GANESHA ECOSPHERE LIMITED

GESL/2023-24/ November 15, 2023

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Scrip Code: 514167

To,
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Scrip Symbol: GANECOS

Sub: Transcript of Q2 FY2024 Post Results Earnings Conference Call held on November 7, 2023.

Dear Sir/ Ma'am,

Please find enclosed herewith transcript of Q2 FY2024 Post results Earnings conference call held on November 7, 2023 pertaining to Company's Unaudited Standalone & Consolidated financial results for the quarter and half- year ended 30th September, 2023.

Please take the above on record and oblige.

Thanking you,

Yours faithfully,
For Ganesha Ecosphere Limited

Bharat Kumar Sajnani
Digitally signed by Bharat Kumar Sajnani
Date: 2023.11.15 19:34:49 +05'30'

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

Encl: As above

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"Ganesha Ecosphere Limited Q2 FY-24 Earnings Conference Call"

November 07, 2023

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**
CALL HOST:	**MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Ganesha Ecosphere Limited Q2 FY24 Earnings Conference Call hosted by Antique Stock Broking.

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the 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. Manish Mahawar from Antique Stock Broking. Thank you and over to you sir.

Manish Mahawar: Thank you Yousuf. On behalf of Antique Stock Broking, I would like to welcome all the participants on the 2Q FY24 Earnings Call of Ganesha Ecosphere.

Today we have Mr. Yash Sharma – Director; Ganesha Ecopet, Mr. Gopal Agarwal – CFO and Mr. Prashant Khandelwal – Senior Vice President from the management. Now I would like to handover the call to Mr. Agarwal for opening remarks, post which we will open the floor for Q&A. Thank you and over to you Mr. Agarwal.

Gopal Agarwal: Thanks Manish and Antique stock broking for hosting us. Good afternoon to all the participants for taking the time to join us today and on behalf of Ganesha Ecosphere I extend a warm welcome to all of you at the Company's second earnings conference call of FY24. I hope all of you might have had a chance to look into our quarterly numbers and investors' presentation already available on the exchanges.

Indian Textile sector is facing strong headwinds due to decline in exports demand from western world which, in turn, paved the way for cheaper imports of apparels and fabric from China, Vietnam, Bangladesh and other neighboring countries. Exports to European region including UK, has declined over 20% during last 6 months. Cheaper imports coupled with over capacity in yarn segment has resulted into steep fall in prices of yarn and fabric.

Amidst the above low-spirited scenario, we could perform better than last quarter due to our rich product basket and wide customer base.

On standalone basis, Company achieved production volume of 29,781 MT during the quarter by utilizing the production capacities at 110%. This is an increase of 10% over last quarter and 6.5% over corresponding last quarter. Sales volumes also increased by 18% to 29,434 MT over sales volume of 24,887 MT during last quarter though sales volumes were flat in comparison to corresponding year on year numbers. Average sale prices declined slightly by 1.5% though the decline is steep 21% over Q2FY23. Revenue from operations during the quarter Rs. 260.59 crore which is down by 21% from corresponding last quarter due to similar decline in prices.

With concerted efforts, Company could increase its exports by 35% over last quarter though still it is down by 31% on y-o-y basis.

With increase in volume, we could increase our EBITDA margins to 9.01%, which is an increase of 160 bps on q-o-q. In absolute terms, we earned EBITDA of Rs. 23.49 crore which turns out to Rs. 7,886 per ton as against Rs. 6,355 earned during Q1FY24 and R. 11,810 earned during Q2FY23. Though Raw material prices were adjusted downward vis-à-vis decline in sale prices but pace was not aligned due to higher volatility in sale prices. With increase in volume and EBITDA, we earned profit after tax of Rs. 13.34 Cr.

On group level, though some of the new product lines were commercially operational during last quarter March, 23 and June, 23 quarter, ramp up could not happen as expected. It took more than 6 months to convert the trials and testing into final orders. So on consol basis, though company did not incur any loss at EBITDA level, it could not recover the depreciation and finance cost. During Q1FY24, we made higher production in Warangal units due to development of different SKUs but during Q2FY24, production was still lower than last quarter due to delay in converting the trials into final orders.

So, on consolidated level, PAT was dropped to Rs. 2.80 crore during Q2FY24. The overall performance was encouraging at standalone basis but on consol level it is at the same level as per last quarter.

Now, I handover the call to Mr. Yash for his comments on the operations of the Company. Yash over to you.

Yash Sharma: Thanks, Gopal, for laying out the Financial Performance of the Company and I extend my warm welcome to all the participants here.

As explained by Gopal, the textile intermediate products, particularly yarns and fabrics is currently at a disadvantageous stage due to slower export demands, cheap imports and overcapacity in Southeast Asian countries. The June '23 quarter was much slower, but August was better off with some improvements in pricing and demand, and we were expecting it even better due to the start of the festive season. But unfortunately, the recovery remains short-lived and again there is currently a pressure on demand within textile sector. We could outperform this quarter as against the last quarter due to our deep penetrated market network and diversified product portfolio.

Our Warangal operations also could not kick off during this quarter and earnings fell short of recovering finance and depreciation costs.

To become more resilient to the market headwinds, we are currently planning to diversify our market segmentation in the recycled PSF segment. We are now focusing towards reducing share of the yarn spinning sector to 50% from present share of 65% over the next 6 to 12 months and increasing the share of technical textiles and household textile sector. This will also reduce the volatility in pricing and production planning as well. We are also focusing more on export markets and are constantly strengthening our overseas presence through participation in various international trade shows and exhibitions. We are looking for substantially increasing our exports further with development of new products and exploring newer markets as well. We also expect the domestic markets to strengthen as Government of India has now introduced BIS standards for PSF and Yarn for standardizing the quality and supporting domestic manufacturers. This will also help reduce the lower quality, cheaper imports into the country from various Southeast Asian countries.

In the rPET bottle to bottle chips market we have finally started delivering and we have joined hands with one of the largest FMCG brands in India to launch 100% rPET beverage products as mentioned in the several PR releases that we have done in the last month, and we are currently operating at full utilization in this product. We have already ordered two more production lines for rPET bottle to bottle out of which one has already arrived at to our plant in Warangal and expected to start production by February. Another line which will be dispatched by the mid of December and it is expected to be operational during early June '24 quarter which will take our total nameplate capacity to 42,000 tons on annual basis. We are currently working with around 45 brands where some of them have given us final product approvals and the rest will be completed by the end of this financial year. Due to our exceptional quality and performance of the rPET products we are seeing a lot of interest from the brand owners to collaborate and scale the rPET adoption for next year.

We have also joined hands with Manjushree Technopack Limited, the leading PET preform converter in the country, supplying to almost all the major brands for joint development, branding and marketing of the recycled PET packaging products. This will reduce the turnaround time in converting the brands to recycled packaging as well as our product development and marketing strengths will be developed. The new RPSF line in Warangal is also going to be operational over the next couple of weeks and will start contributing towards the top and bottom line. FDY production line has also started gaining momentum, but pace is still slow, and it will take around two to three quarters to bring it to optimum utilization of capacity. We are very optimistic about the future and expecting the current quarter of December 23 to be much better than September and the journey towards the new calendar year to be far better and smoother than the calendar year of 2023.

So, this is all from our side and we are very thankful for your kind attention and to be here. We are now ready to take any questions that you may have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gunjan Kabra from Niveshaay Investment Advisory.

Gunjan Kabra: I have few questions. First is the Ganesha Ecopet business, so it has chips and yarn business. So, we have received approval from a lot of companies as you just mentioned in your opening commentary. So, what's the timeline of their orders like when will it start at full capacity? And in the current scenario also what's the margins are we seeing in that particular business in rPET bottle to bottle chip business in near term in exports and with EPR in place when it comes in FY26? So, what kind of margins are we seeing in the current scenario?

Yash Sharma: So basically, in terms of the approvals and orders started to come in, so currently we are already running our current production line at full capacity utilization and that is why we are also expanding our capacity aggressively now because we are seeing a lot of demand from these brand owners to start the rPET adoption. So, we think that for next year we should be able to do full almost near to full utilizations on the capacities as and when we increase them. That's for the rPET bottle to bottle side.

Now coming to the margin side, though the current margins that we are getting that we have started to make in the current line are slightly lesser than our expected 25% EBITDA margins. But that is because the rPET adoption has just started in India, only a handful of people have started using commercially the rPET in their packaging products. As the adoption is growing to scale, we think that by next year we should see an increase in the margins to better than our expectation as well.

Gunjan Kabra: But what does the margin profile look like right now in the current scenario?

Gopal Agarwal: Yes, it is more than 20% for the rPET business as of now.

Gunjan Kabra: In the perspective of availability of raw material, like lot of players are coming up with bottle-to-bottle side, the RPSF has also a lot of players are coming up and setting up new plants too. What's the consumption will increase at a very normal rate but at this high rate as the demand for these will increase as the number of players are also increasing very quickly and recycling rate in India is also very high which is around 75% to 80%. So, don't you think it will be difficult to maintain RPSF margins going forward at the historical levels of 11% to 12%?

Yash Sharma: Basically, yes there are many factors in play over here Gunjan. So basically, yes, the adoption of rPET bottle is coming, is now in front of us and if you talk about the PET bottle availability, there is a huge growth happening in the PET bottle consumption as well in the PET bottle production as well because it is also growing at a rate of 12% to 15%. As you would have seen, almost all the beverage manufacturing or the beverage brands are coming up with huge expansions in India in the next year itself. So definitely, we think that the PET bottle availability is going to increase as well. We don't really foresee any pressure in the RPSF margins for now because also there is a lot of consolidation happening on the RPSF side as well as brands are now looking to adopt RPSF with recycling certificate as well which was not happening in India largely now. So honestly, we think that even there the industry should perform better than what it was performing historically.

Gunjan Kabra: But actually, what I believe is what I wanted to also understand is the number of PET bottles consumption will not increase at such a rate but the number of players that are coming up in RPSF and bottle to bottle chips is very high and recycling rate is also very high in India. So that's why I wanted to understand because we cannot import raw material as well, we cannot import PET bottles. So that is why I wanted to understand what's your view with respect to that because the number of machines that are coming up in PET-to-PET bottle chips also, it's huge the capacity that's coming up in India. So that is why I wanted to understand the raw material availability will swing. How will you or you might just have an advantage also because of the….

Yash Sharma: Yes, you are right a lot of bottle-to-bottle capacities are coming up in India as well. But that is in line with the industry demand that the industry currently foresees by '25-26. So, it is completely in line with the industry's demand, that's number one. Number two, on the availability of raw material, though we cannot import waste directly, but we do have on user basis, we do have licenses to import processed flakes, cleaned and processed flakes that we are already doing. Since we are one of the largest in the industry, we have already the license to import up to 20% of our capacity on user basis. Along with that, the usage and availability of PET bottles is also growing very rapidly in India now because a lot of expansions in the bottling is going on. Since everyone is the industry is viewing PET as a recyclable product, a lot of transition from the other plastics to PET is also happening parallelly. Though in the short term there might be a little volatility but we think that in the long term there should be no issue in matching the supply and demand as well.

Gopal Agarwal: Moreover, the RPSF industry may come into the consolidation phase and some weak players may go out. So, we don't see any threat for the RPSF business also, going forward.

Gunjan Kabra: Okay and on the filament plant, what's the ramp up plan there and are the 25% margins intact the guidance of 25% margins intact in that segment as well?

Yash Sharma: Yes, so basically, in the filament side the current ramp up of the current production line is slower than expected. The product approvals are taking a lot of time so I think it's going to take time until we reach to our optimum utilization levels. As of today, we do not have any further expansion plans on that side. We are majorly focusing on the bottle-to-bottle side because that's the regulatory demand that we see that is coming on. But on the margin side- the margins over there also are a little less than what we expected it to be because of the first adoption that is currently that is having to happen, but definitely it will grow to be better.

Gunjan Kabra: Just last question, is the EPR by any chance getting delayed or is it on time? And then what kind of I mean if the EPR policy is on time or it's getting delayed how is that scenario right now? And even if the EPR doesn't come up then also we are very much confident that these bottlings companies will opt for recycled chips.

Prashant Khandelwal: So, basically EPR policies have already taken place. There is no delay in implementation of EPR. Just few days back, a new draft rule/ regulation has been given for the EPR policy which is to be adopted by end of December. In this also as you can clearly see in the draft itself that earlier MSME, small micro scale companies has been taken out of that EPR purview. But now in the draft regulation itself, it is very clearly mentioned that on behalf of those small and micro scale organizations, all the suppliers have to fulfill the EPR. So, they are not even allowing anybody go out of the EPR umbrella. On behalf of MSMEs their suppliers or the importers has to complete the EPR obligations. So EPR has to be there for sure. As far as the usage of recycled content in the material, that is also on the board, it is already there with 30% compulsion from

2025 onwards. As it is also gaining momentum now with the brands as well, even they are willing to go up to 50% in '25 itself whether there is a regulation comes or not. Because now it is time has come and everybody is looking to have environmental-friendly materials and policies. So, it is now ESG compliance are going very high level, and everybody wants to be there.

Moderator: Next question is from the line of Gaurav Agarwal from Ninety-One Capital.

Gaurav Agrawal: You mentioned that your rPET B2B capacity is running at full utilization. So is it for the entire Q3 or is it only part of this Q3?

Gopal Agarwal: Yes, it started from mid of the October.

Gaurav Agrawal: And we expect it to continue to run at full capacity at least for this Q4 and next year for '25 also?

Gopal Agarwal: Yes.

Gaurav Agrawal: And in your presentation, you have mentioned that you are already expecting these three production lines which are going to get installed over the next 4-5 months and you are expecting this capacity to be fully booked. So, can you indicate some of the vendors who are giving you orders and why are you getting so confident on this side?

Yash Sharma: So basically, the customers or the clients over here are largely all FMCG brands. The current brands that we're working with include so we are not allowed to take names publicly. But you can imagine all the largest FMCG brands, beverage brands as well as personal care brands that are there in India right now, who give out personal care FMCG products, oils, cold drinks, water, shampoos etc. So, all these are very large FMCG brands and since they also have their internal targets to use recycled products from their guidelines, they have started the adoption of rPET already to be able to scale up to 30% by 2025 because otherwise it's not that easy to scale up to 30% usage very quickly. So that's why they've already started utilizing rPET now in their packaging.

Gaurav Agrawal: And so, we are supplying to these FMCG customers directly or is it through Manjushree?

Yash Sharma: No, to most of them we are supplying directly. It's on a case-to-case basis what kind of an understanding they have with their converter. The larger, bigger brands buy directly from us, and they ship it to their converters to get it converted and pay them conversion charges. On some smaller brands' basis, it is also to converters so it's on a case-to-case basis.

Gaurav Agrawal: Our agreement is Manjushree; can you elaborate a bit more? How does it entail? What will they do for us? How will the commercials be shared between both the parties?

Yash Sharma: So, with Manjushree, basically we have a joint development branding and marketing agreement where because Manjushree also has to use rPET in its production in its products which it is giving to its brands. So, we have tied up with them to promote Ganesha's rPET or Go Rewise rPET to all its customers. That is also coming from the fact that on usage of rPET products, they have realized that Ganesha's rPET performs far better and far superior to what others that they have tried to utilize. So, they are very comfortable with going with Ganesha's rPET and that's what they are currently promoting to all their customers to be able to give good performance guarantees.

Gaurav Agrawal: Can you call out all of your products let's say RPSF, spun yarn, dyed yarn, filament yarn and rPET B2B, can you call out to what kind of margins in a realistic scenario you expect to achieve in FY25 and what kind of utilizations can you make in these all segments?

Gopal Agarwal: RPSF business, we are already having 10%-11% margin. Though it is slightly lower in the first two quarters of FY24. But we are confident in achieving the terminal rate of 10%-11% over next quarter for RPSF business and for our Warangal project, rPET B2B business we are looking for the margins of around 24%-25% when we are utilizing the full capacity next year onwards and the regulations is routed fully by the brands.

Gaurav Agrawal: For this spun yarn and dyed yarn?

Gopal Agarwal: So dyed yarn is a very small portion. There we are not using any recycled material in that. So that is only a processing activity. So, the margins are not great there, it is in the range of 6% to 7%. Our spun yarn business is more than 13%-14%.

Gaurav Agrawal: So, the numbers which are giving 13%-14%, is it after adjusting for the corporate costs or corporate overheads come after this, after the margins that you have disclosed?

Gopal Agarwal: I am talking about the EBITDA margins because we are not selling the grey yarn there, we are only making the dyed yarn there.

Gaurav Agrawal: But if I just multiply all these margins with the revenue the ultimate EBITDA that I get, is it equal to your yearly EBITDA that you show every year in your financials or there are some corporate overheads that one needs to adjust for before arriving at the EBITDA?

Gopal Agarwal: EBITDA means the profit, the earnings before interest, depreciation, and tax. So, adjusting all the corporate overheads.

Moderator: Next question is from the line of Jenish Karia from Antique Stock Broking.

Jenish Karia: Firstly, just a clarification. In the south plant we have a total of 50,000 tons of capacity of which only 37,000 has been commercialized, around 12,500 of RPSF will be commercialized in the second half, correct?

Gopal Agarwal: Correct.

Jenish Karia: On the 37,000 tons what would have been the utilization level for the current quarter? I understand the B2B operated at around 70% utilization as per your press release. But on the entire 37,000 tons what would be the capacity utilization?

Gopal Agarwal: So as explained yes, for the bottle to filament or the filament yarn business it is slowly ramping up. So, the capacity utilization is about 25%-30% there. For RPSF we have yet to start the line which is expected to be started in the next couple of days.

Jenish Karia: So, on a plant level it will have been around 30% utilization?

Gopal Agarwal: Yes.

Jenish Karia: And secondly, according to our cash flow statement we have spent around 92 crores on a consol level for CAPEX in the first half, of which around 5 crore was for the standalone entity. Means around 85-87 crores is spent for the south plant, so where has this CAPEX been allocated?

Gopal Agarwal: These CAPEX were allocated for the completion of the RPSF line and also the second line of the B2B chips.

Jenish Karia: Any guidance on the CAPEX which you will incur in the second half of FY24 and FY26-27?

Gopal Agarwal: Yes, so almost all of the CAPEX is over in Warangal plant except the third B2B line which is yet to be started. So, we would be incurring around 60-65 crores CAPEX further in this coming half year.

Jenish Karia: And for FY25 any guidance?

Gopal Agarwal: FY25 we have to decide the CAPEX. It depends on the further expansion which we'll undertake. That is to be decided.

Jenish Karia: So, after the two lines that we have planned in the B2B for the south plant, do we have any other space for adding more lines in the south plant or we'll have to find new land somewhere?

Prashant Khandelwal: We have land available here in South plant as well because in starting itself we have procured a land of 50 acres. So, depending on the supply and demand mechanism and the transportation, we are still having enough land available in south plant. And we can increase the capacity almost by adding another three lines here, so it can be doubled from here what have been planned. So those all decisions will be taken at a later stage when we see the market is growing and how the demand is taking place and which areas the demand is more and whether it will be benefited to us for putting our plant in south itself or to expand in other areas as well.

Jenish Karia: Just to clarify so we have 50,000 tons of capacity currently, 24,000 tons is upcoming, so 75,000 is where we would be by end of FY24, and we have additional capacity for 36,000 tons more. So, the maximum south land can hold us 1,10,000 capacities.

Prashant Khandelwal: Yes, something. 110,000 to 125,000 tons of capacity can be added here.

Jenish Karia: And just a couple of more questions. Ganesha Ecopet, if I see the margins, they have been improving but for Ganesha Ecotech, the margins have declined on a QoQ basis. So last quarter we had done 25% margin but, in this quarter, we have only done 5% EBITDA margin. Any reason for such sharp drop in the Ganesha Ecotech margin?

Gopal Agarwal: Actually, in the first quarter we started the production lines, and we took a lot of production because of some trials and making of the more and more SKUs, for developing more and more SKUs we made the production higher. But in the 2nd Quarter as the lifting was not started so the production was not up to mark in 2nd Quarter, so the production was lower than the production in Q1.

Jenish Karia: How should we feed it to entities like Ganesha Ecotech is a captive supplier for Ecopet entity, how should we factor that in?

Gopal Agarwal: Ganesha Ecotech is the feeding supplier to Ecopet. So, the final products are manufacturing in Ecopet only.

Jenish Karia: So margins will ideally be lower for the Ecotech entity because it's just captive?

Gopal Agarwal: Yes.

Moderator: Next question is from the line of Deep Mehta from Bank of India Mutual Fund.

Deep Mehta: Out of the total debt, if you can give us the breakup regarding how much of the debt is in the holding company and how much of the debt is in the various subsidiaries?

Gopal Agarwal: So, we are having the net debt level of around Rs. 550 crores on consol level and out of that around Rs. 200 crores is with the standalone Ganesha Ecosphere, Parent Company and the rest is with the Rs. 350 crores with the subsidiaries.

Deep Mehta: And majority of these 350 crores will be for our southern plant?

Gopal Agarwal: Yes.

Deep Mehta: And what will be the payment schedule for this debt?

Gopal Agarwal: Repayment is to be made up to FY32.

Deep Mehta: So, it is equally divided or some part of it is front ended?

Gopal Agarwal: No, it is not front ended, it is back ended.

Deep Mehta: Okay fair enough. And regarding this B2B chips, you have said that you can add three more facilities in southern plant. Over and above that do we have the capabilities to add another B2B line in our northern plant or some other facility, some other area?

Gopal Agarwal: Yes, we would explore all the existing plants as well as the new locations depending upon the demand and the customers locations.

Deep Mehta: And just one last question regarding our RPSF business; historically, is there any correlation between crude prices and our realization as well as our margins or both of them are not strictly correlated?

Gopal Agarwal: Yes, earlier there was a very positive correlation with the crude oil prices. But now since the last 1.5 year the correlation has come to end and it is purely running on the demand and supply basis.

Moderator: Next question is from the line of Divyam Gupta, an individual investor.

Divyam Gupta: I have a couple of questions. So, the first is regarding our margins, we make about 10% operating margins, and we have done so for a few years. So, going forward, as our product mix improves, can we achieve a consolidated mid to high teens margins of say 16% or 18% over the next 2 to 3 years? So that by FY27 can we achieve a consolidated 18% margin?

Gopal Agarwal: Yes. For the Warangal project of course we are looking for the 18%-20% margins on consolidated for all the products. But for the RPSF business of northern India we are looking for a margin of 12% to 13% which is a standard margin for the last couple of years barring these two quarters only.

Divyam Gupta: What I meant was on a total company, on a total consolidated firm basis, can we look at a total number of 18% consolidated margin in the next 3-4 years?

Gopal Agarwal: Yes of course. Going forward we are looking for the increasing the proportion of B2B chips business higher than the overall business and because the margins are higher in that segment, so we are looking for the 17%-18% margin consol level over next 3-4 years. Of course.

Divyam Gupta: My second question is regarding our competitive landscape. So, Varun Beverages actually yesterday mentioned that they are tying up with Indorama Ventures to set up a new PET recycling plant by 2025-26. And Coca Cola as we know works with Indorama in the Philippines for PET recycling as well. So how does this affect our competitive position in the Indian market?

Yash Sharma: In fact, you're right. Yes. A lot of investments are coming on now in the rPET recycling space. Now usually what happens is that both Coca Cola and Pepsi partner with one partner and they usually do not crossroads with each other. So that historically has been how they operate globally everywhere. So doesn't really matter because Indorama is coming up with a good capacity and we are also looking to increase our capacity in the bottle-to-bottle space as well. We know that since we have been operating in this industry since the last 30 years, we have a strong foothold in the sourcing side where we are currently sourcing around 20% of India's PET bottles which we are able to optimize very well. Since we are the experts currently in delivering and sourcing both rPET products as well as post consumer waste, we think that we will always be on the front-end side of leading this industry.

Gopal Agarwal: And as regards to the Philippines plant, I think it is not under operations.

Yash Sharma: Yes, that's as well and that is because of the sourcing challenges that they are facing there. It's currently not under operations. It's in force majeure but it doesn't not matter. We have partnered here with Coca Cola in India as well and we think that being a strong competitive position that we have today, we are going to be at the leadership position in this industry as well.

Divyam Gupta: So according to you it won't be much of a difference to our business, the Indorama venture?

Yash Sharma: Yes, definitely.

Divyam Gupta: And finally can you just comment on the consolidated volume growth guidance for our business for FY25-26 going forward?

Gopal Agarwal: For '25-26, yes, we would be having three production lines operating so that would be around 35,000 to 40,000 tons. And going forward we are looking for a CAGR growth of around 20%-25% in that segment.

Divyam Gupta: So, on a consolidated basis, you're saying 20% growth CAGR volume going forward?

Gopal Agarwal: Yes.

Moderator: Next question is from the line of Suraj Nawandhar from Sampada Investments.

Suraj Nawandhar: Can you please share since what date you have started utilizing your B2B bottle chips plant at full utilization? Because in the last quarter I don't think there was much contribution from that.

Gopal Agarwal: As we replied in earlier question we had started in mid of the October.

Suraj Nawandhar: What is the maximum revenue or what is the realization per kg in that segment?

Gopal Agarwal: We are having only one line and from that line we are looking for a revenue realization of about 125 to 150 crores in a year.

Suraj Nawandhar: And the margin would be between 20% to 25%.

Gopal Agarwal: Yes.

Moderator: We have our next follow up question from the line of Jinesh Karia from Antique Stock Broking.

Jenish Karia: So, we received the order from Moon Beverages sometime in August and to be delivered over the next 3 months by November. Also, we have been speaking of improving textile demand outlook on a sequential basis and the export demand also improving. Despite all this, why has the production volumes been declining on a sequential basis for the south India plant?

Gopal Agarwal: No, as we said, we have started this B2B chips plant in full in mid of October. So, though we had got the orders in late August, the supply started by end of this September.

Jenish Karia: So whatever volumes were done in 2nd Quarter was only for the textiles in the south plant?

Gopal Agarwal: Yes.

Jenish Karia: Can you provide a segment wise revenue breakup? For example, for yarn business, RPSF business B2B and trading business?

Gopal Agarwal: For Ganesha Ecosphere, the mix is 85% from the RPSF business and 15% from yarn business and for our Warangal plant, as of now the major revenue would be from the B2B business and RPSF business and filament yarn business will ramp up as explained by Yash over next two-three quarters.

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

Gopal Agarwal: I would like to thank you everyone for joining us on this call. I hope we have been able to address all the questions. We also thank you Mr. Yousuf for hosting this call. Have a good day. Thank you.

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