
- Dheeraj Ram:** Got it. Sir, last question.
- Management:** So, one thing we would like to add is this Odisha plant is only the dropping of the location. The plant has not been dropped all together. So, the plants are intact. We are adding up the capacity in future also. But as of now, we are not going at Odisha.
- Dheeraj Ram:** Got it. Last question, sir. This POI, DTY and DTYN segment, you have said that last quarter you have onboarded a customer, large one. And when can we see offtake starting for them and what is the expected offtake for them?
- Yash Sharma:** So, see, basically, yes, we had onboarded the brand owner by the end of last quarter itself, beginning of this year itself. But due to this whole geopolitical situation, a lot of challenges came in implementing and commercializing. But we have already started the commercialization to a certain extent as of today and we are in the ramp-up stage already, which will take our total utilizations to a good level going forward in the next three months, three to six months.
- Dheeraj Ram:** Okay. So, last question is, your standalone segment guidance, do you still maintain it 9 to 10 percent EBITDA margin or is there any changes to that guidance?
- Management:** So, that guidance, basically, some challenges are there as of now because of this geopolitical tensions and global war-like situation where all the supply chain has been disrupted badly and this polyester sector being completely linked with the crude oil and its derivative prices. So, challenges are there as of now because of the demand as the downstream products are not well-posed to take on the price increase. And they are buying the material; they are just liquidating the inventory. So, the pipeline is completely empty. So, whenever this situation improves and all normalizes, the big demand is certain to come. But as of now, the situation is something not very, very optimistic.
- Dheeraj Ram:** Okay. Got it. Fine, sir. Thank you and that's all my questions. All the best for future results.
- Moderator:** Thank you. The next question comes from the line of Saransh Gupta from SVAN Investments. Please go ahead.
- Saransh Gupta:** Congratulations on a very good set of results, sir. Sir, to the earlier participant, you said that the pipeline is empty and there is liquidation of inventory going on. So, I just wanted to understand

with the intimation coming in by MoEF regarding the percentage of recyclable, it still sustains, right? So, how are we...

Management: So, there are two things The question was about our legacy business. It is called the polystyrene staple fiber business. It is not called the rPET business.

Saransh Gupta: I am trying to understand for the rPET business, like the intimation still sustains that the companies have to be 40% recyclable. So, with 280 tons of demand coming in, 280 tons of capacity coming in. So, how do we see the demand going ahead? And like, how are the things panning out from the customer end? Like, are they shifting? Have we seen incremental orders or inquiries for the same?

Yash Sharma: So, yes, you are absolutely right. Because of the mandate now again reinstated by the MoEF, there is a very high demand in the rPET segment as of today. As of today, we are running at full utilizations of our plant possible, full productivity of the plant possible. And we have increasing interest from the number of players, as well as the volumes are growing in the rPET segment for sure. So, the rPET currently as of today, we are seeing a very, very good demand across the industry.

Saransh Gupta: And sir, how is the demand supply situation across the industry? Like, are we at undersupply?

Yash Sharma: Yes, if you talk about the current situation, definitely we are at an undersupply. Because the industry, if you look at the mandate of 40%, which is being shared for this year, the demand for rPET will be somewhere close to about four and a half to five lakh tons against the current supply of about 2.5 to 2.8 lakh tons. So, definitely there is currently a supply-demand gap and the supplies are lower. But the whole industry is ramping up the supply slowly to cater to the demand.

Saransh Gupta: Is there any ballpark idea? Like, where will we be at post two years from now in the supply position? Like, how many capacities are coming up?

Yash Sharma: So, as I earlier told also, currently the approved capacity is about 2.8 lakh metric tons from FSSAI and already 1.6 lakh metric tons of applications are already pending with FSSAI. And in the two years' time, I think we will be able to reach a capacity of about 7 to 7.5 lakh tons overall as an industry.

Saransh Gupta: And so, will the demand for rPET increase going ahead with the mandate increase?

Yash Sharma: Yes.

Management: So, yes, the target is in an improving manner. So, currently it is 40% and will reach up to 60%. So, the demand is also expected to be around 9 lakh to 10 lakh tons.

Saransh Gupta: So, this last thing, like, it will be fair to assume that the current rPET prices that are prevailing in the industry, that is the peak.

- Yash Sharma:** So, see, it is difficult to say basically how rPET prices work is based on the price of the raw material. So, whatever bale prices come to, there is a, you know, accordingly the rPET prices work out. So, it works in tandem with the bale prices.
- Saransh Gupta:** Understood, sir. Thank you so much and all the best. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, in order to ensure that the management is able to answer questions from all participants, please limit your questions to two per participant. The next question comes from the line of Ishan from JM Financial. Please go ahead.
- Ishan:** I understand, sir, the uncertainty and the supply demand gap right now, but can you please give a specific guidance, if you can, for the FY26, FY27 or FY28, how will the EBITDA margins be or how will the bottom line and the top line grow?
- Management:** So, giving any specific number is not possible at this volatile time where the prices are fluctuating like anything. But for the long term, we are set to get the top line growth of 20% plus on CAGR basis.
- Ishan:** Okay. And as the capacity utilizes, the margins are also going to expand, right?
- Management:** Yes.
- Ishan:** Got it. And talking about, sir, the Warangal capacity, as you added in that the Q4 should be 70 to 80% utilization. Was it 70 to 80% or what was the number of utilizations of your Warangal?
- Management:** So, overall, it was 67% at Warangal facilities, but in case of rPET, it was about 85%.
- Ishan:** Okay. Got it, sir. Thank you so much, sir.
- Moderator:** The next question comes from the line of Darshika Khemka with AV FinCorp. Please go ahead.
- Darshika Khemka:** Hi, thank you for the opportunity, sir. I had a major question around the yarn segment. Firstly, what is the price of the raw material currently? As far as I remember, earlier you were mentioning that scrap bottle prices used to be in the range of 45 per kg. As mentioned in the presentation, you have said that it has increased. What is the quantum of this increase and what is the trend going ahead? And secondly, what would be the impact on the financials of the company going ahead, both in terms of the revenue and the margins and the overall industry situation on the demand shortage?
- Management:** So, you are right. Currently, the scrap bottle prices have increased. As I told earlier also, it is in the range of 55-56 per kg as of now. Though that range is now stabilized, prices are ruling around that level. And so, in our rPET business, we are able to pass on this increase to the buyer. So, it will not impact the margins. But certainly, it will have some impact on our legacy business. But going forward, we are able to manage the things and we are expecting that we will be delivering a good set of numbers despite this increase in the prices.

- Darshika Khemka:** Okay. And do we expect any impact on the revenue considering the demand situation?
- Management:** Yes. So, the impact will be revenue because the prices are very volatile and very fluctuating. So, the revenue numbers are also fluctuating accordingly.
- Darshika Khemka:** Would you be able to give us probably quantify a number around this? Like an indicative range would also be helpful.
- Management:** So, yes. It is different for our different products. Like it is fiber, it is in the range of INR 90 to INR 100. In the case of rPET, it is around INR 150 to INR 120 as of now. And in case of the yarn, it is around INR 150 to INR 160.
- Management:** But it is fluctuating.
- Darshika Khemka:** Alright. So, can we expect like a 10% negative impact on the yarn segment revenues?
- Management:** It depends on how long this global disruption lasts, So, it depends on all because the textile sector is hit by this disruption very badly, particularly in case of India.
- Darshika Khemka:** Alright. That's it from me. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Dolly Choudhary with Niveshaay. Please go ahead.
- Dolly Choudhary:** Hello. Hi. So, thank you for the opportunity. I just had one question just to follow up on a previous participant's question. So, it is regarding CAPEX only. So, we just mentioned that we are planning for the future CAPEX plans. But I want to know like directionally. So, you also mentioned that maybe two years down the line, the demand supply may match in the industry as new capacities will come. So, if we are planning for CAPEX for after maybe financially 2028-2029. So, will it be in the same rPET sector or maybe we are planning for a new ancillary products going down the line because maybe the margins will also not stay competitive when the competition will come. So, I wanted to get your view on that.
- Management:** Sorry. Could you repeat the question?
- Dolly Choudhary:** So, I was just taking a follow up on a previous participant's CAPEX plans of our company. So, maybe this year we are coming with Brownfield expansion that you just mentioned. But maybe two years down the line when demand supply may match in the industry as mandate is already out and maybe it will like we directionally move in the same product segments only going forward we are planning for some new product segment also as new capacities will come in this space.
- Yash Sharma:** Sure. So, see I think as of today at least for the next four to five years it will take for the rPET industry to grow and settle down at its pace because you see in India the consumption of beverages and the consumption of PET is also growing at a very-very good rate. And as the

consumption and as the usage of PET grows the demand for rPET is also going to grow also along with the increasing percentage of compliance levels. So, I think that going forward I mean at least for the next three to five years I think the rPET is going to take to reach the level that it stabilizes the industry really stabilizes that. Also, what is happening is that rPET currently the good quality or the high-quality suppliers who are able to sustain the operations at a good level are also very-very few not everyone is able to do that which really differentiates us from the other suppliers in terms of consistency quality and everything. So, I think we are in a very good position given current scenario in the overall rPET industry development. As of looking at the other products definitely I think we are also currently trying to work out on the different other different products as well which will become the growth engine for the company in the future.

- Dolly Choudhary:** Okay, so that but the new segments will get clarity more maybe going forward.
- Management:** Right, yes.
- Dolly Choudhary:** Okay, that will be all sir. Thank you.
- Moderator:** Thank you. The next question comes from the line of Naheem Patel with Bastion Research. Please go ahead.
- Naheem Patel:** Hi, thank you for this opportunity. So, I had a question regarding CAPEX itself. So, the first was around like considering we have a temporarily dropped Odisha project. Have we considered a setting up plants in states where there are you know GST incentives or any such thought process in the pipeline?
- Management:** So, basically you see the Odisha project was a Greenfield project and it will take one and a half to two years' time in installing and get it operational. So, instead we gone for this Brownfield expansion of Warangal plant where we are able to ramp up the capacity partially with much lower CAPEX. So, we will certainly go for the other locations and plants we are discussing internally. We are also watching the geopolitical situation as we are working with our supplier for the suitable location. So, we will finalize the same.
- Naheem Patel:** And just to clarify like I am talking about in the longer term as you have said in the previous participant question as well that our pet industry will take couple of five to six years to normalize. So, do you see that you know what in longer term recycling plants have to set up their facility next to packaging companies or brands? Like have we ourselves considered doing some form of JV with the bottle plants? Is there anything?
- Management:** So, we are working on several permutations and combinations including the JV and putting the plant near to our market. So, we are working on various alternatives.
- Naheem Patel:** Understood. Okay. Yes, that's all from my side. Thank you.
- Moderator:** The next question comes from the line of Ankur Gulati with Genuity Capital. Please go ahead.

- Ankur Gulati:** Sir, in Q4 for rPET your average realization as per disclose number is 103 rupees per kg. Is that correct?
- Management:** Yes, it's correct.
- Ankur Gulati:** And your EBITDA per kg is roughly INR 19.80 paisa. I just want to confirm the numbers.
- Management:** Sir, your voice is very low. Can you please come down?
- Ankur Gulati:** Your EBITDA per kg is INR 19.80 paisa for Q4 recycled pet. Is that correct? Okay.
- Management:** Yes, for the subsidiary business it is correct for subsidiary business. Okay.
- Ankur Gulati:** Yes, perfect. Can you give me the exact capacity for recycled which was active in Q4 for rPET business? The capacity which we can sell to external parties, not the backward integration tonnage but end product capacity.
- Management:** Yes. So, for end product capacity in which segment you are asking? We are having three segments. We are having the yarn, we are adding the fiber, we are adding the rPET.
- Ankur Gulati:** rPET, sir.
- Management:** rPET. So, currently we are having the capacity of 64,500 out of 42,000 ton is up and operational. 22,500 is waiting for the approval from FSSAI. And we are adding further capacity and capacity of around 36,000 tons with debottlenecking as well as the new lines. So, it would be around 100,000 tons by the end of this year and this is entirely for the outside field.
- Ankur Gulati:** Sir, sorry, just one clarification, maybe I do not know the details. But if your rPET is 45,000, then the subsidiary sales were 15,900. So, what else gets classified in the subsidiary tonnage?
- Management:** It is the installed capacity and the actual capacity pricing was much lower because of the disruptions over the and the opaqueness of the regulations and all those things. So, we could not sell the much quantum in the first three quarters.
- Ankur Gulati:** No, sir. 45,000 is annual capacity in one quarter. This quarter we did 16,000 roughly, which means annual.
- Management:** Sorry, I am sorry. There are other products also. There is fiber, there is yarn, other products also. So, we sold the roughly 11,000 tons of the rPET.
- Ankur Gulati:** And can you give me the other fiber and other two, other third product also? It is not 16,000. Sir, 16,000 tons is your--
- Management:** In last quarter, we did a good sale of even a stock also. We released the stock in last quarter for rPET.

Management: Yes, that is correct. But our overall sale was, yes, 45,000 tons.

Ankur Gulati: Yes, sir.

Management: 45,000 tons. So, including the 16,000 tons for our subsidiary businesses, which includes the yarn, fiber and rPET.

Ankur Gulati: Sir, in the 15,900 subsidiaries, can you give a split of rPET, fiber and yarn in tons? You said 11,000 is rPET, fiber and yarn.

Management: Yes, 11,000, to be very precise, it was about 11,500 and rest is the fiber and yarn.

Ankur Gulati: Fair enough. And there was a little spillover in the last quarter. So, in the study state, how much will be the sale in one quarter, including these three? Tonnage wise

Management: Sir, one more line is going to start. So, that will also come in the next quarter.

Ankur Gulati: It is coming at the end of Q2, 22,500.

Management: It will happen in Q2. We are expecting that we will get the approval by the end of this next month. June

Ankur Gulati: Sir, can you tell us how much spillover was there in this quarter from the last quarter? Will you have this number in tons?

Management: Yes, we produce about 8,500 tons.

Ankur Gulati: Extra, right? Okay. Can you give an assumption of the underlying tonnage of the INR 250 crores to INR 250 crore EBITDA guidance for standalone business and subsidiaries?

Management: So, basically, it is not possible for us to give the product-wise tonnage. But overall, it would be around 150,000 tons.

Ankur Gulati: 150 of which, sir?

Management: 150,000 tons total.

Ankur Gulati: Both standalone and subsidiaries?

Management: Yes, sir.

Ankur Gulati: Sir, can you help us a bit? This quarter, we produced 45,000 tons and you are talking about 150. That means the quarterly run rate will decrease, right?

Management: This quarter, we produced 45,000 tons.

- Management:** Yes. It is around 180,000 to 200,000 tons. It is around 200,000 tons.
- Ankur Gulati:** It will be a 10% sale. The standalone business is going to remain flattish. So, the growth of INR 20,000, is it expected to come in the subsidiary?
- Management:** Yes, it will come in the subsidiary.
- Ankur Gulati:** Okay. So, this year, you sold 47,000 in the subsidiary, which means in FY27, you are expecting to sell around 65,000 to 70,000 tons.
- Management:** No, it will increase. Sir, I am talking about 180,000 to 200,000 tons. The standalone run rate is 100,000 tons. It is almost 100,000 to 105,000 tons.
- Ankur Gulati:** Okay. So, in the subsidiary, you are expecting to sell around 80,000 to 1,00,000 tons.
- Management:** Yes.
- Ankur Gulati:** And this is for FY27. Correct?
- Management:** Correct.
- Ankur Gulati:** Okay, thank you.
- Moderator:** Thank you. The next question comes from the line of Chirag Jain, with Spark Capital. Please go ahead.
- Chirag Jain:** Hello. Thanks for the opportunity, and congrats on good results. My first question is despite reaching around 85% utilization in the subsidiary, 67% in the financial margins, and 19%-20% for 4Q, it hasn't reached the 24% level that we used to clock in FY25.
- Management:** Sir, your voice is not clear.
- Chirag Jain:** Okay. I will repeat my question. So, I was asking, our utilization level in subsidiary is 67% for 4Q FY26. Right?
- Management:** Right.
- Chirag Jain:** And our margins are 19%-20%. And if I look back, it was 24% level that we used to clock in FY25. Is this the new normal 20% or there is scope for expansion?
- Management:** So, earlier it was 25%-26% but the volume was very low at that time. And so, it has come down.
- Chirag Jain:** Okay. So, volume has come down. So, I was asking if 19%-20% is a sustainable margin. There is no expansion from here on
- Management:** Yes, we hope so. We hope so, sir.

- Chirag Jain:** So, stand-alone utilization level will go down like, sir, you just said. And so, margins will also be getting down for next 1-2 quarters?
- Management:** No. So, utilization level will go up. It is not going down. We have said it will go up. Yes. Standalone, it is almost 100% level.
- Chirag Jain:** Okay.
- Management:** But there may be some downtrend because of the current situation. But long-term, we would be doing it 100%.
- Chirag Jain:** Okay. And margins will also get impacted for next few quarters because of whatever is happening.
- Management:** Yes, for stand-alone business, yes.
- Chirag Jain:** Okay. Thank you so much. That was my question.
- Moderator:** Thank you. The next question comes from the line of Parth Agarwal with Bastian Research. Please go ahead.
- Parth Agarwal:** Hi. Thank you for the opportunity. I have just a couple of questions. One was considering that our rPT prices would be much cheaper than virgin PET. Is that understanding, correct?
- Yash Sharma:** Yes. So, currently, if you look at the rPET prices are slightly lower than the virgin PET prices. Correct?
- Parth Agarwal:** Got it. And this is after accounting for the price increase of PET scrap which is at Rs.
- Management:** Right?
- Parth Agarwal:** Right. Okay. So, considering that we have done like INR 19-20 per kg EBITDA in the subsidiary business, and considering we are already running at almost full utilization in the rPT chips business, what is the kind of EBITDA per kg we are looking at right now?
- Management:** So, it is a blended EBITDA. We are looking for to maintain the EBITDA. It is a blended EBITDA for our subsidiary business. And we are looking for to maintain the same, yes.
- Parth Agarwal:** So, last year, same quarter, last year we were at like INR 28 per kg. So, is that the number which does not look achievable right now?
- Management:** Yes. It's that since the margins have come down.
- Parth Agarwal:** Got it. Okay. And secondly, just a last question. So, considering our Brownfield expansion that we are doing in FY27 and existing capacity, what is the peak revenue potential that we can achieve from our current capacity, assuming that we are running at optimal utilization?

- Management:** So, with the total plant capacity at Warangal, we are looking for a top line of about INR 2300-2500 crore.
- Parth Agarwal:** Okay. Got it. That's all. Thank you so much.
- Moderator:** The next question comes from the line of Bharat Gulati with Dalal & Broacha stockbroking. Please go ahead.
- Bharat Gulati:** Yes. Hi. Thank you for the opportunity. I just had a question. Understanding, I couldn't understand when you say that capacities after this 22,500 expansion will go to 100,000. The math sits at 87,000. So, can the 13,000 delta be explained? I am just not able to understand that.
- Management:** So, we are making some de-bottlenecking at the plant to where some additional capacity is being choked. So, that capacity will be released. About 10,000 tons capacity will be released.
- Bharat Gulati:** So, sir, wouldn't it be fair to say that 42,000, only 32,000 is currently utilizable? Is that what you are trying to say?
- Management:** Yes.
- Bharat Gulati:** Okay. Got that. And just trying to understand the gross margins for the subsidiary, that's taken a sharp hit year on year. Do we see a new base for the gross margins or can we see that recovery of 45% coming back in terms of subsidiary gross margins?
- Management:** So, subsidiary gross margins basically depend on the raw material prices and the sale prices. Basically, it is a completely pass-through mechanism as of now. But in the last year, it was disrupted. Most of the time, it was a spot sale. So, that's why it was higher.
- Bharat Gulati:** So, just trying to understand, should we consider this as the new base for FY27 or should this revive back to the 45% gross margin levels?
- Management:** Yes.
- Yash Sharma:** I think the right way to look at it is not from the gross margin but rather the EBITDA levels. So, how our business is structured is that across both textiles as well as packaging, our gross EBITDAs, the conversions are basically how it operates in. So, the gross margins might change depending on the price levels of the feedstock and the finished product. But the conversions or the EBITDAs are what stays more consistent. So, it's the right way to look at it from the EBITDA point of view.
- Bharat Gulati:** Let me put it in that way then. Should this be the new base for EBITDA or for FY27 and from here we should see a sequential uptick or should the YOY numbers start to come or should the FY25 kind of EBITDA start to show back in our numbers?
- Management:** So, we are looking for the EBITDA which we earned in the Q4.

Bharat Gulati: So, just to understand, should we see an uptick in it sequentially or should this be the base for FY27?

Yash Sharma: So, in terms of absolute numbers, obviously there will be uptick as more capacity comes online and the utilization improves. That should be very similar.

Bharat Gulati: Got it. And just in terms of cash flows, we've generated about 120 OCF to EBITDA, 120%. Should this kind of cash flow conversion continue and what has caused this huge cash flow improvement in terms of conversion?

Management: So, we are trying to manage our working capital operations very efficiently. So, our target is to get at least 70-80% of the EBITDA to convert into cash flow. This year, we got some release of our subsidies so this cash flow is better. But going forward also, we are looking for 70-80% conversion of EBITDA into cash flow.

Bharat Gulati: Okay. That's very helpful, sir. Thank you. That's all from my side.

Moderator: Thank you. The next question comes from the line of Harsh Saraswat with Srujan Alpha Capital. Please go ahead.

Harsh Saraswat: I wanted to ask if you could establish what was the situation without EPR norms and what it will be after EPR has been implemented? Asking from a long-term perspective of 2-3 years at least. Because I can understand the short-term volatility in the prices and everything. But what would be the long-term play here?

Yash Sharma: So, see, last year basically what had happened, although the regulation was there, but last year in June, basically, the government had come out with a draft notification that they would be delaying or basically giving carry-forward of the current year's mandate to the future years. So, because of that what had happened was that last year you can say it was as good as new mandate being there and the consumers, the brand owners had started delaying the usage of the rPET content because of which our expired contracts did not renew and the offtake of the rPET took a major hit. But since this year starting itself again, the clarity has started coming in, the brand owners had started off taking the material from the year beginning itself and since after in March end when the regulatory clarity again came through, we are seeing a very good increase in the demand going forward and I think we'll be able to utilize our full capacities going forward with good set of numbers for our rPET business.

Harsh Saraswat: So, overall, the sentiment would have changed positively in a much larger way now, right?

Yash Sharma: Yes, absolutely. That's why we were able to have a very good sale numbers in the first quarter as well.

Harsh Saraswat: Also, could you quantify the current Virgin Pet versus rPET spread and how was it in March and has it declined after that or is it at the same prices or it has gone up? What is it?

- Yash Sharma:** So, in fact, today because of the geopolitical conditions the Virgin prices are slightly higher than the rPET prices. So, today the spread which used to be earlier at around plus 10 between 10 to 12, 15 between rPET and VPET, today it's about (-5) between rPET and VPET.
- Harsh Saraswat:** Okay, and can you quantify per kg if it is possible?
- Yash Sharma:** Yes, per kg. So, basically the Virgin prices today are in the range of 125 to 130 whereas the rPET prices are in the range of 118 to 125.
- Harsh Saraswat:** Okay. Got it. And on the demand side, so brand offtake has started. There is no issues in that from that part, right?
- Yash Sharma:** Correct.
- Harsh Saraswat:** Okay. So, overall, I think the industry is looking up for next 2-3 years where your demand will definitely outpace the supply. That is what I am trying to watch.
- Yash Sharma:** Correct. Absolutely. We think so that will happen.
- Harsh Saraswat:** Okay. Thank you so much and all the best for the future.
- Moderator:** Thank you. The next question comes from the line of Yash Anand. Please go ahead.
- Yash Anand:** Yes. Congratulations on a good set of numbers, sir. So, my question was at peak utilization what asset turns do you expect in rPET granules? And secondly, ROE and ROC range should investors underwrite for the rPET CAPEX once stabilized? What should be the ROE and ROC range should investors underwrite for the rPET CAPEX once it is stabilized?
- Management:** So, the asset turn is about to 1.35x of the CAPEX. And overall Warangal business we are looking on long term we are looking for the ROC about 17-18%.
- Yash Anand:** Okay. And this is this will be higher when the MoEF regulation that is now 30-40% will scale up to 50-60%, right?
- Management:** No. It will not depend on the regulation quantum targets but it will depend on our capacities and the utilization of the capacities.
- Yash Anand:** Okay. So, going forward for this meeting this demand front you will be expanding your capacity and the asset turn on that would be, sir, if you can give any idea?
- Management:** So, the asset turn is in the range of 1.25x to 1.35x, 1.40x.
- Yash Anand:** Okay. Thank you so much.
- Moderator:** The next question comes from the line of Kunal Bhatia with Dalal & Brochure Stock Broking Limited. Please go ahead.

- Kunal Bhatia:** Yes. Hi, sir. Thanks for the opportunity and congrats on a good set of numbers. So, most of my questions have been answered. Just wanted to know in considering the current demand and supply mismatch, especially in case of the rPET business for the next year considering that few capacities ramp up would come in what is the maximum kind of volume we could achieve for FY27?
- Management:** So, as we have mentioned earlier, the total volume would be in the range of 180,000-200,000 tons.
- Yash Sharma:** The total volume we are looking at for the next year for the current year will be between 180,000-200,000 metric tons of total volume. The rPET capacity would be about 100,000 metric tons and we expect that we will be able to achieve somewhere around 85,000 tons of volume for this year.
- Management:** Not for this year because the capacity will come for next year.
- Kunal Bhatia:** I was just trying to understand what would be the best-case scenario in terms of the volume that could be we could deliver for FY27 considering the demand-supply mismatch in the industry perse
- Management:** As we have given, it is 180,000 tons-200,000 tons. It is the range in which we will deliver the quantity this year overall.
- Kunal Bhatia:** Okay. Fine, sir. Thank you.
- Moderator:** Thank you. The next question comes from the line of Chaitanya Gadia with ANG Group. Please go ahead.
- Chaitanya Gadia:** So, my question is that the future capacities that are coming, do you enter into a pre-capacity tie-up with the customers and if yes, then at some pre-agreed prices or some pre-agreed commercials?
- Management:** Sorry. Could you repeat?
- Chaitanya Gadia:** The new capacities that are coming up, which will come online this year, do we go for pre-booking of capacities with the clients on some commercial arrangements?
- Management:** So, not like pre-booking. So, how it happens is that as the new capacities come online, we get the approvals from the brand owners and then the utilization starts right away. So, yes, we have ongoing discussions with a lot of customers to ramp up the supply of the products to them for the year.
- Chaitanya Gadia:** Okay. Got it. And one last question. The legacy business of ours, do you think it's going to eat up some margins of ours and cash flows from the rPET business as a whole?

- Management:** Yes. On short-term basis, there might be some impact, but on the long-term, it will not be eating up the profits of our overall business. So, considering this, we have given the guidance of over INR 225 to INR 250 crores EBITDA for this year.
- Chaitanya Gadia:** Okay. Thank you.
- Moderator:** Thank you. The next question comes from the line of Vibhor Talreja with Nest Amplifier. Please go ahead.
- Vibhor Talreja:** Hi. Thank you for the opportunity. Sir, the rPET business benefit of margins because of this inverted spread would only be visible for 10, 15, 20 days or maximum a month in the March numbers. And this would have only increased. So, while we have done INR 50 crores – INR 52 crores EBITDA, the Q1 EBITDA should be significantly more given the spread is now significantly more in favor of rPET. Is that the right way to think of it?
- Yash Sharma:** So, see, not really. How it works is that our rPET pricing depends on the bale prices. And how we work with our customers is that we have an understanding of supplying the rPET volume and the price with the bale prices, with the bale price conversion cost. So, it is kind of not dependent on the virgin price. Yes, what happens, what does happen is that when the virgin prices stay at the higher side, the overall demand is slightly higher, but it doesn't impact much on the price of the rPET, really.
- Vibhor Talreja:** Okay. That's clear. And the second question is more on the RPSF side, where the pricing is at a discount to the virgin PSF. Even there, again, given that the PSF has increased so much, there should be a volume push for our RPSF side, or am I missing something because I heard that the 100% capitalization standalone may not remain the same, and there may be margin pressure on that business.
- Management:** Yes, currently there is a pressure on the prices because of the increase in the feedstock prices, and the textile industry is not in a position to absorb the cost because of the demand is lower in downstream products.
- Vibhor Talreja:** Understood, sir. But the increase in price of PSF vis-a-vis RPSF must be even higher, right?
- Management:** Yes, the prices have increased. The prices have increased of RPSF also in tandem with the virgin PSS. But industry is not in a position to absorb the price hike. And so the demand has come down.
- Vibhor Talreja:** Demand expectation, I understand, but the margin should not be a pressure in RPSF, right? Because our raw material pricing has only increased 20%.
- Management:** Yes, but if the demand shrinks and we have to curtail down our production to some extent, so it affects the ultimately bottom line.
- Vibhor Talreja:** That's very fair. Thank you so much. Thank you.

- Moderator:** The next question comes from the line of Deepak Ajmera with IGE India. Please go ahead.
- Deepak Ajmera:** Hello. With increase in the virgin pet price, are we in a position to increase our conversion margin going forward?
- Yash Sharma:** So it doesn't work really. It doesn't really work like that, sir. It works on a very long-term understanding with the customers. So, we have been working on a very similar understanding for a long time. So, it really works like that. And see the virgin fluctuation, whether it is up or whether it is down, it keeps on changing throughout the year. We cannot really bet on what the crude oil prices are going to be one month or 15 days or 2-3 months down the line. What we work on is very ethical and a transparent mechanism for the rPET linked to its raw material rather than the crude.
- Deepak Ajmera:** And because of the policy push now on the demand side the earlier off-tick was not there. And now you have a good visibility of off-tick. So why we are cancelling that Odisha project when you see the demand visibility is there?
- Yash Sharma:** Basically, the demand visibility is definitely there. We are basically now wanting to change our expansion plans more strategically to a more strategic location than Odisha. So we will be finalizing our expansion plans going forward as these whole geopolitical tensions calm down and we get more better clarity from our customers as to the strategic location of the expansion should be. And we are now currently going forward because any new Greenfield project, the capacity actually comes alive one and a half two years down the line and not immediately. So that was the reason that we shifted it to Brownfield expansion so that we could get our capacities live much more faster.
- Deepak Ajmera:** Apart from Brownfield, anything have you planned for the faster capacity expansion from Brownfield as a limitation only?
- Yash Sharma:** Yes, we are already currently right now in the discussions of finalizing our future expansion plans.
- Management:** I think he is asking for the Brownfield. So, Brownfield we have already planned and as we are told we are going to increase the capacity by about 97,000 to 100,000 tons by the end of this year.
- Deepak Ajmera:** Yes. My question was on the Greenfield beyond Brownfield because that has a limitation. You can't expand beyond certain capacity on Brownfield.
- Management:** Yes, so definitely for Greenfield project, it takes much longer time for establishing the unit and operationalize the plant.
- Deepak Ajmera:** Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Management: Thank you. As we conclude today's discussion, we want to thank each of you for your continued trust. Despite challenges in the macro environment, we have delivered resilient performance and positioned ourselves for sustainable growth. On behalf of the entire leadership, we extend our gratitude for your engagement and support. Together we look forward to building an even stronger and sustainable future. Thank you. Thank you once again.

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

Note:

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2. Any of the statements made herein may be construed as opinions only and as of the date. We expressly disclaim any obligation or undertaking to release any update or revision to any of the views contained herein to reflect any changes in our expectations with regard to any change in events, conditions or circumstances on which any of these opinions might have been based upon.
3. It is also confirmed that no unpublished price sensitive information was discussed during the call.