



Earnings Presentation



RACE ECOCHAIN LTD. 

OUR BUSINESS MODEL

RACE OPERATING PROCESS



OUR BUSINESS SEGMENTS

Plastic Packaging Waste

Aggregating & supplying the plastic packaging waste to the recyclers through our vast waste supply chain of 500+ suppliers network pan India.

Biofuel

Elevating the Green Energy Revolution by aggregating & supplying biomass briquettes & pellets to the end users.

Recycled Products

Manufacturing of recycled products like bags, cushions, curtains, table mats, etc. We sell these products under our registered brand "Restore"



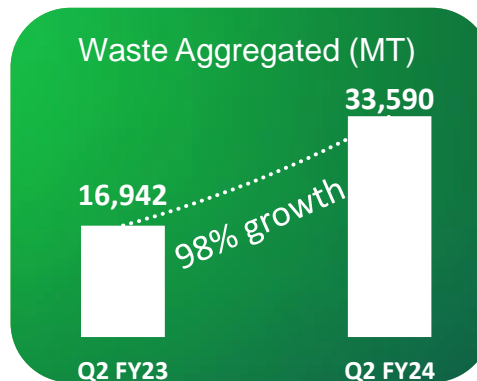
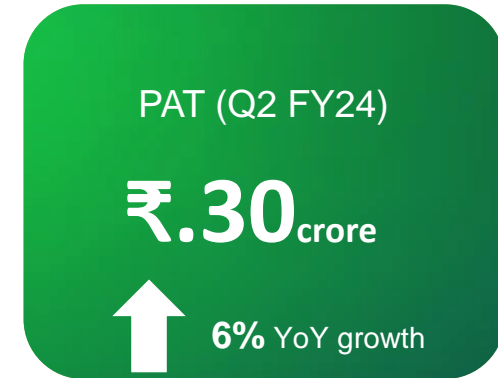
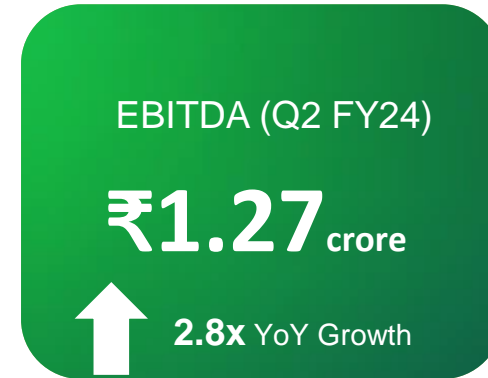
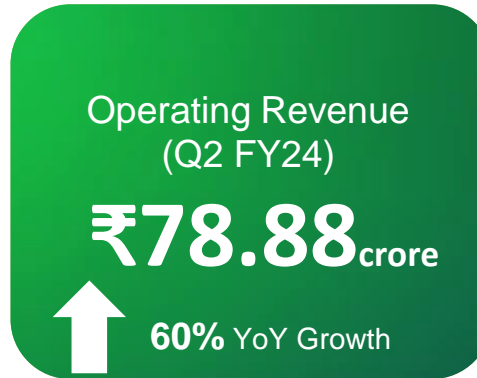
Q2 FY24 – PERFORMANCE HIGHLIGHTS (STANDALONE)

Snapshots

~33,590 MT

This is the quantum of waste that we aggregated during our second quarter of FY24.

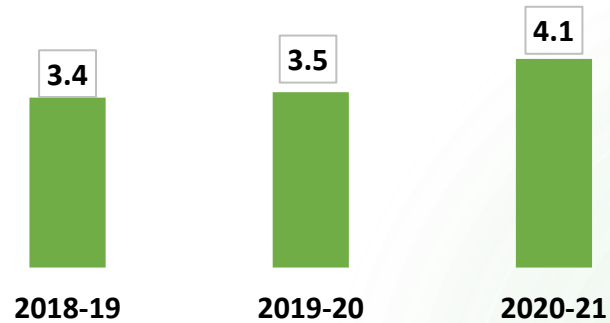
India generates more than 62mn tons of municipal solid waste annually and only 20% is recycled. The problem is huge and hence we have a lot to contribute towards cleaner India!



**To reflect upon our core operations, EBITDA margin and PAT margin are computed excluding other income (non-operating income)*

INDIA PLASTIC WASTE INDUSTRY

Plastic Waste Generated - India (million TPA)



India generates more than 4 MT of plastic waste annually and around 30% is only recycled. (Source: [CPCB annual report 2021 & ET](#))

As the consumption of plastic increases, likewise the plastic waste generation will increase. ([Link](#)) and the need to protect the environment from the adversities of plastic pollution will increase.



Favourable Regulations

- Favourable regulatory environment around the plastic waste management is also catalysing tailwinds for this industry.
- Ministry of Environment, Forest and Climate Change ([MOEF](#)) has provided more stringent Extended Producer Responsibility (EPR) targets for plastic packaging.
- Further, Food Safety and Standards Authority of India ([FSSAI](#)) has permitted the use of Recycled plastics as food contact materials. This will add to the existing use case of recycled plastics and hence will structurally shift the demand for recycled plastic upwards.

Plastic Packaging Waste Business Numbers (STANDALONE)

~18,145 MT

This is the quantum of plastic waste that we aggregated during our second quarter of FY24. Registering a growth of around 144% YoY

Our gradually improving market dominance coupled with our efforts to “organize the unorganized” waste management supply chain and make it sustainable



Catalysts behind our ability to bargain better yield for our supplies

Snapshots

Revenue (Q2 FY24)

₹66.60 crore



53% YoY Growth

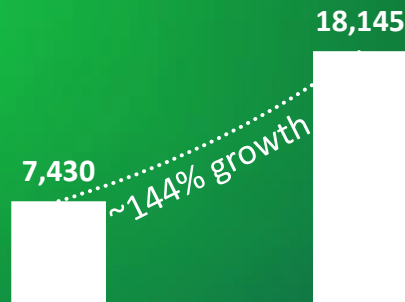
Market Share* (PET Waste)

6.2%



418bps YoY Growth

Plastic Waste Aggregated (MT)



Q2 FY23

Q2 FY24

EBIT (Q2 FY24)

₹1.4 crore



2.1% EBIT Margin

163 bps YoY

**We have modified our market share computation methodology which is now based on our Trailing Twelve Months (TTM) plastic waste aggregation. Similar approach will be followed going forward.*

INDIA BIOFUEL INDUSTRY

According to research report published by “Transparency Market research”, the Indian biomass industry was valued around US \$ 1.7 Bn in 2019 & is expected to grow @ CAGR of 8% to reach US\$ 4 bn by 2030.

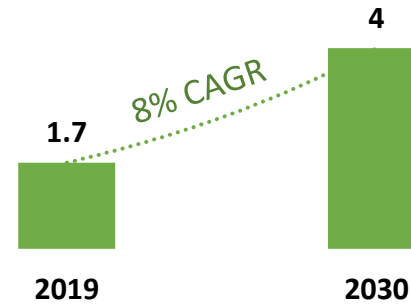
The **Power ministry** recently shared a revised policy on use of biomass. The Ministry of Power issued modification on 16.06.2023 to revise the biomass policy dated 08.10.2021 and now it mandates 5% biomass co-firing in Thermal Power Plants (TPPs) from FY 2024-25. This obligation shall increase to 7% from FY 2025-26.

Additionally, Power Ministry has also decided to benchmark pellets’ pricing w.e.f. 01.01.2024. This decision would likely encourage farmers, entrepreneurs as well as thermal power utilities to strive to establish a sustainable biomass ecosystem, achieve the targets for co-firing, reduce stubble burning and help to ensure a cleaner and greener future for the citizens of India.

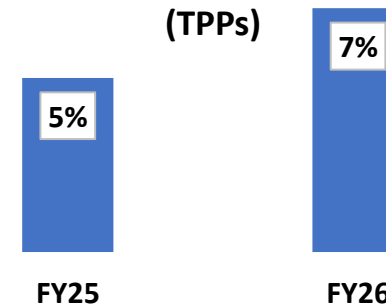
Further, as per the Power ministry estimates, around **95,000 tons of biomass briquettes are required each day for co-firing**. While **India’s current manufacturing capacity is around 7,000 briquettes per day**.

Given the presence of these favourable regulations, government’s initiative to make biomass ecosystem more sustainable, the outlook for the biomass industry appears optimistic.

Indian Biomass Market (US \$Bn)



Mandatory Biomass Co-firing Rate for Thermal Power Plants (TPPs)

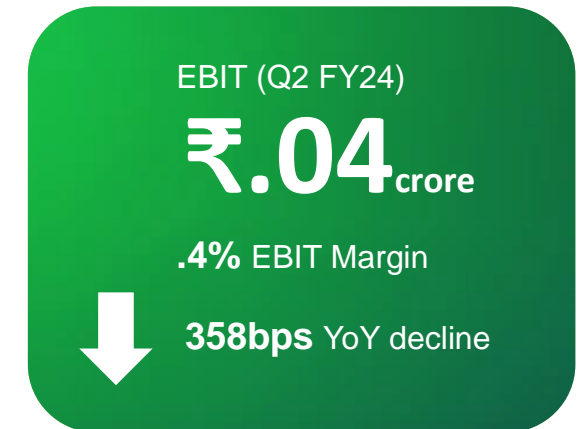
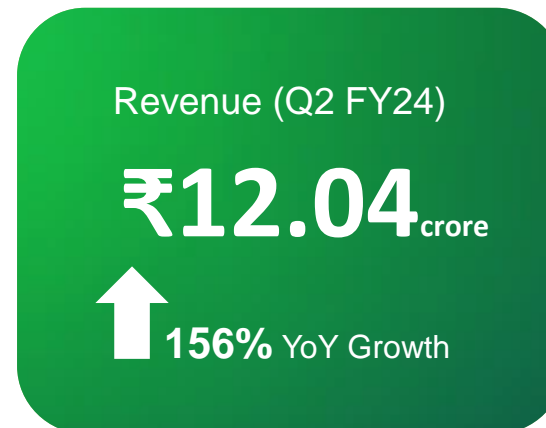
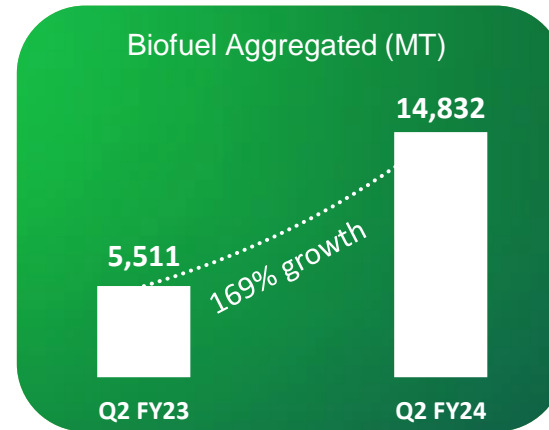


Biofuel Business Numbers (STANDALONE)

~14,832 MT

This is the quantum of Biomass Briquettes that we aggregated during our second quarter of FY24. Hence, achieving a growth of 169% YoY

- The price of biomass fuel is subject to seasonal changes due to the cyclical nature of biomass briquettes and pellets. During the rainy season, the availability of dry and high-quality biomass decreases, which drives up the price of biomass.
- This led to increase in our purchase costs and hence our profit margin plunged.
- However, **Power Ministry** has decided to [benchmark pellets' pricing](#) w.e.f. 01.01.2024. This will help mitigate variability in our procurement cost and hence margins going forward.



Our Major Biofuel Clients



UltraTech
CEMENT
The Engineer's Choice

- ❖ In our current quarter, we also have been successful in onboarding “Ultratech Cement” as a valued addition to our esteemed clientele.





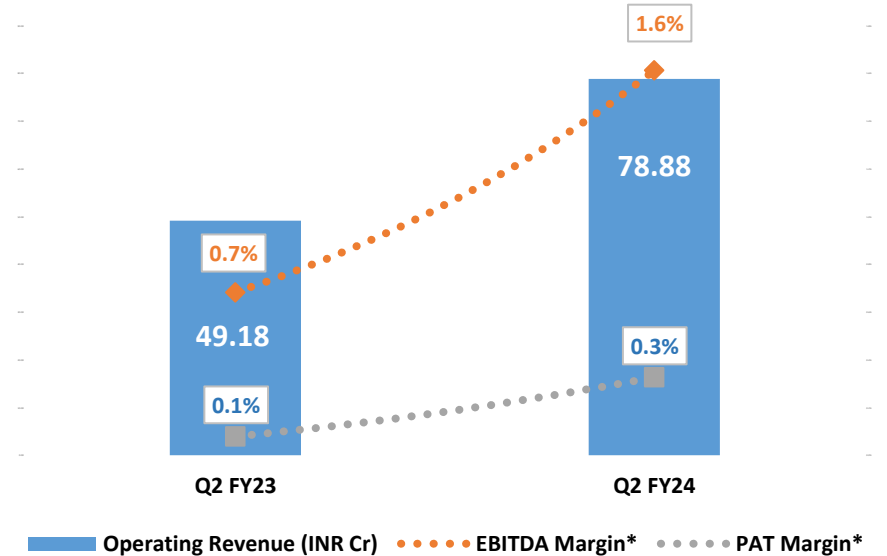
FINANCIAL OVERVIEW (STANDALONE)

PARTICULARS	INR Cr	
	Q2 FY24	Q2 FY23
INCOME STATEMENT		
Revenue from Operations	78.88	49.18
Operating Costs	77.61	48.84
Operating Profit (EBITDA)	1.27	0.34
Other Income	0.06	0.30
Finance Costs	0.77	0.19
Depreciation and amortisation	0.13	0.10
Profit Before Tax (PBT)	0.43	0.35
Less: Tax expense	0.13	0.07
Profit After Tax (PAT)	0.30	0.28

- Our revenue for current quarter ending 30 September 2023 stands at INR 78.88 crore as against INR 49.18 crore for the same quarter last year. Thus, recording an YoY growth of around 60%
- Also, we have been able to improve our operating margin & net profit margin by around 93 bps & 25 bps respectively in the current quarter.

**To reflect upon our core operations, EBITDA margin and PAT margin are computed excluding other income (non-operating income)*

We have used summarized financials for presentation purpose.



CONSOLIDATED RESULTS: INCOME STATEMENT



- Our Company has acquired 99.33% Equity shares of Abhay Innovative Recycling Limited.
- Pursuant to said acquisition, Abhay Innovative Recycling Limited has become a Subsidiary of our Company.
- Accordingly, the consolidated financial results for the quarter and half year ended 30th September 2023 reflect the financial performance of the company and its subsidiary on a consolidated basis for the first time.



<i>INR Cr</i>	
PARTICULARS	Q2 FY24
INCOME STATEMENT	
Revenue from Operations	78.88
Operating Costs	77.72
Operating Profit (EBITDA)	1.16
Other Income	0.06
Finance Costs	0.77
Depreciation and amortisation	0.13
Profit Before Tax (PBT)	0.32
Less: Tax expense	0.11
Profit After Tax (PAT)	0.22

- Abhay Innovative Recycling was established in May 2023 and is in the process of commencing its business operations.

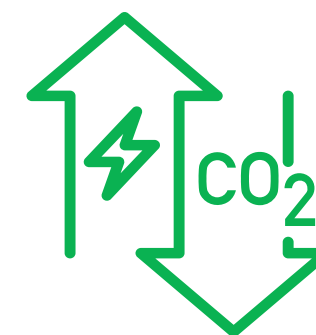
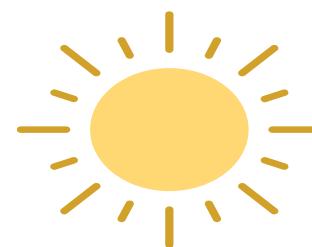


COSOLIDATED BALANCE SHEET

INR Cr

Particulars	Q2 FY24
BALANCE SHEET	
Share Holder's Funds	
Net Worth	21.72
Non-Current Liabilities	
Long term Borrowings	0.04
Other Non-current Liabilities	0.15
Current Liabilities	
Short Term Borrowings	32.13
Trade Payables	8.56
Other Current Liabilities	1.2
Total Equity & Laibilities	63.81
Assets	
Non-Current Assets	
Fixed Assets	2.91
Non-Current Investments	1.36
Other non-current assets	0.39
Current Assets	
Inventories	0.87
Trade Receivables	44.97
Loans & Advances	5.47
Cash & Cash equivalents	5.95
Other current assets	1.86
Total Assets	63.81

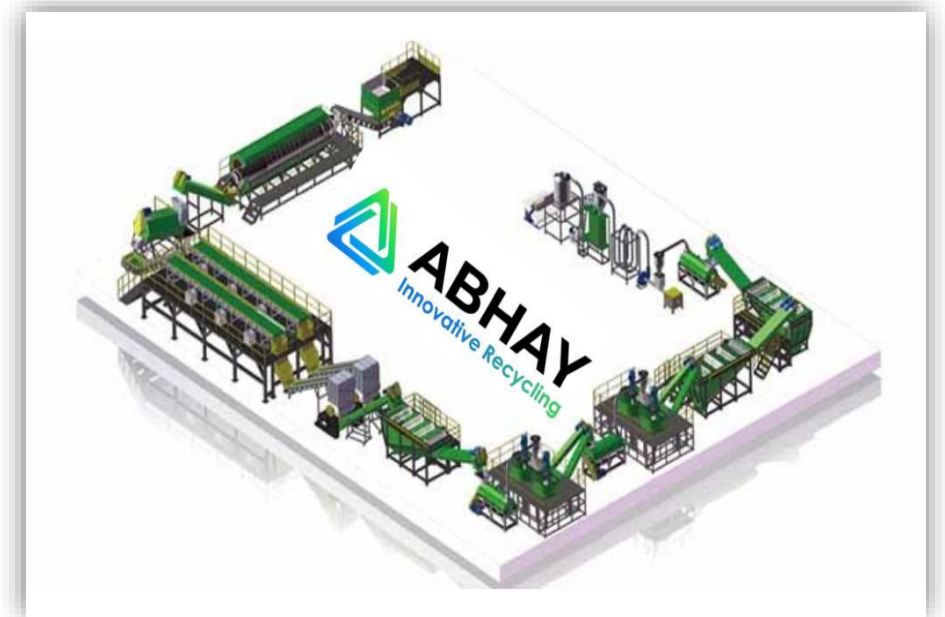
Journey Towards Greener Tomorrow



Business Overview

- Abhay Innovative is a sustainable recycling company dedicated to delivering eco-conscious waste management solutions. Its core competency lies in the production of washed PET flakes, a pivotal component in fostering environmental sustainability.
- This process culminates in the production of washed PET flakes, ready to serve a multitude of industries, spanning FMCG, packaging, textiles, and more.
- In its initial phase of expansion i.e., Phase 1, the company is contemplating to set up washing line capacities in the city of Hyderabad.

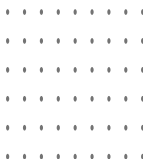
Pursuing forward integration, our company has acquired 99.33% stake in Abhay Innovative Recycling Ltd. (Abhay)



RACING INTO NEW VENTURE: ABHAY INNOVATIVE RECYCLING LTD.

ESG-Centric Commitment

- From its very inception, Abhay Innovative is highly committed to sustainable business practices firmly anchored in Environmental, Social, and Governance (ESG) principles. The company is resolute in its mission to devise production strategies that not only drive business success but also significantly reduce water consumption and minimize carbon footprints. These practices would serve as a testament to its steadfast dedication to ESG-driven values.
- Additionally, the company is engaged in the acquisition of an existing PET waste washing line from Mr. Rajkumar Modani (who has recently assumed role of Executive Director within RACE). This acquisition is guided by Abhay's unwavering ESG commitment. In line with Abhay's ESG-Centric commitment, the underlying washing line has already undergone a comprehensive third-party ESG assessment and is actively addressing identified ESG gaps. Thus, further underscoring Abhay's commitment to sustainability.



RACING INTO NEW VENTURE: ABHAY INNOVATIVE RECYCLING LTD.

Fundamental Outlook

- Abhay Innovative is committed to sustainable PET waste recycling. The company will strategically focus on high-quality PET waste and is expected to operate with minimal yield loss and water consumption.
 - Furthermore, by strategically establishing small-sized washing lines in close proximity to raw material procurement areas, Abhay Innovative will optimize the overall raw material sourcing cost and ensure that each washing line operates at its maximum capacity.
 - This resource optimization strategy is a key moat for the company.
- ❖ Being a forward integration to the existing plastic scrap business of RACE, this strategic investment is expected to bring about substantial improvement in both top and bottom line for RACE.

PET WASTE
WASHING LINE



TECHNOLOGICAL ADVANCEMENTS AT RACE

- ❖ Our company is strongly committed to enhancing its technological capabilities.
- ❖ Further, our vision is to uplift the overall efficiency of the existing value chain, with technology serving as the key solution to achieve this goal.
- ❖ Driven by this rationale, we present a glimpse of our recent technological developments as below:

RACE App

- In its 1st version, the application will streamline the waste selling process, featuring a transparent price negotiation platform while ensuring effortless pickups and deliveries.
- In later versions, we are also contemplating about integrating AI in this app. Through which we are aiming to work towards offering market insights such as price trends, future industry prospects, government regulations, environmental compliance, and the latest news and developments in the waste management sector.
- The 1st version of this application is currently under testing phase, and we are expecting to launch it by the end of FY24.



BUY & SELL MARKETPLACE TO INCLUDE :

 PET BOTTLE WASTE	 NON-PET/ OTHER PLASTICS	 BIOFUEL BRIQUETTES
 WASTE PAPER	 METAL WASTE	 RECYCLED PRODUCTS
		

TECHNOLOGICAL ADVANCEMENTS AT RACE

Process automation

- To enhance operational efficiency, we are streamlining our accounting procedures by automating systems across our initial set of identified collection centers.
- This reinforces our internal controls, bringing us closer to a resilient framework for corporate governance.
- Furthermore, we are also contemplating to integrate fleet tracking for potential fleet size optimization going forward, leading to reduced carbon emissions and lower logistics expenses.



Additional benefits:

- Improved data accuracy and consistency
- Reduced manual errors
- Increased transparency and accountability
- Enhanced customer service
- Better decision-making
- Improved employee productivity
- Mitigation of potential fraud & theft



RACING TOWARDS END-TO-END TRACEABILITY

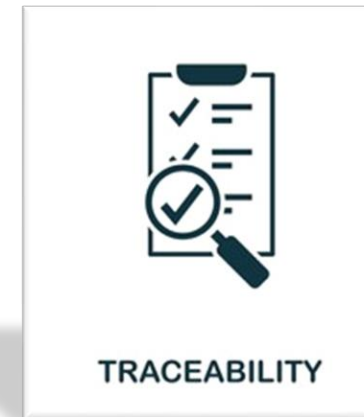
Strategic Collaboration between RACE and ZEPTO

- Our company recently announced its strategic partnership with ZEPTO (Kiranakart Technologies Pvt. Ltd.) aimed at optimizing the procurement of post-consumer waste PET bottles.
- This collaboration marks a significant step towards achieving our goal of end-to-end traceability in our operations as ZEPTO's dedicated delivery agents will be responsible for collecting waste PET bottles directly from households.



Strengthening Traceability in the Value Chain

- At present, our PET waste procurement primarily involves working with bailers.
- However, in our continuous pursuit of enhancing traceability for PET waste, we are strategically exploring collaborations with value chain partners positioned downstream from the bailers.
- This proactive approach will provide us with improved visibility and traceability within the existing waste management supply chain, which traditionally operates in a highly fragmented and unorganized manner.



OUR PROGRESS TOWARDS ESG JOURNEY

“Progress Towards Business Sustainability”

- **Voluntary filing of SEBI BRSR:** Our company has **voluntarily adopted SEBI’s BRSR reporting** for making **ESG based disclosures**
- Our first **BRSR report for FY23** has been released and can be accessed in the public domains.
- Here are some of our ongoing initiatives aimed at establishing sustainable business practices:



Technology for good

- Much of the existing supply chain functions with disorganization which results in operational inefficiency.
- Our RACE app is designed to address this issue by optimizing the waste selling and delivery process, ultimately enhancing the operational efficiency of our value chain partners.

Sustainable Sourcing

- We are presently categorizing our value chain partners according to their level of engagement with RACE.
- Following this categorization, we intend to initiate the independent third-party ESG assessment for the most actively involved segment of our value chain partners.

Enhancing Governance

- Our company has established ESG Committee for decision making on sustainability related issues, implementing & overseeing the business responsibility related policies and progress on our ESG goals.
- Furthermore, to strengthen our internal controls, we are in the process of automating our accounting system. This initiative will not only enhance our operational efficiency but also contribute to a more robust corporate governance framework.

Governance for Good

- Our goal is to bring transparency and accountability to the largely unstructured waste management supply chain by establishing complete traceability for procured PET bottle waste. This initiative aims to enhance governance throughout the supply chain.



Thanks

