

February 16, 2024

The BSE Limited
Corporate Services Department
P J Towers, Dalal Street
Mumbai – 400001

Scrip Code : 530643
Scrip Name : ECORECO
ISIN : INE316A01038

Subject : Submission of Transcript of Q3 FY 2024 Results Conference Call held on February 13, 2024 under Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In compliance with Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part A (15) of Schedule III, and in continuation to our intimation letter dated February 6, 2024, please find attached the Transcript of Analyst/Investor Conference Call held on February 13, 2024 at 2:30 P.M. in respect of Unaudited Financial Results of the Company for the quarter ended December 31, 2023.

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid Intimation and Transcript of the Conference Call is available on the website of the Company and can be accessed on the following link:

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

This is for your information and record.

Thanking you,
Yours faithfully,

For Eco Recycling Limited

Maneesha Jena.

Maneesha Jena
Company Secretary & Compliance Officer
F11575

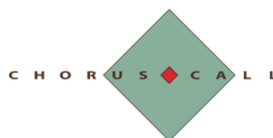


Encl.: As above



“Eco Recycling Limited
Q3 FY’24 Results Conference Call”

February 13, 2024



MANAGEMENT: **MR. B K SONI – CHAIRMAN AND MD**
ECO RECYCLING LIMITED
MR. SANKET MUNDE - SENIOR ACCOUNTANT
ECO RECYCLING LIMITED

MODERATOR: **MS. CHANDNI CHANDE**
KIRIN ADVISORS PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Eco Recycling Limited Q3 FY24 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Chandni Chande from Kirin Advisors. Thank you and over to you, ma'am.

Chandni Chande: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Eco Recycling Limited. From management side, we have Mr. BK Soni, Chairman and Managing Director. Now I hand over the call to Mr. BK Soni. Over to you, sir.

BK Soni: Thank you so much, Chandni. Good afternoon, ladies and gentlemen. I am delighted to extend a warm welcome to everyone joining us for the nine-month and quarter three FY24 conference call where we will be delving into our performance and its highlights.

I am here today alongside our esteemed colleague, Mr. Sanket Munde, Senior Accountant. Let's delve into the insights and achievements of this period together. Before we delve into the financial performance, I would like to shed light on the promising landscape of e-waste recycling and our dedicated initiatives towards fostering a circular economy.

Electronic devices are intricate assemblies of various materials, including batteries, plastic, glass and metals, necessitating careful processing to prevent environmental contamination. Prior to the entry of Eco Recycling Limited in this challenging field in 2005, 100% collection and dismantling were carried out by the unorganized sector. Looking at the environmental and social challenges, as well as loss of commodities because of landfills, several policy decisions have been taken by the central government in 2008, followed by 2012, 2016 and finally, e-waste management rules 2022 came into force to regulate movement of electronic waste.

Gradually, the shift is happening from informal to formal, but a lot is yet to be done to reach to the target level set by the Ministry of Environment and Forest for the producers. The soul of the present rule is to effectively implement extended producer's responsibility, keeping environment protection responsibility in mind. Data Bridge, a market research forecast that e-waste market to reach \$167.22 billion by 2030, that is up from USD \$63.79 billion in 2022, with a CAGR of 12.8%.

In India, where annual e-waste generation is around 3.2 million metric tons and valued at \$4 billion is expected to grow to \$10 billion in next four years, effectively two and half times of the present market size. Our entry into the market in 2005 marked a pivotal shift when we initiated scientific approach towards e-waste handling to provide proper solutions to the large corporations who otherwise follows best practices elsewhere in the world, keeping social environmental obligations as their primary responsibility.

Our initiative garnered widespread adoption amongst MNCs, NBFCs, global IT, home appliance and medical equipment producers. Ecoreco is India's first and leading professional e-waste management company that has set industry benchmarks time and again with its innovative and environment-friendly disposal practices.

As the industry pioneer and market leader, Ecoreco provides an end-to-end seamlessly integrated solution for e-waste management to its clients, including multinational companies, Indian large corporations, retailers, bulk consumers, original equipment manufacturers, government, educational institutions and all other entities willing to discard their e-waste in an environment-friendly manner.

As government regulations evolve, initiatives such as extended producer's responsibility, commonly known as EPR, is gaining traction, mandating producers to take onus of collection till recycling of end-of-life electrical and electronic equipment. Growing emphasis on circularity and self-sustainability has increased the requirement of scientific recycling of e-waste and enhanced business potential for Eco Recycling Limited.

Eco Recycling Limited gets recognition for its innovation in e-waste management and has been praised by the Prime Minister, Shri Narendra Modiji, during his 97th Mann ki Baat on 29th January 2023. The company's groundbreaking initiative, Recycling on Wheels-SmartER, endorsed by the Office of the Principal Scientific Advisor, was inaugurated by the Union Minister, Dr. Jitendra Singh, on 2nd October 2023. This initiative has been introduced to increase formalization of e-waste recycling with eco-friendly practices, worker's safety, and aligning with the extended producer's responsibility, as well as circular economy principles, alongside supporting "Swachhata Hi Seva, and Prime Minister Shri Modi's Cleaner India vision.

Eco Recycling Limited assigns its robust financial performance to recycling of high-value metal-containing e-waste, refurbishment and resale of IT equipment, global partnership, and other allied services. As far as EPR business is concerned, after all the challenges, the CPCB portal is completely functional now, and Ecoreco has started transferring credits to its extremely reputed and fully compliant producer clients, the revenue from EPR services will form part of the company's prospective revenue of Q4 for the first time. The company's fully documented assistance to global brands in meeting their EPR obligations through Ecoreco extends them full relaxation.

Furthermore, the addition of new capacity of 18,000 metric tons in February 2024 strengthens Eco Recycling Limited's ability to meet growing demand and sustain its trajectory of success.

At this point of time, I would like to share that there was a fire in our facility on 15 January 2024, which was completely extinguished in some hours. I would like to inform that Ecoreco's current and fixed assets were completely insured and are insured, and claim was lodged within 24 hours with all necessary documents. I would like to inform our esteemed investor that the normal operations were also resumed very quickly with the permission of the insurance company.

Now I would like to deal with the company's financial performance during nine months, that is quarter three of financial year 24. I'm sure you all would have an opportunity to go through the numbers.

For the sake of convenience, I'm just reading a few, in nine months FY24, our revenue surged impressively by 64.71% year on year basis to INR 27.61 crores. Our EBITDA reached to INR 20.41 crores, representing a remarkable year on year growth of 87.76% and leading to a significant 907 basis points increase in EBITDA margin.

Net profit stood at INR 19.33 crores, making a substantial year on year growth of 292.89%. Moving to quarter three of financial year 24, revenues continue upward journey, growing by an impressive 58.42% on year-on-year basis to INR 9.6 crores. EBITDA for the quarter reached to INR 7.37 crores, resulting in a 911 basis points increase in EBITDA margin.

Net profit for quarter three of financial year 24 stood at INR 62.24 crores, demonstrating a notable year on year growth of 65.01%. The remarkable performance of our company during this quarter underscores our unwavering dedication to excellence. We have witnessed substantial increase in both total income and net profit, with the latter experiencing a remarkable surge of 293% for the nine months of FY'24 compared to the pre-corresponding period in FY'23. This outstanding growth reflects our steadfast commitment to achieving remarkable results and signifies a significant milestone in our journey of progress and success.

I express my gratitude to all our stakeholders for their unwavering support and trust in our company and its initiatives. We have confidence in our business model and the increasing awareness surrounding E-waste recycling, Ecoreco is poised to deliver significant growth for our stakeholders in the coming future.

Having provided this overview, I am now pleased to open the floor for questions from all the participants. Thank you so much. On behalf of myself and Sanket Munde, thank you so much.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Namish Gupta from Namish Gupta and Company. Please go ahead.

Namish Gupta: Okay. Sir, congratulations for a nice set of numbers.

BK Soni: Thank you so much, Namish.

Namish Gupta: Sir, my query is regarding employee benefit expenses and other expenses, sir. I see that in March 2022 and March 2023, your employee benefit expenses were INR 2.8 crores and INR 2.91 crores. While for the nine months, it is just INR 2.04 crores, sir. And there is a remarkable shift in revenue. I suppose you are hiring people; you are increasing your turnover.

Then in absolute values, your employee benefit expenses should have increased while it has decreased actually. And same is the case in other expenses where in March '23, there were

other expenses of INR 5 crores. But in nine months, other expenses are just INR 1.45 crores, sir. Can you just clarify this, sir?

BK Soni: Sure, Namish. Thank you so much for both the queries and they are favourable queries for the company as you will appreciate. The company always believes in cost cutting and at the same time, revenue generation has to increase per capita or per employee strength. That is the philosophy what we follow.

So, we provide extensive support to our existing team in such a way that they can deliver higher and higher versus hiring those high expenditure employees who probably are not in that proportion delivering to the results. So, cost cutting was one of the areas where we worked for.

Namish Gupta: But, sir, how is it possible that if your expenses in March '23 were INR 5 crores in other expenses, your turnover was INR 18 crores, in absolute terms, your turnover is increasing so much while your other expenses are decreasing drastically, sir. This is my concern that how can it decrease so much? It can remain at the same level or it can -- there can be a reduction of 10% to 20%. But there are a reduction of, I think, 50%.

BK Soni: No. If you look at the nine-month number, is against INR 213 lakhs, there is an INR 204 lakhs employees benefit in nine months of '23. And if it is 193 of other expenses, I am talking about standalone results...

Namish Gupta: I was looking at the consolidated level, sir.

BK Soni: Okay, there must not be a major difference between the two but let me go through that. So, employee cost benefit, 213 versus 204 is the same as against other expenses, 193 versus 145. So, other expenses are consisting of some other expenses, which probably might have been of one-time nature during the year 31st December '22, that is nine months, is against 145 for this year's nine months.

So I will have to check on whether there was any abnormal expense in that period. So other expenses is an addressable concern, there is no problem. As far as employees benefit, I talked to you about 213 versus 204 in nine months, there is a fall of only 4%. Okay.

Namish Gupta: That is fine on employer benefit, I am fine, but on other expenses, I am more concerned.

BK Soni: So, I will just check. You kindly hold on, I will take this query once again, while Sanket will just check in the account, whether there was any abnormal expenses in the nine months consisting of 193.

Namish Gupta: Yes, sure.

BK Soni: One second, just hold on. So let me offer an explanation. You will probably find that cost of material consumed.

Namish Gupta: Okay.

BK Soni: Then what we used to do with transport cost, we used to take it to other expenses. Now we have merged it along with the cost of material consumed itself. So that the value addition or suggestion from the auditors. So, we have shifted that expense of logistic expense to the direct cost under the cost of material consumed itself.

Namish Gupta: Okay. So, sir, just in this only, for March '23, your other expenses is INR 4.95 crores, while for nine months, I mean, till December '22, it was INR 1.93 crores. So, are there any abnormal expenses in March '23 quarter, which will not be repeated?

BK Soni: Yes, you are right. That INR 4.95 crores is consisting of a sundry debtor, which was written off as we reported in the last year's annual report now. So, there was a...

Namish Gupta: How much is the amount?

BK Soni: INR 1.98 crores was the abnormal expenses, which was written off during that period. So, effectively, it means to say it is INR 2.97 crores as against INR 4.95 crores. And there was one more item which was written off. What was that? So, majority of that was a write-off only because of that, which is not repeated now.

Namish Gupta: So, I mean, you mean to say these other expenses, like of INR 57 lakhs in this quarter, these are only at the normal range. So, in next quarter, in March '24 quarter, there will not be any abnormal kinds of other expenses, correct?

BK Soni: You are absolutely right. We will see that other expenses quarter-to-quarter is close to about INR 60 lakhs on an average, which is maintained and which will continue to remain.

Namish Gupta: Okay, then I am fine, sir. Thank you so much. Thank you, sir. I will join in the queue.

BK Soni: Okay. Thank you very much.

Moderator: Thank you. We have the next question from the line of Gurbaxeesh Ahuja from KPMG. Please go ahead.

Gurbaxeesh Ahuja: Yes, thank you for the opportunity. Sir, I have two questions, one related to the capacity utilization. So what has been the capacity utilization so far for the nine months FY'24 period? And what is the guidance that you can give for FY'25 on the capacity utilization, at least for H1 FY'25?

BK Soni: Okay. Thank you, Mr. Ahuja. So as far as the capacity utilization in this nine months period is there, it's close to about 40% we have achieved. And again, 7,200 metric ton, nearly about 3,000 metric ton has been achieved. And we continue to see this same number may probably reach to around 4,000 by end of March. That is what we envisage.

And secondly, as far as the guidance for FY'24-'25 is concerned, I maintain my previous communication that we will achieve nearly about 5,000 metric ton -- sorry, 12,000 metric ton with both the facilities put together. Around 6,000 metric ton will be utilized in the existing

facility and 6,000 metric ton in a new facility. About 12,000 metric ton we will achieve during '24-'25. We expect to achieve that.

Gurbaxeesh Ahuja: Okay. Can I have a follow-up question on this, sir?

BK Soni: Go ahead.

Gurbaxeesh Ahuja: Okay. So, we understand, I think, from our previous conversations from the conference call of the previous quarter that there is a significant push from the government and the sector is seeing those tailwinds, right? And so, why do you think that we cannot achieve a better utilization in the first half? I mean, is there an issue with the demand or it takes time to scale up the operation?

BK Soni: No, Mr. Ahuja, both these are not applicable. It is the policy of Eco Recycling Limited. We do not want to get into the business which are volumetric. You kindly just consider there are three different scenarios, I mean, three different streams of supply. One is an IT devices and telecommunication. Second is home appliances and third is medical equipment.

Our focus remains on the first category of IT and cellular phones and also medical equipment. These are very -- I mean, in terms of the weight, they are less as far as the first category is concerned and medical equipment is, number-wise it is less. But in terms of the value, they are very high-containing metal.

As against the home appliances which are volumetric and lots of weight is there, but value-wise they are very significantly low. So, if I use the capacity, even 50% of my install capacity, I achieve a business of 150% in terms of value. While if I do the business of home appliances of 100% even, I do not achieve that kind of value chain. It might be far lower than the average of IT and mobile communication. So, policy is to focus on IT and communication devices.

Gurbaxeesh Ahuja: Understood. That is very helpful. Sir, is that the reason that our EBITDA margins are at the level that they are and they will continue to be?

BK Soni: You are right. Absolutely, Mr. Ahuja. We wish to maintain the same and we are putting our all best efforts that we only accept that material which is high-value metal containing and other services are associated with that, like data restructuring or any other. That is our focus rather than running behind the volume.

Gurbaxeesh Ahuja: Okay. Got it. Sir, by when do you think we will be able to completely utilize our combined capacity of somewhere around 25,000 metric tons that we have...?

BK Soni: During '25-'26, we envisage we will certainly achieve 25,000 metric tons.

Gurbaxeesh Ahuja: Got it. Thank you so much, sir. That was very helpful.

BK Soni: Thank you.

- Moderator:** Thank you. The next question is from the line of Shubham Upadhyay from The Microcap Minute. Please go ahead.
- Shubham Upadhyay:** Yes. Good afternoon. Congratulations on a good set of numbers. So, I wanted to ask, in the last con-call, you had mentioned that revenue from the extended producer responsibility fees will be start showing from the third quarter. So, do we have any kind of breakup for it? Like how much percentage of the revenue is being contributed by EPR?
- BK Soni:** Correct. Shubham, as I mentioned in my communication just now and I said that quarter four will be the first quarter when EPR fees will be incorporated or will be collected from the producers. In up to the quarter three, there was no EPR fees and therefore, this results what is there in your hand is without EPR fees. Whatever you will see, you will see in quarter four only.
- Shubham Upadhyay:** Okay. So, do we have any kind of long-term contracts when it comes to EPR fees?
- BK Soni:** Yes, we do have and with very, very reputed brands.
- Shubham Upadhyay:** Okay. And if you can give some highlight on how much is the average duration of those contracts?
- BK Soni:** I won't be able to share that because this is something which I do not want my competitors should have a knowledge of.
- Shubham Upadhyay:** Okay. Thank you. I will re-join the queue. Thank you.
- BK Soni:** Thank you.
- Moderator:** Thank you. The next question is from the line of Gunit Singh from Countercyclical PMS. Please go ahead.
- Gunit Singh:** Hi, sir. I wanted to talk about the guidance for FY25 and FY26 in terms of top line and bottom line, but I think that has been discussed in terms of the capacity utilization. So, if I got it correctly, guidance for FY26 is utilization of 25,000 metric tons, correct?
- BK Soni:** 25,000 metric tons, yes.
- Gunit Singh:** 25,000 metric tons. Okay. And sir, what kind of operating margins do we expect to maintain steady state for FY25 and FY26?
- BK Soni:** We always work for a minimum margin side of 40%. That's our basic criteria while selecting the business or the inventory what we purchase, as well as the EPR fees put together. It should be not less than 40%.
- Gunit Singh:** All right. And sir, how confident are we of achieving the target of 12,000 metric tons next year and 25,000 metric tons in FY26? Do we have visibility of orders in hand?

- BK Soni:** It's not only the effort of Ecoreco, it's an effort of the government also and produces both. They are also equally eager to see that maximum obligation is met by them. And therefore, we are very confident with the support of the central government's initiative of regulating this industry, as well as producers' willingness to comply with social environmental obligations.
- This tonnage of 25,000 metric tons in two years is just nothing. As against the – by then, probably 5 million metric tons of US will be generated in India. So, I'm talking about only 0.5% of the national level generation, which is very, very low quantity I'm talking about.
- Gunit Singh:** All right. And as per the government, I mean, do they want to recycle all the e-waste that's generated in India or what kind of, I mean, guidance do you get from the government, from central government regarding this?
- BK Soni:** No, you have to repeat your question, please. I'm sorry.
- Gunit Singh:** So, I would like to understand what kind of, I mean, guidance does the central government provide to players like you? Do they want to recycle all the e-waste that's generated in the country, or do they have a target of achieving, say, 20% recycling of e-waste, I mean, by some time? For example, for – yes, so please go ahead.
- BK Soni:** As far as the numbers are concerned, the target is concerned, this has already been announced by the central government, that they are to achieve 50%, 60%, 70% in the following years. So, that number is already there in place. And as far as the export, if you are talking about whether it will be done within India or it will be exported, if I'm correctly understanding, as far as the e-waste is concerned, it is regulated under the Basel Convention. So, there is no export that can be done from India.
- Gunit Singh:** All right. So, sir, currently in FY24, what is the total addressable market price for the company?
- BK Soni:** Sorry, by March 24, you meant to say?
- Gunit Singh:** Yes.
- BK Soni:** Okay. So, by March 24, we envisage to achieve a target of 4,000 metric tons, and safely you can arrive at the number, looking at the nine months number, please.
- Gunit Singh:** Right. And what is the addressable market? We are doing 4,000 metric tons out of, I mean, how much, what is the total addressable market?
- BK Soni:** Out of 4 million metric tons in this year, okay, which was 3.2 million till last year. Now, in this year, '23-'24, the market size has gone to 4 million metric tons. And I'm just talking 4,000 metric tons out of 40 lakh tons, 0.1%, practically nothing.

- Gunit Singh:** Correct. So, for 4 million metric tons, is it the volume of total e-waste generation or is it the e-waste generated which the entities are actively willing to get recycled? That's what I'm wondering.
- BK Soni:** Very, very pertinent question. So, as far as generation is concerned, I'm talking about 4 million ton is the generation nationally. As far as target is concerned of the producer, is going to be 2 million metric tons, 50%.
- Gunit Singh:** All right. So, 2 million metric tons, entities are actively trying to get recycled.
- BK Soni:** Correct. And out of that, 4,000 only we are doing, so it is 0.2%, one-fifth of 1%.
- Gunit Singh:** All right, great. And sir, who are the main competitors? And currently, in India, how much of e-waste is being recycled overall?
- BK Soni:** So, I don't look at from the competitor's point of view, to be very honest with you. And we focus only on our client services. We focus on our volume, what we can scientifically and safely dispose of on behalf of our reputed clients. And as far as the capacity, it is 1.3 million metric tons in installed capacity, as per CPCB, with 186 registered recyclers.
- Gunit Singh:** 186?
- BK Soni:** 186, you are right.
- Gunit Singh:** All right, sir. Great. That's all from my side. Thank you very much. Wish you all the best.
- BK Soni:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ajay Bania, from Idea 2 value. Please go ahead.
- Ajay Bania:** Yes. So, congratulating for the numbers. Thank you.
- BK Soni:** Yes, Ajay go ahead.
- Ajay Bania:** Yes. So, sir, my concern is around the game changer, like I read last part also, where you mentioned that there are 50% of organized sector and 50% are unorganized, like 50-50 we are doing. So, what are the steps we are inputting to get that unorganized into our kitty? Like is there any plan to get that bigger chunk for us?
- BK Soni:** No, Ajay our focus is very nominal quantity. We are not targeting a very huge chunk out of that market share that we want to achieve 10% of the market share of 400,000 metric ton out of 4 million metric ton, or 200,000 metric ton is 5% of the market size. We do not want to achieve that kind of number at this point of time.

Therefore, there is no need to engage services of the informal sector. We are directly dealing with the bulk consumers, as well as the producers for this quantity, which is a very, very nominal quantity.

Ajay Bania: Okay. We are not focusing on unorganized sector, right?

BK Soni: Correct.

Ajay Bania: Okay. Thank you, sir.

BK Soni: Thank you.

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

Darshit Shah: Yes, good afternoon, Soni ji. And congratulations for a good set of numbers.

BK Soni: Thank you so much, Mr. Darshit. Thank you so much.

Darshit Shah: Sir, I have a few questions. One was on the other income side of INR7.65 crores in nine months. Can you let us know what this other income constitutes of?

BK Soni: Yes, certainly. This is consisting of only one element, which is from the treasury income. Investments.

Darshit Shah: Okay. Got it. And, sir, we mentioned that we have roughly processed around 3,000 metric tons in this nine months. And excluding this other income, we have kind of made INR20-odd crores revenue. So that's roughly around INR70 kind of realization. I know earlier spoken that probably our average realization is somewhere between 120, 130. So can you explain what has led to this mismatch?

BK Soni: No, it's not a mismatch. Let me tell you that entire quantity is not being processed here in India. Whatever services we are providing to our global clients in about 120 countries, there the material is being collected in the respective countries and processed in the respective countries. Okay.

So that material flow doesn't happen in India. It doesn't come to India. As I mentioned in an earlier reply, this particular movement of electronic waste is restricted by the Basel Convention. Okay. So whatever the services we are providing to our global clients in 120 countries, the material is being collected there, processed by the counter recyclers who are affiliated with Ecoreco.

And EcoReco is heading the contract with the global client. So we assign the task to them. That quantity does not get accounted in terms of the total revenue. Only the differential amount what we charge to the client and what we pay to the counterparty recycler in the respective countries only gets incorporated.

- Darshit Shah:** Got it. But does it get counted in the 3000 what we have processed?
- BK Soni:** No, it's consisting of both what we have processed and what we have got it processed in the different countries.
- Darshit Shah:** Okay. So out of current capacity, how much do we have reprocessed in nine months?
- BK Soni:** It's close to about 1800 metric tons.
- Darshit Shah:** Okay. So effectively, we are kind of running at around what 30%, 40% of our capacity utilization for this year?
- BK Soni:** Correct.
- Darshit Shah:** Would that be a right understanding?
- BK Soni:** Correct. We will reach to around 35% to 40% by the end of quarter four.
- Darshit Shah:** Okay. Got it. And earlier we have spoken about, we have been in talks with few MNCs. So has anything materialized over the last four or five months? If you can't quantify or at least give a colour on what any newer MNC contracts that we have kind of...
- BK Soni:** Yes, whatever I had mentioned that we already had four and we had signed with two more. So all these six brands are there with us and we have a long-term contract with them and we are providing them EPR services and that will be, the fee will get reflected in the current quarter.
- Darshit Shah:** Got it. And lastly, sir, you said this EPR portal, as you understand, when you read also that it's up and running and we read somewhere that the producers have kind of given a target, not sure whether it's true or not, around 10 metric ton EPR target. So roughly what kind of EPR revenues can we generate probably this in next year? Conservatively?
- BK Soni:** At Ecoreco?
- Darshit Shah:** Yes.
- BK Soni:** Darshit, I do not want to imagine a number, but it is going to be significant. Looking at the kind of capacity utilization in the 24, 25 or 12,000 metric ton, even if I consider half of that goes into EPR, it is 6,000 metric ton and our rates are far higher than the market rates because we are selling to those brands which are extremely reputed and look for all the compliances in totality.
- Darshit Shah:** So sir, previously you mentioned that roughly you can expect around INR10, INR12 a kg, I mean, for the EPR. Would that be a conservative estimate?
- BK Soni:** That is, yes, that is a very conservative estimate as per the, according to the policy of Ecoreco.
- Darshit Shah:** Okay, so probably we might generate far higher number than this in terms of EPR.

- BK Soni:** We are very positive on that and our focus will remain only client and the, who are fully, fully compliant clients rather than one who can accommodate the different styles.
- Darshit Shah:** Got it. And sir, lastly, so we will be 12,000, what we are saying is our own process capacity, which, what you are saying is probably move from 40%. So that is around 3,000 to 12,000 next year. That's what we are envisaging?
- BK Soni:** Absolutely. This is consisting of the global business also.
- Darshit Shah:** Okay. Got it. Thank you so much, sir. And all the best.
- BK Soni:** Thank you so much, Darshit.
- Moderator:** Thank you. We have the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Yes, yes. Thank you very much, sir, for the opportunity. So, just wanted to understand, now you mentioned about this global thing as well. So going forward, what sort of ASP one should envisage? Because this marks a quite a marked difference from your 120 ASP you used to do with what INR65, INR70 ASP, including this global volume we are talking about, right? So going forward, one should assume this as the norm, I mean, INR65 to INR70 your ASP per kg?
- BK Soni:** No, no, no, no. Let's not get confused with this. What I would like to correct it by saying that out of this 3,000 metric ton, it is about 1,800 metric ton has been processed. And that is the fees, that is the revenue which is there at the rate of 110 or so, and which put together with other income and all, the revenue comes far higher than that. Obviously, we cannot consider other income into that. But the EPR fees which will get added from this quarter four, we will generate a revenue of 130, 40 kind of scenario.
- Deepak Poddar:** 130. So, I mean, can you give the volume for second quarter and third quarter separately? What was your volume in last quarter? And what was the volume in this quarter?
- BK Soni:** So the volume in this third quarter, I do not have handy with me, but it is close to about 600 metric ton.
- Deepak Poddar:** 600 metric. And what was the last quarter number?
- BK Soni:** Yes, so it was an average of 600, you can safely say. 1,800 is consisting of that.
- Deepak Poddar:** 1,800. So, yes, so 1,800, it comes to about 750. I mean, 450 was your volume in the first quarter, right?
- BK Soni:** Yes, I do not remember, to be honest, Mr. Deepak, that exact number. But yes, close to about that number 450 if I was there. And 600 is the last quarter.

Deepak Poddar: Okay, so this is a global thing, right?

BK Soni: Absolutely. 1,800, which I am talking about, is what has been processed in-house.

Deepak Poddar: So, can you give the same figure for this entire 4,000 corresponding number and 12,000 corresponding number for next year?

BK Soni: Yes, sure.

Deepak Poddar: That would be helpful. Yes.

BK Soni: Very right of you. Very right of you. So out of 4,000 metric ton, 2,500 will be processed in-house, maybe 2,600 kind of, and remaining 1,400 will be a global business.

Deepak Poddar: Correct.

BK Soni: Similarly, about 8,000 and 4,000 in the next year.

Deepak Poddar: 8,000. And this 8,000 that we are targeting, in that we can have an ASP of INR130 to INR140, including your EPR benefits?

BK Soni: Far, far sure.

Deepak Poddar: Okay, okay, fair enough. I got it. And just one last thing, in terms of your margins, I mean, you mentioned what minimum you are looking at, what 40% EBITDA margin. Is that what you said?

BK Soni: You are right.

Deepak Poddar: Okay, because this quarter, it was about 70%. So, I mean...

BK Soni: I'm talking about the lower number. Although we are achieving all the quarter, in every quarter you must have seen, we are achieving 57, 56, 67 kind of percentage. But I'm talking about minimum 40% is the criteria when we undertake the business.

Deepak Poddar: Correct. But realistically, what should be the margin rate one should look at? I mean, 40% is a very huge difference with what we are doing right now.

BK Soni: Yes, I agree with you. I agree. But that is a positive difference for you as an investor. So, I assume that should be around 60% kind of thing.

Deepak Poddar: 60%, right? On a steady state. Okay, fair enough. I think that's it from my side. All the very best. Thank you.

BK Soni: Thank you, Mr. Deepak.

- Moderator:** Thank you. The next question is from the line of Viraj Mahadevia from MoneyGrow India. Please go ahead.
- Viraj Mahadevia:** Hi, Mr. Soni. Congratulations on stable results.
- BK Soni:** Thank you so much, Mr. Viraj.
- Viraj Mahadevia:** Sir, I had a question. I would have thought the ramp up in revenue would have begun from the third quarter, given the government regulations coming into effect last year, and compliance needs for reputed institutional businesses. But at a top line level, we haven't shown much growth over the last quarter or so. Why is that?
- BK Soni:** So, we were hoping that EPR portal will be up and running and we will get purchase orders from the producers in the last quarter of the calendar year, this quarter, I mean, quarter three, we will get the lots of purchase order from the producers.
- But since the portal could not be rectified to the level it was supposed to, so since it did not become completely operational, none of the producers issued any purchase order. And therefore, we could not achieve a higher revenue figure in this quarter. But going forward from quarter four, we are already seeing an upward journey.
- Viraj Mahadevia:** Understood. So, on this INR 9.6 crores, had the portal been up and running with the existing level of recycling, what kind of EPR could we have done on that figure, another INR2 crores?
- BK Soni:** In INR 9.6 crores of nine months?
- Viraj Mahadevia:** Yes.
- BK Soni:** No, there is no EPR fee at all.
- Viraj Mahadevia:** At the EPR portal been up with CPCB, how much EPR certificate revenue could we have generated on top of this?
- BK Soni:** You are talking about quarter four or quarter three?
- Viraj Mahadevia:** Quarter 3.
- BK Soni:** Quarter 3, there is no EPR fee at all.
- Viraj Mahadevia:** I know, but had it been up and running, how much could we have done?
- BK Soni:** Okay. At least about 500 metrics could have been done easily. So, which would they have added to the top line to that extent?
- Viraj Mahadevia:** Which would translate into how much in revenue, sorry?
- BK Soni:** Close to about INR 5 crores to INR 6 crores, kind of.

- Viraj Mahadevia:** So, another INR 6 crores on top in EPR.
- BK Soni:** You are right.
- Viraj Mahadevia:** Okay, fantastic. And so, if I just read through the lines on what you have discussed already of 2500 going to 8000. So, we are talking about roughly a three and a half x revenue jump from FY '24 to '25. Am I reading that correctly?
- BK Soni:** Yes, Mr. Viraj, what you have worked out is correct. That is what we are estimating because as I mentioned earlier also that it is not because of what Ecoreco wants to do, but what government and [provisor] wants to get it done from Ecoreco is increasing substantially.
- Viraj Mahadevia:** Correct. So, last question to fund your existing expansion. Have you now monetized all your treasury holdings to fund it? And was any debt taken to complete that expansion?
- BK Soni:** No. So, we could not invest yet completely with the process is on. And so far, we are meeting all our obligation out of the revenue. And as well as you can notice that other income has gone up to INR7.65 crores. To that extent, we have realized from the market and has been invested in expansion.
- The remaining investment is in pipeline and may not complete by March, but by June, it will get over. Although the facility will start up and running from tomorrow itself, that is we are formally inaugurating it tomorrow. So, it will be up and running from tomorrow.
- Viraj Mahadevia:** Sorry, just that question. How much was the investment in this facility and how much have you invested already from your cash balance?
- BK Soni:** So, we envisaged about INR45 crores to INR50 crores to be invested. And by now, we have already done INR35 crores. And remaining also, we will hopefully complete by June, remaining INR10 crores, INR12 crores.
- Viraj Mahadevia:** And that will also be done through internal accruals and...
- BK Soni:** Completely out of internal accrual. To that extent, we do not need any money from outside, because that is the money sitting already in the balance in the form of liquid assets and generation of profits.
- Viraj Mahadevia:** Fantastic. All the very best. Thank you.
- BK Soni:** So nice of you, Sridhar. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Faisal Hawa from HG Hawa and Company. Please go ahead.

Faisal Hawa: I am sorry, but I have not been able to understand these 120 countries revenues. You mean to say that we get like something like a commission or a difference between purchase and sale and that include in our income here?

BK Soni: Okay, so good. I will explain this. We have four major clients who are global clients. They are in India too. So as far as India operation is concerned, we collect it and we process it in-house. As far as the other countries are concerned, since the contract of these four global brands is with Ecoreco, and we have been asked to provide services globally. So what we have done is we have engaged services of the counter-partners, recyclers in the different countries.

They collect, they process, and we pay them fees for the complete activities. And we charge to our client in the form of fees from them only. So there is no material value coming to the balance sheet of our company. I mean to the revenue of our company, but only the differential amount of the fees comes to the balance sheet to the revenue.

Faisal Hawa: Okay. So that's not something very material. We are doing it just to retain our customers who are valuable customers?

BK Soni: This is something very interesting, but I won't be able to divulge further details on the same.

Faisal Hawa: Okay. No problem. Sir, can you just see page number 38 of our presentation? So if you see that we, even though our EBITDA is so high, it is almost 75%, 76%, and with the EPR, it could almost go to 100%. The ROC and ROE still remain very low. And not only low, they tend to fluctuate a lot. So what would be a good reason for that? And will it stabilize you going further?

BK Soni: So as we increase our capacity utilization, this will gradually improve. Presently our capacity utilization is against the overall investment is too slow. Once we achieve a target of 8,000 metric ton, 12,000 metric ton, and 25,000 metric ton, then automatically this equation will undergo change.

Faisal Hawa: Sir, and how many clients are we adding every quarter? Because I think that would be an important metric for us because every quarter, these are like very large clients and they may be pan-India or worldwide. So that is one. And secondly, is it a fair statement to make that we will almost double our revenue every year for the next at least five to six years?

BK Soni: Okay. So as far as the number of clients, the addition is not very much important, but the material what we are getting from the existing client is more important. Their quantity is increasing and that is what exactly our focus area is right now to serve to the existing client. It does not mean the new clients does not get added.

And incidentally, in the quarter three, as many as about 9, 10 corporate clients have been added who are bulk consumers, who are large consumers. So this trend will continue to remain for some time because the CPCB is asking all the bulk consumer and producers to meet their

obligation completely with the recyclers only. No more to deal with the informal sector. So this addition will continue to happen.

But focus remains of Ecoreco is on the IT and communication devices, which may be small in terms of the quantity, but large in terms of the value. And as far as the double the revenue is concerned, I safely assume that at least year '24, '25, we will see that '25, '26 also we will see that, '26 onwards, we have yet to look at and we have to wait for the achievement during '25 and '26.

- Faisal Hawa:** Would it be possible for any kind of a client visit or a site visit to be arranged?
- BK Soni:** Yes, we are planning sometime in April. But I'll ask Kirin Advises to discuss with all of you.
- Moderator:** Thank you. The next question is from the line of Namish Gupta from Namish Gupta and Company. Please go ahead.
- Namish Gupta:** Sir, I just want to understand one thing, sir. In last year, we have like many kind of abnormal expenses in quarter 4. Now, you have got a very good client like these are multinational clients who are fully compliant. And you are saying that you have written off an amount approximate INR2 crores. So I mean, do you still see any kind of risk on your receivables?
- BK Soni:** No. Probably there is some misunderstanding. So my clients are my suppliers are multinational companies. Okay. Big, big brands like HP or Dell or Apple. I'm just giving the reference of the name to understand. So I'm buying from them. While selling the metal or plastic and glass in the other inventory, what is our finished goods are there? The loss happening, loss happened on that account, not on the brands, not with the brands.
- Namish Gupta:** Okay, so I mean, to whom you sell are these like small clients, small companies...
- BK Soni:** That was one wrong selection of a client. Sorry, the buyer. So we suffered that. But now we follow a policy of completely down payment. So hardly a gap we leave it on that subject.
- Namish Gupta:** And can I ask one more question? Sir, you are saying that you're, I mean, sustainable EBITDA margins are like 40%, sir. From last three quarters, you are showing EBITDA margins of approximate 60%. So, I mean, are we getting too conservative...
- BK Soni:** No, I clarified that earlier answer. And I repeated, I said that we consider minimum 40% while undertaking the business. You know, that is the flow. I mean, the policy what we follow, but generally, we are achieving higher numbers than that.
- Moderator:** Thank you. The next question is from the line of Ajay Bania from Idea 2 Value. Please go ahead.
- Ajay Bania:** Yes, so I think you mentioned about the new client. So do you want to give some number like how much they are going to contribute in future guidance?

- BK Soni:** So that is exactly our target, overall target what we envisage about 4000 metric ton to 12,000 metric ton to 25,000 metric ton. This will be added with clients, number of clients and the producers, which we will keep on adding. So number of clients, more important than number of clients is the quantity what we get from the consumer, from the corporate entities.
- So assuming that is a company known as TCS, which has so many staff generating a huge number versus a small company, software companies. So there is a significant difference between the two. So 50 software companies may not be equal to even one TCS.
- Ajay Bania:** So any disclosure like you want to, is it okay to disclose the name or you want to keep?
- BK Soni:** We never done that. We have never done that and we don't propose to do so. We don't disclose the name of our clients.
- Ajay Bania:** No worries. Thank you so much sir. Good luck.
- BK Soni:** Thank you. 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:** Yes, so just a follow up. So what's the EPR per kg average revenue one can assume? Would it be in the range of INR15, INR20? I mean, would that be a fair number?
- BK Soni:** Sorry, you are talking about EPR fees?
- Deepak Poddar:** Yes, yes, EPR fees.
- BK Soni:** So Deepak, here there is a significant difference in the approach of different recyclers. The price ranges between INR7, INR8 to INR70, INR80.
- Deepak Poddar:** Okay.
- BK Soni:** Okay. Now what kind of client you have and what kind of material you are processing and to what level you are processing? It all depends on that. So if you are just collecting the material and dismantling the material, then you probably would like to do it for INR7, INR8 a kg. But if you are processing further, you are recycling, shredding, and you are selling the segregated material, you would like to charge accordingly. And if you are refining also and recovering the gold and everything, then probably the rates will be different. So it cannot be generalized.
- Deepak Poddar:** Okay. But any average one can look at? I mean, to understand what sort of revenue one can generate?
- BK Soni:** So in the market, the average rate people are working around INR10.
- Deepak Poddar:** Okay.

- BK Soni:** Which Ecoreco never entertain such inquiries. We do not work for that number.
- Deepak Poddar:** Okay. Okay. No, the reason I am asking is that I mean, you mentioned somewhere that in the third quarter, if the EPR would have been there, then our, I mean, EPR revenue could have been INR5 to INR6, right?
- So on a scale of, I think, 600 MT that we have done this quarter. So to generate INR 6, you need EPR fees of around 10 INR per kg, right?
- BK Soni:** You are right.
- Deepak Poddar:** The amount is not matching up. Yes.
- BK Soni:** No, that is INR10 a kg it comes to.
- Deepak Poddar:** So that means your EPR fees would have been INR60 lakhs, correct? At INR10.
- BK Soni:** At INR10, it comes to INR60.
- Deepak Poddar:** Correct.
- BK Soni:** Correct. And at the INR100, it comes to that. You know, the more important figure than that is, it is consisting of two elements.
- One is the EPR fees by itself. And second, the quality material what you get from the client. All put together gives you the revenue of that significance.
- Deepak Poddar:** Okay. Understood. Fair enough. And in terms of volume, I think this 2,500 metric ton volume that we are targeting in-house, right? So that figure comes to about 1,800 we have done. So last quarter, we are targeting only about 700 metric tons. We have done about 600 in this.
- So we are not seeing as such major growth, right, in terms of volume, because we have got enough capacities. So what is that, I mean, holding us behind in terms of...
- BK Soni:** No, nothing is holding on. But when you can achieve the kind of profitability, what you can achieve in a smaller quantity, as against you do a volumetric business of white goods and all, and you achieve the capacity, I do not think that kind of labor we should put in.
- Rather, we should have an intelligent business where we get significant margin versus the top-line growth alone.
- Deepak Poddar:** Okay. Understood. And in the fourth quarter, when we say we will do about 700 metric tons, so you expect this EPR fees to come in fourth quarter, I mean, 700 into whatever per kg fees that you might realize?
- BK Soni:** Yes. Yes. We envisage that.

- Deepak Poddar:** We envisage. So now we are already one and a half month into the fourth quarter, right? So have you already booked some of the EPR fees for this one and a half months now?
- BK Soni:** That is what exactly I mentioned in my statement, that we have started booking that. And in this quarter, it will get reflected.
- Deepak Poddar:** Okay. And the recent bookings that we would have done would be at what rate per kg?
- BK Soni:** Deepak, I will not be able to share that.
- Deepak Poddar:** Actually, you will not be able to share that. Okay. No problem. I think that is it from my side. All the very best. Thank you.
- BK Soni:** Thank you.
- Moderator:** Thank you. The next question is from the line of Viraj Mahadevia from Moneygrow India. Please go ahead.
- Viraj Mahadevia:** So if you think about your expansion being utilized now that it has come on screen, as you mentioned over the next two years, how do you see the story unfolding beyond that period? When do you start thinking about your next phase of expansion?
- BK Soni:** When we start thinking what? About the next phase of expansion beyond FY '26. We will look at that opportunity, whether we are justifying the performance during FY '25- '26, particularly FY2 '4- '25, I would say first, that what we are envisaging about 12,000 metric ton and 25,000 metric ton. We will have a clear roadmap sometimes in the mid of FY '25-'26.
- If we are reaching to that number of 25, immediately my plan of putting the third facility will start.
- Viraj Mahadevia:** Understood.
- BK Soni:** Till that point of time, I cannot guarantee the number what I envisage to achieve. But this is what exactly the market forces suggest me to achieve that number.
- Viraj Mahadevia:** Right. And presumably, what is the asset turnover in your business? So for every INR30 crores you invest into a facility, what kind of sales can you generate from it?
- BK Soni:** So, about INR50 crores if I invest, as I mentioned, in this facility of 18,000 metric ton, and if I do a combination of all the items which are white goods and IT equipment, because 18,000 metric ton I cannot get in 24, 25 of IT alone.
- So I have to go by the white goods and all. So my top line may be in the range of INR80 a kg, which may be close to about INR150 crores kind of top line. So we are doing three times of the asset turnover.

- Viraj Mahadevia:** Understood. And do you see a working capital base still staying around sub 30 days as you scale up?
- BK Soni:** That is maximum.
- Viraj Mahadevia:** Okay. Thank you all the very best.
- Moderator:** Thank you. The next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.
- Prateek Chaudhary:** Okay. I'm just continuing with the previous participant's question, where you said you will be going around 700 tons of volume in the fourth quarter. So out of this, how much will be volume that would come under the EPRP or would be your mark for that?
- BK Soni:** In the quarter four?
- Prateek Chaudhary:** Yes.
- BK Soni:** So as I mentioned about 600 to 700 metric ton we expect to achieve during this quarter. So the fees will be accordingly, whatever the rates we have with our different producers, accordingly it will be there.
- Prateek Chaudhary:** 700, 600, 700, all of it is for EPM?
- BK Soni:** Sorry?
- Prateek Chaudhary:** Will all of it come under EPR or EPR fees?
- BK Soni:** Yes, the EPR fees will come under the revenue from operations only. Under that head only it will come.
- Prateek Chaudhary:** So I'm just trying to understand and correct me if I'm wrong, because I'm slightly new to understanding your company. That you said that you are tied up with these big brands who provide you material to be recycled.
- BK Soni:** Right.
- Prateek Chaudhary:** And this EPR is under a government mandated platform that they necessarily have to do, right? Is that how it works?
- BK Soni:** Correct.
- Prateek Chaudhary:** So, and you're saying that platform will start from Q4, which is this quarter. So incrementally, if the understanding is correct, incrementally all of your volume that you will procure and recycle will be through this EPR platform?

- BK Soni:** No, no, no. Procurement and sale of E-waste and the finished commodities is not going to happen through the portal. Portal will be only registering to what extent you have done the tonnages and that tonnage has generated what kind of metals.
- You just have to post that and based on that, the certificate of EPR will be issued by the CPCP. This is not a platform to purchase a stock market, you know?
- Prateek Chaudhary:** Right.
- BK Soni:** This is EPR certificate generation portal.
- Prateek Chaudhary:** Okay, sir. I'll get back to you. Thank you.
- BK Soni:** Thank you.
- Moderator:** Ladies and gentlemen, as this conference was scheduled for one hour, we will take that as the last question. I would now like to hand the conference over to Ms. Chandni Chande for closing comments. Over to you, ma'am.
- 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@kiranadvisors.com. Once again, thank you for joining the conference.
- BK Soni:** Thank you so much, everybody.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.