



# GANESHA ECOSPHERE LIMITED

GESL/2025-26/

November 19, 2025

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Scrip Symbol: GANECOS

**Sub: Transcript of Q2 & 1H FY2026 Earnings Conference Call held on November 12, 2025.**

Dear Sir/ Ma'am,

Please find enclosed herewith transcript of Q2 1H FY2026 Post results Earnings conference call held on November 12, 2025, pertaining to Company's Unaudited Standalone & Consolidated Financial Results for the quarter and half year ended September 30, 2025.

Please take the above on record and oblige.

Thanking you,

Yours faithfully,  
**For Ganesha Ecosphere Limited**

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

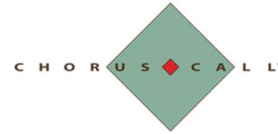
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Ganesh EcoSphere Limited

Q2 & 1H FY26 Post Results Conference Call

November 12, 2025



**MANAGEMENT:** **MR. GOPAL AGARWAL – CHIEF FINANCIAL OFFICER -  
GANESHA ECOSPHERE LIMITED**  
**MR. PRASHANT KHANDELWAL – SENIOR VICE  
PRESIDENT – GANESHA ECOSPHERE LIMITED**  
**MR. YASH SHARMA – DIRECTOR – GANESHA ECOPET  
PRIVATE LIMITED**

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

**Moderator:** Ladies and gentlemen, good day, and welcome to the Ganesha Ecosphere Limited Q2 and 1H FY '26 Post Results Conference Call. As a reminder, all the 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Mahawar. Thank you, and over to you.

**Manish Mahawar:** Thank you, operator. Good afternoon, everyone. I'm 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; and Mr. Yash Sharma, Director, Ganesha Ecopet. Without further ado, I would like to hand over the call to Mr. Gopal Agarwal for opening comments, post which we'll open the floor for Q&A. Thank you, and over to Gopal Ji.

**Gopal Agarwal:** Yes. Thank you, Manish, and thank you to the audience. Mr. Yash will deliver the opening remarks.

**Yash Sharma:** Good Afternoon everyone and thank you for the introduction, Manish. A warm welcome to all the participants to our Q2FY26 earnings call.

The second quarter of FY26 continued to be a challenging period for us. Despite our best efforts and strong sales performance, the quarter concluded overall on an adverse note, with EBITDA margins compressed to 6.1% and net profits turning slightly negative.

The first quarter of FY26 was characterized by a very high volatility in raw material prices, with very sharp fluctuations happening over a brief span. The Prices surged from ₹43-45 per kg to around ₹55-56, before retreating very sharply back to ₹43-44 levels between March and June 2025. Due to this elevated procurement costs during this March–May period, our average carrying cost of raw materials stood at approximately ₹50 per kg by the end of the June quarter, while the prevailing market prices had declined to ₹44–45 per kg. Given our typical inventory levels which we maintain of around 19,000- 20,000 metric tons, this cost mismatch led to a significantly higher consumption costs, which resulted in compressed gross margins during the quarter. The elevated inventory costs adversely impacted the gross margins across both our legacy as well as subsidiary businesses since the raw material is the same for both the businesses, which is post-consumer PET waste.

Additionally, the MOEF issued a draft notification on 3rd of June in 2025 which proposed a relaxation for the usage of recycled materials. According to the draft, any shortfall in meeting the requirements of mandatory recycled plastic usage during the year could be offset over the following three years. This draft notification is yet to be finalized after incorporating all the stakeholders' opinions but basis this draft notification, the F&B industry players, barring a few, either reduced or postponed their purchases of recycled material.

This impacted our deliveries of rPET granules and we could deliver only 70% of our production made during the quarter. The resulting under-deliveries led to elevated inventory levels and a notable decline in profitability.

The average selling prices have also dropped by about 4% across the businesses contributing further to lower margins.

These factors significantly affected our performance during the first half of FY26. However, some long-term directions are also emerging alongside.

Our legacy business, which had seen a very dismal performance over the last couple of quarters, is now almost back on track with strong order flows and rising demand for both rPSF as well as Yarn segments. Notably, despite initial concerns about the impact of U.S. tariff on the textile industry, the PSF market has remained resilient, supported by firm prices, robust delta, and steady demand. Additionally, the rationalization of the GST rate structure across the textile value chain has contributed to revival in the industry- demand. Backed by firm sale prices and healthy order inflows, we anticipate an improvement in EBITDA margins to the 7–9% range during the December and March quarters in our legacy business.

In the B2B segment, sales and deliveries are expected to remain below expectations in the December quarter as well, pending release of the final MOEF notification. Additionally, bottling plants are also operating at reduced capacities right now, due to the typical seasonal slowdown in beverage demand during the last quarter of the calendar year. This combination is likely to result in further moderation of the offtake.

However, based on our recent industry interactions and government interactions, we anticipate a recovery in demand and deliveries beginning January 2026, as the uncertainty surrounding the draft notification is confined to the current year only. Furthermore, the regulatory mandate to increase the recycled content usage for the next year combined with the FY26 shortfall, will significantly add to compliance requirements. As a result, it has become untenable for the industry to continue deferring mandatory consumption.

In response, we have begun receiving customer commitments for recycled PET deliveries starting January 2026, enabling us to optimize capacity utilization from the last quarter onwards. Our brownfield expansion at Warangal is on track to be operational by end-March 2026, adding an additional 22,500 metric tons per annum of rPET capacity though there may be some delays in the greenfield expansions

While the financial performance in the first half of FY26 fell short of our expectations and the inherent potential of our business, the core fundamentals still remain strong. We believe that the worst is behind us, supported by the revival of our legacy operations and the long-awaited emergence of demand in the B2B segment, which is now slowly materializing as anticipated—although with a delay of nearly nine months.

With improving demand, regulatory support, and operational discipline, we believe that we are well-positioned to deliver a stronger performance going ahead, specifically from March quarter onwards.

Once again, thank you everyone for joining us today and now we're ready to dive into your thoughts.

We may now open the line for any questions.

**Moderator:** Thank you very much. The first question comes from the line of Prakash Kapadia from Kapadia Finance Services. Please go ahead.

**Prakash Kapadia:** We've seen a sequential decline in sales and profitability in stand-alone as well as the subsidiary businesses. In Q1, we were fairly confident of surpassing FY '25 financials. So this has come as a shock. So what has changed so suddenly? And what are we doing to bring predictability to our business?

Shouldn't we had communicated this to investors in a better manner saying this is the kind of volatility we are seeing or this is the government notification. So how do we plan or look at the business as investors or potential investors? How do we get a sense of now what is going to happen from here on?

**Gopal Agarwal:** Thank you, Prakash Ji. The main reason for the dismal performance of the Q2 was because of the inventory losses and -- as well as the deferring of the notifications because of which we could not deliver the quantities which we are anticipating in the market especially on the B2B segment. So the margins were affected. And -- but given the developments in the market and especially the regulation is intact and this notification impact is limited only to this current year only.

It is not going beyond this current year. And from next year onwards, the mandatory use will increase to 40% from 30%. So the good demand is visible, and we are also getting the commitment from the buyers from January onwards lately. So we are looking that the scenario is now more clear from January onwards.

**Prakash Kapadia:** Right. I get from this base, you alluded worst could be over and things could improve. I understand that. But from Q1 to Q2, at least, you should have given some sense of this kind of volatility or government changes or the global scenario that will just help the cost to investors because bad news and such a bad scenario where we are from a profit of a high base and we are a loss-making company today doesn't showcase good governance and predictability to our business.

So that's my only mismatch because till Q1, we were very confident of surpassing FY '25 financials. So in that context, this kind of a scenario would not go well with investors. So maybe as we move towards the quarter and as the government MOEF notification comes, maybe now communicating that or telling investors about what could go and what direction could be heading on the positive side would be appreciated. That is all I have to say.

**Yash Sharma:** Yes, absolutely, sir, you are absolutely right on your part. So like what happened this time was like it was a double whammy effect that really happened on the overall financials of us. So the regulatory part was overall very much a shock for us also because it was expected based on the discussions that the regulatory notification would get sorted because the notification had come out in June, and they had given a period of 60 days to issue the final notification. The 60 days period ended in August, first week itself.

And so it was expected that in August, anyways, the regulation should have been done finally, but it was just getting delayed. So even we did not expect that this kind of huge delay of about 4 to 5 months would happen from the government side and -- which led to even like a lot of miss or I would say, a shock for us also on the B2B side.

On the inventory side, yes, obviously, we have learned our lessons from what happened this year. Obviously, we have now put in place systems to be more vigilant of what is happening in the global markets, which led to this sharp -- a very, very sharp decline, which even we could not predict at that time as to this would happen and which led to a decrease in the finished goods prices also.

But the overall inventory levels, which we were maintaining, which we have across all our operations, all of them suffered a huge price loss because of that. And you can imagine that the drop from INR55 to INR43 is a huge percentage drop in the overall inventory costing, which led -- which came as a basically a double whammy for us on the overall.

**Prakash Kapadia:** I totally appreciate and understand running the business and dealing with such volatility is not easy. Now I'm just trying to understand how do we bring back predictability and sustainability to our growth. That is all what I'm trying to understand. If this is maybe a long run discussion, we can take it offline.

**Yash Sharma:** Absolutely. Absolutely sir.

**Prakash Kapadia:** I will connect offline on this.

**Moderator:** The next question comes from the line of Deepak Ajmera, IGE India.

**Deepak Ajmera:** Inventory, the price reduction is -- in a way, it is good for long term. What's your view there? And how now the price trend is there for the raw material?

**Gopal Agarwal:** Yes, absolutely. The price which has rose to INR55 was not good for the industry at all. So now the level is very, very good for the industry where we are getting the good delta also in sale and raw material prices.

**Deepak Ajmera:** Yes. On the capacity addition side, how the overall industry capacity is coming up and -- means how confident we are, means when we are starting the commercial production, it is like next year, we are targeting or 1st January onwards we will start the commercial production?

**Gopal Agarwal:** Yes. So first question regarding the industry capacity. So as of now, about 200,000 tons capacity is operational and approved as of now. And some capacity has been announced, but it takes time and next year, it will be operational. As regard to our capacity expansion, so we are already putting a plant which is under implementation, and it will be commercially operational by March '26.

**Moderator:** The next question comes from the line of Deepak Sahu, an individual investor.

**Deepak Sahu:** My questions are all answered.

- Moderator:** The next question comes from the line of Mehul from 40 Cents.
- Mehul:** I had a question about the MoEF. Whenever the notification is issued by the government, would there be an update on the -- update to the stock exchanges?
- Gopal Agarwal:** Yes. So -- basically, no, it is a draft notification. It has not been finalized yet. So the information is sent to the stock exchanges when there is a notification which is issued finally. It is only a draft notification.
- Mehul:** Yes, sir, my question is that once it's finalized by the government, would you be updating the exchanges?
- Gopal Agarwal:** Of course, of course, we would be updating the exchanges and investors.
- Mehul:** And any tentative time line which you think that it will -- it may get finalized, I mean, if at all is aware.
- Prashant Khandelwal:** So let me explain it like in a different manner. You see the original mandate for using any recycled plastic issued in 2022, followed by final notification in 2024, where government or MoEF has mandated that use of recycled content will be compulsory from the year 25-26 with 30% in first year, 40% in second year, 50% in third year and 60% in fourth year. And onwards, it will be 60%.
- Later on, I think the user industry, the packaging industry, the brand owners, they have gone to the MoEFCC and presented their side that this much of quantity would not be available in first year itself. So it should be implemented in a slightly slow manner. Looking to -- a hard hit on the regulatory mandate may lead to disruption in brand owners or packaging or FMCG like this. This presentation has gone there.
- So to avoid the hardship on the packaging side, so the overall concept is still same. You have to use recycled content in the packaging. But just to remove the hardship on the brand owners, MoEFCC has come with a draft notification that, okay, if due to nonavailability of the material, any shortfall is coming in the first year itself, there will be a carryover only. There is not leeway. It is a carryover for next 3 years for the shortfall quantity.
- So let's say, you are completing -- instead of 30%, a brand owner is completing 20% mandate only. The rest 10%, he can carry over for next 3 years. But keeping in mind that there will be a compulsory mandate for next year also 40% and 50% and 60%.
- So what happened in the industry itself that after this notification, the draft notification came for the public comment for 60 days. So this has been issued in June. And by August, the final comments from the public side has been submitted to the MoEFCC and as a part of stakeholder as an industry affected by the notification, we with our association have also presented this that after this draft notification came to the picture, the brand owners go slow, looking that there is - - there will be a carryover. So we have asked them to clear the mandate percentage, which can be carry over. And we had several meetings with MoEFCC, government officers as well, along with brand owners, not only the recyclers, but the brand owners has also participated in those

stakeholder meetings where we have clearly asked MoEFCC, and they are in the final set of data collection from the industry that what should be the mandate percentage. So there will be a minimum cap on the carryover this year.

So we were expecting this to come in October itself, but still, I don't know. There are some procedural delays in the MoEFCC. So we are very hopeful that in next 1 month -- from today, in next one month, it has to come. Even not only MoEFCC, there is MoEFCC, FSSAI, BIS and even PMO is also in line. And I hope in next 1 month, the mandate will clearly come on the picture.

**Mehul:** I appreciate your detailed answer. One follow-up question, sir. So all our industry peers are also affected in terms of what the issues which we have faced, the same challenge they are facing.

**Prashant Khandelwal:** Yes, everybody, everybody. So for sure, you see when brand owners have slowed down their recycled content uses, it has affected not only PET. It has affected all recycled plastic. Even polypropylene, HDPE, you can see the price of the polypropylene and HDPE is lowest in years. The level of price for the recycled scrap polyolefin is -- at present, it is lowest since last 3 years.

**Mehul:** Okay. And sir, can I assume that this notification and the challenges which you explained just now in the follow up -- in the earlier question as well, this affects 100% of our revenues or it is affecting some part of revenues?

**Prashant Khandelwal:** Affecting some part. So you see the bottle-to-bottle segment where the mandatory requirement is primary for the demand of the material, the textiles is not affected. So textile is working very well, which is the initial business of the company. So the bottle-to-bottle food-grade granules installed in Warangal is only affected with this mandate.

**Mehul:** So sir, how much is the contribution from textiles revenue contribution?

**Gopal Agarwal:** Presently about 65% contribution is from our legacy business.

**Mehul:** Textiles is -- legacy business is 60%?

**Gopal Agarwal:** 65%, yes.

**Mehul:** 65%, okay. And 35% is the PET business?

**Gopal Agarwal:** Yes.

**Moderator:** The next question comes from the line of Dharendra Kumar from Spark PMS.

**Dharendra Kumar:** So my question would be on the inventory side. So we consumed high cost inventory in Q2, which led to the margin hit. So have we consumed all the high-cost inventory in 2Q or some would be spilling over to 3Q as well?

**Gopal Agarwal:** No, no, we have consumed the entire inventory, which was high cost. Now as on the 30th September, the value of our inventory as well as the market price is almost at par.



**Dhirendra Kumar:** Okay. Got it. And my second question would be regarding the MoEF notification. When the industry rPET capacity shortfall led to government deferring the consumption limits in FY '26, what are the chances that you see that FY '27, 40% limit also could get deferred because again, that much of capacity is not getting added in FY '27. So there can be a deferment in FY '27 as well, right?

**Prashant Khandelwal:** This is solely depending on the progress of the first year itself. So even in last meeting, MoEF has clearly mentioned that if, let's say, let's presume a position because we were asking what is the clarity on using the rPET content or recycled plastic content. One of the officers has clearly mentioned that if let's presume a position where we don't issue any new notification, then in that case, the existing 30% mandate is prevailing for the current year itself. So don't wait for any notification.

They have clearly given their perception that you have to use 30% till we issue any new notification. So the earlier notification will prevail if any modification of the notification does not come. And for the next year onwards, 40% mandate, you see a lot of capacity, even Ganesha has also increased the capacity. And I don't think that there will be much shortfall. There might be a shortfall of 5%- 7% in second year. But ultimately, you have to start. This is very clear.

And -- this drive is a long way. So it is not a 1-day drive that everything came in the picture. It has been established in 2016, followed with 2018, 2022 and 2024 mandates. So I think it has to be implemented. There might be a 5%- 6% shortfall in second year, and that can be very well taken care by the departments, how they are dealing, whether they will charge the penalty from the brand owners who are not fulfilling 40% or they will give some leeway for that shortfall quantity that will be decided in due course.

**Moderator:** The next question comes from the line of Naeem Patel from Bastion Research.

**Naeem Patel:** So I wanted to understand this business from a supply side. So as you know that the security of supply is a very huge challenge in this industry. This is why we are able to stay in this business, and it is very difficult for a new player to come in to have a vast network of suppliers. However, as we -- like this year, there will be deferment of orders as the demand will keep on increasing year-over-year, will the supplier have more pricing power?

Maybe if they were selling at 5% margin this year, just for an example, they would start charging 7% to 10% because it's them who actually have the ability to give us the unorganized plastic to us in an organized way the distributors and all. So do you expect them to have more pricing power over the years? Or is it going to stay the same? Or how is it going to pan out according to you? More clarity on that would be helpful.

**Gopal Agarwal:** So the supplies of PET bottle scrap is totally depending upon the demand and supply. So certainly, when the demand is high, the prices are going up and when the demand is moderate, the prices are coming down or prices are stable. So it is entirely dependent upon the demand and supply. And as of now, the enough quantity is available in the market for recyclers.

**Naeem Patel:** Understood.

- Yash Sharma:** So also to add that these scrap suppliers, basically, you see that they are not like very, very large organized companies, they are like the maximum biggest supplier today, if you look at in India, would be probably -- if you talk about our procurement, the larger supplier would be probably giving us about 1%, 1.5% of our total volume. So also that like since the suppliers are so many numbers and they only collect the regional local waste and baled that in hand, it's not that they have a very high volume impact, which they can themselves just create. Obviously, supply/demand plays a larger role over here.
- Naeem Patel:** Understood. And we don't see any more -- do we expect any more volatility in the supply side because that you have said in Q1 that the exports of wash flakes has stopped due to some changes in European norms and which is why there's a sharp fall as well. So do we expect the prices to be at normalized for the coming quarters -- or how do you see it pan out from here?
- Yash Sharma:** Yes. So basically, you are right. After the change in notification, the exports of flakes from India has dropped drastically. And we think that because of that only the huge shortfall had come down because the volume was like really, really huge. It was almost 10x to 15x the volume that had grown off exports in the couple of months from February to April, which had caused that.
- So we think now that after the new regulations which are in place, in the last 6 months, there has been no uptick in the -- not any major uptick in the export volume of flakes. And we think that's going to -- unless there is a regulatory change, it's going to remain the same because ultimately, recycling has to be a domestic phenomena. You have to recycle your local waste and use it basically in the local economy itself to establish circular economy application. So we think that it should be like that going forward as well.
- Naeem Patel:** Yes. Just one final bookkeeping question. What has been our percentage of revenue from export this quarter and for H1 as well?
- Gopal Agarwal:** For this quarter, we made around 11% of our exports.
- Moderator:** The next question comes from the line of Miraj from CJ Shah.
- Miraj Shah:** Regarding the draft notification that is currently being floated, it says that the FY '26 shortfall can be covered up over the next 3 years. Is the same applicable for FY '27 as well?
- Prashant Khandelwal:** No, no. So this is only given for the first year itself because the presentation given to the MoEFCC was only for the first year that there will be due to lower capacity of the recycled plastics available in the market, there will be some hardship or difficulties in achieving first year targets. So none of the user has asked any leeway for the second year and as per current situation, MoEFCC has not done anything for the second or third year. It is only for the first year.
- Gopal Agarwal:** Yes. Basically, when this regulation was implemented from April '25, the only approved capacity was about 70,000 tons in the country. And so -- and the demand was expected to be north of 200,000 tons. And that's why the industry -- the user industry presented the case that we would be noncompliant from the day 1. And that's why they proposed to postpone the shortfall over the next 3 years. It was the rationale behind the notification.

- Miraj Shah:** Understood. So the main problem was nonavailability of supply. So can you tell us, sir, how has the supply side changed in the last 6 months? What is the current capacity available in the industry? And what was it 6 months ago?
- Prashant Khandelwal:** So 6 months ago, it was 70,000 tons. And right now, it is about 210,000 tons available FSSAI approved capacity.
- Manish Mahawar:** FSSAI capacity, yes.
- Prashant Khandelwal:** Ganesha, our capacity has also come thrice . So at the start of the financial year, we were having only 14,000 tons of rPET available. But at present, we are having 43,500. Am I correct, Gopal Ji? This is the figure.
- Gopal Agarwal:** It is 42,000 tons.
- Prashant Khandelwal:** 42,000 tons of approved rPET food grade rPET is available from Ganesha.
- Miraj Shah:** Understood. And sir, the new capacity that we are putting in by when?
- Moderator:** May I request you to join the question queue again?
- Miraj Shah:** Sure.
- Moderator:** The next question comes from the line of Shubham Thorat from Perpetual Capital Advisors.
- Shubham Thorat:** Since I am new to the company. So I'd just like to know a few things about the capex.
- Gopal Agarwal:** Sorry, your voice is very, very low.
- Shubham Thorat:** Is it better now?
- Gopal Agarwal:** Yes, it is better.
- Shubham Thorat:** Yes. So I just wanted to know a few things about our capex program. So you mentioned we are going with some brownfield expansion at Warangal and greenfield expansion as well. So could you please share what kind of capex are we incurring there? What kind of revenues are we expecting? And by when?
- Gopal Agarwal:** So for this brownfield expansion is about 22,500 tons per annum. And we spent about INR130 crores for this expansion.
- Shubham Thorat:** This will be live by?
- Gopal Agarwal:** And this will be live by end of March. In fact, it would have been operational by Jan end, but because some part of the machine was got damaged during transit. And so it is now being replaced. And so it's taking another 1.5 months, 45 days time to come from the supplier. And that's why the operational part shifted from Jan to March.

- Shubham Thorat:** Okay. And sir, for which product are we putting this line? And what kind of revenue are we expecting at the full utilization?
- Gopal Agarwal:** Sorry, can you please come again?
- Shubham Thorat:** So for which product are we putting this sort of line? Is it for legacy business or for the rPET granules business? And what kind of revenues are we expecting from this expansion?
- Gopal Agarwal:** So this revenue will be -- this plant will be fully operational and the material will be available for sale from April onwards. And the revenue potential of this line is about INR225 crores to INR250 crores annually.
- Shubham Thorat:** INR225 crores to INR250 crores?
- Gopal Agarwal:** Yes.
- Shubham Thorat:** Okay. And sir, could you please suggest ---give me some thoughts about greenfield expansion as well?
- Gopal Agarwal:** Yes. So greenfield expansion plan, though because of this scenario of the market regarding the uses of the -- delay in uses of the rPET, so the project is slightly delayed, and it is expected to be operational by end of this next financial year.
- Shubham Thorat:** And what is expected capex over there?
- Gopal Agarwal:** So expected capex is about INR500 crores for that project.
- Moderator:** The next question comes from the line of Shubham Aggarwal from Burman Capital.
- Shubham Aggarwal:** Sir, my first question is that can you please quantify the absolute amount of inventory loss that you incurred this quarter for both of your businesses?
- Gopal Agarwal:** So sir, it is roughly to the tune of INR10 crores to INR11 crores.
- Shubham Aggarwal:** Got it. And sir, coming to the legacy business, since your realizations have now dropped below the 90,000 kind of mark and your RM seems to be inflated yet. Sir, given the current RM and what you are seeing currently, what kind of margins can we expect to maintain the legacy business?
- Gopal Agarwal:** Yes. So going forward, we are looking -- this is the demand and this is the market scenario, we are looking for the EBITDA margins in the range of 7% to 9%, which we were earning earlier before this business was -- had some headwinds in last 2, 3 quarters. Before that, we were earning 7% to 9%, we are expecting it to come back on track from this December quarter.
- Shubham Aggarwal:** Understood. Sir, but in this legacy business, like about a year back or so, we used to make like 10%, 11% margin, right? Are we expected to get back to that level?

- Gopal Agarwal:** Presently, we are looking for 7% to 9%, and we are trying to get it improve further. May be over next quarter and March quarter, we will be more than 10%. But in the current quarter, we are expecting 7% to 9%.
- Shubham Aggarwal:** Understood. Sir, lastly, on your rPET business. Sir, can you just help me with the number of -- the capacity utilization number for the rPET line in Q2? And what kind of capacity utilization are you looking forward to in terms in Q3 and Q4?
- Gopal Agarwal:** So the Q3, as we discussed earlier, the Q3 is not -- Q3 deliveries are not clear very much as of now because of this notification issue. But from March onwards, we are expecting we would reach to 90% plus capacity utilization in our rPET business.
- Shubham Aggarwal:** So Q3 most likely would be in line to what we have witnessed in Q2, right, or even lower? Correct.
- Moderator:** The next question comes from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking Pvt Ltd.
- Bhavya Gandhi:** Gopal, I just wanted to understand, is there any way to hedge our raw material maybe through maybe derivatives or exchange? Because I believe scrap bottle cannot be hedged. If at all, there is some related commodity, which is very similar and we can hedge our raw material pricing?
- Gopal Agarwal:** So basically, it is not -- Bhavya, it is not a very organized collection system or organized suppliers are there. So there is no hedging mechanism available like it was -- it is a -- I think it is in metal scrap or I think there is some hedging mechanism, it's not there in plastic scrap.
- Bhavya Gandhi:** Okay. Got it. And sir, for the 22,500 ton capacity addition, have we made the payment for the machinery and all? Because I see INR115 crores sitting in the capital work in progress. So is it regarding that only? Or is it something else?
- Gopal Agarwal:** Yes, yes. So mostly it is for this INR22,500 expansion, and most of the payments have been made.
- Bhavya Gandhi:** Most of the payments. And sir, just last thing on the traditional business, what should be the long-term gross margin one should work with? If you can provide some range?
- Gopal Agarwal:** So it is -- normally, it is in the range of 62% to 65%, 66%.
- Bhavya Gandhi:** Okay. Gross -- okay, yes 100 minus, I'll do it.
- Moderator:** The next question comes from the line of Disha from Sapphire Capital.
- Disha:** So sir, this quarter was like an exceptionally weak quarter because of the delay in notification and the inventory cost. So how do you see like FY '26 on an overall basis in terms of revenue? What did you do to end the year with, sir?
- Gopal Agarwal:** So in number terms, we cannot predict because the quarter 3 especially from bottle-to-bottle segment, we are not clear how much revenue we'll generate.

- Disha:** Right. So quarter 3, we're expecting a similar performance like Q2?
- Gopal Agarwal:** Yes, we are not much hopeful for the quarter 3.
- Disha:** And then some pickup in June...
- Gopal Agarwal:** It will -- certainly, we are not expecting it. It will be as per the quarter 2, but it may be around quarter 1 results.
- Disha:** Okay. And then some improvement in quarter 4?
- Gopal Agarwal:** Quarter 4, we are hopeful that quarter 4 will revive the business.
- Disha:** Right. Okay. And sir, on the margins front on a consolidated basis for FY '26?
- Gopal Agarwal:** Yes. So basically, margins and -- we are not giving any margin and top line guidance this time. Better -- we would be better in providing the same after the Q3 numbers.
- Disha:** Okay. But all the inventory loss that we have suffered is incorporated in the Q2 numbers, right? So going forward, at least that loss will not be reflected in the numbers?
- Gopal Agarwal:** Yes. The inventory loss will not be there. And that's why we are saying the Q3 will not be the replica of the Q2, but maybe Q1.
- Moderator:** The next question comes from the line of Atharva, an individual investor.
- Atharva:** I just wanted to know the working of the total capacity utilization of Q2.
- Gopal Agarwal:** On a console basis, the average capacity utilization was about 80%...
- Atharva:** Okay. And is the INR1,500 crores guidance for FY '26 still intact given Q1 performance?
- Gopal Agarwal:** So I just answered this question in the last question on this. So it is not very much clear the top line numbers for the Q3. Basically it depends on the deliveries for B2B for this month. Though we are very much positive for our legacy business, but for the B2B business, we are not sure.
- Atharva:** So the guidance will be updated after Q3?
- Gopal Agarwal:** Yes, yes. Guidance will be, yes, after Q3.
- Atharva:** Okay. And what is your client concentration?
- Gopal Agarwal:** So in our legacy business, the client base is very, very scattered and we are not getting more than 5% from a single customer. But in the case of B2B, yes, of course, client concentration is more because we are presently supplying to the big bottlers Coke and Pepsi only.
- Moderator:** The next question comes from the line of Pankaj Agrawal, an individual investor.

- Pankaj Agrawal:** My question is with respect to the product mix of rPET chips, which is relatively perhaps higher margin product and therPSF, which is comparatively lower margin. So what is our current status of this product mix? And going forward, let's say, by 2027 end, when these current scenarios get stabilized, what do we expect 2027 end our product mix of rPET granules and chips versus traditionalrPSF.
- Gopal Agarwal:** So currently, we are -- our product mix is about 65% is from the PSF side, 20% from the chips side and rest is from the yarn side. But going forward, after this greenfield expansion and brownfield expansion, the product mix will change to 65% from the chips and 35% from the rest of the businesses.
- Pankaj Agrawal:** So is the current scenario going to affect this product mix for 2027? Or will it get shifted towards 2028 or '29.
- Gopal Agarwal:** So yes, it will be shifted after this expansion of 22,500. This ratio will -- chips ratio will be higher than 20% in next year.
- Pankaj Agrawal:** So 2027 end we are expecting the improved contribution from higher-margin chips?
- Gopal Agarwal:** Correct. Correct.
- Pankaj Agrawal:** Okay. And my second question is with respect to some of the previous discussions on the premium fibers being developed. For example, we were talking about flame retardant fibers or antibacterial fibers or for that matter, biodegradable fibers. So any development in this regard where we could have improved profitability because of premium products in coming quarters?
- Gopal Agarwal:** Yes, yes. That premium fibers are getting ground, though the pace is very, very slow because it's a very premium product. So the demand and supplies are very, very slow, but it is getting traction in quarter-to-quarter, and we are expecting good margins from them.
- Pankaj Agrawal:** So when do we expect launch of these kind of fiber in coming quarters?
- Gopal Agarwal:** So you see these are the premium products and it cannot get a very, very great proportion of the overall product mix..
- Pankaj Agrawal:** And who could be target customers for these kind of fibers, even if it's smaller volume?
- Prashant Khandelwal:** So you see looking to the specialty of these fibers, these fibers are mostly used for industrial purposes, not for the common man purposes. So of course, it is high-end industrial ends where these fibers are being used like flame retardant and all those. Flame retardant is basically used in automotive and some industrial applications. So these are very specific products and take a longer time to get into the line. And of course, the product will not be for the mass. It will only be for the specific purposes.
- Pankaj Agrawal:** Okay. And my last question with respect to what everybody is talking for this government notification. What I understand from this that even if the draft notification is finalized in its current form, for example, even in the worst-case scenario, in that case, will the impact only be

for the first year and second year, we may get higher demand because all these requirements will get shifted from year 1 to year 2?

**Prashant Khandelwal:** Yes. So if any carryover is given, then it has to be added to the next 3 years. So it is nowhere the final mandate percentage has been reduced. It is just a carryover. So like you are not paying tax this year, but you have to pay the tax next year.

**Pankaj Agrawal:** So, this means, if the pressure is there, that is for the first year, even on an overall industry basis, the second year and third year seems the bounce back of demand from the customers.

**Prashant Khandelwal:** Of course.

**Gopal Agarwal:** Correct.

**Moderator:** We take that as the last question for today's conference. I now hand the conference over to management for closing comments.

**Gopal Agarwal:** Thank you for all joining today and for your continued trust and support. We are confident in our strategic direction and committed to delivering long-term value. Your insights and engagement are invaluable as we navigate the path ahead. We look forward to updating you on our progress in the next quarter. Until then, stay safe and stay connected. Thank you. Thank you very much.

**Prashant Khandelwal:** Thank you.

**Moderator:** This brings the conference call to an end. On behalf of Antique Stock Broking Limited, we thank you all for joining us. You may now disconnect your lines. Thank you.

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3. It is also confirmed that no unpublished price sensitive information was discussed during the call.