

# CIRCULAR ECONOMY REDEFINES THE WAY WE CONSIDER GROWTH





Investor Presentation May 2022

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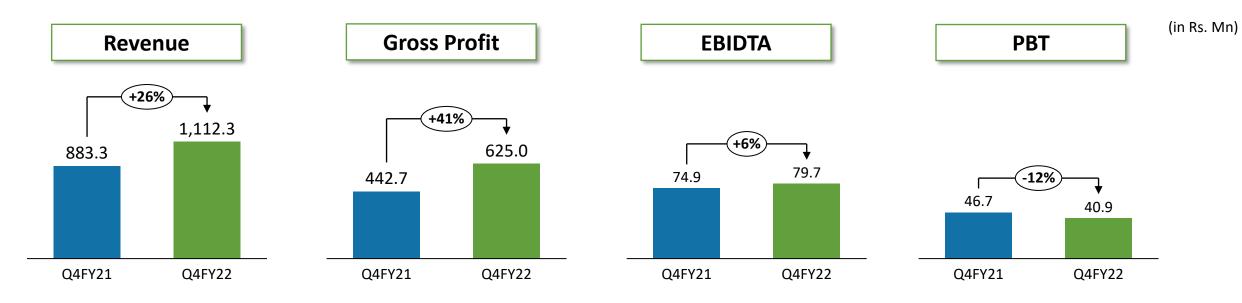
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# **Performance Highlights**







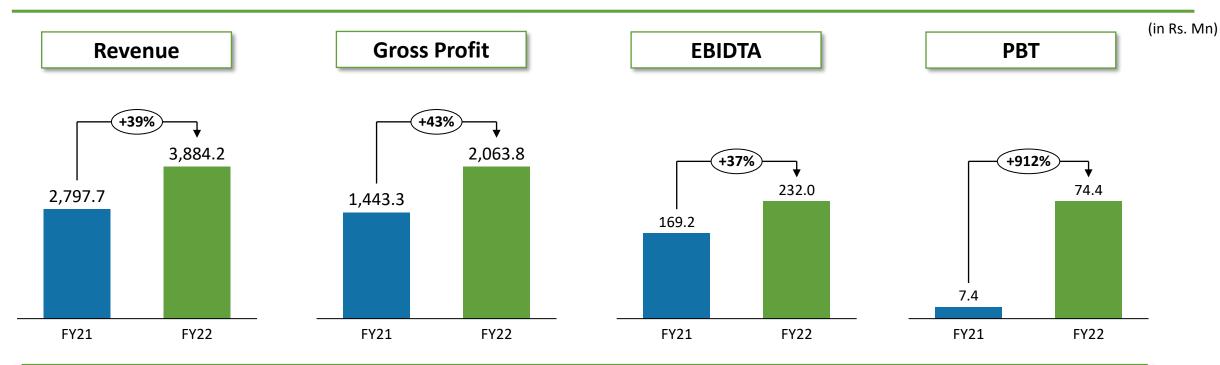
#### **Revenue / Profitability**

- Q4FY22 Revenue grew by 26% YoY basis on the back of increased volume and commissioning of new capacity in reclaim rubber demand and increased approvals from new customers in non-reclaim rubber segments
- Q4FY22 Gross profit grew by 41% YoY basis on account of higher volume, increased selling price, favourable currency
- Q4FY22 PBT isn't comparable with previous year's quarter due to exceptional item of Profit on sale of Assets (10 million) in previous year



## FY22 Performance (YoY)





#### **Revenue / Profitability**

- Freight cost and RM cost increase over previous year is partially absorbed by increased selling price & volume
- PBT increased on account of revenue growth and interest subvention
- Declared Final Dividend at Rs. 9 per share (90% on FV of Rs. 10 each) subject to shareholders approval



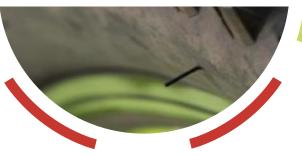
Volume growth is on account of demand spike in the international tyre demand Demand spike in reclaim rubber is also on account of shortage of key materials due to Russia - Ukraine conflict

Logistics costs continue to remain high

Industrial Polymer Business has been able to obtain approvals from large Electrical and Furniture manufacturers



**Operational Highlights** 



Volume growth is also driven by capacity expansion towards end of year

Company has been able to partially pass increase in oil derived input / polymer costs

Spike in demand from pyrolysis industry lead to Raw material cost increase

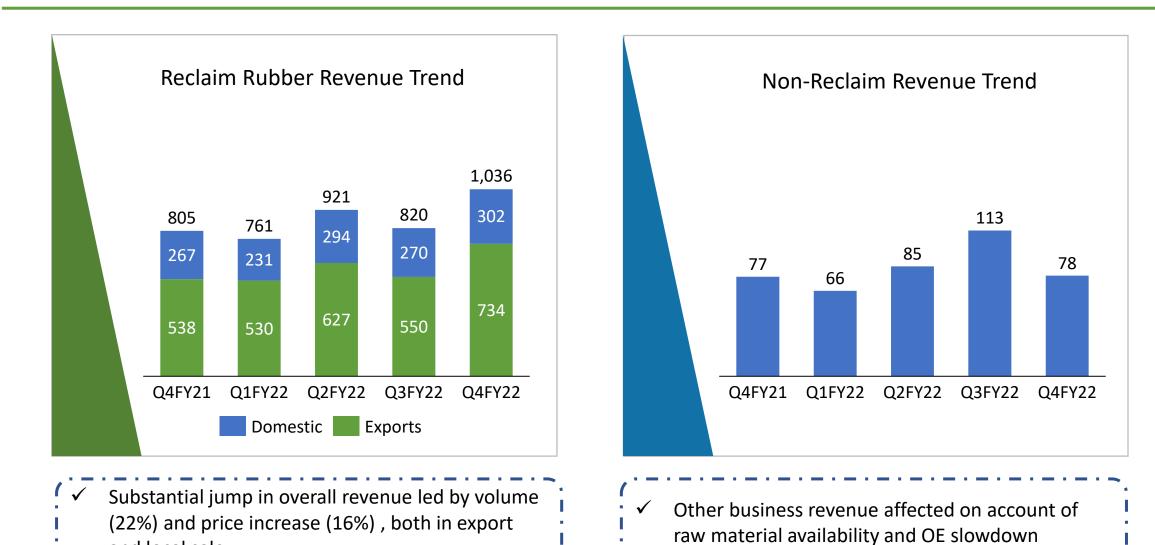
We are continuously exploring alternate source of inputs (imports)



## Segment Wise Quarterly Performance Trend\*

and local sale





\*Data on Standalone Basis.

7



Particulars (in Rs. Mn)*	Reclaim	Rubber	Non-Reclaim Rubber		
	FY21	FY22	FY21	FY22	
Revenue	2,590	3,538	205	343	
Raw Material	1,262	1,641	100	189	
Other Expenses	1,180	1,715	86	106	
EBIDTA	148	182	19	49	
EBIDTA Margin	5.7%	5.1%	9.4%	14.2%	

Net margin (excluding exceptional items) of Reclaim Rubber margins are higher for FY22 on account of

- ✓ Increase in selling price and favourable currency
- Increase in input costs (which has been passed on partially)
- ✓ FY21 margin included exceptional item of Profit on sale of Asset and FY22 margin included loss on sale of asset
- Non Reclaim Rubber business margins have remained stable but with concerns around
  - ✓ Increase in availability & price of glass fibre (a key ingredient in compounding)

# Industry highlights



## Global & Indian Tyre Industry Performance

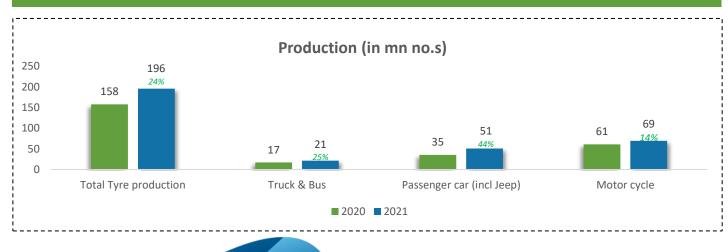


#### **Global Tyre Market**

Passenger car/Light truck tire, Q1 2022 CY (% change Y-o-Y, in no. of tyres)

Particulars	Western and Central Europe	North & Central America	South America	Global market	
OE tyres	-15%	-3%	-3%	-6%	
RT tyres	10%	5%	3%	4%	
Truck tire, Q1 2022 (% change Y-o-Y, in no. of tyres)					
OE tyres	0%	2%	11%	-28%	
RT tyres	8%	2%	5%	-5%	

#### Indian Tyre Market



	<u>obal Tyre trends</u>
✓	Continued sluggishness in OE demand in PCLT segment most global markets
	Robust Replacement sales coupled with Truck tyre demand in key export markets help order push for GRP i Q4
	Price surge in major inputs materials helped further
	strengthen demand
	strengthen demand  lian market
<u>Inc</u>	lian market Slow rise in the production of all tyre categories,

#### Source: Michelin & ATMA 10

## Consolidated Profit & Loss Statement



Profit & Loss (Rs. Mn)	Q4FY22	Q4FY21	Y-o-Y / Bps	Q3FY22	Q-o-Q / Bps	FY22	FY21	Y-o-Y / Bps
Revenue	1,112.3	883.3	26%	934.2	19%	3,884.2	2,797.7	39%
Cost of Goods Sold	487.3	440.7		416.4		1,820.5	1,354.4	
Gross Profit	625.0	442.7	41%	517.8	21%	2063.8	1443.3	43%
Gross Profit Margin	56.2%	50.1%		55.4%		53.1%	51.6%	
Employee Cost	143.4	136.7		154.2		582.5	487.7	
Other Expenses	401.9	231.1		307.5		1249.3	786.4	
EBIDTA	79.7	74.9	6%	56.1	42%	232.0	169.2	37%
EBITDA Margin	7.2%	8.5%		6.0%		6.0%	6.0%	
Other Income	5.5	12.0		0.4		11.6	18.7	
Depreciation	32.3	30.9		31.9		124.0	126.6	
Finance Cost	12.0	9.3		13.8		45.1	54.0	
РВТ	40.9	46.7	-12%	10.8	278%	74.4	7.4	912%
Тах	17.7	-0.4		2.9		16.8	-9.3	
PAT	23.2	47.1	-51%	7.9	194%	57.6	16.7	245%
PAT Margin	2.1%	5.3%		0.8%		1.5%	0.6%	
Cash Profit	55.5	78.0	-29%	39.8	40%	181.6	143.3	27%

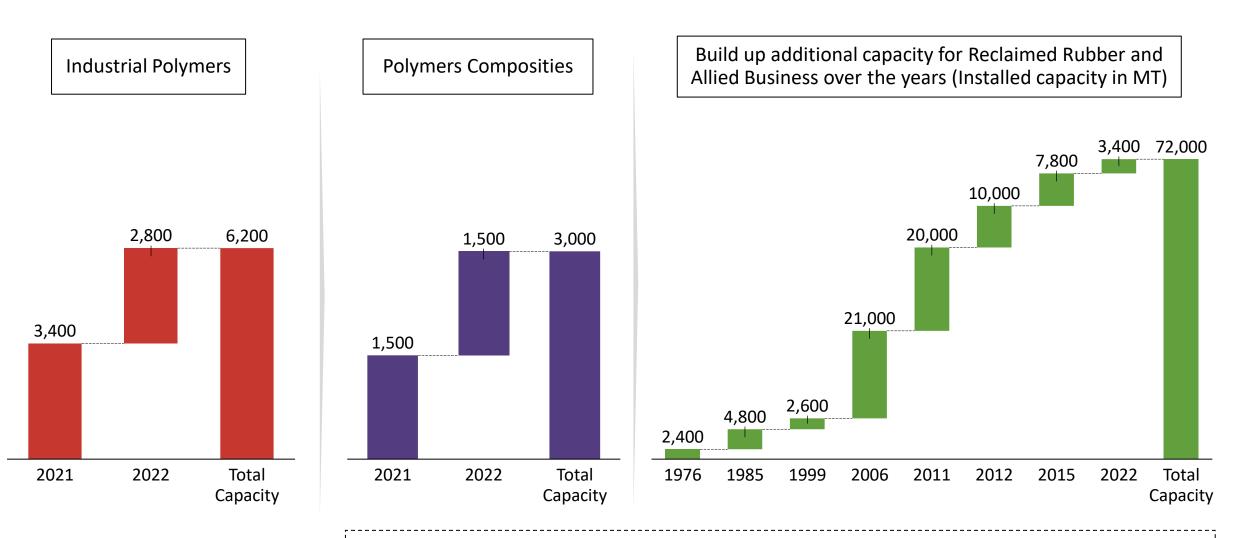
## Consolidated Balance Sheet



Assets (Rs. Mn)	Mar-22	Mar-21
Non-Current Assets	1,266.9	1,153.0
Property, Plant and Equipment	1,084.9	994.4
Capital work in progress	1.4	16.2
Right of use assets	122.1	97.2
Investment Property	10.3	10.5
Other Intangible assets	1.0	1.2
Intangible assets under development	0.0	3.1
Financial Assets		
(i)Investments	1.9	1.7
(ii)Others	0.0	0.0
Other Non-Current Assets	45.3	28.7
Current Assets	1,690.6	1,324.3
Inventories	534.9	433.6
Financial Assets		
(i) Investments	151.4	-
(ii)Trade receivables	860.1	639.1
(iii)cash & cash equivalents	3.0	137.4
(iv)Bank balances other than mentioned	1.4	0.9
(v)Other Financial assets	25.6	23.5
Current Tax Assets (Net)	8.4	14.9
Other Current Assets	105.8	74.9
Total Assets	2,957.5	2,477.3

Liabilities (Rs. Mn)	Mar-22	Mar-21
Equity Share Capital	13.3	13.3
Other Equity	1348.9	1,302.5
Equity attributable to owners of the	1,362.2	1,315.8
Company	1,302.2	1,313.0
Non-Controlling Interests	0.0	0.0
Total Equity	1,362.2	1,315.8
Non-Current Liabilities	468.9	325.8
Financial Liabilities		
(i)Borrowings	299.1	157.3
(ii)Lease Liabilities	5.5	3.6
(iii)Other Financial liabilities	0.8	0.9
Provisions	23.7	7.4
Deferred Tax Liabilities (Net)	139.7	156.5
Current Liabilities	1,126.4	835.7
Financial Liabilities		
(i)Borrowings	697.5	553.6
(ii)Lease Liabilities	3.7	4.4
(iii)Trade Payables	251.4	157.8
(iv)Other Financial Liabilities	15.4	11.4
Other Current Liabilities	150.2	98.2
Provisions	8.2	10.2
Total Equity & Liabilities	2,957.5	2,477.3





During the fiscal year FY22, 2800 MTPA capacity is added under Engineering Plastic division, another 1500MTPA and 3400 MTPA capacities are added in Polymer composite business and Reclaim rubber business respectively



### GRP has launched its ESG Profile on ESG World

- ESG World allows companies to present sustainability strategies to stakeholders in a real time and searchable format
- GRP's sustainable business activities are based on scientific research that promises to add value to the society
- This gives our stakeholders, potential investors, research analysts, rating agencies and lending banks a chance to know the value we add through our ESG Profile on real-time basis

## MoEFC has proposed draft EPR norms for waste tyres

- 'Extended Producer Responsibility' means responsibility of producer of tyres to ensure environmentally sound management of waste tyres as per the provisions of this regulation
- GRP is an active member of the committee formed by government to prepare a comprehensive action plan for transformational change for managing the waste tyres
- The obligations to recycle waste tyre drives circularity and thereby, presents a positive outlook for GRP and industry in general

Please Click Here to access GRP's ESG Profile





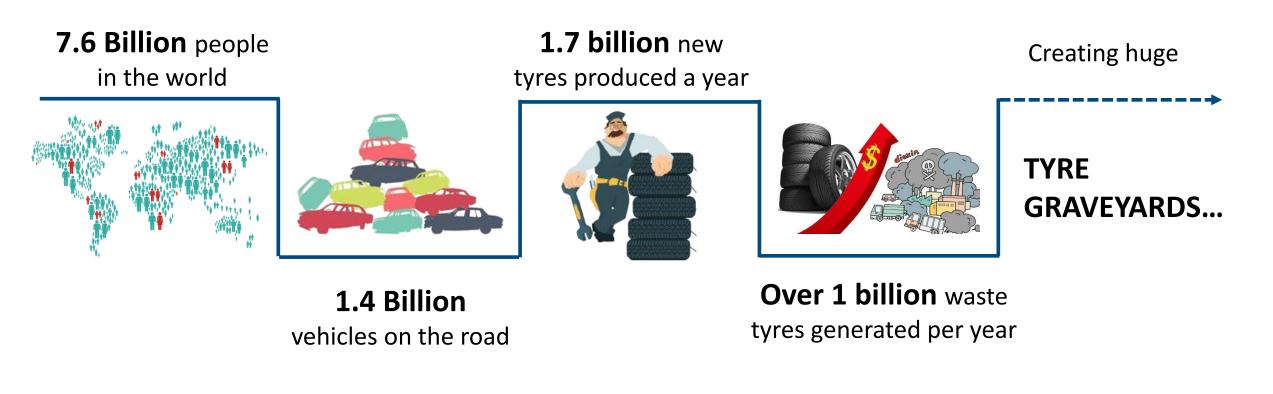


At GRP, we are committed to transitioning from a 'recycled material company' to a **'Sustainable Raw Material Company'**. Therefore, embracing the certifications, partnerships required for achieving that status. Plus embracing the UN's Sustainability Development Goals.

# Introduction







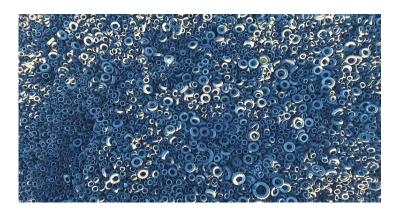
## ... HUGE OPPORTUNITY



## ...presenting a HUGE OPPORTUNITY



Huge tyre graveyards that can be seen from Space



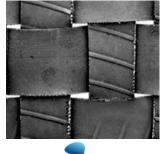


GRP uses end-of-life tyres to recycle and manufacture



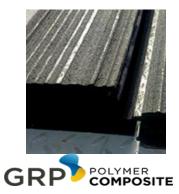
Reclaimed rubber, Engineering plastics, Diecut products & Polymer Composite Products













#### Recover, Recycle, Reuse' is GRP's raison d'etre as well as mantra for creating a clean planet

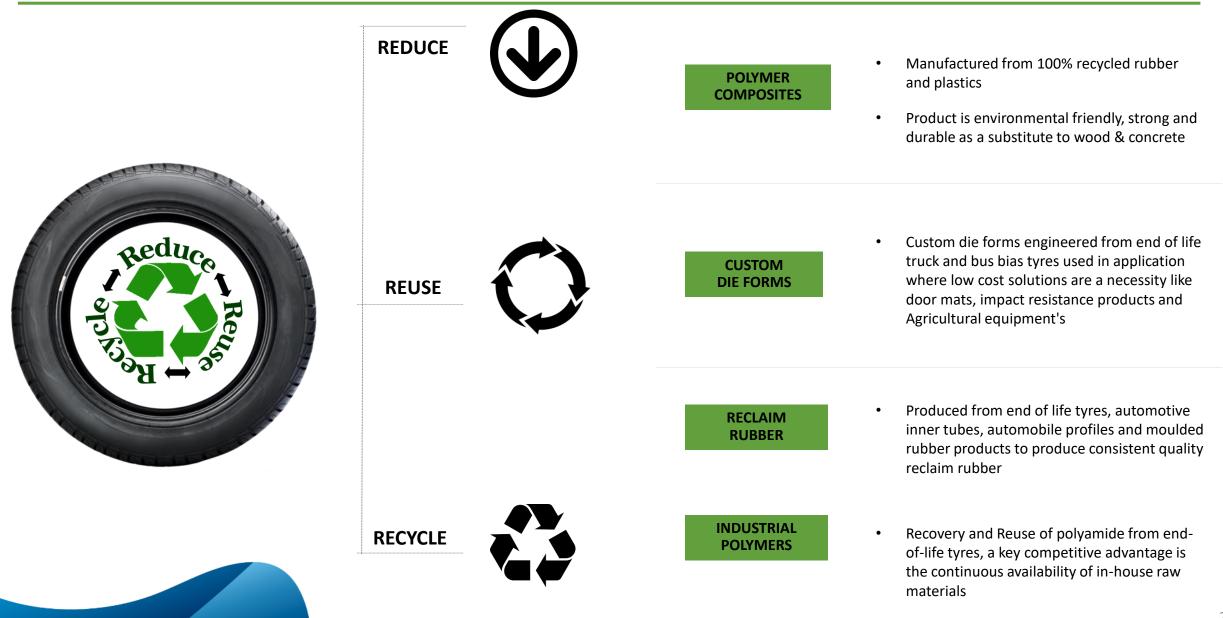
- GRP is one of the leading producers of reclaim rubber
- It recycles end- of-life tyres, automotive inner tubes, automobile profiles and moulded rubber products to produce consistent quality reclaim rubber
- The rubber produced emits 95% Lower greenhouse gas v/s virgin polymers





## ...to Reduce, Reuse & Recycle





# **Our Business**



## Believing in possibility of better tomorrow...





7 Manufacturing Units with 81,200 tons/year capacity



18% share in Indian Market & 50% of India's Export in reclaimed rubber



Supplies to **7 out of top 10** global tyre companies

Export presence in 60+ Countries across 400+ customers



**~1.2 Mn** End-of-Life tyres saved from reaching landfills Every Year



IATF, ISO and BS OHSAS REACH Certified for EU Zone

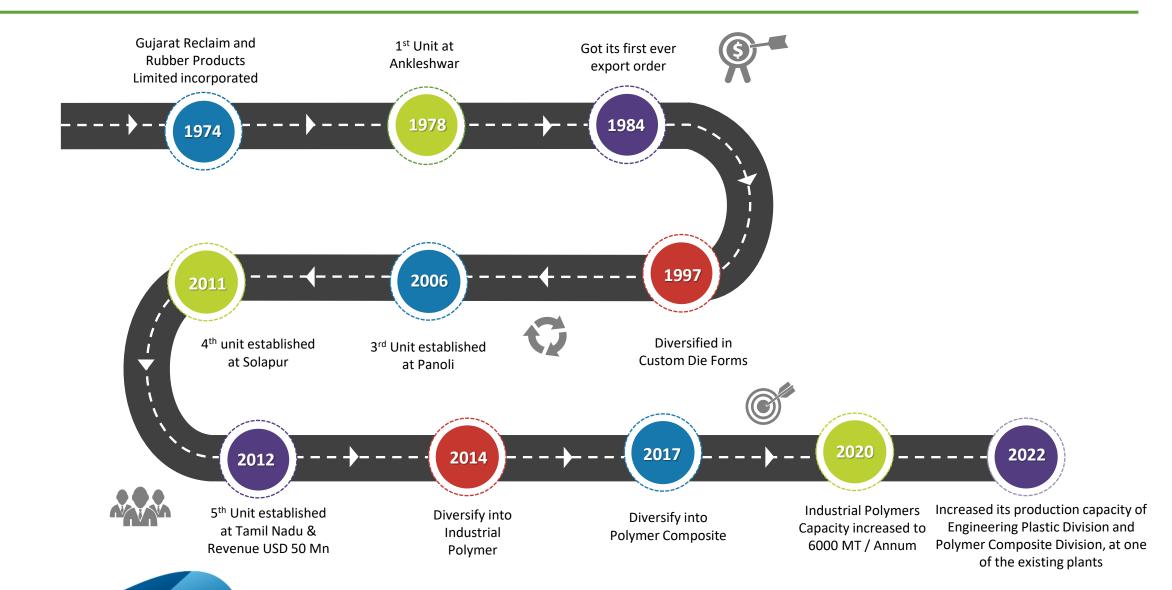


**OUR VALUES** 



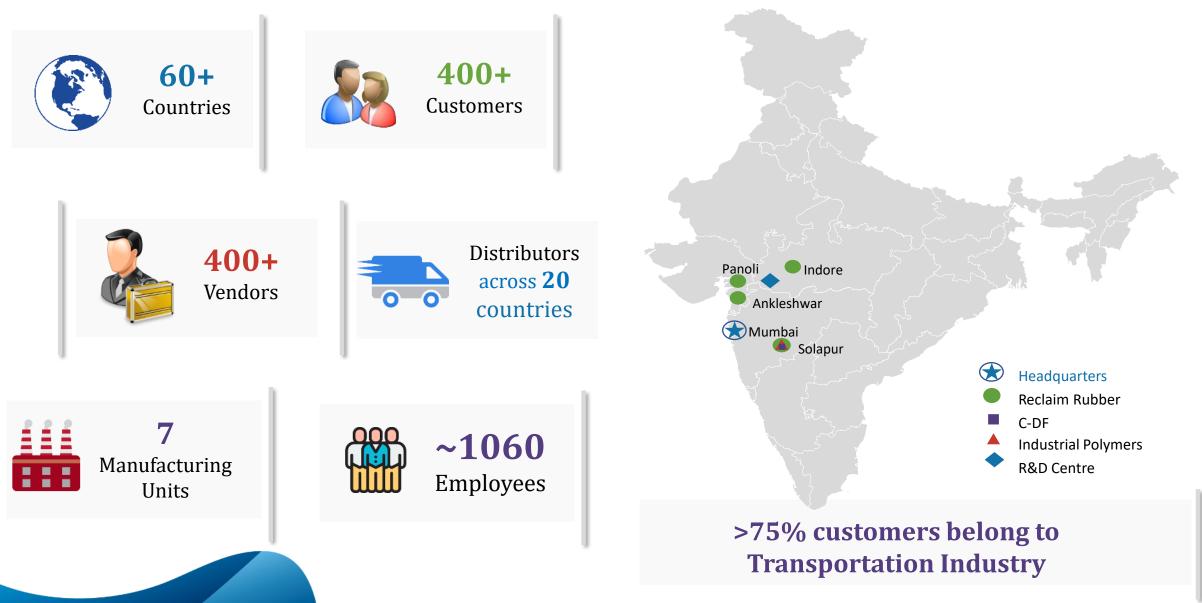
## ... since Four Decade & Counting





## ...serving the needs of Global Mobility Industry









- Continuous
   Development of New
   Products
- Expansion in New Product Categories

New Products



#### Process

- Automation of Processes
- Environment friendly
   Zero Discharge

#### Margin Improvement



#### Application

- Developing New Application across diversified Industries
- Products designed based on Customer application needs

#### **Customer Relationship**

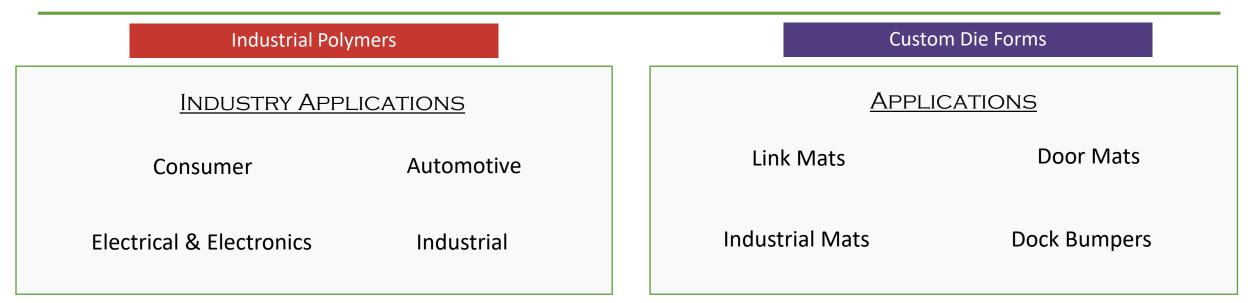


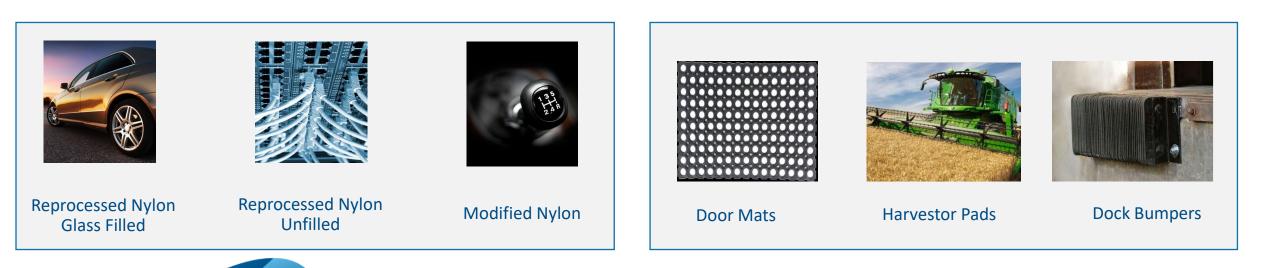




## ...across Business Verticals



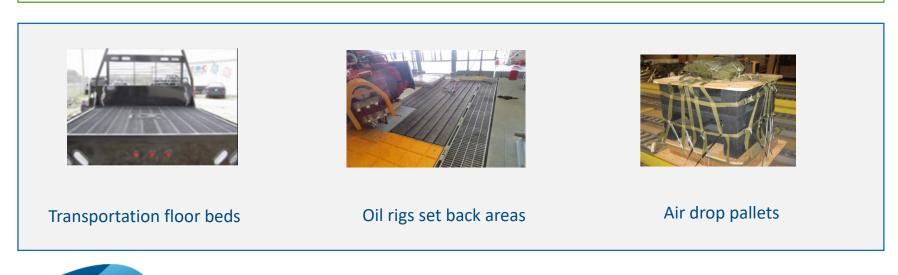




## ...across Business Verticals



# Polymer Composite INDUSTRY APPLICATIONS Commercial transportation Livestock transportation Military and Government Oil fields





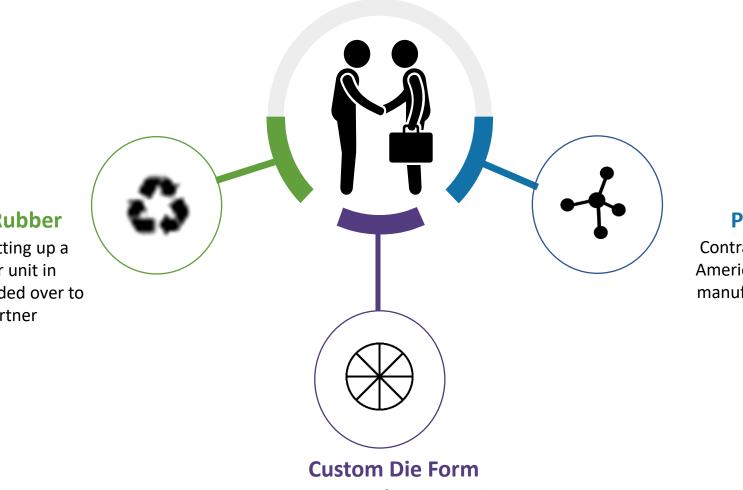
## ...all Major Tyre and Non Tyre Customer Relationships





## ...Global Partnerships for Business Growth





#### **Reclaim Rubber**

Successful in setting up a reclaim rubber unit in Malaysia and handed over to the local partner



#### **Polymer Composite**

Contract Manufacturing with an American company since 2017 to manufacture polymer composite products in India

Contract Manufacturing with an American company since 2000 to manufacture products for absorbing vibration and sound

## ...Distinguished Board of Directors





#### **Dr. Peter Philip**

#### **Chairman & Non-Executive Director**

**No. of Years of Experience** : More than 40 years in General Management

**Qualification :** Graduate with Honours from St. Stephen's College (Delhi) and Alumnus of Stanford University, USA and Selwyn College, Cambridge, UK. Also a director in The Malayala Manoram Co Ltd & Commercial Broadcasts Ltd.





#### Rajendra Gandhi

**Managing Director** 

No. of Years of Experience : More than 40 years in General Management

**Qualification :** Graduate engineer from the Indian Institute of Technology, Mumbai. Also a director in Steelcast Ltd.



#### Harsh Gandhi

**Joint Managing Director** 

**No. of Years of Experience** : 16 years in various Managerial positions

**Qualification :** OPM program from Harvard Business School USA & holds a Bachelor of Science in Management Purdue University USA



#### **Rajeev Pandia**

#### **Independent Director**

**No. of Years of Experience** : More than 40 years and been influential in Strategic Planning, Project Evaluation & Management, Technology Transfer

**Qualification :** Bachelor in Technology (Ch.Eng.) IIT, Mumbai, & has obtained his Masters in Science from Stanford University, USA. Also a director in Excel Industries Ltd & The Supreme Industries Ltd.

## ...Distinguished Board of Directors





#### **Mahesh Gandhi**

#### **Non-Executive Director**

**No. of Years of Experience** : More than 30 years in General Management

**Qualification :** He is a Graduate and an accomplished industrialist and the Chairman of the Industrial Development & Investment Co. Pvt Ltd





#### Alpana Parida

#### **Independent Director**

No. of Years of Experience : 30 year Marketing career, spanning USA and India;

**Qualification** : Graduate from IIM (Ahmedabad) and has a Bachelor's degree in Economics from St. Stephen's College, Delhi University. Also a director in Cosmo Films Ltd & Primesec Investments Ltd



#### Saurabh Shah

#### **Independent Director**

No. of Years of Experience : More than 20 years of experience as advisor in the fields of public equity investments, private equity, capital markets and Merger & Acquisition in India

**Qualification :** MBA from the Stern School of Business at New York University. Also a director in Citicorp Finance (India ) Ltd.



**Ganesh Ghangurde** Chief Compliance Officer

- Chartered Accountant (ICAI) & Company Secretary (ICSI)
- Associated with GRP's senior Management Cadre for more than 25 years
- Experience covers
   Finance & Accounts,
   Legal & Statutory,
   Compliances, Projects,,
   Rights & Public Issues,
   IT & SAP
   Implementations

Virendra Rathod President – Marketing and Business Development

- Chemical Engineer from UDCT, Mumbai
- Post Graduate in Management from IIM, Ahmedabad
- Rich experience of over 34 years and has adorned roles like Board Member, Sector Head, Marketing Manager etc. in Petrochemicals and Tyre industries, with organizations like CEAT Tyres, ExxonMobil and Reliance Industries

Kush Giramkar

Operations Head Reclaim Rubber Head Procurement & Logistics

- MBA from Indo German Chamber of Commerce, Graduate mechanical engineer from Govt. College of Engineering, Pune
- More than 22 years of rich experience in the diverse fields of manufacturing sector such as Materials Management, Project Management, Operations, R & D and New Business Development.

**Shilpa Mehta** Chief Financial Officer

Chartered Accountant
 (ICAI)

 Overall 20+ years' experience and 15 years in senior management cadre

 Work experience includes Accounts & Finance, Company law, Direct & Indirect taxation, SAP implementation & operations, Audit Sanjeeb Lahri

Head HR & Administration

- Post Graduate Diploma in Industrial Relations & Personnel Management from University of Burdwan,
- More than 20 years of professional experience in the diverse fields of Talent Acquisition, Staffing, Employee/Industrial Relations, Productivity & Analysis, Learning & Development.
- More than 19 years of experience with TATA Group (Domestic & International)

## CSR – Impact Positive Initiatives

- Our CSR vision "to contribute towards social and economic development of the communities where we operate in. And while doing the same, we
  want to build a sustainable way of life for all sections of society".
- GRP believes in doing business the right way and ensuring that we reach out to underserved communities in the way we do business.
- GRP believes in focus beyond business interests and addressing the "quality of life" challenges that underprivileged communities face, and working towards making a meaningful difference to them



#### **EDUCATION**

- Balwadis/Mobile Vans for Elementary Education
- Toy-bank to strengthen development through play in rural areas
- Merit based scholarship to support University Education
- Strengthen/Support existing institutes engaged in providing primary, secondary & higher level Education



#### SUSTAINABLE LIVELIHOOD

- Supporting initiatives around Yoga, meditation, other selfhelp
- Awareness programs for clean living/housing facilities (5S, etc.)
- Awareness programs on hygiene, safe water
- Encouraging plantation of trees through self-help groups of women



#### HEALTHCARE

- Primary health care centres
- Mobile health care projects
- Preventive health through awareness programs



#### WOMEN EMPOWERMENT

- Gram Pari in rural areas
- Girl child education up to university level
- Introduction of Water wheel for women to roll it from a distance

 GRP has built a strong association with institutes like such as: Tata Institute of Social Science, Pravara Medical Trust, Ankleshwar Rotary Welfare Trust, K C Mahindra Education Trust, Nanhi Kali Foundation



# **Business Verticals**









## Reclaim Rubber - Industry Leading Technology





**1**<sup>ST</sup> Company in India to design, fabricate and install an entire plant & machinery for manufacture of reclaim rubber from complete indigenous components



Strong focus on innovation and R & D with DSIR approved lab,  $\mathbf{1}^{st}$  company in India to develop reclaims like EPDM & High Tensile



 $\mathbf{1}^{\mathsf{st}}$  company in reclaim rubber sector in India to become SAP ERP enabled



**ISO certified** company following strict quality control norm ensuring right material supply to its customers



Recycles 1 out of every 10 truck tyres & 1 out of every 8 tubes produced in India



Largest exporter of reclaim rubber from India to more than 60 countries around the world. Caters to 7 out of Top 10 global tyre companies



#### VALUE PROPOSITION



#### **ECONOMIC**

- Cost-saving compared with virgin rubber
- Reduced Energy Consumption



#### **ENVIRONMENTAL**

- Alternative to hazardous landfills
- Substitutes natural rubber & crude based synthetic rubbers saving natural resources

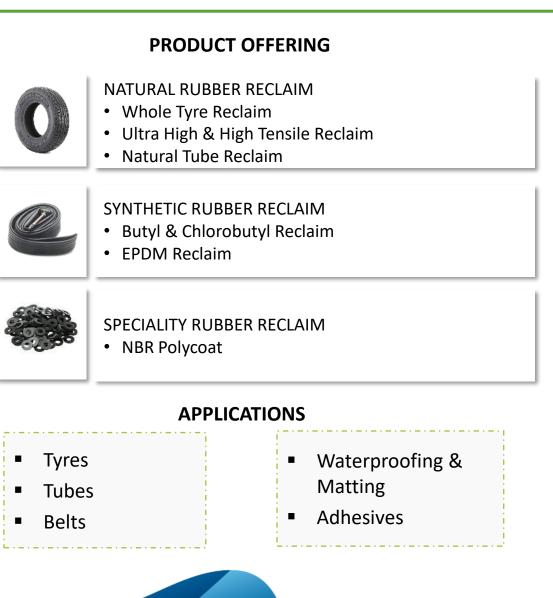


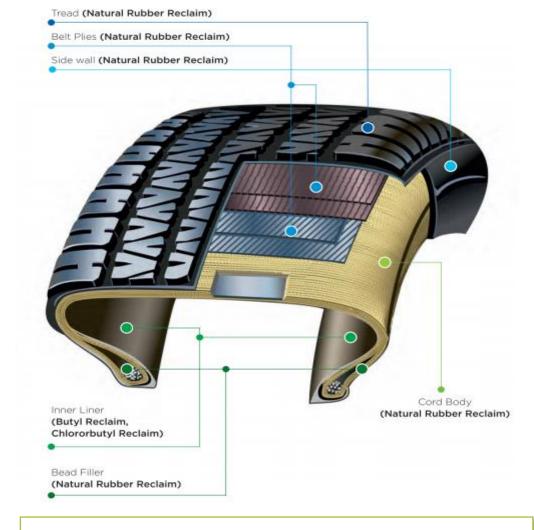
PROCESSING

- Faster Mixing Cycle
- Improved extrusion rate
- Retention of good ageing properties
- Reduced splicing defects
- Controlled die swell

## Reclaim Rubber – Cost Effective Alternative



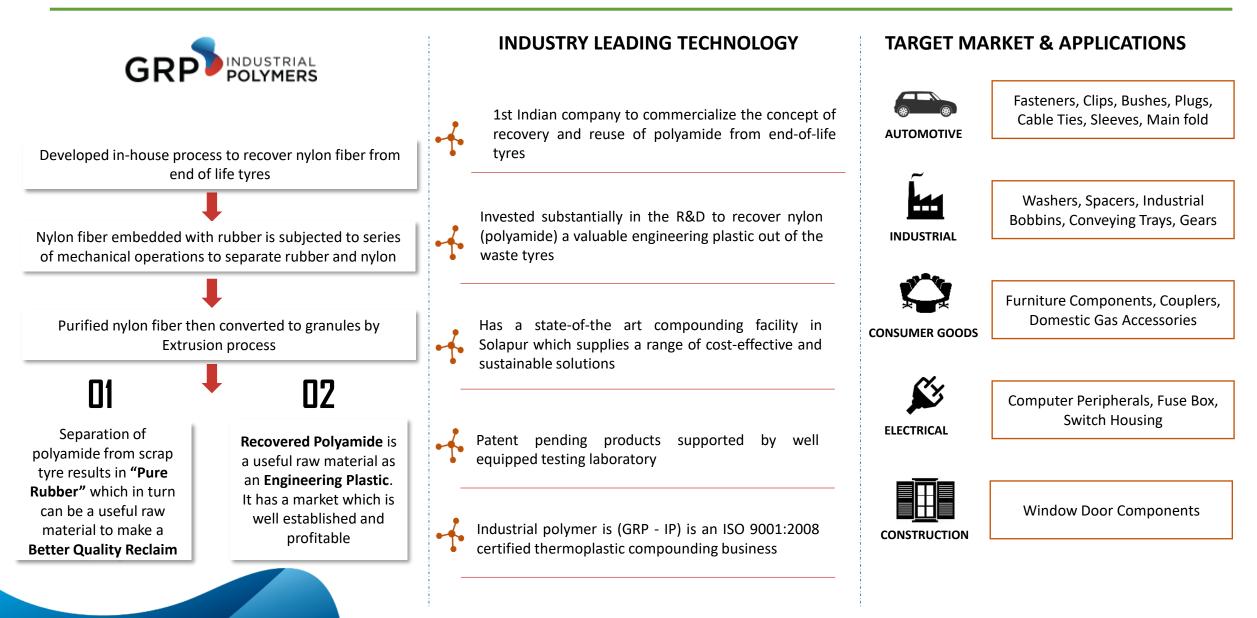




**Tyre Industry - Largest Consumer of Rubber** 

## Industrial Polymer – Valuable Engineering Plastic





## Custom Die Forms – Diverse Product Portfolio





$\wedge$	$\square$
$\bigtriangledown$	$\bigtriangledown$

Converts end-of-life tyres to design products used for civil & agricultural applications



Custom Die Forms are meant to absorb vibrations in heavy equipment and for insulation against sound

 $\bigcirc$ 

GRP – CDF produces these products in collaboration with leading North America Companies



Ensures reuse of end-of-life tyres with minimal energy needs



#### PRODUCTS





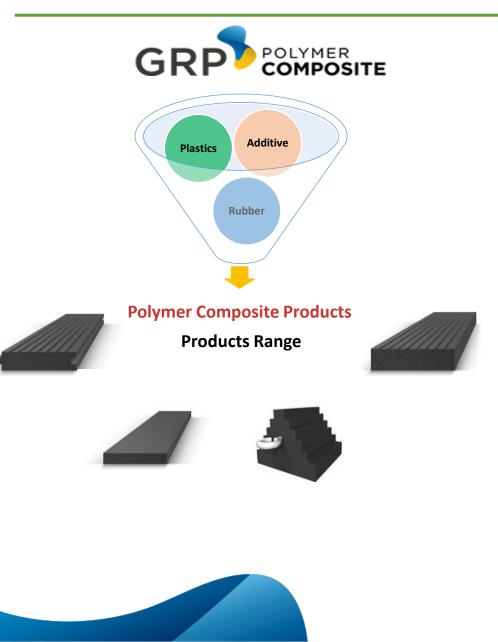


- Link Mats
- Door Mats

- Industrial Mats
- Dock Bumpers

## **Polymer Composite**





#### **ABOUT Polymer Composite Products**

- GRP is the exclusive manufacturer to a US based company for supply of composite products
- The composite products are manufactured from 100% recycled rubber and plastics
- The product is environmentally friendly, strong and durable
- The products are well suited for variety of application in sectors such as aviation, military, logistics, construction, oil & gas, marine and agriculture.

#### **Products benefits & features**

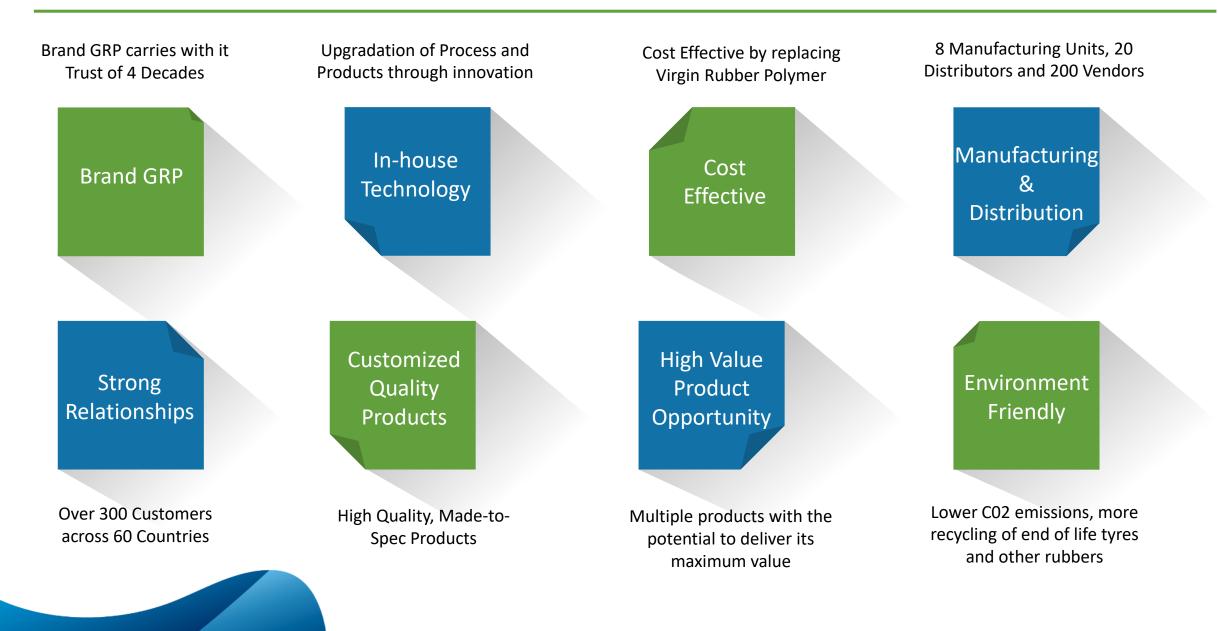
	Composite	Wood
IMPREVIOUS TO FLUIDS	✓	×
EXCELLENT GRIP	$\checkmark$	×
U V RESISTANT	$\checkmark$	×
COST EFFECTIVE	$\checkmark$	×
DURABLE, LONG-LASTING, LIGHT WEIGHT	$\checkmark$	×
WILL NOT ROT, CRACK, OR SPLINTER	$\checkmark$	×

# **Growth Drivers**



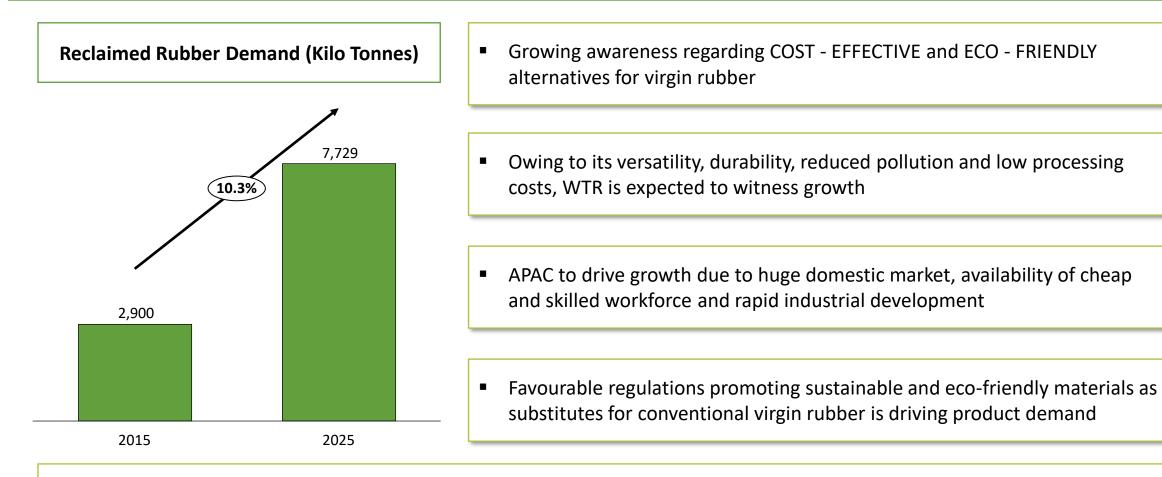
## We have built Sustainable Business





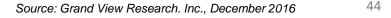
## Usage of Reclaimed Rubber on a Growth Path





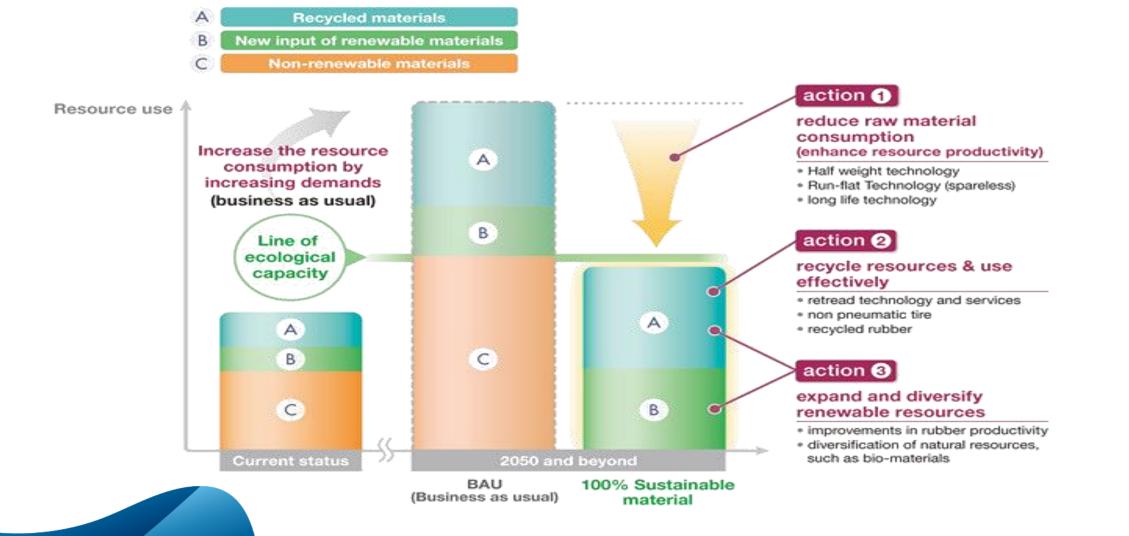
#### **Global Reclaimed Rubber Demand**

Global Reclaimed Rubber market is expected to reach USD 6.32 billion by 2025



## With strategic shift towards increasing Reclaimed Rubber

To Reduce, Reuse and Recycle the use of fossil fuels and strategic shift towards Reclaimed Rubber. By 2050 companies envisages higher use of Recycled Rubber



RECLAIM RUBBER

GR

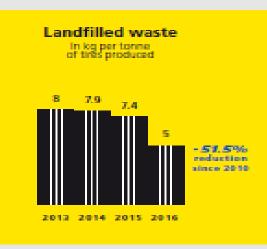
## By major tyre manufacturing companies





#### THE 4R STRATEGY

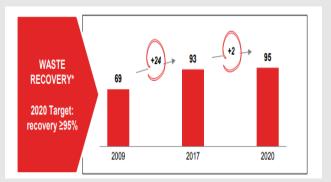
The tire industry uses 32 million tonnes of materials every year, only 25% of which is from renewable sources. To reduce the use of fossil fuels and secure supply, Michelin has made a firm commitment to the circular economy through its 4R strategy: Reduce, Reuse, Recycle and Renew.





By 2025 (vs. 2017) for Specific Products Segments Pirelli aims to:

- Double the share of Renewable Raw Materials
- Reduce the Fossil-Based Materials by -30%



Waste recovered (on total waste) in 2017 vs 2009: 93% (+24% vs. 2009)

• Target 2020 : towards no waste to landfill with a recovery rate ≥95%



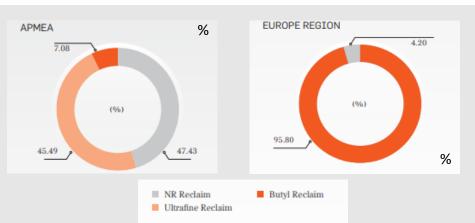
" In the Rubber Group, the use of recycled materials is assuming an increasingly important role. Production waste generated in physical/chemical processes is used as reclaim and adhesive mixtures as recycled products."

In the year under review, the percentage of recycled products of the total raw materials used in tire production was 3%. Our goal is to increase this share to 10% by 2025.



*Reclaimed rubber is also used at 2.5% to replace virgin rubber for compounds* 

Break-Up of Recycled Raw Materials by Type - FY17



Source: Apollo Sustainability report 15-16, Pirelli Sustainability plan 2017-2020, Continental Sustainability report 2016, Michelin Annual & Sustainable Development report 2016



**Company :** 

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