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04.08.2025

To  
**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400001.

**Scrip code : 509152**

To  
**National Stock Exchange of India  
Ltd.**

Exchange Plaza, Bandra Kurla  
Complex, Bandra (E), Mumbai-  
400051.

**Symbol : GRPLTD – Series: EQ**

Dear Sir / Madam,

**Subject: Earnings Call Transcript**

Please find enclosed herewith transcript of earnings call held with analyst/ institutional investors on 28<sup>th</sup> July, 2025 at 3.00 p.m. IST to discuss Company's operational and financial performance for Q1 FY 2026.

Kindly take the same on your records.

Thanking you,

For **GRP Limited**

**Jyoti Sancheti**  
Company Secretary & Compliance Officer

Encl.: As stated

**GRP Ltd.**

CIN No.: L25191GJ1974PLC002555

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# “GRP Limited Q1 FY-26 Earnings Conference Call”

**July 28, 2025**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 28th July 2025 will prevail.



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

**Moderator:** Ladies and gentlemen, good day and welcome to the GRP Limited Q1 FY26 Earnings Conference Call.

This conference call may contain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder all participants' line 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. Please note that this conference is being recorded.

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

**Harsh Gandhi:** Thank you so much and a very good afternoon to all ladies and gentlemen for joining the call. Thank you for joining us on this call for GRP Limited's Q1 FY26 Earnings.

Along with me today, I have the Company CFO – Ms. Shilpa Mehta and SGA, our Investor Relations Advisors on the call. We have uploaded our Investor Presentation on the stock exchanges as well as the GRP website and I hope all of you have had the opportunity to go through the same.

We began this fiscal year amidst a highly dynamic global landscape marked by persistent macroeconomic uncertainties and evolving geopolitical tensions. Against this backdrop, our performance reflects a significant challenge as we continue to navigate across business units and markets. On a consolidated basis during Quarter 1, our total income witnessed a 2% decline on a year-on-year basis. This dip was due to a 7% reduction in volumes driven by a combination of external market headwinds and one-time operational downtime for a plant upgrade that was taken up.

On a standalone basis, GRP's revenue performance was shaped by an unfavourable geographic mix. While our domestic business delivered a healthy 5% growth over the same period last year, export revenues declined by 9% on account of the tariff-related uncertainties across key overseas markets where we operate in and a combination of port congestion challenges in certain other geographies. Although we were able to successfully implement upward price revisions with several customers during the quarter, lower export volumes, unfavourable product mix, and continued pressure in a particular product category dented our top line and profitability.

Coming over to the reclaimed rubber sector:

From an industry perspective, the global OE tyre segment remained flat in first half of calendar year 2025 with sharp declines in Europe and North America to the tune of (- 8%) and (- 5%)

respectively. This was mainly on account of economic uncertainty and regulatory pressures in these geographies. In contrast, China actually saw a 10% growth in the OE tyre sales supported by government incentives and strong vehicle exports. Given our Company's major export sales are in the former two markets, which is Europe and North America, that put pressure on our volume sales in these geographies. The replacement tyre segment showed a moderate 3% year-on-year recovery. Europe grew by about 5% aided by increased imports, and North America sales rose by about 2%, though concerns over tariffs persisted. However, in China, demand for the replacement tyres remained flat, impacted by a relatively steady domestic economy.

Within India, reclaim rubber exports grew by 5% during the quarter, slower than the 10% recorded in FY25 for the same period, but with notable declines in shipments to Europe and North America, which were down by almost 14%. On the business front, we also encountered logistical disruptions, including congestion at critical ports that delayed shipments. The recently imposed tariffs in the US, which is for all practical purposes, conversation on most channels has created major uncertainties in sourcing strategies for global tyre manufacturers, impacting demand visibility. In our annual call, I did mention that we were on course to assess and evaluate what would be the impact. And while we continue to actively engage with key customers and explore alternate markets, the impact of this has been fairly significant.

On the profitability front:

Gross margin pressure persists. These are driven by sustained inflation in raw material costs for automotive inner tubes, which is a key raw material for manufacturing of butyl reclaim and challenges related to product and geographic mix, which again is an outcome of the butyl rubber lead shortages. Our reclaim rubber domestic business, as I mentioned before, maintained an uptick in revenue on account of price increase and product mix, but export volumes and revenues declined. Specifically, around 5% of total volumes for the quarter, representing about 7% by value were impacted by the newly implemented tariffs and global uncertainties. This was mostly in markets which serve the North American tyre demand. And from a GRP context, this related to demand in Mexico, Thailand, Indonesia, and even some Chinese customers that were earlier selling to the North American markets.

Additionally, volumes were temporarily affected also due to a planned operational pause for maintenance at one of our plants as we implement digitalization initiatives. This, together with the loss on account of export sales, represents a total volume loss of about 13% for the quarter on a comparable basis. On a more positive note, however, the new technology installed in our reclaim rubber operations has started to yield encouraging results. We have received product approvals from several tyre and non-tyre customers, providing confidence in capturing incremental volume growth in the upcoming quarters. Another key development from the quarter is the switchover of one line producing a certain SKU to an alternate process, which has much lower manpower dependence and significantly lower GHG emissions. Approvals from customers representing this entire line of capacity have been received. And this will provide

meaningful incremental margins and significant GHG emission reductions for the reclaim business as a whole. We are aiming to convert more SKUs to this process in the coming year.

Our non-reclaim rubber business registered a strong 17% year-on-year growth driven by robust performance in polymer composite and custom die forms businesses. Both these segments witnessed healthy volume expansion, supported by stable demand and favourable margin profiles. However, this growth was partially offset by a decline in volumes within our engineering plastics division which is facing headwinds due to a combination of reduction in virgin nylon prices and softening demand in the Indian automotive sector which put some pressure on volumes and margins in this particular business unit.

Our subsidiaries, that is GRP Circular Solutions Limited and GSPL continued an improvement in revenue reporting a combined top line of Rs. 74 million during the quarter. However, they still continue to bleed as the business is currently operating in sub-optimal scale and is in the phase of building a more meaningful portfolio of customers. With the government's mandate on plastic usage coming into effect from April 1<sup>st</sup>, we are already witnessing a steady uptick in the monthly volumes from these subsidiaries. And based on current momentum, we expect the subsidiaries to achieve a positive EBITDA by end of this financial year, marking a key milestone in our diversification and growth strategy.

Moving to our CAPEX plans and new projects:

As previously disclosed, our crumb rubber plant has become operational last quarter. We have started supplying this material of crumb rubber to manufacturers of bitumen modifiers and again would like to report that we have got several approvals over the last quarter. While the road surfacing season is set to recommence in October, we anticipate a pickup in volumes in the coming quarter. Our first phase of the new project of the manufacture of tyre pyrolysis oil is also undergoing cold trials as we speak with final production hopefully following through in the course of the next weeks. And therefore, we can confidently say that commercial operations should begin in Q2 of this fiscal. We have finalized the technology for manufacturing of the recovered carbon black and are targeting to commence the commercial operations for that part of the project by end of this fiscal year as well.

As part of our ongoing strategic investments:

We have therefore drawn a total of €7.5 million from the facility that has been earmarked from Proparco as part of the ECB as of Q1 FY26. The board has also approved the investment in additional capacity for solar power generation for our Gujarat and Maharashtra reclaim rubber manufacturing units under a group captive arrangement. This is in line with the respective state board policies and will be facilitated through investments in share capital of SPVs created for this purpose. This marks a key step in advancing our renewable energy transition, targeting 50% by 2028, and thereby further reducing our carbon footprint.

We remain optimistic about the coming quarters in the long-term future of GRP. While we have faced near term challenges in each of the businesses stemming from prolonged geopolitical and US tariff related uncertainties, raw material cost pressures, and delays in project execution, our focus remains firm on the execution of new technology for RR, growing share of the advanced RR products developed using an alternate low GHG emission process, successfully commissioning the end of life tyre to energy business by end of this fiscal, scaling the plastic recycling business to achieve profitability and subsequently building meaningful scale. We are committed to navigating these headwinds with resilience and to restoring the growth momentum. The focus continues to build a strong foundation for long term growth and significant scaling for the recycling operations in the Company.

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

**Shilpa Mehta:**

Good afternoon, everyone.

Let me take you through the consolidated financial highlights for Q1 of FY26:

Total income in Q1 FY26 is at Rs. 1,247 million as compared to Rs. 1,267 million in Q1 of FY25. This is a modest decline of 2% on a year-on-year basis. We recorded an EPR income of Rs. 4.56 crores during the Q1 of FY26. Last year's same period, we had Rs. 6 crores of EPR income. Gross profits for Q1 of FY26 stood at Rs. 624 million as compared to Rs. 670 million in Q1 of FY25, a decrease of 7% on a year-on-year basis due to continued inflation in raw material costs for specific rubber grades and an unfavourable shift in product and geographic mix.

On an average, the cost of this grade rose by nearly 37% compared to the previous year. EBITDA for Q1 of FY26 is Rs. 109 million as compared to Rs. 132 million in Q1 FY25. This is a decrease of 18% on a year-on-year basis. EBITDA margins for Q1 FY26 stood at 8.7% versus 10.5% in Q1 of FY25. Profit after tax for Q1 FY26 is Rs. 17 million as compared to Rs. 44 million in Q1 FY25. Our debt-equity ratio is 0.86 as at 30<sup>th</sup> June 2025.

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

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian:**

Good afternoon, sir. Thank you so much for the opportunity. Sir, my first question regarding this new crumb rubber plant. I think it's been commercialized by last quarter. Just wanted to know like what kind of utilization rate we can expect in this financial year? And is there any execution risk or the pyrolysis and rCB plans given the tight timeline, especially for RCBs site for FY26? And what kind of revenue contributions from the integrated tyre to energy vertical like crumb, TPO and rCB in FY26 and beyond? This is my first question.

**Harsh Gandhi:**

Sorry, I didn't follow the last part of your question. Can you say it again?

**Balasubramanian:**

What kind of revenue contributions expected from integrated like this tyre to energy verticals like crumb, TPO and rCB in FY26 and beyond?

**Harsh Gandhi:**

All right. Thank you for the questions. As far as the first part of your question, which was regarding the utilization capacity as far as crumb rubber is concerned. As has been announced, our total capacity for the whole project is at the rate of 35,000 tons in the 1<sup>st</sup> Phase. This is on an annualized basis. Out of this, the expectation is that 30,000 tons out of this would be towards the tyre pyrolysis business. And within that, between 40% and 45% would be for production of rCB. So, the remaining capacity and therefore the capacity of crumb rubber that is being created within the 35,000 tons will depend upon both the demand of crumb rubber as well as the demand from the other products. So, we created crumb rubber capacity, which is almost 20% more than what is required for pyrolysis. And after tyre pyrolysis capacity, about 40% of that capacity is going to get diverted to produce recovered carbon black from char. So, that is in a nutshell the breakup of the capacity. As far as the timeline for the rCB is concerned, we have maintained that we will start work on our rCB project once our tyre pyrolysis project is commissioned and executed. As I said, our project is almost close to completion. The equipment is entirely operational, I mean almost entirely commissioned. We are in the process of conducting the cold trials of the reactors and the processes. Because this is a technology that is being developed by us by sourcing equipment from manufacturers, but then the entire digitalization and the safety pieces that have been integrated by our team including third party audits and specialists, it has taken a little longer for the entire integration to take place. But in the course of the next few weeks, we are very confident that the pyrolysis operation will be commercial.

Now, as a result of that, our rCB capacity was to be dedicated and technology finalized once this is in the commissioning phase. Therefore, as I mentioned before, we have already identified the technology, orders placed, project began and we are very confident that by end of this fiscal, the rCB plant will also be operational.

Your last part of the question was the revenue potential from the entire business; I think once the entire 30,000 tons of pyrolysis, which means 35,000 tons of crumb along with rCB and everything is commissioned, we expect revenues to be in excess of about Rs. 125 crores as part of that Phase-1. And when we will achieve that will be a function of achieving a higher utilization. But yes, between Rs. 125 to 140 crores of revenue can be expected once this project is completely commercialized. Hope that answers all three parts of it.

**Balasubramanian:**

Yes, sir. My second question regarding the exports, like given that weaker demand, especially in that market, how we are diversifying our export strategy beyond US and like our customers are delaying their orders because of this export things.

**Harsh Gandhi:**

So, I would like to clarify that firstly, GRP has the highest share of exports out of India when it comes to reclaim rubber. We continue to maintain that market share. So, even while our export

sales, there has been a degrowth, our market share of exports out of India continues to remain more or less the same. There has been a slight dip, but that dip is as I said, because the demand for the reclaim rubber markets like China and some of these places where it has grown, where we do not have a larger share of the wallet, while in markets where we have a larger share of the wallet, there has been an overall growth in terms of exports out of India. So, broadly, we more or less maintain that share of exports out of India.

Coming to your core question on whether the customers are delaying the orders; I am not sure whether that is the case. I think some of the markets that we were selling to or we continue to sell to were hubs for tyre manufacturing and tyres from those hubs were being exported into North America largely. As I mentioned, likes of Thailand, Mexico, Indonesia, and Philippines to some extent, were large manufacturing hubs, which were exporting tyres to North America. On account of the tariffs and uncertainties, tyre imports into the US, there has been a change in profile of imports and which countries it is coming from. And as a result, wherever we had a strength and if they were exporting to the US, unfortunately, we have lost on those shares. As I mentioned, our conversations with our customers are ongoing. We are very deeply and closely connected and talking to them to see how we can restore our share of their total wallet to ensure that the hit on account of the tariffs is recalibrated. These things are not possible, do not happen overnight. These things take time. So, therefore, those active conversations are ongoing.

**Balasubramanian:**

Okay. Sir, my last question, this new application for modified bitumen, especially for crumb rubber in road surfacing. So, what is the addressable market in India and like how we are competing with our competitors and is there any additional CAPEX required in this segment?

**Harsh Gandhi:**

So, as far as we are concerned, we are just entering this industry in this business. So, we have a lot to learn. But I can only say that currently our focus as GRP is going to be on applying the crumb rubber to the bitumen modification companies and not doing the manufacturing of CRMB on our own. We will supply this to the bitumen modification companies. These would be a combination of private companies and also public sector undertakings that are producing crumb rubber modified bitumen. As far as the total market is concerned, from what we understand, the current crumb rubber market in the country is about 50,000 to 55,000 tons on an annual basis. And this, of course, means that, this is blend at a certain ratio in the bitumen. So, I cannot comment on what is the total size of the bitumen modified market. But this is the crumb rubber market and which we are familiar with. And we are going to be focused on selling crumb rubber to these modifiers. I hope that answers the question.

**Balasubramanian:**

Yes, sir. Thank you, sir. I will come back.

**Moderator:**

Thank you. The next question is from the line of Veer from Niveshaay Investments Advisors. Please go ahead.

**Veer:**

Good afternoon. Thanks for the opportunity. My first question is, despite the commercialization of crumb rubber facility, the revenue growth has been subdued. We have cited reasons of export



and temporary shutdown for the same. Going forward, how fast can we see ramp up in revenue? We have done a big CAPEX and there must be some internal calculation. So, how confident are we to achieve that and within what timeline? And my second question is, gross margins have gone for a toss this quarter. So, what are the reasons for the same? As I read the PPT, it was for some specific raw material. So, can you tell me which raw material will increase their prices?

**Harsh Gandhi:**

Sure. Thank you. I will answer the second question first. I mentioned in my opening comments as well that butyl inner tubes, inner tubes that is used to produce a grade of reclaim called butyl reclaim. That is the one that has been most affected. And this is not just for this quarter, but we have been cautioning about the reduction in the gross margins for that particular SKU for the last three quarters. So, this is the third quarter in a row where we have seen gross margin erosion on account of the pressure and gross margins in butyl reclaim rubber. That used to constitute close to 35% by volume and closer to 44% by value of the total. So, that is the grade which is causing the pressure. And as I mentioned, we are actively involved with our customers to see how significant portion of that can be absorbed or passed through.

Coming to your other question regarding crumb rubber, plant has begun but why is it not showing in top line? That is the way I understood it. Crumb rubber being sold is sold at a much lower value realization. The range of value realization is much, much lower between Rs. 25,000 to 30,000 a ton versus reclaim rubber sales are closer to Rs. 60,000 a ton of realization. So, number one, the capacity came on stream only in the month of March. Post then we have kind of been selling crumb rubber for approval processes because again in the road surfacing industry, there are certain specifications to sort of adhere to. And by the time our approvals came through, we are in the beginning of the monsoon season where road construction activity pretty much comes to a standstill. So, we are hopeful as I mentioned that once the season comes back again, we will start participating in the tenders and start to see meaningful revenue growth coming from even the crumb rubber business. But this is the reason that why in Q1 and possibly even in Q2, there might not be much impact from the sale of crumb rubber because the volumes will be much, much lower than what we could otherwise do.

**Veer:**

Also there was that one question about the CAPEX, the timeline and some internal calculation for the timeline.

**Harsh Gandhi:**

I think we continue to maintain the timeline. I think as recently even as at the AGM, we have indicated that the Rs. 150 crores out of the Rs. 250 crores announced CAPEX, we are fairly confident, and we are going to be deploying most of it by December '25 to January 2026. And that is why I mentioned that the commencement of the rCB plant by Q4 is the last part of that Rs. 150 crores round of CAPEX. Once entirely commissioned, as I mentioned, that just the end-of-life tyre to energy business itself could generate potentially up to Rs. 130+ crores of revenue. But if you add the incremental revenues coming from reclaim rubber, from crumb rubber and from the plastics, that should be at least another Rs. 40 to 50 crores of additional incremental revenue.

**Veer:** Also, I had one question that your renewable energy initiatives drive 72% increase in savings and as you scale up to the target of 50% renewable energy use by 2028. So, how do we see this impacting our operating costs and EBITDA margins in long term?

**Harsh Gandhi:** I think if you look at only over the last eight quarters on a consistent basis, we have seen manufacturing costs have reduced. In fact, even on an annualized basis last year itself, the operating costs have come down to the tune of about 4%. I mean, if you look at just energy alone, our annualized savings from energy was close to Rs. 7 crores last year on account of the switchover. And in the current year, we expect also similar numbers. But you have to keep in mind that nothing is in isolation. All of these are moving parts. So, it is not all building. I mean, these are partly building blocks, but these are also all moving in tandem with our gross margins and so on and so forth. So, as gross margins are getting eaten into on account of other set of challenges, benefits from energy and some of these operating initiatives that we have taken to bring down our overall manufacturing costs, it is kind of getting hidden, but there is already manufacturing costs that are much lower than maybe 2 years ago or 3 years ago.

**Veer:** Okay. Thanks for the opportunity. All the best for the future.

**Moderator:** Thank you. The next question is from the line of Divy Agarwal from Ficom Family Office. Please go ahead.

**Divy Agarwal:** Thanks for taking my question. So, I will list down all my questions and then you can answer it. So, firstly, I wanted to know about the volumes for reclaimed rubber, non-reclaimed rubber segment and as well as the crumb rubber that we sold in this quarter. Secondly, if you could help me with the realizations and the margins for the new technology era, that is the low GHG emissions reclaimed rubber. The third question is, can you bifurcate the CAPEX of Rs. 150 crores of Phase-1 of which how much would be for crumb rubber, pyrolysis and the new reclaimed rubber? And the last question would be, what was the reason that we were not able to pass on the raw material increase from last two-three quarters that we are seeing in the butyl reclaimed rubber?

**Harsh Gandhi:** Right. That's a lot of questions and I will try and again address them. So, let me just go over what you asked for is volume breakup between reclaimed crumb and non-reclaimed rubber. Then the second question, I am just recapping. So, if I have not missed anything, please correct me. Second is the margins from the new process versus the traditional process and what is the delta on that? The third was the breakup of the CAPEX of this Rs. 150 crores and how much has gone into each of the BUs. And the fourth is the butyl reclaim price pressure and why is it that we are not able to pass it on to the customers? Am I right?

**Divy Agarwal:** Right, sir. Perfect.

**Harsh Gandhi:** All right. I will start with the last one because that seems to be obviously driving most people's questioning as well and obviously is also one that has been the biggest impact. So, butyl reclaim,

as I said, was a fairly large volume as well as a margin contributor to the overall reclaim business and this is linked to inner tubes which are linked in some ways to availability of tubes which in turn is linked to radialization and move in terms of technology by tyre companies away from tube type to tubeless tyres. So, on a consistent basis over the last decade or so, we see incrementally the percentage of inner tubes available in the country, more or less either stable or not growing at the same pace as the pace of the tyre growth itself. So, that is one part that I want to kind of park at the moment. On the other side, over the last 2-3 years, a key change that has happened and again, India is one of the key generators of automotive inner tubes, but so are a lot of other emerging markets, namely the likes of Egypt, Pakistan, Bangladesh, the Middle East and a lot of South and Far East Asian countries as well. Over the last year and a half, we have seen new manufacturing capacity for butyl reclaim coming up in countries like Pakistan and Egypt. And this has created a significant shortage in availability of tubes in India and some of these other markets which were otherwise dependent quite a bit on these geographies, which is Pakistan, Egypt and also some Middle Eastern countries for sourcing of the inner tubes. Because some of these tubes are not available for exports and are now being diverted to domestic production, there is a shortfall in terms of total tube availability in the countries like India, which is the largest producer of butyl reclaim globally. Now, on the other hand, the availability of reclaim has not reduced because these countries have started producing reclaim. And that is why there is in our view, this imbalance between demand supply as far as the inner tubes itself is concerned, which is causing the pressure. And part of this offset is not available with the customer because it is not that the supply of reclaim rubber has reduced, but it is that the reclaim rubber capacity in India is strained on account of availability of raw materials. So, that is in a nutshell, to answer your question on why butyl margins continue to be not entirely passed on to the customers.

Your next question as far as the volume sales from reclaim, crumb and some of this is concerned, look, we do not comment on the volumes across each of the businesses, clearly because A, our capacity is partly fungible tomorrow as well. When our new capacity comes in, our crumb rubber capacity can be used to produce reclaim or TPO or to sell as crumb. And therefore, rather than creating that conflict, we sort of avoid commenting on what is our volume sales. Yes, we are happy to comment on our capacities. And as I mentioned, the reclaim rubber capacity with this new process investment that has been made stands today at about 75,000 tons. As far as the crumb rubber is concerned, as I said, at capex level, additional 35,000 tons of CAPEX for crumb rubber has been invested in. But again, depending on what size of crumb and whether it goes for TPO or for outright sale, that actual volume will change based on the utilisation levels. So, that is in a nutshell, your answer on volume and utilisation rather than commenting on actual numbers. This is how we would prefer to comment on. As far as the CAPEX breakup is concerned, of the Rs. 150 odd crores, bulk of it or closer to 70% to 75% of, so let me give you the numbers as of today. Against FY25, the total number spent on the GE project until Q1 of...just give me a minute. So, of the total CAPEX, sorry, approximately, what do you call it, around 65% to 70% of that CAPEX is intended for the GE, which is the waste to energy business and the remaining 30% will be split between a combination of the reclaim rubber for the traditional process and for the new technology and some incremental investments will be made

in the plastic recycling, more for augmenting the current capacity, but not for capacity expansion. So, that is broadly the breakup, roughly 70%, about 25 % in RR and about 5% as far as the non-rubber is concerned. The difference between the margin from the new process versus the traditional process, there is an estimated absolute margin increase of between Rs. 1,500 to 2,500 a ton, depending on the product category that we are going to be selling. So, that is in a nutshell the answer on the difference between the process. But I mean, if I look at from a just manufacturing point of view, manufacturing cost versus the savings from this process, will result in between 12% to 18% savings compared to the other thing. But again, as I said, I think it is not the savings alone that we are focused on. I think the idea is that we have, it is a combination of marginally lower cost, but also improved properties that allow us for an improved realization. And also again, I would like to reiterate the lower GHG emissions that comes as a result of this. I hope that answers all your questions.

**Divy Agarwal:** Sure, sir. I just wanted to know, can you help me with the capacity utilization of the reclaimed rubber segment?

**Harsh Gandhi:** For the current quarter?

**Divy Agarwal:** Yes. For the current quarter.

**Harsh Gandhi:** So, we, it has dropped to about 80% from a high of closer to 88% odd. So, that, as I said, the factors I have already indicated, but there has been that 8% odd drop in the utilization.

**Divy Agarwal:** Okay. So, on the overall plant level, it would be around 75%, including all other segments as well?

**Harsh Gandhi:** Look, the other segments are all ranging from between 30% to some of them have also scaled and achieved closer to 85%-90%. So, I think very tough to say what is the total non-RR, but each of the businesses have a separate utilization percent. I think we are more comfortable giving out the reclaim number because it is one business. The others are all different utilization levels, as I said, ranging from as low as 37%-38% to as high as about 89%-90% as well.

**Divy Agarwal:** Sure, sir. Again, thanks a lot for answering all my questions.

**Moderator:** Thank you. The next question is from the line of Radha from B&K Securities. Please go ahead.

**Radha:** Hi, sir. Thank you for the presentation. Sir, I want to understand that in India and the overseas markets, specific to the market that we cater to, what is the gap between demand and supply? So, just wanted to know what kind of demand growth is required, which would lead to some stability in prices or the prices coming back? Is that the way to look at it or do you think that the pricing pressure is expected to continue in the near term?

**Harsh Gandhi:** Radha, your question, is this directed to specifically the butyl reclaim or is this directed to the reclaim rubber category in general? Because as I mentioned, A, the domestic industries, we are

not under pressure. We have actually seen a volume uptick as well. So, there is a growth. In certain other export geographies also, we are not seeing any demand pressure. The issue is mostly to do with the tariffs and for one particular product category in itself. Unfortunately, that is one category which contributed to (+40%) of the revenue and that is why the impact on the numbers is so telling. But on the whole, we are not seeing any major pressure as far as the demand itself is concerned. And I think some of this is transient to what is happening in terms of the tariff. So, our conversation with our tyre Company customers is giving us enough confidence that starting Q3 of this fiscal, there will be normalcy in some of these markets as well. And I think as we speak, we are seeing everyday new tariffs getting signed up. So, I am pretty sure that any impact on account of tariffs will kind of start normalizing in the next couple of months. So, that is how I would respond.

**Radha:**

Actually, the margin pressure, I am not talking only specific to 1Q. So, we have seen this over the past few quarters and I think you have mentioned in previous quarters that there will be some pricing revisions with the customers, which will lead to better margins in future. So, we have been waiting for that for last few quarters. From that perspective, I wanted to understand whether there is a demand supply gap, which is leading to this and if yes, then what is the gap?

**Harsh Gandhi:**

No, I think it is the persistent pressure over the last few quarters that you are talking about, again, I have mentioned this on first calls as well. Everything is to do with that one particular SKU. To put it in perspective, this is a grade where our margin from that product over the margin on the other products was almost 25% higher margin. At a gross margin level, this particular product category had a margin which was roughly 25% higher. Today, it is in line with the gross margin with the other grades of products that we have. That is the reason. As I said, we are having these conversations and the impact of the new capacity that has come up in some of these other markets or geographies, Pakistan, Egypt, etc., are the ones that are causing this. We are fairly confident, honestly, based on conversations with our customers that they are willing to support us on the price front because the customers that we are working with are the tyre companies mostly, but it is just that there is going to be a lag for us to be able to absorb this in at least another one or two quarters more.

**Radha:**

In your recent interaction with the customers both in India and overseas markets, are there any plans to increase the RR content in the overall polymer usage in tyres? In India, it is still very low at 2% and overseas at 7%, are you expecting any material change in this year?

**Harsh Gandhi:**

Yes, but that is actually a question you should probably be asking the consumer as to how soon they want to expedite. At least the conversations we are having with them, it is very clear that they are continuing the journey of adopting this in more compounds and we are actually seeing a meaningful, visible change in the consumption patterns. There has been a growth, but some of these numbers are Company specific. So, I am not at the liberty to speak about what is the industry level numbers because there is a lag in the publishing of the industry numbers by the rubber board. But I would urge you to send questions to the brand owners than to us because yes, we are seeing a growth and it is significant now. I think some of the tyre companies in their

BRSRs have already reported what is that percentage change of growth from the previous years and I can tell you that the consistency in growing that continues to be there and we are actively working with several of them to get them to use more.

**Radha:**

So, as per our conversation with the tyre OE, we understand that they source RRs from 4 to 5 companies of which one of them is GRP. So, when there are 5 suppliers for one product to one customer, I wanted to understand what is our right to win to get more business from that particular customer and whether we are betting on the RR mix to go up in the tyres only or we are also betting on gaining share of business with those customers. So, do you expect only the volume growth to go up from the share of business increase only or also the RR content to go up?

**Harsh Gandhi:**

I think, so our objective is obviously to maintain the relationship to ensure that we have the highest share of wallet among the key customers that we work with and I can say at an industry level of the total consumption of reclaim rubber in the country, GRP's share is closer to one third which means that while our share of the reclaim rubber industry is closer to 20%, our share within the tyre industry is closer to one third. So, if you are saying that there are 4 to 5 manufacturers and if the industry data shows that we have a one third share of the industry, I think we are doing reasonably well when it comes to share of wallet with our customers. The second part of the question is whether they are increasing the percentage of reclaim. As I said, I think it is best to consult or view their BRSR reports to figure out what is that increase in percentage and absolute volumes that they are putting out. But our observation and evidence on the ground by way of our supplies is clearly stating that there is a growth in the tyre sector demand on the whole as well.

**Radha:**

Yes, and the colour on the right to win?

**Harsh Gandhi:**

I think the evidence is in the numbers. The fact that we have the broadest category and SKUs on offer to work with the tyre companies, the innovation that we are investing in to ensure that these newer technologies to offer them lower GHG emissions as well as newer technologies and processes to help them use more reclaim. We have generally been the go-to manufacturer when it comes to any kind of long-term development. Another recent case in point is and this is out again in the public domain, ITTAC, which is the tyre technology arm of the tyre manufacturers association has partnered with several recycling companies for specific projects to be undertaken for long-term development. As far as reclaim rubber is concerned, ITTAC has partnered with GRP where we have a binding NDA and we are going to develop new technology processes for use for the automotive tyre manufacturers association. So, this is one of the key outcomes of that relationship as well as the deep-rooted technology play that we have been involved in.

**Radha:**

Okay, sir. Thank you and all the best.

**Moderator:**

Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Harsh Gandhi for his closing comments. Over to you, sir.

**Harsh Gandhi:**

Thank you so much. Again, as I started the call and I am ending the call with the same appeal that this is a challenging time on account of these headwinds in a particular category. So, we continue to remain firm in our commitment and our confidence in the long-term benefits of using reclaim rubber and also committed to our capacity creation plans. So, I appreciate and thank all of you for asking the questions that you have, provides us the confidence to continue this journey and hopefully in the next couple of quarters we will have much better news to report as our other businesses start to scale up and hopefully by then we have also addressed the issue of gross margins with this particular product category. So, we are going through with resilience and hoping that in the next couple of quarters the outcome will be a lot more this way. Thank you so much for your time on the call and appreciate your questions all over again. Thank you.

**Moderator:**

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