

October 30, 2023

Bombay Stock Exchange Limited
Corporate Relations Department
P J Towers, Dalal Street
Mumbai-400001
Maharashtra

Scrip Code	530643
Scrip Name	ECORECO
ISIN	INE316A01038

Subject: Transcript of Q2 FY 2024 Results Conference Call held on October 27, 2023 under Regulation 30 (6) of Securities and Exchange Board of India (LODR) Regulations, 2015

Dear Sir/ Madam,

In continuation to our intimation letter dated October 17, 2023 please find attached the Transcript of Analyst/ Investor Conference Call held on October 27, 2023 at 2:00 P.M. in respect of Unaudited Financial Results of the Company for the Q2 ended on September 30, 2023.

Pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the aforesaid Intimation and Transcript of the Conference Call is available on website of the Company and can be accessed on the following link:

<https://ecoreco.com/investor-overview.aspx>

This is for your information and dissemination.

Thanking You,

Yours Faithfully,

for ECO RECYCLING LIMITED



Kaushal Shukla
Company Secretary &
Compliance Officer
A39234



“Eco Recycling Limited
Q2 FY2024 Results Conference Call”

October 27, 2023



ANALYST:

MS. CHANDNI CHANDE – KIRAN ADVISORS

MANAGEMENT:

MR. B. K. SONI – CHAIRMAN & MANAGING DIRECTOR – ECO RECYCLING LIMITED

MR. VIVEK TIWARI – MANAGER FINANCE & CHARTERED ACCOUNTANT – ECO RECYCLING LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2024 Results Conference Call of Eco Recycling Limited hosted by Kiran Advisors. Please note that the call be there for 60 minutes. As a reminder, all participant 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 the conference is being recorded. I now hand the conference over to Ms. Chandni Chande Madam.

Chandni Chande: Good afternoon everyone. Thank you for joining the conference call of Eco Recycling Limited. I would like to welcome Mr. B. K. Soni, Chairman and Managing Director. Over to you Sir.

B. K. Soni: Thank you so much Chandni. Good afternoon ladies and gentlemen. This is B. K. Soni here Chairman and Managing Director of Eco Recycling Limited and I am really happy to get connected with all of you on occasion of the Q2 results just yesterday only announced. It is an immense pleasure to welcome you all to the Q2 FY2024 conference call to discuss the performance for the Q2 of FY2024. I am joined on this call by our manager finance and chartered accountant Mr. Vivek Tiwari. Before I delve into the financial performance, I would like to tell you about the immense potential what e-waste recycling industry is consisting of and our initiative towards the circular economy. According to one of the reports presented by the data bridge market research team e-waste market is expected to reach to the tune of about \$167 billion by 2030, its global number which is close to about \$63.7 billion worth of material consisting of and having a CAGR of 12.8% during the period of the forecast what we are talking about. Presently India generates close to 3.2 million metric tonne of e-waste annually and it has a tendency of 27%

CAGR. In terms of value, it is about \$4 billion or close to about Rs.34,000 Crores industry in India and in the next four years going forward it may touch to \$10 billion close to about Rs.83,000 Crores to Rs.85,000 Crores worth of e-waste generation in India. When I am talking about the value I am talking about the realizable value out of the metals, plastic and glass what an electronic waste or electrical and electronic waste is consisting of. Electronics are consisting of everything and anything what you use as mobile phone or laptop or desktop or washing machine, fridges and everything. It also consists of the complex material like batteries, plastics, glass, ferrous, non ferrous metals and hazardous substances. This material must be processed carefully to avoid releasing harmful chemicals into the environment. Absence of regulations contribute to the mishandling of e-waste which is really a little bit an unfortunate part that today it is being mostly handled by the informal sector because of the low cost but they do not care of the regulatory requirement which relates to environment and ecology. It is cheaper to export e-waste than to build and develop local infrastructure for recycling and that is where Eco Recycling stepped in 19 years before and we started the first e-waste recycling company in 2005. Earlier the entire e-waste was being collected and dismantled by the informal sector only but when we entered the market in 2005, we started reaching out to large corporates who really cares for environment, ecology and circular economy and of course social canvas also being taken care of by them so we approached to the large corporates and introduced the scientific way of handling e-waste. Every single company whenever I met during 2005, 2006, 2007, and 2008 those period was the beginning years of the company. Each and every company obliged us and handed over their electronic waste for recycling in a formal manner so the awareness was there among them because of the multinational presentation of them. They are present globally in the various markets so they understand what are the social environmental impact of not

handling the electronic waste in a right manner and therefore they supported our initiative and obliged us by giving their business. Government regulations were gradually introduced and the quantitative targets for producers to take back end of life equipment from the consumer and get them recycled globally known as the principle of extended producers responsibility which is the producers extended responsibility in term of where the producer has to take back your old electronic and electrical device as and when you want to discard it for getting it recycled or you do not want to use it any longer. Simply you have to call the producer of the respective item and ask them to collect it from your door maybe home, maybe office, maybe shop, or maybe college any place where you are using it and they are bound by the responsibility and the rules to come to your home or office and collect it and give it to the recycler for recycling. Because of this, the demand for e-waste management is increasing and pressure on the companies to demonstrate their commitment to sustainability is also mounting and circular economy and sustainability has become one and the most important requirement of the time today.

Eco Recycling Limited an innovator in the e-waste management segment in the country has been admired by none other than our Prime Minister Shri Narendra Modi in his Mann Ki Bath in January 2023 when he talked about Ecoreco and its model of collection through mobile application and Ecoreco contribution in circular economy was admired by him in his own words. We have also innovated a model of collection, shredding and data restriction on wheels and has been named as recycling on wheels is Smart ER, smart electronic recycling. This unique model will immensely help formalize the e-waste recycling segment very rapidly and we are extremely positive the transformation from informal to formal sector is possible when we provide a better method of collection and treatment to

the informal sector who does not have an access to the technology to that extent and therefore this recycling has been introduced by Ecoreco and you will be happy to notice that this particular innovation has been inaugurated by none other than Dr. Jitendra Singh, the Central Government Minister for the Technology Development on October 2, 2023 in New Delhi. So it has been flagged up by him. It was a great and proud moment for us, for Ecoreco. This particular solution has also been recommended by the Principal Scientific Advisor and financial support has also been approved by the Technology Development Board to promote this as their first round of funding for this particular innovation.

I will now take you to through the company's financial performance during Q2 for the year 2024 and before I run through that I am sure you would have an opportunity to go through the numbers like in case of the Q1 of 2024. Q2 of 2024 is also before you which has shown a very, very robust performance in terms of growth of revenue, margin and net profit growth. Revenue for Q2 FY2024 splendidly grown up by 75.3% on year-on-year basis and we have touched the year-on-year Rs.10.08 Crores while EBITDA was almost doubled to Rs.7.25 Crores resulting in 726 basis points jump in EBITDA margin. We always believed in asset light model and a strict control on overheads which has really helped us to achieve massive growth for the reported quarter. I am happy to share that our net profit grew by 78% on year-on-year basis to Rs.6.12 Crores with net profit margin of close to about 61%. This impressive growth is an indicator of growing awareness for e-waste recycling and our initiative to assist corporates in e-waste management. We take up the responsibility of e-waste recycling in an effort to conserve resources which are otherwise depleting natural resources and redeploy the recovered commodities back into the mainstream of industries for sustainable economy and circular economy support for what Government of India envisage to

achieve. I thank you all my shareholders and my stakeholders for having faith in the company, our initiatives and I am confident that our business model and rising awareness for e-waste recycling, Ecoreco would be able to bring substantial growth for its shareholders in the times to come. With this brief introduction now I am happy to take questions from all of you. Thank you so much for giving me a patient hearing and you may probably raise your question if you have anything to ask me. Thank you so much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Gunit Singh from CCIPL. Please go ahead.

Gunit Singh: What is the outlook for FY2024 in terms of top line and bottom line and I mean what kind of growth are we looking at for FY2025 and what would be the key driver for growth in FY2025?

B. K. Soni: Okay so as far as the projections are concerned for March 2024 and 2025 what your question is and what are the contributing factor am I right.

Gunit Singh: That is right?

B. K. Soni: Correct so as you must have noted that the industry is a very growth oriented industry with a kind of CAGR of 27%. We also believe that we will really achieve more than that so as far as the CAGR is concerned 27% is the bottom line, but our company is putting its best efforts to achieve far higher than that so I am very confident by March 2024 you will have a very pleasant numbers in terms of the growth percentage as against the CAGR and as far as the contributing reasons are concerned, similar pattern I can very safely say about March 2025 and the second reason in March 2025 would be higher contribution of extended producers responsibility business which is growing and I am pleased to share that our company has very recently signed with five more producers for the

EPR obligation to be achieved further. So the numbers are growing and we are supporting to more and more producers and we hope to achieve these numbers very safely. Secondly, in case of March 2025, particularly EPR again will be very broadly contributing to the business over and above the collection of electronic waste from the individual houses as well as the corporate businesses which were strengthening our reverse logistic network very aggressively so this will be the true contributing factor in our growth more than 27% of CAGR.

Gunit Singh: Will we be able to maintain the 30% operating margins and can you also share some light or throw some light on the other income components? I mean are these exceptional items or are these recurring should we expect that income to continue in the same way going forward can you please throw some light on that?

B. K. Soni: Great so as far as the margin is concerned you must have noted in last two to three quarters that we are working on those kind of margin only because the choice of client is always who understands the compliance more than the formality so they are happy to pay us the price or the charges according to our requirement so I am very positive and very confident we will certainly maintain the margins and maybe more than 30% when the EPR fees will also get added to this totally so the margin will certainly go up only. It will not fall down and that is the quality we are maintaining for providing this kind of services at a fee. Secondly in case of other income obviously it is giving us a very good cushion in terms of the excess liquidity whatever the company has, has been invested very effectively and is giving good results but as we grow and as we keep investing in our project the liquid assets will be diluted further. Liquid assets will be disposed off in the market and the growth from the business will be higher than the other income what we are achieving right now, thank you.

Gunit Singh: Great Sir and Sir should we get this expect this Rs.7 Crores quarterly run rate to continue? Can we expect this as a new base going forward and so only do better than the Rs.7 Crores for any given quarters in the coming time and also we achieved a top line of Rs.37 Crores in FY2016 so Rs.37 Crores revenue so when do we I mean plan to cross those revenues?

B. K. Soni: Sir you are saying that what we achieved of Rs.37 Crores in 2016 when we see that kind of number again in the future am I right?

Gunit Singh: Correct and the Rs.7 Crores revenue that we see in Q2 can we expect this to be the new base going forward so that I mean the margin for any given quarter going forward should be better at least Rs.7 Crores are better than that? Can that be a fair assumption?

B. K. Soni: It is very much likely. There is absolutely no downward. You can safely say that and as far as the growth is concerned let me put the one number before you. We are presently using only 30% capacity at this point of time. Now with the growth and the requirement of the extended producers responsibility business, we are very positive that we will achieve more than 60% to 70% capacity utilization before March 2024 itself so the number you can very well broadly work out is against Rs.7 Crores and as against Rs.37 Crores where the total number will be there for the whole year and quarter to quarter number is against Rs.7 Crores per quarter.

Gunit Singh: Got it Sir Rs.7 Crores is our 30% utilization you are saying?

B. K. Soni: Yes.

Gunit Singh: All right got it and we should expect 60% utilization before the end of FY2024 so I mean is it fair to assume that Q3 onwards our utilization would be around 60%?

B. K. Soni: Yes we are seeing that in the first month itself of October and we are very positive we will achieve that.

Gunit Singh: All right that is great. Thank you very much and I wish you all the best.

Moderator: Thank you. The next question is from the line of Mudit Chopra from Wise Capital. Please go ahead.

Mudit Chopra: Sir first of all congratulations for the good set of numbers. Sir what as per my opinion is the game changer is the extended producer responsibility so my question is what is the status of government portal where you know producer and recycler needs to upload their e-waste recycling data so the EPR can be very fruitful this time and will guide from non-organized sector to organized sector for recycling?

B. K. Soni: Yes thank you Mr Mudit. Let me put three points before you. Point number one as far the portal is concerned government has already put in place and we all have been given a task to punch in the numbers so that we can check the effectiveness and there is no further fly in that so bugs can be removed and software should run very effectively and the deadline set by the government is November 1, 2023 itself so by October 31, 2023 everything will be up and running. We have started punching in the numbers. It is not stopping the business whether the portal is working or not. Whatever business we have done in last seven months till October from April 1, 2023 those all will get punched and the certificates will be generated for the EPR out of that business so it will give a good amount of revenue from the EPR business itself so in terms of I mean the portal is ready or not does not make any difference to the business at this point of time. Cumulative business will be considered in that and secondly obviously you mentioned it very nicely and rightly about EPR business will be a growth engine. Yes certainly because that will be the driving force for

the producer to reach out to every consumer whether individual or corporate and see that it gets collected and delivered to the recycler to meet the obligation of the producer and hence the informal sector will reduce and formal business will keep on increasing. What was the third part of your question?

Mudit Chopra: Sir that certificates will be sellable in the market and what will be the revenue from that certificates can you just quantify that?

B. K. Soni: Great so the certificate is completely commercial instrument and it is a marketable instrument as simple as that so yes it is a tradeable and it will be traded on the portal of the central pollution control board so once we generate the EPR credits based on that the certificate will get generated and it will be sold to the best buyer that is one. Secondly I am sorry what was your second part of the question.

Mudit Chopra: Sir can you quantify that amount like what we can get from that certificate?

B. K. Soni: Yes you are absolutely right so second part is really debatable and it is based on two major factors. One is which item you are working on. Suppose if all of the person and all the recyclers are working only for the freezers and washing machine then the quantum of supply may be much more and competition will be higher. Ecoreco I would just select those areas of activities which are exclusive and our margin and our EPR fees will be different and higher than the average market price, but at this point of time to quote what price it would be let the portal be up and running and let us see it till December how the transactions are happening but I am very confident we will have an edge above our competitors.

- Mudit Chopra:** And Sir as you said that you have added five more producers into your bucket is there any more inquiries coming to you because as you said that the utilization will be higher?
- B. K. Soni:** You absolutely right not only to Ecoreco but every recycler is getting inquiry from the producer because producers obligation is very high. See today the installed capacity in the country is not more than half a million metric tonne of the renowned recyclers. I am not talking about the overall capacity registered by the CPCB of 1.5 million metric tonne. I am talking about the renowned recyclers are half a million metric tonne. That too is a higher number I am talking about. While obligation of the producer is 50% of 3.2 million metric ton which is 1.6 million metric tonne overall so we just have only one third capacity installed at this point of time in India. We need one more million metric capacity to get installed and therefore we will all get flooded with the orders from the producers to come in.
- Mudit Chopra:** Okay sir thank you.
- Moderator:** Thank you. The next question is from the line of Kaushik Mohan from Ashika Institutional Equities. Please go ahead.
- Kaushik Mohan:** Congratulations for the good set of numbers. You told that currently you are running at 30% capacity and with 30% the revenue is Rs.7 Crores is my understanding right?
- B. K. Soni:** You are right.
- Kaushik Mohan:** So in the full capacity that means that we will be more than seven into three that comes to Rs.21 Crores or Rs.25 Crores almost am I right with this also?
- B. K. Soni:** You are absolutely right. That is quarter-to-quarter basis.

- Kaushik Mohan:** Got it that means that Sir how much are we for the next year growth so we are sorted for this year I understand that but how about the coming next other years? Are we not looking like an underutilized by putting around Rs.37 Crores in the assets we only generating highest number of number is Rs.25 Crores does it not look like a different math?
- B. K. Soni:** No I believe there is some miscalculation. When it is quarterly Rs.7 Crores and 30% utilization and according to your own number if 100% capacity utilization is there it is Rs.21 Crores correct.
- Kaushik Mohan:** Rs.25 Crores?
- B. K. Soni:** Rs.25 Crores so Rs.25 Crores per quarter means we are talking about Rs.100 Crores top line.
- Kaushik Mohan:** Okay you are telling this is for the quarter, we can think of Rs.100 Crores as a total whole year with Rs.37 Crores?
- B. K. Soni:** Absolutely and as I mentioned earlier that Rs.130 to Rs.140 a kg is the realization when you multiply with 7,200 metric tonnes it comes to close to about Rs.100 Crores kind of top line so we are positive about going towards that.
- Kaushik Mohan:** Okay Sir this year what number are we expecting overall? Any guidance that you have given or planning to give any guidance?
- B. K. Soni:** So as I mentioned earlier that CAGR is 27%. 27% is the CAGR in the industry at this point of time and with the efforts Ecoreco kind of putting in and the kind of clientele who are joining us we hope to achieve far higher than 27% CAGR which is applicable to the industry in general.
- Kaushik Mohan:** This 27% comes on the full year numbers of Rs.18 Crores that was March 2023?

B. K. Soni: No I am talking about CAGR of 27% applicable to the industry. Our growth what we assume that probably 60% to 70% we are very safe to achieve by March 2024 and if the hardest what we participate may further go up. We do not know that we may probably achieve 100% capacity utilization but I do not want to be so optimistic at this point of time till we really things are they not in hands.

Kaushik Mohan: Got it Sir and will we maintain our margins at the same level going further also?

B. K. Soni: That is exactly what Ecoreco follows the principle of that best possible compliance is the need of the producer not the formality for them so if I do not do their compliances absolutely as per their standards they are global players and they are global producers. They know how does it happen in UK, USA and Japan and if they expect the similar thing from Ecoreco I am bound by their responsibility and bound by their requirement so I am a service provider and therefore we provide the service as their standard first and foremost is that our criteria and second for that they are willing to pay the price and we are enjoying that.

Kaushik Mohan: Got it. That is sounding very sweet for me and Sir my other question is on what can be our expected or the optimum numbers for next year that is FY2025 numbers?

B. K. Soni: So I told you earlier we are setting up another capacity of 18,000 metric tonne?

Kaushik Mohan: What will be the cost of that?

B. K. Soni: The cost of that is close to about Rs.45 Crores and we have already put in about Rs.30 Crores in the business in that particular capacity building and another Rs.10 Crores to Rs.15 Crores will be invested by March 2024 so

that facility will also be up and running probably from January itself. Even we are trying for December itself so that will be up and running and capacity utilization of 18,000 metric tonnes plus 7,200 metric tonne. 25,200 metric tonnes what we envisage in 2024-2025 we should put our best effort to at least achieve 60% and 100% in the next year.

Kaushik Mohan: Okay this is really good numbers? Do not we have any competitor in India who will come and give competition to us?

B. K. Soni: Yes there are competitors and more and more are expected in the sale and but the market size is, it is more than 4 million metric tonnes as I mentioned earlier and we just have the capacity of 25,000 metric tonnes which is 0.6% not even 1%. 0.6% is the only capacity what we have so you have a scope for 150 more Eco Recycling Limited to be in the market so need not to worry from the competition point of view. Our focus is not the volume. Our focus is the service at a price of our choice.

Kaushik Mohan: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Upendra from StockStar consultancy. Please go ahead.

Upendra: A very congratulations on the brilliant number that you posted. The first question is what is the organized and unorganized market share as of now?

B. K. Soni: Thank you Mr. Upendra. See the market size presently is about 4 million metric tonnes as I stated earlier out of which the government is targeting 50% only okay that is 2 million metric tonnes from the producer's obligation or extended producers responsibility. 50% for this year and 60% for 2024-2025 and in 2024-2025 the number of 4 million will become 5 million kind of so even the government is targeting only 3 million metric

tonnes out of 5 million metric tonnes for the formal recyclers and therefore the remaining 40% to 50% will continue to remain with the informal sector. When we calculate our capacity utilization or our market rate we do not go by the overall number of the generation that is there. We go what is available for the formal market so in that sense if you look at this number of 50% is 2 million to 3 million metric tonnes is a high number.

Upendra: I have understood that but I want to know what is the revenue sharing between the formal and informal sector as of now?

B. K. Soni: 50:50. It is the kind of 50:50, 50% when the government itself has kept it aside. That 50% goes to informal sector and reason being individual houses to cater to them at a cost effective collection is little tougher for the formal sector and therefore the focus remains the corporate. Obviously we do serve to the individuals. We never hesitate. We never refuse but at the same time the cost of collection of a formal recycler is higher and governments do understand that because the informal sector only can reach to every nook and corner, every alley and every house and therefore their share will continue to remain like that.

Upendra: Okay so the next question is you had told your current capacity is around 7,000 metric tonnes and you are increasing it by another 14,000 metric tonnes is that correct what I heard?

B. K. Soni: No 18,000 metric tonnes we are increasing to as against present of 7,200. The overall capacity will be 25,200 metric tonnes.

Upendra: So on the 25,000 metric tonnes you will be able to do a 60% to 70% utilization by FY2025?

B. K. Soni: You are absolutely right.

Upendra: Okay and thirdly I wanted to know like how do we make our revenues if I just wanted to understand that like on what basis are our revenues made?

B. K. Soni: So the major production from I mean the finished goods at our end are metals, plastic, glass and refurbished equipment which are being reused or resold in the market. These are the four major commodities what we generate. Over and above that we have a data destruction services, LIM recycling services which are the fee based business which goes directly to the revenue so revenue is consisting of the fees and the sale of material.

Upendra: Okay and the last question is can you name a few of your competitors your major competitors if possible?

B. K. Soni: No certainly if it is possible. We know them each very much to all of them rather major players who are there but I will certainly request you to kindly have a look at the list on the CPCB website so you will get a good idea about who are the competitors.

Upendra: Done. It should be good. Thank you so much.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much Sir for the opportunity and many congratulations for a good set of numbers. Sir just wanted to understand now in terms of overall volumes I mean I think the 30% utilization so your volume on 7,200 metric tonnes would be about 540 metric tonnes right?

B. K. Soni: It is close to about 2,000 metric tonnes for the whole year 30% is 2100 yes your number is correct 540 per quarter.

Deepak Poddar: For this quarter?

B. K. Soni: You are right.

Deepak Poddar: So and you expect this to go up to what 60% to 70% by Q4 so ideally we are targeting maybe 1,250 kind of a volume maybe by Q4 right?

B. K. Soni: You are right.

Deepak Poddar: And next year as you mentioned I mean on an expanded base of 25,200 metric tonnes tons if you can do 60% capacity utilization so our volume will be close to about 15,000 metric tonnes?

B. K. Soni: You are absolutely right.

Deepak Poddar: So that is what we might be targeting right?

B. K. Soni: Absolutely.

Deepak Poddar: And this you mentioned on the EPR fees as well right? Now irrespective of portal you mentioned that it will be on a cumulative basis right cumulative basis so just can you throw some light that by when we can start seeing our revenue in our P&L from this EPR thing?

B. K. Soni: This quarter itself and the Q3 onwards itself.

Deepak Poddar: Third quarter onwards right?

B. K. Soni: Correct.

Deepak Poddar: And with with the quantum?

B. K. Soni: Sorry. Please go ahead.

Deepak Poddar: What will be the quantum of this, so can you throw some light on the mechanics like how much revenue can be expected from this particular segment on what sort of volume?

B. K. Soni: So the government has prescribed certain formula of conversion of the raw material into the finished goods so my raw material is e-waste like computers and mobile and everything and finished goods is metal, plastic, and glass and all so some conversion factor has been provided by the government? Based on that conversion factor once we will portray our number or jot down our number on the portal then automatically the mechanism has been developed by the government which will create I mean will let us know what is the EPR generation of the points have been generated by us okay so assuming that I do a business of 1,000 metric tonnes and I recover all the metals and my points generated is of 800 metric tonnes just I am giving a ball park number to make my point clearer. Now 800 points or 800 metric tonnes worth of EPR certificate will be generated by Ecoreco and will be available for any producers to take it at the best possible price on Ecoreco so this is how it will work out so once we will complete our numbers on the portal we will be able to I mean predict our project what kind of EPR business will be there and at what price we are selling. These two things are market driven like in the stock market. It is market driven kind of scenario but we are hopeful that we will have a very handsome price because of our quality assurance in terms of the collection and the disposal.

Deepak Poddar: Okay but what is the general range for I mean for per metric tonne or or per kg whatever the unit might be for two?

B. K. Soni: I believe we should wait for the Q3 to close and then because things are maturing and things are working out very well so let us wait for another

two months to see the color of the money and then we will be able to give better corrective results too you.

Deepak Poddar: Fair enough. I got it. I understood. I think yes that is it from my side Sir. All the very best. Thank you.

Moderator: Thank you. The next question is from the line of Darshit Shah from Nirvana Capital. Please go ahead.

Darshit Shah: Thanks for the opportunity and congratulations for an amazing set of numbers. Sir I have one question on the lithium ion battery recycling? I understand we have got a technology from CMAT and that is also a very upcoming opportunity? Even globally a lot of people are putting up capacities there and even in India I think there are lot of companies who are putting capacities of lithium ion battery recycling so can you tell us more about that and what kind of capacity would we have in our new facility for that?

B. K. Soni: Darshit thank you so much for this question and you will be pleased to notice that we have already installed the machines for the crushing of the batteries lithium ion batteries and converting these batteries into black mass. This, the test runs we have completed and we have achieved the desired result. Now the stage two is to put up the chemical recovery plant which we hope by January it should be up and running in next two months to three months time. This plant will also be up and running so we will have the recovery of various metals including cobalt and manganese out of the lithium ion batteries so present capacity what we have installed is only of 10 metric tonnes per day or 3,000 metric tonnes per annum and as we grow we will keep on installing the fresh lines for crushing the batteries and as far as the chemical recovery is considered is consisting of we are setting above 12,000 metric tonnes in the beginning itself so up to

four times of crushing capacity will be there as and when required and otherwise for the recovery of the cobalt and manganese 12,000 metric tonnes. Your point is also equally valid that a lot of people are putting up the facility but the generation of lithium ion battery which is there in every mobile phone and the laptop and many other devices is also increasing and scattered facility will be there in the country not a consolidated and not a centralized facility because the logistic expenses and the hazards on the way are too high in case of batteries so we are setting up only a very limited capacity and we are confident to achieve that.

Darshit Shah: Correct got it. Thank you and Sir on the capex what you said probably Rs.10 Crores to Rs.15 Crores more we need to spend so that includes this chemical recovery machinery and everything for the new facility?

B. K. Soni: You are absolutely right.

Darshit Shah: Sir lastly on you mentioned that we have signed four more producers for this EPR selling so when we say we tied up is this as far as specific quantum or something or whether they have the first exclusive rights to buy EPR from Ecoreco and how does the mechanism work?

B. K. Soni: Okay so they are not exclusive contracts and no producer because their obligations are very, very high. Certain producers have an obligation of 100,000 metric tonnes and certain have 50,000. They are all large producers and they would never like to bank upon on one recycler and also to allocate capacity to one particular recycler will be damaging from their business point of view if the recycler fails to achieve they will be failing before the government so they will never give an exclusive right until and unless the quantity is very low. Suppose producer A has only 100 metric tonnes obligation then they may appoint Ecoreco or any other

recycler for the entire utilization but large capacity I mean the large obligation wherever it is, is being allocated amongst the recyclers.

Darshit Shah: Got it and Sir on the refurbishment segment that is also I think one where we do a lot of refurbishing for electronics? Is that also a good opportunity going ahead?

B. K. Soni: It is always a very good opportunity. The reason being refurbishment is an integral part of the recycling first and foremost. These two words are closely connected. When we talk about recycling we talk about the utilization of the basic commodities for manufacturing a new product but the product which is already in existence and is functional itself is recycling so no need to shred it down and remanufacture and then place it in the market at a high price so it is always useful and refurbishment is an integral part as I mentioned which is a good business opportunity and yes we are doing that.

Darshit Shah: Great Sir. Thank you so much and all the best for the upcoming facility.

Moderator: Thank you. The next question is from the line of Parv from Niveshaay Investment Advisory. Please go ahead.

Parv: Congrats on the good set of numbers. Sir just want to understand on this EPR legal front how the mechanism would work like so we are the recyclers right so these producers they are required to provide us this materials which we we will be recycling and then what is the obligation on them to reuse these recycled material? What is the demand that we see on that front?

B. K. Soni: Great. It is a very interesting question. Let me just put a little longer answer before this. First and foremost all electrical and electronic devices if you look at are consisting of maximum metals. The second is the plastic

and third is the glass correct and these are all three different commodities are being used for thousands of products to manufacture so it is not necessary that a laptop plastic should go for manufacturing laptop only or a desktop metal should go for desktop manufacturing only. These are all basic commodities which keeps on going into the circular economy for any other product to get it developed so there is no problem in terms of the utilization of the finished goods.

Parv: Okay Sir and on the second part I mean is there any quantitative are we looking at any particular figure of what demand side will look like due to this EPR?

B. K. Soni: So as as I mentioned the government's target is 50% of what has been placed in the market by the producer so suppose 3 million metric tonnes is a right number so 1.5 million metric tonnes is the obligation and the producers correct. Now 1.5 million metric tonnes itself is too humongous a number in terms of when you multiply with the value it comes to about Rs.21,000 Crores okay 140 to 150 kind of price if you allocate it comes to more than Rs.20,000 Crores so it is a very large number and we are hopeful that we will participate at least certain number of percentage in that.

Parv: Sir I understand this but this is the amount of material that we are getting to recycle right?

B. K. Soni: Yes.

Parv: What will be the usage of this recycled material? Is there any metric tonnes on that part?

B. K. Soni: No so that I covered in the first part of my question that the metal plastic and glass which has been produced out of all the electrical and electronic

devices. They are otherwise being used for various machinery I mean various other products to develop so there is no problem in terms of the resale of the recovered commodities and they are being resold and see metal prices or London Metal Exchange prices are applicable. They are all globally sellable very comfortably. There is absolutely no challenge.

Parv: Okay Sir. Thank you and all the best for the upcoming quarters so nice. Thank you so much.

Moderator: Thank you. The next question is from the line of Karthi from Suyash Advisors. Please go ahead.

Karthi: Sir good afternoon. So a few questions as this is my very first interaction so excuse if these are basic question? The first one would be for either FY2023 or for FY2024 would you be able to spare the revenue mix in terms of the fees that you would be collecting, the recovery revenues and refurbishment revenues separately?

B. K. Soni: You want me to project I mean mention them separately?

Karthi: Yes please the split of your revenues in these three comp buckets?

B. K. Soni: Okay so recycling, refurbishment and the EPR fees that is what you are trying to exactly correct.

Karthi: Yes?

B. K. Soni: Yes so as far as the recycling and refurbishment which is as of September 30, 2023 up to the Q2 is maximum is close to about 60% to 65% is coming in from the recycling and balance is from the refurbished equipment. Of course it is a little bit of consisting of data restrictions services also so safely 60%, 30% and 10% you can say. 60% from recycling, 30% from refurbishment and 10% is a data restriction fees.

Karthi: Data restriction fees? The second thing is technically what you are suggesting is that the inventory belongs to you right from an ownership point of view right and therefore when the producer or the manufacturer is appointing you as one of the collection agents technically he is transferring the ownership of this so do you have to pay anything to the consumer from whom we procure these or is this at no cost?

B. K. Soni: In both the cases see actually there are three ways to collect the material from end consumer. One is that either the producer comes to you okay. Let us consider yourself as a seller, as a corporate or individual level. When producer comes then also you have a price to sell your item. When I come as a recycler then also you have a price to sell. If informal sector comes then also you have a price to sell so irrespective of the mechanism or the entity which is approaching to you to purchase there is a price attached to every discarded item in our country and which is a very fair requirement fair expectation of a user nothing wrong because we are otherwise making profit irrespective of payment to you so I am not trying to compare your method India's method with Japan or Singapore or Switzerland where there is no money being paid because their cost of collection, transportation and processing is too high versus here my consumer is asking me some payment out of that. That to it is not out of my profit but out of my total revenue so then there is no hesitation so price is an integral part of any material coming in from any source individual, corporate or anywhere.

Karthi: That is very clear. The second thing is that you talked about having your own infrastructure for collection which I am assuming includes the vehicles also so when you go from say current year numbers which would be in the range of about 2,500 to 3,000 tonnes or maybe slightly more to about 15,000 tonnes next year what is the arrangement in place for the kind of collection infrastructure and how many shall we say pin codes

would you be covering in the process? I understand that would be largely B2B not B2C so can you share some numbers on that?

B. K. Soni: Surely why not so let me tell you one that as far as our own fleet of trucks is concerned we do not increase in proportion to the quantity what we collect. What is that area we cater to from our own fleet of truck is the City of Mumbai and Pune and neighboring cities so we do not drive down our vehicles all the way to Mumbai, to Chennai or Kolkata. We have four logistic partners third party logistic partners with us and who goes on behalf of us. Our team member goes all the way from Mumbai to Chennai or Mumbai to Kolkata to get the material uploaded in the third party logistic vehicles and gets transported to our facility in a sealed container okay and as far as the local collection and the nearby areas of collections are concerned we use our own vehicle. If my volume in the nearby area will increase further I will increase the fleet of trucks but not in proportion to the overall size because overall it may be consisting of across n from various pin codes.

Karthi: Yes so in terms of going from 4,000 to 15,000 our arrangements in place and what is the kind of commitment you have from these partners?

B. K. Soni: So there is no problem to these partners because they are into the business of logistic only. They will happy to accommodate me as much as I give the business to them.

Karthi: Okay fair enough.

Moderator: Thank you. The next question is from the line of Suraj Nawandhar from Prithvi Finmart. Please go ahead.

Suraj Nawandhar: Sir my first question was on the the products that we sell? After recycling we sell metals and the prices of the metals are usually very volatile so will

it have any bearing on our revenue being very volatile and margins being volatile? How do we sell them at what price?

B. K. Soni: So let me put a very practical point before you Mr. Nawandhar one is that my present capacity utilization is as I mentioned is only 2,000 metric tonnes okay and going forward we are envisaging about 15,000 metric tonnes and for the 25,000 metric tonnes. These numbers are not that high in proportion to the metal market that every fluctuation will be impacting me so badly or so heavily is a very nominal impact is there. Secondly when we purchase the material from the corporate if there is a very heavy fluctuation then obviously my price also accordingly changes to acquire so it gets incorporated in my raw material automatically so we need not to get it hedged or we need not to worry about very high fluctuation. A minor fluctuation of 2%, 3% or 4% is not changing my equation in terms of profitability and all.

Suraj Nawandhar: Sir the current margins are they sustainable or do we expect any moderation in the margins?

B. K. Soni: No we do not work on volume. We work on value basis and that is what repeatedly Ecoreco has always followed that let us come for the compliance of the corporate. Their social and environmental obligations are far higher than margin and therefore they never hesitate to pay me my margin according to my choice.

Suraj Nawandhar: So 60% that we have done this quarter is sustainable that you saying?

B. K. Soni: Yes and that is what exactly we will certainly try to maintain as much as possible baring abnormal circumstance which I cannot foresee but I do not see much of challenge and we have not seen that kind of challenge in the past.

Suraj Nawandhar: Okay and what is the capex that we have done for lithium ion recycling plant?

B. K. Soni: So overall we are putting in about Rs.45 Crores in the new facility of 18,000 metric tonnes and which consisting of the crushing as well as the lithium ion batteries.

Suraj Nawandhar: And Sir is that facility capable of recycling the car batteries as well because the laptop and the phone's batteries are a very smaller in size. The car will have very larger sizes so is it capable?

B. K. Soni: No my present facility what we are setting up does not have that capacity. The machines required for shredding these large batteries is very different kind of shredders are required and we do not want to get into that business at this point of time till the battery supply is really, really very high. Till then we would like to watch the market how does it work.

Suraj Nawandhar: And Sir the last question. Now we have the lithium battery recycling so what we used to do earlier for so many years what we used to do with the batteries?

B. K. Soni: So we used to accumulate and export it to Korea. Now we will be processing it in-house.

Suraj Nawandhar: Okay all right thank you sir and all the.

Moderator: Thank you. The next question is from the line of Ankur Gulati from Ikagai investments. Please go ahead.

Ankur Gulati: And Sir a quick question. Your cash flows consolidated cash flows for first half your payables are up by Rs.9 Crores so how should we look at working capital? Is it because of material or what?

- B. K. Soni:** I am sorry. I did not understand your question. Can you repeat.
- Ankur Gulati:** For first half of FY2024 your creditors are up by?
- B. K. Soni:** Got it. Thank you. Sorry for the misunderstanding so that Rs.9 Crores is actually consisting of a payment was to be made for the premises what we acquired for setting up the 18,000 metric tonnes facility so that was classified under the current liabilities as per the advice of the auditor otherwise there is no trade payable of that magnitude.
- Ankur Gulati:** Sir the next question your first half has some Rs.5.3 Crores of profit on sale of investment so if I remove that from your first half PAT your first half PAT is Rs.5.5 Crores is that a fair summary?
- B. K. Soni:** It is not 5.5. You are talking about September 2023 or September 2022.
- Ankur Gulati:** Sir September 2023 first six months your cash flows shows gain on sale of investment is Rs.5.3 Crores?
- B. K. Soni:** Just one second let me get that number? No it is Rs.2.6 Crores. It is not Rs.5.3 Crores. Where are you referring to can you just mention.
- Ankur Gulati:** Page 10 of financial statement?
- B. K. Soni:** Financial statement of.
- Ankur Gulati:** On stock exchange filing there is page 10 I am referring to consolidated cash flow statement?
- B. K. Soni:** Consolidated cash flow statement okay got it so that is Rs.5.29 Crores correct you referring to that number.
- Ankur Gulati:** Yes?

B. K. Soni: Correct it is consisting of two elements one is what has been realized and second is what is the market price difference that is the OCI is included in that so if you look at the profitability the earnings from investment as of September 30, 2023 was to the tune of Rs.281 lakhs and the rest is an OCI item of Rs.280 lakhs.

Ankur Gulati: So your profit of first half of Rs.10.8 Crores consolidated that includes Rs.5.3 Crores of profit on sale of investment is that correct?

B. K. Soni: One second yes is from the shares correct and fair value so actual realized value and the fair value put together is 5.5 you are right.

Ankur Gulati: Okay so steady state I should work with 5.5 that is all I want know?

B. K. Soni: No one second. My sale is Rs.3 Crores. My profit before share profit.

Ankur Gulati: Understood Sir?

B. K. Soni: This 7.83 and 2.80 is on account of OCI method. It is a separate out of that. Whatever has been actual realized has been clubbed in 10.83. What is the OCI item or fair value is separate.

Ankur Gulati: Understood and Sir second question out of Rs.40 Crores of capex how much have we incurred so far?

B. K. Soni: Actually speaking we will be investing Rs.45 Crores kind of scenario, Rs.30 Crores plus we have already done. Rest is there in the balance sheet of the company so that money will be realized, liquidated and utilized.

Ankur Gulati: And then when you are going to process lithium ion and I guess now the scale is big enough for you to do it earlier because the scale was low that is why you were exporting?

- B. K. Soni:** Both the points were there. That time we did not have an intention to process in house to be honest with you and now the demand is increasing and the customer is asking that it has to be shredded within the premise. When they give to us rather than sending to abroad and even the Government of India wants that nothing should go outside the country. Whatever can be processed to the extent it should be processed within the country to support the circular economy and sustainability of the production so these are the contributing reasons. Earlier such kind of compelling reasons were not there.
- Ankur Gulati:** Perfect. Sir last question when you are saying Rs.120 is your average realization? If you do not mind can you give us let us say if you are doing phones versus laptop?
- B. K. Soni:** Difficult. We have never worked out that way and it is Rs.140 to Rs.150 per kg average and see phones are consisting of 10 different varieties right from the normal Chinese mobile phone to Apple and many other big brands so everything is consisting of various permutation combination of material so this will be a very, very high engineering required to analyze that we have not done that.
- Ankur Gulati:** Logically if you do more phones can you do more capacity than your labeled capacity?
- B. K. Soni:** No in terms of the top line will be higher if I do more mobile but in terms of the capacity utilization would be lower because a mobile phone is 200 g while a laptop is a 5kg and desktop is a 15 kg so tonnage wise it will be lower but in terms of value your point is extremely valid. It will be high.
- Ankur Gulati:** So if you do not mind these four or five new customers any color these are cell phone guys or these are laptop guys?

- B. K. Soni:** Mix.
- Ankur Gulati:** Okay thanks a lot and all the best.
- Moderator:** Thank you. The next question is from the line of Viraj Mahadevia an Individual Investor. Please go ahead.
- Viraj Mahadevia:** Congratulations on the fantastic growth coming through. Sir some housekeeping questions regarding the financials? I am fairly familiar with the business model? The tax this quarter is only at about 11% on PBT? You commented a little bit on that and how you iron it out on an annual basis and why we are not doing it at sort of 25% odd tax every quarter for smoothening out?
- B. K. Soni:** Now we had worked out Mr Viraj the overall liability in terms of the taxes. One second Mr. Vivek has a point to make.
- Vivek Tiwari:** So let me answer this but since the overall profit includes the fair value also okay which is with respect to the gain as per the market value as on the reporting day okay so we worked out our liability for the entire financial year okay and we are paying the tax on a quarterly basis.
- Viraj Mahadevia:** Sorry so you are saying that there is a gain from sale of investments which is separate and there is the actual tax from operations based on which you have done this calculation and paid.
- Vivek Tiwari:** Exactly sir and we have already spited out our income tax okay which we already doing in the past okay but since we have already worked out and all the tax liabilities as on date is being paid on time.
- Viraj Mahadevia:** Do you have any net operating losses from prior years carry forward?
- Vivek Tiwari:** No we do not have.

Viraj Mahadevia: Okay my second question Mr Soni is regarding the the cash flows? In the investing there a sale of investments of 1356 in the inflows and there is an outflow of purchase of equity investments of 1179 can you explain to us what the two line items are and what is going on?

B. K. Soni: So whatever the investments were there in the balance sheet of the company has been sold out in the market of Rs.1356 lakhs and what we have invested in the equity as well as in a subsidiary company put together subsidiary is Rs.4.5 Crores so out of Rs.11.79 Crores about Rs.4.5 Crores we have invested in a subsidiary company and remaining we have purchased some market so the purchase and sale both have been separately shown. It is not net out otherwise if you net out it comes to less than Rs.2 Crores.

Viraj Mahadevia: Right so you are saying you have sold equity investments which are the treasuries on your book and you used that to invest in the subsidiary for the expansion?

B. K. Soni: You are absolutely right.

Viraj Mahadevia: Okay and what is our net debt now on the books taking into account the remainder of treasuries and investments that sit on our book?

B. K. Soni: It is close to about Rs.10 Crores is still there. We are holding on this market value of close to Rs.10 Crores.

Viraj Mahadevia: So it is Rs.10 Crores net cash you are saying today because we have no debt?

B. K. Soni: We do not have any debt.

Viraj Mahadevia: Rs.10 Crores of net cash, zero debt and Rs.10 Crores worth of investment still on the books?

B. K. Soni: Sure you are absolutely right over and above the current assessment and all of it.

Viraj Mahadevia: Great. Sir last question on this expansion that you are undergoing can you give us a sense of where we are in that expansion phase have the equipments been ordered, have they arrived, are they customized, and are they off the the shelf? I know the facility has been bought the square area has been bought earlier in the year? How are you thinking about employee hire? When will that begin? Will there be a drag? You already have contracts in place to start filling up this new facility little bit of flavor on that please?

B. K. Soni: Surely why not so better about that yes premises were required about six to eight months before in fact and now electrical work, firefighting equipment, everything has been installed and remaining will get installed by the end of mid of November itself right so infrastructure boundaries and everything has been developed as far as the infra is concerned. As far as the machineries are concerned we have already installed one machine for the battery recycling and other machines are in the pipeline to come in by January mid so installment of that will also happen and gradual utilization of all this equipment will also be happening and that is where I am very confident that we will achieve more than 60% of our present capacity of 7,200 and as soon as we achieve 60% to 70% in the present premise we will have a utilization of this premise also from March to April onwards itself so we have to be ready and we are confident with the kind of pipeline developing of the business so let us hope for the good.

Viraj Mahadevia: Excellent and if I may slip in one more question? Can you give us a sense on the nature of contracts that you are currently signing with corporates particularly with your expansion coming online? Are they multiyear

contracts? Are they fixed price contracts on a per tonnage basis? Do they have escalation clauses?

B. K. Soni: The escalation clause is not there to be honest but otherwise they are long term minimum one year otherwise three years and there is no exclusive contract with the large players. The large producers do not favor that. They go for two or three recyclers to at least and as far as the smaller producers are concerned with the nominal quantity of 100 metric tonnes or so they enter into exclusive contracts but I am not referring to those contracts. These are all keep coming going and all. I am talking about the very reputed four to five which we have recently signed and we have agreed.

Viraj Mahadevia: But do the reputed four to five have a minimum guaranteed tonnage at least?

B. K. Soni: Yes. That is exactly the reason of our confidence about why the capacity will be utilized to that extent.

Viraj Mahadevia: Understood. Thank you very much Sir. All the very best.

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

Chandni Chande: Thank you everyone for joining the conference call of Eco Recycling Limited. If you have any queries you can write to us at research@kirenadvisors.com or vastupal@kirenadvisors.com . Once again thank you everyone for joining the conference.

B. K. Soni: Thank you Mr. Akshay and thank you Ms. Chande for organizing this and thank you so much shareholders and the other stakeholders for coming online and asking questions. Thank you so much.

Moderator: Thank you. On behalf of Kiran Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.