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The Bombay Stock Exchange Limited  
Corporate Relations Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400001

**Scrip Symbol:** Ecoreco

**Series:** EQ

**Sub: Transcript of the Earnings Conference Call of Analyst/Investor for Q1 FY 2023-24.**

Dear Sir /Madam,

Pursuant to the provision of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of the earnings conference call of Analyst/Investors for the Q1 FY 2023-24.

Kindly take the same on your record.

Thanking You,

Yours Faithfully,

BRIJKISHOR  
KISHANGOPAL  
SONI

**Brijkishor Kishangopal Soni**  
Chairman & Managing Director  
DIN: 01274250

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“Eco Recycling Limited  
Q1 FY’24 Results Conference Call”  
July 25, 2023



**MANAGEMENT: MR. B K SONI – CHAIRMAN AND MANAGING  
DIRECTOR – ECO RECYCLING LIMITED  
MR. VIVEK TIWARI – FINANCE MANAGER – ECO  
RECYCLING LIMITED**

**MODERATOR: MR. YASH SAVLA – KIRIN ADVISORS PRIVATE  
LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Eco Recycling Limited Q1 FY '24 Results Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yash Savla from Kirin Advisors. Thank you and over to you sir.

**Yash Savla:** Yes, thank you. Good afternoon everyone. Thanks for joining conference call of Eco Recycling Limited. I would like to welcome Mr. B K Soni, Managing Director and Chairman. Mr. B K sir, over to you now.

**BK Soni:** Thank you Yash and good afternoon, ladies and gentlemen. I will briefly introduce you Eco Recycling Limited. On behalf of Eco Recycling Limited, I thank you all for attending the first quarter earning call. I am joined on this call by our manager of finance and chartered accountant, Mr. Vivek Tiwari. We are here today to not only celebrate the remarkable achievement in the first quarter of the financial year '23- '24, but also to celebrate the first quarter of the most stringent e-waste management rules 2022, which came into force with the effect from 1, April 23.

The journey of e-waste management in the formal manner started with the entry of Eco Recycling Limited in India in 2005. We are in our 19th year. Prior to that, entire e-waste was being collected and dismantled by the informal sector only. But when I started reaching out to the large corporates and introduced the scientific way of handling e-waste, every single company prefer to avail services of Ecoreco.

In my opinion, the major reason under consideration was and is social environmental responsibility and global waste practices being followed by these corporates in the developed countries. To regulate movement of e-waste for scientific recycling, central government first issued guidelines in 2008, followed by e-waste management rules in 2011, then in 2016 and now 2022 rules are in force.

Intention of the policy makers and regulators is well understood with the evolving rules to make them as effective and stricter as possible and plug up the gaps, if any. The most important factor on which these rules rely upon is quantitative targets for producers to take back end-of-life equipment from the end consumers and get them recycled. Globally, this particular phenomena is known as extended producer's responsibility or in brief, it is being referred as EPR. There is no doubt that EPR is effectively working in many developed nations, where informal way of processing is negligible or practically does not exist.

And users of electrical and electronic devices as well as the processors like recyclers use greater importance to cleaner environment as against monetary gains out of such kind of scrap.

I am really very proud to mention that Ecoreco may be an exceptional company in the e-waste recycling segment, which has introduced every single activity relating to e-waste management under its umbrella.

To begin with, door-to-door collection, taking Pan India reverse logistics support, secure transportation, on-site and off-site data destruction, on-site and off-site fused bulbs and tubes compacting services, refurbishment and remarketing of IT devices, up-skilling of the e-waste workers, installation of collection boxes, opening collection centers, mobile application to support environment-conscious individual consumers for disposal of their e-waste. And this particular application has been admired by none other than the Prime Minister of India, Shri Narendra Modiji in his Mann Ki Baat on 29, January 2023.

We also carry out awareness cum collection drives, recycling on wheels, smarter, smart electronic recycling. This has also been recommended by the Office of the Principal Scientific Advisor, PSA, under the PMO to the smart cities. Global support to our global clients and above all, recycling of e-waste for recovery of glass, plastic, metals, for onward use by the industries, as their raw material, and recovery of hazardous waste for scientific disposal by the Treatment Storage Disposal Facility, commonly known as TSDF.

I just gave you the deep background about the industry overview, what is the latest trend, and the opportunity lies before us. I'm sure, you must have noted that, central and state governments have enhanced their focus substantially on formal recycling of e-waste, lithium ion batteries, automobiles, etcetera, to generate sustainable and uninterrupted source of raw material, and at the same time, reduce dependence on mining and importing to meet incremental demands of electrical and electronic devices and automobiles, etcetera.

This approach will not only help to save foreign currency outgo, but formal recycling will improve quality of air, water, and soil, and finally the life. Presently, India generates close to about 3.2 million metric tons of e-waste annually, and it has a tendency of 27% CAGR. In terms of value, it is a USD4 billion industry in India today, and in the next three years, four years, with the CAGR of 27%, it may touch to USD10 billion worth of e-waste generation in India.

The current business update, I would like to just briefly talk to you about that. We are extremely happy to share that, during the first quarter of the financial year '23- '24, the company achieved significant success in terms of gross profit and net profit margins. Ecoreco prefers those business opportunities, which adds to the bottom line significantly.

As mentioned, we achieved remarkable growth in our total revenue to 79.3 million, registering 60.5% growth. The e-waste recycling is gaining importance day by day and our quality work helps us garner more business in this stream. Complete control on overhead has resulted in impressive EBITDA growth, which was higher by 90.16% to 58 million transferring into 1140 bps rise in EBITDA margin of 73.14% against 61.74% in the corresponding quarter. We reported PBT, profit before tax of INR52.2 million, up by 89.13% and net profit of INR47.1



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million up by 70.65%. Net profit margin was reported at 59.4% that is up from 55.9%, in the corresponding quarter of the previous year.

We understand the importance of e-waste in the rising world of electronics and electrical and take up the responsibility of recycling- in an effort to conserve resources and move towards a sustainable economy. I believe the robust to start in terms of financial performance will continue to the rest of the year and would be able to bring substantial growth for our stakeholders. With this brief introduction about the business and financial performance, now I request to open the floor for question and answer. Thank you so much for patiently listening to me.

**Moderator:** Thank you very much, sir. The first question is from the line of Vijay Goel from ICICI Direct. Please go ahead.

**Vijay Goel:** Yes, sir, sorry I missed that part. You spoke about e-waste industry side. So can you repeat? I mean, what's the total size of the industry as of now in volume and value terms and what is the expected growth in the next three years to five years?

**BK Soni:** Certainly. So Mr. Vijay, thank you so much and for joining this call. And presently, as I mentioned to you earlier, it's 3.2 million metric tons in '22- '23 kind of scenarios. And it has a tendency of 27% CAGR presently and is expected to touch from USD4 billion of worth of material today to USD10 billion in four years from now.

**Vijay Goel:** Oh. And sir, what's your outlook on basically rare earth metals, recycling of rare earth metals going ahead?

**BK Soni:** Sure, and see globally this particular metals, rare earth metal, precious metal and all other metals are certainly recovered in various refineries, which are concentrated in European Union and Japan primarily. But in India, we are not doing it because it involves a huge amount of expenses investment in the refining facility for metal and therefore, these are being exported today. But government is very much keen to establish minimum three to four refineries in India and hopefully in next three years to four years, we will see big houses are going into for this kind of refineries.

**Vijay Goel:** Okay, sir, thank you.

**BK Soni:** My pleasure.

**Moderator:** Thank you. We have the next question from the line of Meet Katrodiya from Niveshaay. Please go ahead.

**Meet Katrodiya:** Yes. If you compare the Indian market size with, let's say, example, US or China, there is a huge opportunity, right? So why we are not able to see growth in top line Y-o-Y, is there any difficulty, problem, what is the hindrance?

- BK Soni:** Meet, Your question is extremely very good to be honest and this is one of the in Indian industry in this particular segment is prominently dominated by the informal sector Kabaddi's, who are collecting all these items from our houses and processing in their small shops. It is a time gradually they are shifting, they are also shifting and joining the formal recycling and gradually this market will grow up and I am very confident in next three years to five years you will find in this industry, a substantial growth and there may be reverse numbers, whatever informal sector is doing today will be done by the formal sector and informal sector will be assisting formal sector.
- Meet Katrodiya:** Okay, thanks. Next question is we have also learned the app called BookMyJunk, right? So can you provide some updates or penetration how the average number of users is growing, or income for user, anything like how that is functioning, penetration?
- BK Soni:** Sure. So BookMyJunk mobile application, which is available on both Android and iOS, is right now, we are collecting material across city of all the municipal corporation in and around city of Mumbai and this particular application has been developed keeping one particular point in mind that anybody who is not money conscious for selling this equipment at the end of the line, but giving it to a recycler for environment-friendly disposal. So therefore, what we are doing is, we are sending this vehicle to all those entity persons, who are registering on the mobile application and collecting their e-waste.
- Meet Katrodiya:** So can you provide an average number of users in FY '22 and it is how ideal, what is the number in FY 23?
- BK Soni:** So Meet, you will appreciate one point that most of the Indian people prefer to sell their electronic waste. This particular movement, what we have started without payment of any consideration will have its own challenges but has its own opportunities. We are very confident that, gradually, people will adopt better practices and will not love for the money consideration. But coming back to your point of importance that, how many people we have served in last three years as of 31, March '23, around 2,500 families we have touched base in Mumbai.
- Meet Katrodiya:** Okay, and last question is, any guidance for the FY '24? And what is the vision of the company and what is the company trying to achieve?
- BK Soni:** So, as I mentioned to you in the opening remark itself, it is the first quarter of the regulation and three more quarters to go here. The rules have come into effect only from 1, April '23 and in the first quarter itself your company has done very good and with the stricter implementation and the rules are being followed by the producers and the bulk consumer, we see a substantial growth coming into the industry.
- Meet Katrodiya:** Okay, right. Thank you so much and all the best for the future.
- BK Soni:** So nice of you, thanks, Meet.



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- Moderator:** Thank you. The next question is from the line of Geet Agarwal from Provident Investment Corporation. Please go ahead.
- Geet Agarwal:** Hello, Yes. So my question is, sir as I can see in your results, there's a 78% dip in your cost of material consumed, can you please elaborate on that?
- BK Soni:** 70% is what you said?
- Geet Agarwal:** 78% downfall in the cost of materials consumed.
- BK Soni:** Oh, very good. So, Geet, you will appreciate here and you see that we are -- we are trying to change the practice of the seller to an international level. If you look at the UK model or USA model or in Japan or in Singapore, there corporates also do not ask for money for their scrap while discarding okay. Rather they pay the charges to the recycler. Gradually, we are also asking our suppliers that we will pay you minimum, we will not charge you, but we will pay you minimum. We cannot pay you like a Kabaddi can pay to you because Kabaddi has got no investment in terms of technology or in terms of the environment friendly processes. Okay.
- Geet Agarwal:** Absolutely.
- BK Soni:** So, do not compare our prices with the Kabaddi and we will pay you much lower than that. And believe me, this particular practice is helping us a lot. And people, particularly multinational companies and the multinational producers, OEMs, they are really liking this point. The growth is going to happen in their segment. And I'm sure in next three to five years, we will find that practically no payment will be made for this scrap in the E-waste industry. And we may not be charging them, but that that practice may also come five years down the line, but not now.
- Geet Agarwal:** Fair enough. Thank you.
- Moderator:** Thank you. The next question is from the line of Darshit Shah from Nirvana Capital. Please go ahead.
- Darshit Shah:** Hi, sir. Sir, we would like to know basically what is our current capacity in terms of recycling and currently we are in the periphery of Mumbai city and around. So, can we kind of expand geographically in this and what will be the capex if we intend to do that?
- BK Soni:** Okay. So first and foremost my present capacity is 7,200 metric ton. And let me tell you the global practice, it is not advisable to open multiple facility at different points. It is much cheaper to transport the material from every nook and corner to one centralized location in this particular scrap business, because there are chances of leakage in between at various points. So, therefore it is always advisable that centralized recycling facility is there and we prefer to follow that global practice. So, our 7,200 tons capacity is right now there and we have recently acquired two more buildings about 30,000 square feet area, where we are enhancing the capacity to 25,000 metric ton.



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- Darshit Shah:** So, what would be the capex we'll be doing to expand the capacity from [inaudible 0:18:34] to 25,000 metric tons?
- BK Soni:** Okay, so it will cost me close to about INR45 crores to INR50 crores. And out of which INR25 crores we have already invested in the land, building plant and some plant advances and all. Another INR20 crores will be infused in the period of for 23, 24. And that too, we hope that it will be enough from the internal accruals.
- Darshit Shah:** Okay. And how have you funded this, I mean, this INR20 crores, INR25 crores on the land and building part I'm sorry, I'm unaware about that?
- BK Soni:** No, no, it's all internal accrual, whatever the company has earned and whatever the liquid assets were sitting in the balance sheet of the company has been partly diluted, or liquidated and has been invested in the land and building. So, no borrowing. So far we have not done any borrowing for all this.
- Darshit Shah:** Okay, and the remaining INR20 crores, INR25 crores that also you intend to generate that kind of cash flows this year?
- BK Soni:** It is possible because we are still sitting on a good amount of liquid investments and the kind of profit in the first quarter has been shown. We hope that probably we will get support from the profitability of the company also.
- Darshit Shah:** Got it. And with this 25,000 metric ton capacity, what is the kind of revenue that we can generate from that?
- BK Soni:** So, ballpark number is close to about INR120 to INR150 a kg kind of scenario. So, if the entire capacity gets utilized, we are very confident about INR300 crores to INR350 crores kind of top line can be achieved with all this probable – all this investment so far. And we are keeping all this investments ready so that we can take up on the competition if comes tomorrow. We should be, I mean, not only the competition, but the supply even increases because of the regulatory impact. We will be able to do that kind of top line without further investment in the capex.
- Darshit Shah:** And sir I am sorry missed on the regulatory EPR part you were saying. Can you briefly let us know, I mean, what is that regulatory thing that has come up and how everyone needs to be compliant about that?
- BK Soni:** So, extended producer's responsibility concept is known as an EPR. And this is applicable to all the producers, OEMs, who are manufacturing electrical and electronic devices like Panasonic or Dell and all those kind of names, I mean, those global brands. And they are all responsible to take back their sold material after certain period of life is over. They are supposed to take it back from the end consumer and give it to companies like Eco Recycling Limited for recycling.





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- Darshit Shah:** Okay, but how would they collect the material, I mean, from end users might be spread across the country. So, would it be feasible for them to kind of have that kind of supply chain to collect all these E-waste?
- BK Soni:** So, brands may not do it, brands may probably bank upon on whatever is returned by the customers to them and they will use the services of the reverse logistic company and recycling company like us. So, we provide both the services of reverse logistic from end consumer, whether individuals or corporate and the recycling facility. So, they will be banking upon our kind of companies. We will do their duty on behalf of them at a price, at a cost.
- Darshit Shah:** Got it. And in this current capacity at what utilization we are currently in the 7,200?
- BK Soni:** So, presently we are not using more than 25% capacity utilization and because the rules are just one quarter old only now and hopefully we will achieve much higher number by the end of this year.
- Darshit Shah:** Got it. So, we are currently at around 20%, 25% capacity. So, what gives us that confidence to kind of expand the capacity almost more than 3X?
- BK Soni:** So, instead of more than 3X. In fact, we are keeping ourselves ready for 10X. If you look at the 25%, even it comes to 1,800 metric ton only, but we are announcing it to 25,000 metric tons. We know for sure that how impactful it is going to be, because even out of 3.2 million metric ton, I am not envisaging even 1%. 1% comes to 32,000 metric ton of 3.2 million metric ton generated in India. I am just setting up the facility of less than 0.75%, which Ecoreco is very confident looking at its global clientele. We are very positive that by December itself we will be seeing a very positive changes happening in the company in terms of the capacity utilization I mean.
- Darshit Shah:** Sure nice, I will join back in the queue. Thanks.
- BK Soni:** So, nice of you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Yashwanti Khedkar an individual investor. Please go ahead.
- Yashwanti Khedkar:** Sir, most of the questions were actually answered. I just wanted to understand like an analyst, if you wanted to project revenues going forward, what should be our base?
- BK Soni:** Would you mind to just repeat your question if you...
- Yashwanti Khedkar:** Yes, I just wanted to understand like as [inaudible 0:24:02] we wanted to project a revenue of a company going forward for next two to three years. How we should base it?
- BK Soni:** Simply if I if I answer it very plainly then I would certainly suggest that at least 1% of the market size you should reserve for a company Eco Recycling Limited. So, if it is a 3.2 million



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metric ton, then 32,000 metric ton should come to Ecoreco, should be assumed to be there with the Ecoreco for a recycling from the projection point of view if you are an analyst or if it is USD4 billion dollar opportunity then at least USD40 million dollar business should be there with Ecoreco. So, 1% is the market size I would like to suggest you to having your projection.

**Yashwanti Khedkar:** Okay so as [inaudible 0:24:49] increasing we continue to maintain at around 1% right?

**BK Soni:** Yes that's what we also we also assume that we should achieve that kind of target sooner possible.

**Yashwanti Khedkar:** Okay sir. So, and how is the customer acquisition process happens with you as everybody is recognizing the need of E-waste recycling, how is your approach to acquire a customer?

**BK Soni:** Great, so it's in any business, however you acquire the customers, the acquisition happens in our business also on the same lines. The additional feature or the benefit in our case is, it is under the regulation that corporates are compelled to do it. So, it's not a case of choice, but here it's a compulsion. So, my job becomes much easier when I approach to any large producer or consumer, they know they are responsible under the rules to get their E-waste recycled. Otherwise, they will be penalized under the Environment Protection Act. So, this is a facilitation for us, so my acquisition becomes much easier.

**Yashwanti Khedkar:** For this regulation which you said that makes it compulsory for your client to go for the E-waste recycling. So, what is that regulation? What is the number of, what is the life cycle of the usage has been defined as for the regulation?

**BK Soni:** Yes, okay, so various kind of life has been defined. There are 100-plus items are there which are covered under E-waste management rules which includes your mobile phone, laptop, desktop, servers, printers, washing machine, fridge, air conditioner and many other items. Each item has a very different life. Laptop might be good for three years, desktop may be good for two to three years or four years. Depending on that, the life has been defined in the rules and producers of this respective items are responsible to collect back at the end of that designated life from the end consumer maybe individual or corporate.

**Yashwanti Khedkar:** Okay, so suppose if I buy something from a [Kelvinator 0:26:57] then it becomes a responsibility of the Kelvinator at the end of the life of that particular switch to collect it back and then give it to you, am I understanding is correct?

**BK Soni:** Absolutely.

**Yashwanti Khedkar:** Okay. So thank you sir and congratulations for a very good set of numbers and I hope that things [inaudible 0:27:13] so splendidly. Thank you.

**BK Soni:** So nice of you. Thank you so much for bringing these questions up to me.



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**Moderator:** Thank you. Ladies and gentlemen, if you wish to ask a question, you may please press star and one. The next question is from the line of Faisal Zubair Hawa from HG Hawa & Co. Please go ahead.

**Faisal Zubair Hawa:** Sir, in the past 15 years or so, even though the same opportunity has been broadly there, our sales has never grown by much. So, what makes us feel that we'll be able to execute this kind of a projects with where we are almost wanting to grow revenue 50 to 60X. That's one. And another thing is that, how will we really break the hold of the unorganized sector and try and penetrate because here we are trying to change the habit of the person who's even disposing of his E-waste and that could really prove quite difficult to really change for a new company and particularly when the ecosystem is not there of organized players?

**BK Soni:** Fantastic question. I must appreciate this question first. And let me give a little long answer on the subject matter. It's a very interesting question. What we have done in 18 years and what we assume to do in next five years are significantly different. There is no doubt about. And the reasons for this particular confidence is not only the points you raised about the transformation from informal to formal is one thing, but regulatory compulsion is the driver, first and foremost, that is the driver.

You talked about the nature of the people about that they are not very much acquainted and probably. So, the point is when corporates who are using almost 70%, 65% to 70% of electronic devices they are under compulsion as per the rules to get it recycled at the end of Eco Recycling Limited and other companies who are there in the market. Okay, so that is the biggest change. If you look at this 65% or two-thirds of the market, out of 3 million metric ton, it's 2 million metric ton is being produced by the corporate sector only.

I even ignore 1 million metric ton being produced by the individuals presently, out of 3.2, then also it's a 2 million metric ton business opportunities available to the companies. Today we are not doing even 1% of that. And rules expect minimum 70% to be collected back and get it recycled. So, there is a 70 times jump is expected by the rule itself. So, my assumption is based on that, why I will be 50X from here. I hope I answered your point.

**Faisal Zubair Hawa:** Yes. You mean to say that the industry has itself now reached a very big inflection point and the government regulation has been like a catalyst. So, I mean, have we really hired any kind of people who are very good at execution, people who have done execution at a very big stage in companies?

**BK Soni:** So, this is an ongoing process, recruitment and retaining those talents is an ongoing process, which we will according to the time and according to the growth, we will keep on engaging that services. So, that there is no, I mean, and there is no specialty required in terms of the -- for the E-waste acquisition. It's a normal marketing guys are required for that.

**Faisal Zubair Hawa:** So, any particular reason that we have done this business in a subsidiary and not in the main company?



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- BK Soni:** Sir, it is in the main company. E-waste recycling is under Eco Recycling Limited only.
- Faisal Zubair Hawa:** Okay, so the [inaudible 0:31:22] does mention that we have a subsidiary in which we have a 99% it's called Ecoreco Enviro Education Private Limited.
- BK Soni:** That is a skill development company which has been funded by National Skill Development Corporation and the company is also invested in its equity from our own personal sources, I mean, the corporate company sources. So, this was established for giving the skilling to the informal sector to make them formal.
- Faisal Zubair Hawa:** Okay, but we are not going to pursue that too much now?
- BK Soni:** It's unfortunately it's not taking up because the informal sector feels that they are very well educated about the subject matter, which they are in any case. We do not want to talk to them about the domain expertise. We want to talk to them only on the health, safety and environment related issues. But for that, they are probably not very careful at this point of time and ignoring this particular skilling to achieve.
- Faisal Zubair Hawa:** So, one thing we are very clear for, at least, a decade from now we will be concentrating mainly on E-waste only?
- BK Soni:** Sir, our focus is E-waste only.
- Faisal Zubair Hawa:** And not on the other parts like plastic or metal or anything?
- BK Soni:** You know that opportunity is so humongous and because of CAGR of 27% and electronics is not going to go away from our life in the next 30 years, 40 years, 50 years.
- Faisal Zubair Hawa:** Correct.
- BK Soni:** So, why to look at the other opportunities when this particular business has potential of that magnitude and our company's strengths are very high in one way. One is the branding is very high of our company. We are a completely a zero debt company. If someone set up this pillar in company today, has to invest substantially out of borrowing, which cannot compete with my Ecoreco. So, these are very good benefits available at the end of Ecoreco, we would like to avail of that.
- Faisal Zubair Hawa:** And we'll be initially just concentrating three years, four years on Mumbai itself?
- BK Soni:** No, sir, we are not concentrating only on Mumbai. We are collecting across nation from every single pin code. If State Bank of India wants me to collect from 10,000 or 15,000 branches, we collect it from them, from everywhere and we have done that. So, collection is happening across nation right from since 2005.
- Faisal Zubair Hawa:** Okay.



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- BK Soni:** The processing is being done in one concentrated, in one centralized place.
- Faisal Zubair Hawa:** Thanks a lot, sir, for answering my question.
- BK Soni:** My pleasure.
- Moderator:** Thank you. The next question is from the line of Anmol Grover from Albatross Capital. Please go ahead.
- Anmol Grover:** Yes, first of all, congrats on a good set of numbers, sir. My question is, what is your mix of corporate versus consumer as of now?
- BK Soni:** So, presently very good question. First of all, Anmol it's 95% is from the corporate. B2B is 95% and 5% is through housing societies and individuals are small, MSMEs and all. It's kind of a combination right now. But with the implementation of extended producers responsibility, where the brands are supposed to collect it back from the end of life, I mean, from the end consumer, particularly in case of the white goods, freezers, washing machine and air conditioners, which are 80% is there in the general public and 20% maybe there with the corporate. So, I mean, the collection from individuals will gradually increase with the implementation of EPR. So, this change will happen over a period of time. The ratio from 95 versus 5 today may go as close to 75% to 25%.
- Anmol Grover:** 75 for corporate only?
- BK Soni:** Absolutely. 75 because IT and other components are primarily there with the corporate and white goods is primarily there with the individuals.
- Anmol Grover:** So, sir I just wanted to understand how does your relationship with the corporate [inaudible 0:35:14]. Do you have any contractual agreements with them that they will supply only to you or how does it work just wanted to understand that?
- BK Soni:** So, there are all the methods, whatever applicable in any other business is applicable to my business also. So, we have contracts also of one year, three year with the corporates. We also -- they also send us the inquiries as and when they generate electronic waste and we participate in their quotation and the highest wins today. But then our services is also known to them what kind of quality service we provide. So, we get these privilege and thirdly, there is kind of tendering and bidding process is also there. All the three methods are there in the market.
- Anmol Grover:** Okay, okay. So, do you have some sort of order book for this kind of thing or any pipeline of visibility for this or did the order just come in just-in time basis?
- BK Soni:** No, no, no, it's not like that. So, we are investing with complete confidence that we know that the order book has to be there. Otherwise, my investment of INR50 crores will probably not be good enough to do so. So, we are very careful on that. And the brands with whom we are dealing right now, their status and their market share is too tremendously high so that we need

not worry about what kind of growth we are anticipating to happen. So, it's a very conscious decision of investment and the book building is there.

**Anmol Grover:** Okay. And the next thing, I wanted to understand is the cyclicity, quarterly cyclicity, the kind of numbers we've seen in Q1, can we expect the same kind of numbers for the rest of the quarter as well for the year or is there any cyclicity towards it?

**BK Soni:** Yes, I wish that we continue with the same philosophy of our functioning today. In this quarter, what we have really achieved, we continue with the same method of working. And I'm very confident, yes, we will get similar such and maybe higher than this.

**Anmol Grover:** I didn't get my answer exactly. So, but it's [inaudible 0:37:12] what I'm trying to understand. What is the best quarter usually in the year?

**BK Soni:** Oh, I am sorry. So, there is no seasonal impact on this particular industry. Generation of electronic waste is happening every day.

**Anmol Grover:** Okay. Yes. So, basically the kind of numbers we are seeing, so we should see a quarter-on-quarter growth for every quarter going forward with the sustainability of margins?

**BK Soni:** Yes, you are absolutely right and with the stricter implementation of the rule, the growth will be directly related to that also.

**Anmol Grover:** Okay. All right. And one more thing I wanted to understand is your app that you have in Mumbai, are you looking to roll it out to other cities across India as well or what is the plan on that as of now?

**BK Soni:** So presently, we are focusing on Mumbai and the surrounding cities for a simple reason that if we can transform the life of at least 100,000 households, presently we are just serving 2,500. Once we reach to 100,000 with one or two brands getting associated with us, which we are very hopeful probably for meeting the EPR obligation, one or two brands will come along and for collection from individual houses. As soon as that rolls out, we will achieve 100,000 very safely, very easily and in a very, very short time. And once we have done that, we will go to other cities. But first we want to achieve a milestone of 100,000 in the city of Mumbai and surroundings.

**Anmol Grover:** So, sir on a long-term vision basis, you talked about a 1% market share of the industry, of the USD4 billion dollar industry currently. So, what is your timeline for it in the next three years, four years, five years or is it a much longer, decadal vision for you?

**BK Soni:** So, there are three, four points under that. One is that, and I'm repeating a few. One is the stricter implementation of the rules is the primary reason of my confidence. And second is the continuity of the brands with whom we are working today, and we are associating with them in the next six months who are already in a pipeline. And put together this and my capacity enhancement at the investment by the company itself. These three factors put together will

give me a kind of line in next I cannot say precisely about, but it might happen in one year also, it might take three years also. It all depends on the factors together. But let us put it safely on the two to three years time, we will reach that number.

**Anmol Grover:** In two years, three years time, you will reach the 1% market share number of the USD4 billion dollar industry you are saying, that is a massive growth you are talking about, sir?

**BK Soni:** Absolutely, that's what I am talking about.

**Anmol Grover:** Okay, and with that scale, the margins will eventually improve as well, correct?

**BK Soni:** Margins will improve because of two more reasons. As I mentioned, one is that we are nowadays insisting to the supplier that you should follow global practices of not charging the recycler. And secondly, it [inaudible 0:40:14] under the EPR. This too will be added advantage of course.

**Anmol Grover:** Okay, okay. So you are currently at 25% utilization, right? So, you are still running at a profitable basis. So, is the fixed cost very low for your plant or how is it because that is very rate to see?

**BK Soni:** No, very nice point. In fact, to be honest with you, the 25% is giving me that kind of leverage that I am profitable, primarily because of one reason I would assign to is that we don't have any interest burden and repayment botheration. So, it's being a zero debt company, my minimum capacity utilization also giving me a breakeven level. And 25% is giving me a substantial gain also. You can imagine when I will be 100% of the 7,200 metric ton, what kind of profitability we can assume from here.

**Anmol Grover:** Right, and one last question, sir. What are the competitors that you might have in your organized space, can you name only?

**BK Soni:** So, there are about 8 to 10 similar such companies are there across nation and a few of them are there in the South, and three, four of them are there in North, one of them is in Eastern part and one or two are there in Central of India. So, in all about 8 to 10 companies who are near to our competition level are there.

**Anmol Grover:** Okay, so any particular large particular competitor that holds a big major market share or is just a very small organized industry as of now?

**BK Soni:** Honestly speaking since we are the only listed company in the segment. So, I do not know who is bigger than me, who is smaller than me because their data is not available to me.

**Anmol Grover:** I see. So it's mostly unorganized as of now?

**BK Soni:** No, no not unorganized. They are private limited companies. They are run by good promoters, but their size is not known to me in precise numbers.

**Annol Grover:** Okay, all right. That's all from my side, sir. All the best for the coming quarter.

**BK Soni:** Thank you, sir. My pleasure, sir. Thank you so much for your time.

**Moderator:** Thank you. Ladies and gentlemen, we would like to inform you that the allotted time for this call is one hour. The next question is from the line of Shubham Gandhi from Dhewayaya.com. Please go ahead.

**Shubham Gandhi** Yes, are you able to hear my voice?

**BK Soni:** Yes, please go ahead.

**Shubham Gandhi:** Yes. Hi, sir. Sir, I just wanted to know how many clients do you have? Do you have any such number that what is the run rate of clients being added and pipeline and all?

**BK Soni:** So, Shubham, thank you for this question one, and secondly it's not a question of number of clients. It's to a point that that particular client has the responsibility under EPR to what level. If suppose there are two A and B, A has sold 100 thousand pieces in the market and B has sold only 1,000 piece in the market . So, A is responsible for 70,000 to collect back out of 100,000 versus 700 pieces in the case B. So, it's not the number of clients we focus on the quality and the quantity of the clients obligation.

**Shubham Gandhi:** Okay, okay. So any, I mean, the big brands you work with because I was not able to find I mean like maybe Kelvinator, LG, Samsung, which you vouch to be your client?

**BK Soni:** So, we never disclose the name of our brands with whom we are working. The first and foremost philosophy we are following since 2005. We have never talked about our names of our clients except those corporate consumers may be there, but they are not the brands who are manufacturing. So, we never disclose the name of our clients.

**Shubham Gandhi** Okay. Okay. And sir, I just wanted to check to like what is the working capital kind of thing over here like working capital days or...

**BK Soni:** It's less than 30 days.

**Shubham Gandhi** It's less than 30 days okay and it's going to remain at the 30 days to 40 days level or maybe below that only, I mean, we will not because since we are planning...

**BK Soni:** It might be lower going forward, because in case of the metal generation, what we produce is primarily the metals and consumption of metal is uninterruptedly going on and there are buyers and buyers for all the metals and metals from the recycling industry is cheaper than the virgin material. So, my life cycle, I mean, my working capital cycle will be lower gradually.

**Shubham Gandhi:** Okay, okay. And sir so on March quarter, why particularly there was a loss because I'm new to the company, just trying to understand?



**BK Soni:** Nothing wrong in your question. So, you know, in the previous quarter of March 23, there were two major provisions were made. One is that income tax provision was made for the whole year in the quarter itself. That's practice we were following year by year, every year we were following this practice. But we realized the negative side of it that it impacts the quarterly results. So this quarter, if you will see, you will find that income tax provision has been made in this quarter itself.

So that was the practice which we have changed. And secondly there was an advance for certain assets to acquire, but that advance is more than 10 years old now. Although the legal fight is going on for that recovery, but what we have judiciously taken a call that it is better to write it off at this point of time and once it is received, the High Court [inaudible 0:45:52] in the court order is in favor that time we will write back it. So this was the two significant reasons.

**Shubham Gandhi:** Okay. And sir you do have like offices or collection center in different cities because I believe e-waste is a part of Mumbai, Delhi, Bengaluru, everywhere. So how do you maintain the presence across cities?

**Management:** So in this particular trade, the customers do not want to meet you often, very honestly speaking because it's a last priority for the customer. So whether we are present in the city or not it doesn't make a difference to the client because the clients are always active on the internet with us. Secondly in case of the collection centers we have always followed a global practice not to have the collection centers because leakages are possible from the collection center. You have to give a sign, you have to assign the task to some security guys and the local staff and all.

So since it's a scrap material, you never know what you had purchased and what are the contents left when you are transporting back from collection center to recycling facility. To avoid such leakages, we have never done any collection center, opened any collection center. We are directly transporting from the clients into our recycling facility immediately from there itself, whether it's a truckload or less than truckload. In case of the less than truckload, we use the hyper-logistic services and get it transported to Mumbai. Which is cheaper than investing in different facilities.

**Shubham Gandhi:** Okay, okay, okay. And sir, how often do you sell the, I mean the metal you generate, I mean what is the cycle I mean, do you sell it together or it keeps on happening on a regular basis?

**Management:** So generally speaking, we are selling it to the local aggregator and the smelters, local Bhattiwalas and all. So quantity and in case of the copper and aluminum the price fluctuation is generally high. So we do not store it for a long time. We immediately sell as soon as we generate. In case of ferrous we certainly accumulate and 10-20 tons of material is only being sold like that.

**Shubham Gandhi:** Okay. Okay. Okay, sir. I think, yes, I'm good with that. Thank you.

- Moderator:** Thank you. The next question is from the line of Bhavik Mittal from Ruth Ventures. Please go ahead.
- Bhavik Mehta:** Congratulations, sir, for the results. So this is Bhavik Mehta here. So one of the few questions, first was that given your battery recycling plans, wanted to understand that would you restrict yourself only to extraction or you are also looking to forward integrate and manufacture recycled batteries from this material?
- Management:** We don't have such kind of plans, Mr. Bhavik, at this point of time except doing a pre-processing of the lithium ion batteries to convert into black mass. Okay. So, from black mass to recovery of various components like lithium, cobalt, manganese, and all, this will be taken up when the volume will be good enough to support that kind of chemical processing at our end. And as far as the third part is concerned, that remanufacturing the battery out of this recovery, no, we don't have any plans because it's a very huge investment and a huge quantity of raw material you need. So we don't have any plans in any case.
- Bhavik Mehta:** Sure. My other question is around the EPR credit mechanism. So there has been a complete revamp by the government of India as well. Going forward, as you see, what would the EPR credit contribute in terms of your overall revenues? Because as you grow your consumer business, obviously there will be large number of corporates who would come to a company like Ecoreco with some annual capacity where they can buy the EPR credits from you as well. So do you see that revenue also coming in in future?
- Management:** Certainly, it's coming in future, far, far sure. We have already started and we have been joined by about four clients already there on board for EPR obligation on their behalf. We are collecting and accumulating their EPR certificates and as soon as the portal, which is expected to be launched within this month itself by the Central Pollution Control Board, we will be selling the certificates and EPR credits will be available to our clients and to others also who wishes to buy it.
- Bhavik Mehta:** Sure. So what would be the annual potential revenue in terms of capacity from EPR?
- Management:** So if I go by, I mean, just a small mathematics, I'm not promising you something, but a small mathematics, going, let's 7,200 metric ton is my capacity today. And assuming even INR20 per kg is my kind of EPR charges. So it comes to about 14 and a half crores kind of revenue may come in from EPR alone.
- Bhavik Mehta:** And this would be 100% margin, right? Because basically there's no additional cost.
- Management:** You said it partly right, but partly probably then I'm giving it to my own clients, then there may be challenges that they may squeeze the margin in terms of the selling price, or they may ask me for the lower price for EPR. But we are assuming that it will be in the range of that kind of scenario.



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**Bhavik Mehta:** Sure. And so as you mentioned that currently the capacity utilization is only 25%. So pardon me for my ignorance, but the additional expansion that we are looking forward for the additional land that you also have. So what exactly are we planning to do as an overall company plan for the next three years?

**Management:** So why we are doing it and when my capacity utilization is 25% only, very good question and let me tell you that the opportunity has just unfolded. It was although we are there in this business for more than 18 years now, but since there was no compelling reason except an environment-friendly practices of the corporate, our social upliftment was the agenda of the corporate. So they were giving the e-waste to us and we were selling through and we were sustaining and selling above the water.

Now since it has become mandatory for the corporates and the producers both and that two to the tune of 70% and 70% as I mentioned earlier is more than 2 million metric ton. Why should not I assume that out of 2 million metric ton, 25,000 metric ton will not come to Ecoreco? If I'm not ready, then probably I will not get the business.

And the client, when he is selecting to any recycling facility, they would like to see your facility, they would like to see your capacity both. So if you don't do both the things in place, the recycling they can do it with any other recycler also. So we will lose the opportunity if we are not ready. And thirdly in our case since we are not borrowing anything from anywhere, it's all internal accrual so why not to invest in this business which has a potential of 27% annually.

**Bhavik Mehta:** Sure, so sir, so with the expanded capacity at 100% capacity utilization, what could be the revenue?

**Management:** So if it is 25,000 kind of scenario, close to about 300 to 350 kind of top line you should assume, and with the ballpark number of around 120, 140 per kg.

**Bhavik Mehta:** Sure, and sir although you do not mention you do not disclose your client but in terms of revenue can we have a split of it is coming from where either its mobile phones laptops is there any such split from the current?

**Management:** Yes why not so it's a we have a combination of this segment in terms of IT devices, not precisely mobile phone and laptops, but the kind of revenue what we generate from the recycling of electrical and electronic equipment is close to about 70% of our total top line. And close to about 12% to 15% come from the refurbished equipment which were being re-marketed. And about 15% to 20% is coming from the various services like data destruction and lamp recycling and all. This is how we break up the our sources of income, not the item wise.

**Bhavik Mehta:** Sure, thank you, thank you so much.

**Management:** My pleasure.

**Moderator:** Thank you. The next question is from the line of Ankur Gulati an individual investor. Please go ahead.

**Ankur Gulati:** Sir, in Q1 there is another income of some 24 crores, what is that?

**Management:** 24 crores?

**Ankur Gulati:** Sorry, 2.5 crores, there is another income of 2.5 crores, what is that?

**Management:** No, we do not have 2.5 crores of income my dear. Are you referring quarter one for this, I mean 23, 24 only?

**Ankur Gulati:** Yes, sir, I am looking at consolidated financials.

**Management:** Yes, you are right. Okay, consolidated you are referring to, that is very right of you. So, 133 lakhs is there in the main company by way of other income and remaining 1 crores kind of scenario is there from a subsidiary.

**Ankur Gulati:** So, if I ignore that other income sir, quarter on quarter last 3 years same quarter we did 5.5 crores this quarter 5.4 crores. So there was not any growth?

**Management:** You are looking only at the top line, correct?

**Ankur Gulati:** Yes, sir.

**Management:** I will draw your attention to the profits. Our focus is not on the volume, our focus is always on the value driven businesses. Ultimately we are interested as an investor or shareholder or the company, we are all interested in what company earns out of the minimum investment and maximum profitability is there and that is the philosophy we follow also on behalf of all our shareholders. So look at, I will draw your attention once again to the profitability rather than top line only.

**Ankur Gulati:** But last quarter, the capacity utilization was similar, correct?

**Management:** Yes, absolutely. You are absolutely right. So we bought the material in this quarter at much cheaper the price we could convince because of our quality services. See, there are two major aspects in our business which you have to kindly note it from my end. One is that confidentiality of the information is most important when any company gives their electronic waste to us because it has the data devices in it. That is one thing which we take care of 1000% and we guarantee them for no leakage.

And second is the corporate compliances are complete compliances I would say. So these are the two things which are very important from the producers and the large consumers point of view. They don't care and they don't want to make a lot of money out of the waste, but they don't want any hassle from pollution control board or any other regulatory body for non-

compliance on account of environment or anything else. So we take the benefit of this and we provide that to them so it's a win-win situation for both.

**Ankur Gulati:** And sir, the current realization is you said let's say INR100, INR120 per kg, so who is the end buyer? Metal smelters? Or let's say high value waste, sometimes you get gold and silver and all that, that is all included in this 100?

**Management:** So gold and silver is not being recovered every now and then in our company and we are exporting the printed circuit board to the European Union and Japan.

**Ankur Gulati:** So, you are not recycling PCBs?

**Management:** Sorry?

**Ankur Gulati:** You are not recycling PCBs, is it?

**Management:** No, because the quantum right now is not that high because of the 25% capacity utilization. Generation of PCB is not that high that it becomes sensible and viable commercially. We, technologically we are geared up. Technologically, we have the complete readiness at our end. But it makes no commercial sense to process it with such a small quantity.

**Ankur Gulati:** Okay. And reverse logistic revenue will be more than this INR100, INR120?

**Management:** Yes, EPR and all of the services will be above the revenue coming in from the sale of commodities.

**Ankur Gulati:** Okay, and let's say on 7,200, on a double shift basis, what is the best capacity utilization possible plant?

**Management:** From 7,200 you said what?

**Ankur Gulati:** How much will be the capacity utilization? As a practically how much you can use? 70%-80% plant is okay to run or 100% capacity is possible?

**Management:** You know 7,200 capacity in fact we can do it 150% of that. Because certain things are manually being dismantle and certain things are refurbished, those does not pass through your machine range. So even if I am getting 1,0000 metric ton of material my 7,200 metric ton capacity is good enough for that to meet.

**Ankur Gulati:** Okay. Yes. And when is this new capacity expected to start?

**Management:** We have already started installation of machineries and hopefully by December end, we will be completely up and running.

**Ankur Gulati:** Understood. And is there any tech transfer with Nippon Magnetic or what is the joint relationship or they are just passive shareholders?



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- Management:** No, they are the technology partner. They have given technology for the precious metal recovery and that is why they are on the board of, I mean, they have been in the list of shareholders.
- Ankur Gulati:** I am sorry, but are we doing precious or we just passing on PCB to them?
- Management:** No, we are not, they are technology provider, they are not processor.
- Ankur Gulati:** So, but sorry, we were discussing earlier that we are not recycling gold and silver or chips, right?
- Management:** No, you talked about Nippon. Nippon is the technology partner. Nippon is not a processor. So processors are like Umicore and Mitsubishi and they are different.
- Ankur Gulati:** Okay, thanks and all the best.
- Management:** Thank you.
- Moderator:** Thank you, Mr. Ankur. Thank you. Ladies and gentlemen, we will take that as our last question. I would now like to hand the conference over to Mr. Yash Savla for closing comments. Over to you, sir.
- Yash Savla:** Yes, thank you. Thank you, everyone, for joining the conference call of Eco Recycling Limited. If you have any queries, you can write to us at [vastupal@kirinadvisors.com](mailto:vastupal@kirinadvisors.com) and [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you everyone for joining the conference.
- Management:** Thank you so much. Thank you so much everybody. On behalf of Eco Recycling Limited and on behalf of Mr. Vivek Tiwari, I thank everyone for joining us. Thank you.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.