



## “Eco Recycling Limited Q4 FY-24 Earnings Conference Call”

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**MANAGEMENT:** **MR. B K SONI – CHAIRMAN & MD, ECO RECYCLING LIMITED.**  
**MS. MANEESHA JENA – COMPANY SECRETARY, ECO RECYCLING LIMITED**  
**MR. SANKET MUNDE – 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 Q4 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 “\*” and then “0” on your touchtone 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. B K 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 who joined us today for this Conference Call to talk about the 4th Quarter and Annual Results for the Quarter and Year Ended 31st March 2024.

I am joined by Maneesha Jena – our Company Secretary and Sanket Munde – our Accountant.

Ecoreco is India’s premier e-waste management company, which has started the journey of e-waste recycling almost 20 years before with a very clear focus to follow globally accepted practices, which meets the standards set by the MNCs and global brands in the electrical and electronic manufacturing segment. Ecoreco has always believed in innovative practices and setting up the industry benchmark which meets environmental and ecological obligation of all the stakeholders of Ecoreco. Ecoreco never believes in cutthroat competition to achieve higher volumes of tonnage, but high level of services to its clients who does not hesitate to pay as per their standards in the developed countries. Ecoreco provides all the services under the umbrella of e-waste management, beginning from collection to compliances to all its clients, whether MSMEs or MNCs, producers and other generators of e-waste, who desire to dispose-off their e-waste, as per the norms of the e-waste management rules and Environment Protection Act.

As you know the producers of electrical and electronic equipment have an additional obligation to collect or get the e-waste collected to meet their extended producers responsibility, commonly known as EPR. Although EPR was first introduced in 2016 rules, but Ecoreco started its participation when CPCB launched an EPR portal to transfer credits to producers through this digitized and documented mechanism. I am pleased to share that in February 2024 a new capacity of 18,000 metric tonne per annum to recycle e-waste have been established and also

got the permission from the Maharashtra Pollution Control Board as the consent to operate. At the new premises of Ecoreco in Vasai, Maharashtra.

There may be some of this curiosity, what was the need of setting up a new capacity when the earlier capacity of 7200 metric tonne is still pending to be fully utilized. I would like to clarify and inform that India generates 5 million metric tonne of e-waste presently and looking at the obligation of the producers as well as of the large corporate consumers of electronic devices, the demand will surge with the time and therefore having a facility with higher capacity in place, well in advance and that too out of the internal non-interest bearing funds is the best approach to avail opportunity as and when crops up because of restricted implementation of the rules and central of economic policy of the central government.

It takes almost one year to build a Green Shoot facility and if Ecoreco awaits orders from clients versus approaching them with the higher available capacity gives a leverage about the competition. It may not be out of place to mention that, Ecoreco is confidently widening its wings to reach with the global MNCs, to service them for their e-waste generated in their India offices. Looking at the credentials of our company, I am proud to share that Ecoreco became the first member of TERRA, the world's premier network of e-Stewards and R2 Certified e-scrap and ITAD service providers. This milestone is a recognition of our commitment to pioneering sustainable e-waste management practices in India.

I am pleased to further share that Ecoreco has geared up its action cum awareness drive among the individual consumers, shops, restaurants, schools, and other establishments in this direction, on a global recycling day, Ecoreco and BookMyJunk deployed five teams, equipped with tailor made vehicles for collection of e-waste from the above consumers and collected an impressive 10,940 kilograms of e-waste from almost 1000 sub generators, including MSMEs, shops, restaurants and others, who prefers responsible disposal practices of such hazardous waste.

Now let's talk about the financial highlights of Q4 FY24. And I hope all of you had an opportunity to go through the numbers. In Q4 FY24 your company's standalone revenue surged impressively by 78.33% year-on-year basis to 8.56 crore and EBITDA reached to 4.29 crore, reflecting a remarkable year-on-year growth both in absolute numbers and in percentage terms. Moving to FY24 standalone revenue, continued its upward trajectory and grown by an impressive 52.26% year-on-year to 32.63 crores. EBITDA for the year reached to 21.10 crore resulting in a 2911 basis points increase. Profit after tax for financial year 24 stood at 16.20 crores demonstrating notable year-on-year growth of 162.56%.

There are several factors which have contributed to the growth. The increasing awareness of extended producer responsibility obligations, amongst other companies who were at the fence so far, but envisaging strict provision of environmental compensation are gradually joining the bandwagon. You will kindly appreciate, that our fully compliant facility supports to major global brands in meeting their EPR obligations, commands a premium for our services. The increasing

success of EPR rules is a confirmation of acceptance of government policies and approach. This further justifies our gradual investment in infrastructure and technologies to be ready to avail rising demand and growth in revenue from e-waste recycling and EPR fees.

I am proud to share once again, with all but more particularly who may not know that Ecoreco's efforts were lauded by the Prime Minister Shri Modiji, in his 97th "Mann Ki Baat" on 29th January 2023. Similarly, on 2nd October 2023, Dr. Jitendra Singh – Minister Central Government had flagged off India's very first and so far the only recycling on wheels smarter facility in Delhi, introduced by Ecoreco. Looking at, we remain dedicated to enhancing capabilities to meet the expectations of the clients and authorities by delivering our services which they can compare with our global peers. We are keenly exploring opportunities in emerging e-waste market, abroad, evaluating strategic partnerships and business with multinational corporations and brands, who are committed to follow global best practices to safeguard their brand image and local compliances. I strongly believe and with full confidence that the policies and practices chosen by Ecoreco will establish Ecoreco as a preferred partner among all the stakeholders to avail its services with greater trust, which will eventually lead to a significant growth. As you better know, the journey of e-waste recycling is very long, and generation of e-waste will only increase in proportion to the consumption of electrical and electronic devices, digitization, automation, and central and state governments policies.

With the above note, I express my gratitude to all our stakeholders for their kind support and trust in Ecoreco and its innovative initiatives. I now open the floor for questions, with request to kindly raise one question per participant. In case you have more questions, we may take up offline at a mutually convenient date and time.

Thank you so much for your kind attention and patience. Chandni, it's for you to go ahead.

**Moderator:** Thank you very much sir. We will now begin the question-and-answer session. The first question comes from a line of Shubham from Ayush Agarwal Research. Please go ahead.

**Shubham:** So, currently what is our capacity utilization for the plant, previously you have said that you are focusing on low capacity utilization with high value. So, are we moving forward with that particular strategy or are we changing our strategy to move toward higher capacity utilization. Thank you.

**BK Soni:** Okay Shubham first and foremost, as I mentioned earlier also, that present capacity utilization is close to about 4000 metric tonne out of 7200 metric tonnes, which is merely about 60% which actually speaking, we were hoping to reach to 75% by June quarter itself and then we are hoping to reach 75% to 80% by June current quarter, and then also will further increase our capacity utilization out of the 18,000 metric tonne what we have set up.

- Moderator:** Thank you. The next question is from the line of Jishan Singhi from Krijuna Research and Analytics. Please go ahead.
- Jishan Singhi:** First, I would like to ask that, if we see the financial statements your other income has been decreased. So, what does it constitute, I would like to ask that?
- BK Soni:** Sorry, can you repeat your question Mr. Singhi?
- Jishan Singhi:** What does that other income constitute in the financial statements?
- BK Soni:** Okay, got it. So, let me give you a brief break up about the other income. So, this is consisting of three element, one is obviously the income from investments to the tune of about 2.15 crores and second is the fair value of the investments what we have made is about 2.45 crore, put together they consist of 4.6 crores, and there are small gains from dividend and income from interest and all. So, 4.6 crore is consisting of that.
- Jishan Singhi:** Okay, thank you. And next I would like to ask that, for your lithium-ion batteries, which process do you use in your this plant for the lithium ion battery recycling?
- BK Soni:** Okay. So, it's a dry process what we use and up to black mass only, the facility has been set up to only make the black mass. And further for that technology we have tied up CNET Hyderabad, for the chemical process to be adopted later on. Once the capacity utilization is of significance level, that time we will utilize the chemical processes. But at this point of time, we are just going for the black mass.
- Jishan Singhi:** Okay. So, that if once you are aware with that chemical facility, then what will be your average realization?
- BK Soni:** It's difficult to say because the price of cobalt and other metals keeps fluctuating a lot, including the prices of the dead batteries also. So, price prediction it's very difficult, but yes, we safeguard our margin all the time.
- Jishan Singhi:** Okay. So, going further what is your revenue in terms of e-waste and recycling of lithium ion batteries between them?
- BK Soni:** Okay, I am taking this third question from yours, but otherwise kindly restrict to one to others also, please. So, you said the revenue from e-waste recycling right?
- Jishan Singhi:** Yes.
- BK Soni:** In the next year you mean to say?
- Jishan Singhi:** Recycling and lithium ion battery plant going further?

- BK Soni:** That I am sorry, I won't be able to discuss the projections with you at this point of time.
- Moderator:** Thank you. The next question is from the line of Viraj Mahadevia from MoneyGrow India. Please go ahead.
- Viraj Mahadevia:** However, I am surprised that the revenue in Q4 has not seen a meaningful uptick, given that EPR is online. Given that, most of the electronics looking to comply and recycle their waste, how come some of that hasn't shown up in the revenue base. And also have we had any EPR revenues in Q4?
- BK Soni:** Okay. So, let me tell you the EPR portal which really started only in the month of 19th of March. Sorry, it was shut down from 19th March to 20th of April 2024. So, hardly 15 days revenue was booked in the EPR portal by all the recyclers, which did not meet all the obligations, whatever were given to us by the producers, and those have been made after the restart of this API portal and 22nd April to 27th April we make out that obligation. So, you will see the difference in the kind of EPR fees in the current quarter of the running year.
- Viraj Mahadevia:** Understood. And why didn't we see a ramp up in tonnage in Q4 to my same question of core operations of recycling?
- BK Soni:** That is a core operation of recycling does not mean always that the tonnages have to come, if I keep buying the fridges and washing machines, which hardly generates me a profitability of 10% versus the laptops and the other electronic devices, which gives me handsome margin, I believe, as an investor both of us will prefer to have the high margin business rather than only capacity utilization.
- Viraj Mahadevia:** True, but has the high margin business not started coming?
- BK Soni:** No, it is there we are doing it to the extent whatever we are capturing from the market. So, it's not that the competition is not playing its role, but we do business only with the multinational companies who agrees to our kind of profitability, rather than the volume. So, if I give an example if suppose I work for a margin of 15%, 20%, then I could have done a business of 10,000 metric tonne against 4000 metric tonne. But the profitability would have remained the almost same. So, my preference is to do 4000 metric tonne and earn the profit as against 10,000 metric tonnes. I believe that's a good policy and I would certainly like to have your opinion on that.
- Viraj Mahadevia:** Sure, no that's a good policy. The question says only why has this low sized electronic material not coming your way meaningfully given that policy are all in places my simple question.
- BK Soni:** Correct.

- Moderator:** Thank you. The next question is from the line of Ayush Agrawal from Ayush Agrawal Research. Please go ahead.
- Ayush Agrawal:** Sir, I just had a question regarding the EPR fees. If you could just quantify how much of it has been collected and the guidance for the same in the coming future?
- BK Soni:** Good. Ayush, we did a business of 1.5 crores of EPR in the March quarter. And I won't be able to disclose the tonnages associated with this, because that's the USP of the Ecoreco. And the remaining as far as the first quarter what we booked in the June quarter, it's substantially higher than what we have booked in the March.
- Moderator:** Thank you. The next question is from the line of Parv Jain from Niveshaay Investment Advisors. Please go ahead.
- Parv Jain:** Sir my question pertains to Page #12 on the investor presentation. So, on that page we have mentioned that Ecoreco can now recover valuable elements such as nickel manganese. So, in this terms we are looking to change our business model in terms of supplying the black mass. And now switching to directly recovering these metals and then selling them ourselves. Is that the way forward, is that correct?
- BK Soni:** No, so that is the futuristic plan. Okay, presently we are limiting it to only to the extent of black mass. And what you are reading on Page #12, is the back to the technology what we have required from CNET, is capable to do that.
- Parv Jain:** Okay. So, for the near term, at least we will still be dealing in the black mass?
- BK Soni:** Correct. So, the reason being that the supply and the demand both have to match with the economics.
- Parv Jain:** Right. So, just a small question on this side, what would our mix be for this quarter, data destruction, refurbishment and recycling?
- BK Soni:** So, in the previous quarter, we did the business of data destruction of around, so that is close to about 10% we did the business of data destruction, and we hope to continue the 10% to 12% in the current quarter also.
- Moderator:** Thank you. The next question is from the line of Anmol Grover from Master Trust. Please go ahead.
- Anmol Grover:** First of all, congrats on a phenomenal year, congrats on your capacity as well. Just wanted to understand the margin dip that has happened this quarter and what to expect going forward?

- BK Soni:** No, I don't think Mr. Anmol there is a margin dip but you will currently notice that the income tax provision and everything put together, so after profit after tax has come down by that amount only and we have provided for about 1.5 crore in the first three quarters and raised it by about two crore in the last quarter. So, the impact is because of that.
- Anmol Grover:** Sorry, I missed the initial, impact of what?
- BK Soni:** No, I said that the profit after tax is lower as you are noticing is because of the impact of the income tax which was provided for your last quarter to the tune of about two crores.
- Anmol Grover:** Okay. But your EBITDA margin also dipped in Q3 with the EBITDA margin excluding other income is 45% this time so, that's what was my question?
- BK Soni:** No, EBITDA margin has not come down it is far good, what is the percentage you are looking at 45%?
- Anmol Grover:** 35.7% to be precise, about 3.7 crore of EBITDA.
- BK Soni:** Okay. I'll check on the number.
- Anmol Grover:** This is excluding other income just to be clear; I am calculating EBITDA excluding other income just to.
- BK Soni:** Yes, of course, excluding other income only. So, let me just look at the percentage I have not noticed carefully, one second. So, EBITDA is 2911 bps.
- Anmol Grover:** I was asking quarter-on-quarter because we were doing consistently about 60% margin till this quarter so, just wanted to know the reason for that.
- BK Soni:** No, I am sorry. Quarter-on-Quarter basis might be a variation yes, you are right.
- Anmol Grover:** Yes, it is sort of a cyclicity thing that happened, Q4 is usually a little lower margin for you or is it something else just wanted to understand this?
- BK Soni:** No, repeat your question Anmol.
- Anmol Grover:** I just wanted to understand. So, like I said, your EBITDA margin had dipped to 45 which was above 60% consistency over the past few quarters since you have started ramping up your capacity. So, I just wanted to know is this a quarterly technicality that we are looking at before might be a lower margin quarter for you generally or is this just a one off blip because of some of the reasons and maybe because of the fire that happened in January and just wanted to understand the reason?



- BK Soni:** No, I don't think there is, except probably some kind of inventory change might be there a sale of the items maybe there, there may be difference between the two items. That is the reason why, but anyway I will look into it. But overall, it is maintained a good level off.
- Anmol Grover:** Yes, so overall for the full year you have done very well, I just wanted to know if you could give some guidance for next year.
- Moderator:** Thank you. The next question is from the line of Namish Gupta from Namish Gupta and Company. Please go ahead.
- Namish Gupta:** Sir, you have just been informed that you have booked an EPR of 1.25 crores.
- BK Soni:** 1.5 crores.
- Namish Gupta:** 1.5 crores Correct?
- BK Soni:** Correct.
- Namish Gupta:** So, have your sales decreased in March quarter from December 2023 first quarter?
- BK Soni:** No, it's not like that. See the EPR fees is what we upload on the portal of the CPC. That is, what the fee what we can charge to the customer. We have done the business and the production and sales, everything was there up to 31st, March '24. But since the portal stopped working, and therefore we could not pass on the credit to our customer between 19th March to 20th April 24. And therefore, the credit, the EPRs did not get generate in this last quarter. Otherwise, there is no sales.
- Namish Gupta:** I just want to clarify sir, have we in this a revenue of 8.05 crore, have we booked EPR credit revenue of 1.5 crore in this?
- BK Soni:** No, it is there in that.
- Namish Gupta:** If it is there, then I am asking sir, last quarter our sales were around 7.47 crores, so if I reduce by EPR sales, March '24 quarter sales, then our sales has reduced so that is why I am asking the reason of decrease?
- BK Soni:** No, you are absolutely right. And as you rightly mentioned in between, on 15th January, there was a fire. So, almost for one month, the operation we could not do the sales, so that was one of the reasons you are absolutely right.
- Moderator:** Thank you. The next question is from the line of Ashish Soni from the Family Office. Please go ahead.

- Ashish Soni:** Sir last few quarters you have guided that your capital utilization will go up in next two years to 100%. So, how optimistic are we to achieve that because there is a blip this quarter?
- BK Soni:** No, I don't know where you are getting this numbers of the deep and all, but anyway coming to March '25 on March 26 as I promised, we are very hopeful that 50% capacity utilization by March '25 and almost 100% capacity utilization by March 26 will be achieved. But what I am understanding from the communication of other investors also including you, that capacity utilization in terms of tonnage is more important to it looks like, versus the policy at Ecoreco is high value recovery from lower capacity utilization and keep the capacity unutilized for utilizing it for high value items all the time. If I block my capacity with the low value item and generate a margin of 10%, 15% and I fail to avail up the opportunities of the high value material coming in, then I believe my profitability will lower my dear. So, we have to decide on one particular policy together about capacity utilization or profitability.
- Ashish Soni:** Okay. Other thing is this TERRA certification, that number should be broad so how much headway does it give against competition in terms of attracting new brands or new customers?
- BK Soni:** Great. This is one of the finest things so, TERRA is a global body which has about 110 recognized recycling facilities, mainly in USA and other developed countries. And the Ecoreco is the only company in India, are from India is the only part of that 111 now. Okay, and this TERRA is a connect between the recycling facilities in USA and UK as to Ecoreco. So, whatever the clients are there in the USA and UK who are working and having their offices in India, those directly comes through those members to us. That is the purpose of this. Now, we are just three, four months old in the membership, we are developing relations with these about +100 members, and trying to get the business from them, which will eventually be apparent to you probably in another two, three months' time.
- Ashish Soni:** Basically, you are saying your marketing expense goes away indirectly with this membership, you are getting direct customer entry, is that my reading correct?
- BK Soni:** Not only that, but you get connected to because you are recognized by a body which only recognizes those which are compliant.
- Moderator:** Thank you. The next question is from the line of Anirvan Sarkar from Max Life Insurance. Please go ahead.
- Anirvan Sarkar:** So, my questions are in extension of the questions that have been already asked. And I will just take a minute to just try and see, there seems to be a gap in our understanding or part of the investor community in what you are trying to communicate and how we are seeing things in terms of forming a view about our future potential of revenues and profits. So, the reason we have been asking about tonnage, tonnage and capacity utilization is because, if we refer the earlier concalls and we have been told that with increased capacity coming in, and the utilization

also coming in, we should expect realizations of Rs.130, Rs.140 per kilo, and let's say for 25,000 tonne capacity and 50% utilization, we should expect something like maybe 125 and if we do the math, it comes to around maybe 175 or 180 crore of revenues in the future year with a 50% capacity utilization. Now however, we are hearing that even with low capacity utilization we are earning revenues from some other high margin businesses, and it's a little difficult to forecast revenues or model in the future profits and revenues based on this. So, the question remains that, how do we model our future revenues, independently from capacity utilization. And of course, the question also remains that the 18,000 tonnes capacity additions that we have spoken about earlier, what is the timeline for that, is it the same that is it getting done by June this year or is it getting delayed a bit further. And yes, where should we expect utilization to come in at for the full year?

**BK Soni:** Superb, thank you so much Mr. Sarkar for sharing the question so nicely and it would be pleasure to answer you this. So, let me put it differently, the capacity utilization per metric tonne what should be my margin. If I just ignore for a moment to clarify your question only, instead of tonnages if I say how much profit I should make per tonne. And in my calculation is I mentioned earlier, it's Rs.140 versus Rs.100 purchase and again Rs.40 kind of revenue generation. So, we are making a EBITDA of Rs.40. And if you look at the kind of profitability now it's 16 crore kind of EBITDA is there, 16 crore gross profit is there. So, it's about nearly 4000 metric tonne equal to that. And if I reach to a profitability of 40 crore, I will have probably impliedly it is a 10,000 metric tonne of the tonnages have been handled, which may be lesser because of the high margin and high value what we prefer to do. It may be higher tonnage of 20,000 metric tonne if I restrict my margin to Rs.20 a kg. Then my capacity utilization will be 80% with 20,000 metric tonne. Now, but if I can earn the same profit of 40 crore out of 10,000 metric tonne and capacity utilization remains 40% then, I believe and in my opinion the policy is good enough at our end. I do understand from your point of concern how you project the future profitability, on what basis. So, I'll suggest a yardstick of Rs.30 to Rs.40 per kg you should apply to the profitability for while working out on the tonnages.

**Anirvan Sarkar:** Right, thank you. So, should we assume that for FY25 since we are modeling in terms of tonnage only?

**BK Soni:** I am sorry to interrupt you, when I am saying 12,000 metric tonne of capacity utilization by March '25, there may be possibility that entire 12,000 metric tonne material also comes in of high value. In that case, my margin will be much higher than what I am saying and giving the number but assuming Rs.40 a kg profit should be 48 crore, 50 crore kind of.

**Anirvan Sarkar:** Right.

**BK Soni:** So, let's be hopeful of achieving all the things.

**Anirvan Sarkar:** Sure sir. And about the timeline, 18000 tonnes?

- BK Soni:** Yes, correct. So, 18000 capacity has already been set up Mr. Sarkar and utilization as I mentioned, 50% should be through by March '25 and close to 100% by March 26.
- Moderator:** Thank you. The next question is from the line of Adwatit Joshi from Rising Star Investments. Please go ahead.
- Adwatit Joshi:** Sir regarding our collection centers, are we planning to do our collection centers pan India so that we can get some retail inputs like mobile phones, laptops and which are higher margins?
- BK Soni:** No, Mr. Joshi collection center does not help you in collecting high quantity, it is direct courier and direct transport from the consumer or from the customer is better than storing it in different locations, where the chances of pilferage or leakage is much higher.
- Adwatit Joshi:** But we are planning to increase collection centers because right now we are having very few collection centers across Mumbai or pan India?
- BK Soni:** No, we don't have collection, even a single collection center in Mumbai or anywhere. We have collection boxes set up in schools and colleges.
- Adwatit Joshi:** Boxes, right. So, we are planning to do that to increase the number of boxes in schools or facilities where we can get the laptops and all?
- BK Soni:** Yes, absolutely from 5th June itself you will see that kind of movement is happening.
- Adwatit Joshi:** All over Mumbai and pan India?
- BK Soni:** No, not pan India, only all over Mumbai. Mumbai itself has a population of 3 crore which is significant.
- Adwatit Joshi:** Right.
- BK Soni:** So, about initially we are planning for 100 immediately, and we plan to reach to 500, but only in the city of Mumbai and nearby Municipal Corporation.
- Moderator:** Thank you. The next question is from the line of Chirag Jain from Yogya Capital. Please go ahead.
- Chirag Jain:** Sir my question was a majorly on the broad industry perspective. Can you throw some light on the competitive intensity with similar focus of yours, and new player coming in or what's the current players competitive intensity, that's what my question on?
- BK Soni:** Chirag it's a very beautiful question first of all, I admire that. And let me confess and say that, unfortunately, I don't have the statistics of the other players. The reason being we are the only

listed company whose figures are publicly available, and I don't have an access to their numbers. So, it's difficult for me who are in comparison or in competition. But what we prefer to follow the policy which I have number of times over this call we have mentioned and it's our policy is not the capacity but the profitability.

**Chirag Jain:** Not by numbers but by general competitive industry in terms of qualitative number, qualitatively?

**BK Soni:** Qualitatively in what sense you meant to say, what kind of percentage margin they are making or what tonnages they are doing what?

**Chirag Jain:** Yes, so that's what my question was on.

**BK Soni:** So, you know there are number of companies which we know through Google and all other public domain, but there are companies who are doing a business of 100 crore and 200 crore and their profitability is close to about 10 crore to 15 crore to 20 crore. So, these are the numbers available in public domain is, now I don't know how I say in qualitative terms to this.

**Chirag Jain:** So, to add to that, in terms of are we competing with them in the same market, how does the show, how are they different, is there any difference in sourcing or selling. So, that was my broader question on.

**BK Soni:** So, okay. So, my point since beginning is the same, we deal with the multinational companies and the brands who are following globally the best practices of paying to the service providers for all their services, right from collection to data capturing to transport, packaging, and inventorizing and giving them all the details, so that they can follow the global best practices and we charge for all these things. And, I do not know about other competitors of mine, how do they provide the service to the clients.

**Moderator:** Thank you. The next question is from the line of Vinay Sharma from Upper Circuit Investment Services. Please go ahead. As there is no response from the current participant, we will proceed to the next question, which will be from the line of Ashish Soni from Family Office. Please go ahead.

**Ashish Soni:** Sir last few concalls you mentioned your contract with this MNC brands and when you spoke about this capital utilization of like 12000 tonnes maybe by 25FY. So, you are saying high values, is it contract, it depends like it's a mixture of a lot of things or do we get only high value because you have signed a contract if I recollect maybe two, three concalls back, so what is causing the hesitance like that we won't get high value or we are picky, what's that I am not able to understand that?

**BK Soni:** Okay. So, let me clarify this point once again and for future also it will give a guideline to all. Okay, what I mean by high value is, IT devices, communication devices, as against washing

machines, fridges, oven, toaster these are low value and volumetric material, if I take 10,000 metric tonne of volumetric material and process and earn 10% to 12% kind of margin, and still my top line remains about Rs.40,000 to Rs.50,000 per kg max to max, because maximum items are plastic and iron, ferrous and all, containing copper also to some extent. So, I am saying Rs.40 to Rs.50 a kg. That will give me a top line of 40 to 50 crore against 10,000 metric tonne, and a profitability of about Rs.5 crore. This is what is the low value item. So, my tie up is not there with electrical and electronic devices. to a great extent it's only a nominal agreement which we have with two companies only for a limited quantity. But otherwise, my maximum contract is there with the ITAD, IT and communication device companies. This is the significant difference.

**Ashish Soni:** Basically, indirectly you are saying maximum your contract is actually high value only. It's like a nominal based on whatever contract you have done. You have to apply them based on the contract or maybe relationship wise is that maybe 90:10 sort of thing if I assume, just for assumption?

**BK Soni:** So, broadly yes.

**Moderator:** Thank you. The next question is from the line of Sachin Shah from Sun Advisory. Please go ahead.

**Sachin Shah:** One question is, in this quarter your roughly the volumes would be about 1000 tonnes and if you can split that volume between your processing at your own factory and then at the third party which is the international because in the last concall, we have also explained that the volume is spread between your own factory processing and internationally with your tie up process, so if you can split the volumes for Q4. Thank you.

**BK Soni:** Superb. So, let me give you the number I don't have ready in terms of the tonnage, what we did last year with the international partners, but we made a profit of, in the revenue you will see about 4 crore revenue we have received only from the business. We closed with the multinational companies sitting elsewhere, not in India. I am talking about the recyclers, not the multinational company I am sorry. So, this recyclers, whatever the business we downloaded to them as our clients, we made a net revenue out of that is 4 crores and that in case if you apply the same principle of mine 40,000 metric tonne is close to about 1000 metric tonne, that is what we did the business. I hope to do at least two times of this business in the current year. If I answered you completely about this.

**Sachin Shah:** Thanks Mr. Soni. What I was trying to find out in Q4, the 1000 metric tonnes which is shown as the volume that also includes the third-party processing. So, I wanted to understand what is our own processing?

**BK Soni:** Proportionately it may be about 200 to 250 metric tonne in that quarter, against 1000 metric tonne in the whole year.

- Sachin Shah:** Okay, got it. So, effectively 750 of own capacity being utilized out of...
- BK Soni:** Correct.
- Moderator:** Thank you. The next question is from the line of Yatin Kapoor an Individual Investor. Please go ahead.
- Yatin Kapoor:** So, my question is regarding specifically in Q4 each years, we can see that here negative income, other income specifically, whether it's 24, 23 or 22. And similar trend can be seen in cost of materials. So, any reason for that, that our other income is negative each year, Q4 cost of material Q4 each year?
- BK Soni:** Let me just have a look at the number. I don't think there is a negative side, this quarter also, last year it was. March '24, Yes you are right, other income is negative by 39 lakhs as against 213 lakhs in the previous sorry. Yes, you are right. So, that may be because of the fair value. It's only impact of the fair value due to this March quarter probably. But otherwise, there is a substantial gain from the investment to the tune of 1.82 crore this year and 2.57 crore in the last year.
- Yatin Kapoor:** Thank you sir. Anything specific for the cost of material because we haven't increased any further cap, cost for each year. So, this year it's roughly 2.18 crore, last year it was 90 lakhs in the previous quarters.
- BK Soni:** So, 2.18 crore is the cost of what we consumed for this quarter, yes. And then you said for the March quarter, that is December quarter you are comparing with or March '23 1.7 crore?
- Yatin Kapoor:** Yes, so I am saying that every Q4 we can see higher cost comparing to the previous quarters. So, this quarter, you can see 2.1 whereas last quarter was just 90 lakhs. So, why is such a big spike in the cost of material?
- BK Soni:** I don't think Mr. Yatin it has a direct relation with any quarter wise any relationship, but it may be coincidence that in the 4th Quarter only this kind of things have been noticed by you. But there is no quarter wise as such, might be a type of material what we have received, and maybe, a much lower the price or much higher the price in different quarters. So, depending on that maybe. And as you better know, I must clarify further as you better know about that in scrap you never know the quality and the quantity when it comes to, or the kind of recoverable material out of that, it is only out of the experience you judge the value, and you get the material. So, there may be some variation quarter-to-quarter yes.
- Moderator:** Thank you. The next question is from the line of Shweta from Equilion. Please go ahead.
- Shweta:** Sir, I have a question regarding the collection of the high value equipment that we are looking at like laptops and all, are we having some marketing or advertising plan for the local people

besides the boxes that you said, is there some buzz that we are going to create, is that in planning because, how do people engage and know about it besides the Instagram page that you have?

**BK Soni:** Okay. So, Shweta we did a lot of such exercise in the city of Mumbai and neighboring Municipal Corporation area. The response of the social media was completely zero, hardly one or two inquiries through the social media we received. Therefore, we decided to set up the collection boxes in the schools and colleges where generally speaking the family members do visit, the children who goes to schools and colleges do come there regularly. And once they will see these boxes, then there is a direct awareness and direct action will be there and there you can go and deposit because, schools and colleges generally are in the vicinity of your residences, so that is what we felt that is a better way to reach the general public and to help them out in disposing their e-waste in a environment friendly manner. But you will see some kind of movement with effect from 5th June itself when we are launching it at larger scale.

**Shweta:** So, I have a suggestion. Recently I visited SBI branch and there I saw like a box. So, if we have tie ups with like banks or something like where local people can be reaching more frequently, because banks are some places you go pretty often, things like that like we can think of innovative things like that, is one of my suggestion.

**BK Soni:** Superb, thank you so much Shweta. We will keep it in mind, but our experience peaks that if the boxes are there in the educational institution or spiritual places, there are harvest chances because the family members do visit regularly. And there are no chances of any leakage or taking away anything out of the box. Otherwise, you will never find the box also around. So, these are the chances we don't want to take and therefore we have chosen schools and colleges.

**Moderator:** Thank you. The next question is from the line of Manthan Javeri an Individual Investor. Please go ahead.

**Manthan Javeri:** So, my question is why is depreciation cost negative in this quarter?

**BK Soni:** Which cost?

**Manthan Javeri:** Depreciation.

**BK Soni:** So, let me just clarify this, so there is a leased asset, on the lease asset the provision what we provide as per the Indian accounting standards, the rate what we used to apply for 13% has been reduced to 8% because the lease liability was increasing substantially, which was not in proportion to the value appreciation of the property. So, therefore, the depreciation is negative this time, yearend adjustment.

**Manthan Javeri:** Okay. And coming back to the question of this margins, our margins is quite like volatile on quarter-on-quarter we were doing like 60% margin from Q1, and then we hit EBITDA margin of 70% in Q3, and suddenly the margins have dipped to 45%. So, first of all any reason you have



behind this particular call and what could be the sustainable margin bank that we can work with going forward. I am talking about EBITDA margin.

**BK Soni:** Okay. So, I take your second part first, we always focus on at least 40% kind of the margin that is firstly thing. Second, in the case of a scrap collection, when it happens or the generation it happens at the end of the corporate or the producer. You never know the permutation combination of scrap material, it's not homogeneous material. I am not a laptop manufacturer; I am a laptop collector at the end of the life. I am not a CPU producer, but a CPU collector at the end of the life. So, whatever gets generated at the end of the big consumer, big corporates or producers, that is what we collect. So, that permutation combination keeps changing. If you will further analyze, on month-to-month basis you will find a variation, on week-to-week basis also you will find variation because there is no standardization of the scrap material. Okay, I believe you should compare on a year-to-year basis rather than on a quarter-to-quarter basis. So, that will be a good yardstick probably you can get because then you are getting a all-season are along with that, all the quarters have the months together.

**Manthan Javeri:** Okay. So, basically what you are trying to say is that we can work with a margin of like 40%, 45% in a minimum margin of 40%, 45%. And then it can vary depending upon.

**BK Soni:** 40% is our minimum focus all the time.

**Manthan Javeri:** Okay, and just last question, are coming to this capacity one, so our capacity operational is 25,000 as on date, is that correct, operation capacity?

**BK Soni:** Yes, capacity setup is of 25200 metric tonne year installed capacity.

**Manthan Javeri:** Okay. And of that we are estimating the utilization of 12,000 metric tonnes for the full year of FY25, is that correct?

**BK Soni:** Yes, you are absolutely right.

**Manthan Javeri:** And if you exclude the EPR credit revenues, is it safe to assume the blended realization of that we outsource and our in-house of like 100 to 110 per kg?

**BK Soni:** Sorry, the last part I didn't understand.

**Manthan Javeri:** So, I am asking about this 12000 metric tonne, the blended realization if I exclude the EPR credited part, is it safe to assume that it will be at least 100 per kg or 110 per kg?

**BK Soni:** Sorry, I will not be able to answer you when it will be talking about my what is the rate of EPR.

**Manthan Javeri:** No, that's what I am asking, I am asking excluding EPR credit, I am not that's why I am not asking for EPR credits I am just talking about your recycling tonnage business?

- BK Soni:** No, I understand. So, EPR credit is generally in the market is around Rs.10 to Rs.15 kind of kg per EPR is what market practices are there. Ecoreco doesn't work such kind of low fees.
- Manthan Javeri:** Yes, so blended realization like we can work with the Rs.100 per kg. That's what my question is like for 12,000 metric tonnes, it's safe to assume that we will do at least 100 per kg, I am not counting EPR credits?
- BK Soni:** Yes, that is there otherwise also. In fact, we have higher than that.
- Moderator:** Thank you. The next question is from the line of Uday Kota an Individual Investor. Please go ahead.
- Uday Kota:** Nowadays in Bangalore, I am seeing a lot of e-waste collection boxes in all the software companies. Since there are many software company in Bangalore, are you planning to expand to Bangalore, for collection purposes?
- BK Soni:** We don't mind setting up Uday, over there also. But then who will be taking care of the collection on a regular basis, who will be investing in these boxes, how the boxes will be preserved and in terms of that protected. So, these are all question marks which really need to be answered before I can say yes to you.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question for today. 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](mailto:research@kiranadvisors.com). Once again, thank you for joining the conference.
- BK Soni:** Thank you so much all of you.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.