Namo eWaste Management Limited
An ISO 14001:2015 & ISO 9001:2015 Certified
NAMO eWaste

Date: June 03, 2025

To,
National Stock Exchange of India Limited
Exchange plaza,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400051

SYMBOL: NAMOEWASTE

Subject: TRANSCRIPT OF THE EARNINGS CALL IN RESPECT OF THE AUDITED FINANCIAL RESULTS FOR HALF YEAR ENDED MARCH 31, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please find enclosed herewith the transcript of the Earnings Call held by the Company on May 29, 2025, in respect of the Audited Financial Results for the half year ended on March 31, 2025.

Further, pursuant to the provisions of Regulation 46 of the Listing Regulations, the aforesaid transcript will also be disclosed on the website of the Company i.e. www.namoewaste.com .

Request you to take the same on record.

Thanking you,

Yours faithfully,

For **Namo Ewaste Management Limited**

KUMUD MITTAL
Digitally signed by KUMUD MITTAL
Date: 2025.06.03 14:50:43 +05'30'

NAMO EWASTE MANAGEMENT LIMITED

Kumud Mittal
Company Secretary & Compliance Officer

Encl: As Above

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Namo eWaste Management Limited
H2 FY25 Result Conference call

Event Date / Time: 29/05/2025, 16:00 Hrs.
Event Duration: 59 mins 15 secs

CORPORATE PARTICIPANTS:

Mr. Akshay Jain
Promoter & Managing Director

Mr. Sanjeev Kumar Srivastava
Chief Executive Officer

Mr. Rajnish Mishra
Confideleap Partners

Moderator:

Ladies and gentlemen, good day and welcome to Namo eWaste Management Limited H2 FY25 Result Conference Call, hosted by Ventura Securities Limited. 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. If you do need assistance during the conference call, please signal an operator by pressing * and then 0 on your touch tone phone. Please note that this conference is being recorded. Before we begin, I would like to point out that this conference call may contain forward looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict. I would now like to hand over the floor to Mr. Rajnish from Confideleap Partners. Thank you and over to you, sir.

Rajnish Mishra:

Thank you. Good day ladies and gentlemen. Myself, Rajnish Mishra from Confideleap Partners. We represent the Investor Relations for NAMO eWaste Management Limited. On behalf of Ventura Securities and Confideleap Partners, I warmly welcome you all to NAMO eWaste Management Limited H2 FY25 earnings conference call. The company is today presented by Mr. Akshay Jain, Promotor and Managing Director, and Mr. Sanjeev Kumar Srivastava, Chief Executive Officer. I would now like to hand over the call to Mr. Akshay Jain for his opening remarks. Thank you and over to you, sir.

Akshay Jain:

Thank you. Good evening, everyone. Myself, Akshay Jain, Promotor and Managing Director of NAMO eWaste Management Limited and joining me on this call is Mr. Sanjeev Srivastava, CEO of NAMO eWaste. Firstly, on behalf of the entire NAMO team, I extend a very warm welcome to all our investors, analysts, and stakeholders joining us today for our H2FY25 earnings conference call. Before we begin, I would like to take a moment to express our gratitude for your continued support and belief in NAMO's journey towards building a sustainable and circular economy for India. For those who are new to NAMO, let me briefly introduce who we are.

NAMO eWaste Management Limited, established in 2014 is one of India's leading formal recyclers of electronic waste. We specialize in extracting value from end-of-life electronic products, offering solutions that span e-waste recycling, lithium-ion battery recovery, IT asset dispositioning, data destruction and end-to-end EPR compliant services. With over 30,500 plus metric tons per annum recycling capacity, a pan-India network of 26 plus collection centres and a strong focus on ESG compliance, NAMO is a trusted partner for OEMs, manufacturers and enterprises in need of secure, responsible recycling solutions. We are proud to announce that we have recycled over 70 million kilograms of e-waste as of FY25, making a meaningful impact on sustainability and resource recovery.

Let me now move on to a brief overview of our H2 FY25 financial performance. For the year, FY24-25, we delivered strong revenue growth of 50%, with EBITDA rising 29% and our PAT increasing by 25% on a year-on-year basis. This performance reflects our focus on client diversification, scaling benefits, operational efficiency and the growing demand for ESG compliant solutions in India's e-waste sector. Our capacity utilization and profitability have continued to improve supported by our multi-location ramp-up and integrated operations. Our current recycling capacity stands at over 30.500 plus metric tons per annum, and we remain on track to scale this to 68,000 metric tons per annum by the third quarter of FY26, which reinforces our position among India's largest formal recyclers.

Now let me take a moment to highlight a key regulatory development that is highly relevant for NAMO and the broader industry. As for the revised waste management guidelines, all producers, manufacturers and importers, essentially anyone who is placing the product into the market, are now mandated to ensure that after the defined life of the product, minimum of 60% of the sales volume from the previous year must be recycled through a registered recycler. Importantly, starting from financial year 26, this recycling target will increase to 70% making a significant shift in India's EPR framework. This is a structural tailwind for NAMO as it compels OEMs and brands to comply with this higher recycling mandates, opening up a massive, centralized opportunity for formal recyclers like us. With India already being the third largest generator of EVs globally, the potential for growth is immense and NAMO is well positioned to capture this demand. Our two upcoming plants are designed to fully capitalize on these regulatory shifts and market needs with advanced capabilities for lithium-ion battery recovery and high volume of e-waste processing. I am also pleased to share that since our listing on the 11th of September 2024, our stock price has consistently traded above the issue price of Rs. 85 with an average of Rs. 187 per share, reflecting the market's confidence in our business model, execution and long-term growth prospects. This performance places us among the top 10% of premium companies post-listing aligned with shareholder expectations for long-term sustainable value creation.

In the closing, we remain focused on scaling our operations with ESG compliance at the core, expanding our services, offerings and driving long term value for our stakeholders. We are confident that the groundwork laid today will translate into sustainable growth and a greater value creation for the years to come. Thank you. And with this, I would now like to open the floor for questions and answers.

Once again, thank you very much for joining this call.

Moderator:

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your name to be announced. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, if you have any question, please press * and 1 on the telephone keypad and wait for your name to be announced.

The first question comes from Kaushal Sharma from Equinox Capital Ventures. Please go ahead.

Kaushal Sharma:

Hi, sir. Am I audible?

Akshay Jain:

Please go ahead.

Kaushal Sharma:

Yeah. So, very good evening, sir, and congratulations for a good set of numbers. So, my question is on your margin side. Like, I can observe that gross margin has fallen due to rise in the cost of goods or cost of material. So, what was the reason of dropping the margin? Why is there a rise in the inventories impacting our CFO during the year?

Akshay Jain:

So, I will take your first question. The decline in EBITDA and PAT margins is primarily attributable to a rise in operational expenses. These include increased logistic costs, expansion related hiring as we are in the process of a robust expansion, investment in R and D's, pre-construction expenses for our upcoming Hyderabad facility, and arranging material for the factory plant, which is supposed to be operational from next month, which is June 2025 only. It is important to note that the expenses are commensurate with a significant increase in turnover and a strategic in nature to support long term scalability and geographical expansions. So, our freight costs have more than doubled, which is from INR 3.2 crore to 6.33 crore, mainly due to higher procurement from South India. So, as we are expanding our footprints to greater geographies of India, the cost of reverse logistics as are in our business, reverse logistics plays a very important role in the cost sector. So, because of that, that's the reason why now we are moving to the southern part of India. We are coming up with a facility in Hyderabad in order to mitigate these reverse logistic expenses.

Kaushal Sharma:

Okay. And what about the increase in the inventory levels? And what is the normalized inventory rate in our industry and how do we get the reduced level of inventory going forward?

Akshay Jain:

Yeah. So, our inventory levels are higher. There are primary reasons for that. The first I would point out is preloading for battery plant operations. As I've just mentioned, the new plant which is of a very huge capacity, is about to be operational and we have started to buy raw material for that and also for the R and D purposes. And this is a huge project, so the numbers there are also slightly big. The second reason is bulk corporate discards received during the last quarter. This has been the case in our business, where most of the inventory comes during the last quarter, as we are in the waste management industry and also, which is guided by regulations. So, the last quarter becomes important for the compliance point of view of producers and manufacturers. The third main reason for the inventory levels would be that there is an explanation actually that inventory levels have actually dropped in October-November post-realization of sales. But as I mentioned, the quarter 4 is again very busy for us and we get a lot of raw material coming in. So, during the year, there have been phases where our inventories have been down by almost 20-25% also.

Kaushal Sharma:

So, going forward, we are looking at reduced level of inventory, right?

Akshay Jain:

Definitely. Definitely. We are looking at reduced level of inventory and a better cash flow.

Kaushal Sharma:

And, sir, my last question is on our industries. I think that last in the month of May, I heard that most of the producers filed a writ petition on the high court regarding our EPR prices because it is 2 or 3x higher than the unorganized sector, those who are charging. So what kind of view on this and how are we seeing this while impacting our business?

Akshay Jain:

So, our industry has been in a transition period from 2022, when the new set of e-waste management rules came out in 2022. And in fact, the EPR is now applicable to over 130 items, which was just 21 items before the 2022 rules. So, there is a significant increase in the number of items and hence the number of producers have also increased who are under the purview of EPR. So, this has been an opportunity for us that we are trying to capture. But right now, as it is a transition period, so there is a resistance that is coming from the end of producers because for them, it is an added cost. And somehow, the producers, they do not want to commit that kind of cost for Indian recycling. They are doing, they are spending 6-7 times of the average to what they are spending in India in developed countries. So, this is just, I think, that initial phase where there is resistance. But as you have mentioned, as it is written in the rule, clearly now the government has come out with a minimum pricing formula, which has been challenged by the producers in the court. But since the government has done all the calculations and they have a reasoning to why they have come out with these minimum prices. So, there is a rationale behind it and the matter in the court will not stay for much longer for the producers. I think the government is going to come out as a winner in this.

Kaushal Sharma:

So could you please provide any update, like, in the last hearing that has been happened on 16th of May?

Akshay Jain:

Yes. So, last hearing, nothing, actually the first case was filed by a couple of producers in which Havels was the industry leader. And then in the, in last two hearings, more people have joined the same petition. So, this is one of the ways by the producers, they are just prolonging, you know, the court procedure. And so, last hearing update is that only a couple of more producers have been added to the same petition and the recycler associations have also been a party to the case. This is the current status.

Sanjeev Kumar Srivastava:

Hi, Sanjeev here. Just to add on to your question. In the last year, we also have a lot of producers who were already given us a minimum rate. We are a company which believes in ethical recycling, and that's the reason we have always followed those things. We have let go of some of the businesses which were not coming at a minimum price rate, but at the same time, we are ensuring that all the rules and regulation made by CPCB are honoured and respected by us, so we are doing it.

Kaushal Sharma:

Thank you for answering the question.

Moderator:

Thank you. The next question comes from Shaurya Punyani from Arjav Partners. Please go ahead.

Shaurya Punyani:

Hi. Am I audible?

Akshay Jain:

Yes. You are. Please go ahead.

Shaurya Punyani:

Sir, what is the amount we have spent for CAPEX in those two new facilities that are coming up?

Akshay Jain:

For the new facilities?

Shaurya Punyani:

Yeah. CAPEX, how much amount have you spent?

Akshay Jain:

So, what we are spending I mean, the IPO proceeds was about INR 11 crore 20 lakhs for the Nasik facility for lithium-ion battery plant. And I think our expenditure has also increased because of the R and D costs as we have mentioned and also that like we have planned a further value addition to our process, so, the entire cost would be around INR 15 crores for this plant, out of which INR 11.2 crores are coming from the IPO proceeds.

Shaurya Punyani:

And what about the Hyderabad?

Akshay Jain:

For Hyderabad plant, we till now, we have only done our expenditure on acquisition of land, which is about 5 -6 something, six odd crores, and some expenses, which is pre-establishment, pre-construction expenses that we have already incurred. So, Hyderabad plant, we have a projection of spending about Rs. 15-18 crores there also.

Shaurya Punyani:

This will be done by Q3, right?

Akshay Jain:

This will be finished by Q3. Yes. The plant will be operational from Q3.

Shaurya Punyani:

And sir, given the big CAPEX that you are doing, so what kind of growth can we expect like, in this year, next year?

Sir, can we do a forward-looking statement?

Sanjeev Kumar Srivastava:

So, if you look at our past trends, we have been consistently growing by about 50%, 45 to 50% of CAGR. While we can't really make any forward-looking statements, but we expect this momentum to continue. Plus, of course, little bit of delta can also come from the new facilities.

Shaurya Punyani:

And what regarding the margin, do we see any improvement, or will they be under pressure because of the new facilities?

Sanjeev Kumar Srivastava:

So, as Akshay mentioned, this year, major expenses have been towards the logistic cost because we have started securing a lot of material which is coming from south. So, when we set up a plant in Hyderabad, there is no need for bringing all those assets to either Faridabad or to Nasik. So, there will be improvement on that. Plus, last year, we have got the funds only in the month of September. So, as a result, our interest cost was there, you know, for the first seven months. Now, we are using the IPO money for the working capital. So, we expect that our operational efficiency will improve, and the margins will improve from here.

Shaurya Punyani:

Okay. So, one final question. Can you provide the breakup of the revenue with respect to e-waste, recycling, refurbishment and the consulting, those three verticals?

Sanjeev Kumar Srivastava:

Yeah, sure. So, last year, 24-25, we have done about INR 108 crores through the recycling, which constitutes 72%. We have done EPR for close to INR 18.5 crores, that is about 12%, and for refurbishment, we have done INR 24 crores, which is 16%.

Shaurya Punyani:

And is this sort of ratio expected or is it changed?

Sanjeev Kumar Srivastava:

So, this is, see, on refurbishment, we were expecting, last time we had done close to 12-13%, we were expecting it, you know, to grow up. So, this is in line with that. Recycling also, we were expecting, last year, we were close to about 62%, which is improved to 72%. EPR, as I mentioned, that probably we were expecting a little higher, but because of the minimum price coming and we are not doing business anything less than minimum prices, so we have probably let go some of the business. Otherwise, this kind of mix is pretty much what we were doing. Though we really want this year refurbishment to go up by another 2 to 3 basis point up on percentage terms.

Shaurya Punyani:

Okay, sir. Thank you so much. Thank you.

Sanjeev Kumar Srivastava:

You are welcome.

Moderator:

Thank you. The next question comes from Mohit Bharani from Vijit Global Securities Private Limited. Please go ahead.

Mohit Bharani:

Yeah, hi. Is my voice audible?

Akshay Jain:

Yes, Mohit, you are. Please go ahead.

Mohit Bharani:

Yeah. Hi. Congratulations, Akshay, and NAMO team on a good set of numbers.

Akshay Jain:

Thank you so much.

Mohit Bharani:

So, my first question is, my first question is regard to the previous one. Out of 150 cr top line, how much is electronic recycling, how much is service charges and refurbished electronics?

Akshay Jain:

Yeah, let me, actually, we have just mentioned it, but let me go through it again for you. Okay. So, out of our INR 150 crores top line, we have done 108 through recycling, which is through sale of metals, plastics and the fractions of that are generated during recycling. Our EPR is at INR 18 crores 50 lakhs, which is about 12% of our revenue. So, this is the service income that you are talking about in EPR. And our refurbishment revenue is INR 24 crores, which is a jump of 16% from the last year.

Mohit Bharani:

Okay. Got it. Got it. My second question is, what is the capacity utilization in FY25?

Akshay Jain:

Yes. So, the overall plant capacity utilization has increased from 35% in H1 to 55% in H2. We are currently working with three plants, Faridabad, Palwal and Nasik, out of which Faridabad is now running at 100% capacity. This has been a first year where we have utilized the entire capacity of our Faridabad plant. Other two plants are operating at 35% and 60% utilization respectively, in which Palwal is operating at 35% capacity. This plant, which is at 15,000 metric tons capacity, we started in 23 only. So, this is only second year of operation for this plant, and we have utilized 35%. And the Nasik plant has utilized 60% of its capacity. We anticipate further ramp up in the coming quarters, especially with the operationalization of new units.

Mohit Bharani:

Okay. Okay. Got it. So, my next question is with regard to financials. We have not created tax provision in H1, and the full provision has been created in a second H2. Why is that so?

Sanjeev Kumar Srivastava:

Yeah. Hi Mohit, Sanjeev here. So, actually, you know, in the first half year, if you look at it, our PAT was, you know, 5.34. So, that time we had taken a view that as per the current guidelines, we are exempted. We are basically allowed to take the tax for the five years deferral mode, and you know charge on a pro-rata basis. So, later on, we took a legal opinion and, in this year, while finalizing the tax, et cetera, then we were told that only 5% of the capital expenditure can be taken and there are certain areas which are basically permitted if we wanted to take the tax exemption. But that is only towards the marketing and advertising, which in any case was coming about only 50%. So, we thought of not taking any kind of exemption. It is better you know to be complied. So, therefore, we provided full tax you know in this H2. That's the reason. Otherwise, if you look at it, our PBT is higher in line with our business. In the first half year, we had done INR 67 crores. This half year, we have done INR 83 crores. And PBT is also higher from 5.34 to 6.34. But just because the tax is higher, therefore, you are seeing a drop on the PAT side.

Mohit Bharani:

Right. Correct. So, from now onwards, we will create provision on a half yearly basis, right?

Sanjeev Kumar Srivastava:

Yes, now onwards. Because there was some – you know, at that time, we were very new. So, we had taken some of the expert opinion from some of the competent people, but they said you can take. But then we actually, out of the INR 61 crores for which we raised in IPO, only INR 11.20 crore was towards the capital expenditure. 5% only could be allowed. So, when we really studied all these things, we met our auditors and we took legal opinion from other people, then we were told all these things. So, we thought that we will not like to be doing anything in contravention to the existing tax guidelines. So, we provided full INR 3.3 crore for the whole year. And that is the reason I already mentioned that our PAT is looking a little lower than what first half.

Mohit Bharani:

Got it. So, my last two questions. One is with regard to borrowing. We have mentioned change in short-term borrowing in cash flow from operations. So, actually, this will lead to negative cash flow from operations. I think so that it will be form part of cash flow from financing.

Sanjeev Kumar Srivastava:

Can you please repeat your question? I did not get it properly.

Mohit Bharani:

In our financials, we have mentioned change in short-term borrowing in cash flow from operations, which lead to negative cash flow from operations. So, I think it needs to be mentioned in cash flow from financing.

Sanjeev Kumar Srivastava:

Sir, allow me time, I will just get back to you.

Mohit Bharani:

And last question, what is the percentage of allocation of revenue between H1 and H2 normally in this type of business?

Sanjeev Kumar Srivastava:

So, normally, H1 is about 40% and H2 becomes 60%, that's how it is.

Mohit Bharani:

Okay. Okay.

Akshay jain :

So, actually, 25, 75 until last-to-last year. Here, that gap has been narrowed down and we are now at 40 and 60.

Mohit Bharani:

Okay.

Then last year, we have done 35, 65 and this year, 45, 55.

Mohit Bharani:

Yeah. So, going forward, it will be maintained in this way or there will be change?

Akshay jain:

Well, looks like currently it is going in this way only.

Mohit Bharani:

Okay. Got it. Thank you.

Sanjeev Kumar Srivastava:

Mohit on your previous question, if you look at it, we had 8 crores of working capital in NAMO from Canara Bank and in Techeco also, we have taken facilities. Then we got the working capital through the IPO route, So, we have adjusted this Canara Bank outstanding and also the Bank of Maharashtra outstanding, which is for Techeco is also revealed. Therefore, you are seeing a difference that INR 11 crores have moved to only INR 1 crore.

Mohit Bharani:

No, no. My question is actually short-term borrowing, change in short-term borrowing, जो हुआ है वह आपने cash flow from operation में डाल रखा है, जो की मुझे लगता है cash flow from financing में आना चाहिए because this will lead to negative cash flow from operation. If you see cash flow from operation on page number 11 of your filing. Okay. Increases or oblique decrease in short-term borrowing --

Sanjeev Kumar Srivastava:

So, I have noted it. I will discuss it and come back to you sir. Will discuss with the auditor. Thanks for bringing it out.

Mohit Bharani:

Okay.

Moderator:

Thank you. The next question comes from Kapil Ahuja from Equinox Capital Ventures. Please go ahead.

Kapil Ahuja:

Hi, Mr. Akshay and Mr. Sanjeevji. Congratulations on the good set of numbers, but I was really shocked seeing the margin, but you have explained me well regarding the pre-loading of lithium-ion, raw materials and most of the inventory that you take, the bulk corporate discards that you take in Q4. I need to understand regarding this Nasik plant facility, so, what are we exactly doing in this, we are recycling the batteries, or we are doing the refurbishment of the batteries?

Akshay Jain:

Hi, sir. Thank you for joining this call. So, for Nasik, we have been running an e-waste plant of around 10,000 metric tons capacity since 2019 there. So, we have just acquired the adjoining land, I mean not acquired, it is on lease, where we have established this lithium-ion recycling plant. Now, this recycling of lithium-ion batteries, it has got two domains, one is refurbishment and restoration of battery cells, where the entire battery is not waste. There are some cells with some IR still left, the power left and that can be restored through a whole refurbishment procedure. Now, what cannot be restored or refurbished, that is put through shredding operations for the creation of black mass, which leads to the extraction of lithium, cobalt and other rare earth metals, as you might be aware of. So, the entire operations for battery, I think what we are forecasting is about 20 to 30 % refurbishment and 70% from the shredding and creation of black mass.

Kapil Ahuja:

Okay, so we are just doing the black mass, not further going into mining of this cobalt from it?

Akshay Jain:

Not right now and also one of the key factors is that if you – if we get into the refining of those rarer earth metals, the CAPEX as per the global average, because globally, there are only 10 or maybe 12 success stories around the world who have been leading companies in this field. And for them, the CAPEX has been in excess to half a billion dollars. So definitely, we are not prepared for that risk. So, what we are doing right now is to be able to use supply to these refineries the raw material and the black mass that we are going to produce is going to be of the highest quality standards.

Kapil Ahuja:

So, who will be the users of these black mass? Who are generally the users?

Akshay Jain:

We have to export it. There are solutions in India, but those are not too efficient and especially on a broader scale because, you know, there is a laboratory scale where these things can be proven theoretically. But if you want, if you put it to on an industrial scale, their highest efficiency is required because we are dealing in PPMs of, you know, these rare earth metals. So, you lose 1%in your process efficiency and the ultimate loss could be very big. So right now, we are looking to export it to the top global players, that could be China or Taiwan, and they are among the top three in the world.

Kapil Ahuja:

So, our capacity of this black mass would be how much?

Akshay Jain:

We have a 7000 metric tons per annum capacity for black mass, just black mass and further 5000 for refurbishment.

Kapil Ahuja:

7,000 plus 5,000. So out of the in this 7,000, we would be doing capacity utilization in first year how much around?

Akshay Jain:

We are looking at minimum 35%.

Kapil Ahuja:

35% and or in the 35% revenue potential will be how much?

Akshay Jain:

For?

Kapil Ahuja:

In this for the 35% capacity utilization, the revenue potential and the margins would be how much?

Akshay Jain:

Revenue potential - the margins are going to be somewhere around - the gross margin in this field is about 18% to 25% and the around 3000, 2500 -- . This would result in a revenue of around INR 80 to 100 crores.

Kapil Ahuja:

INR 80 to 100 crores. Okay.

Akshay Jain:

Yes

Kapil Ahuja:

Okay. So, there will be little jump in revenue, we are hoping. And how will we –we are getting these old batteries? Do we have a direct tie up with the automakers or from whom we are collecting these old batteries? Lithium-ion batteries?

Akshay Jain:

We have tie ups and also, we are creating more and more sources now, that's one of the primary reasons for setting up this unit in Maharashtra. 20% of the battery capacity of India is in Maharashtra state. So yes, we are looking at B2B tie ups and also, we are procuring from the local market, this because we also have EPR applicable on this material also.

Kapil Ahuja:

Okay. So, we can have a direct tie up with MG or the Tata of the world for them.

Akshay Jain:

Yeah. Yeah. Tata Motors, LG, Ola electric, MG, and all the other major automobile players.

Kapil Ahuja:

Who are the big companies in this field in India? Who are they converting these old batteries into black mass?

Akshay Jain:

See, to take a few names, it would be Attero, Lohum, and Rubamin

Kapil Ahuja:

Okay. So, there is not much competition? There is enough competition in this, or is it a saturated market? Can you explain or give me a little insight?

Akshay Jain:

I would say there's lot of room yet because generation is really high, and there are 14 formal players right now in the country.

Kapil Ahuja:

Okay. So the Lohum and Atero are doing refurbishment also?

Akshay Jain:

Yes. Yes. Let me have a look here.

Sanjeev Srivastava : And sir, also on our marketing side because this battery business is going to be a complementary business for us. We already handle lot of e-waste, which comes with the batteries, right? So, until now, we have been depending upon our downstream vendors. So this is going to be a complementary business for us. That's the reason we are venturing into it.

Kapil Ahuja:

Oh, great. That would be good. So, each and every battery you would be able to do, of electronics also, the small batteries that we get, those are attached to the mobile phones, so you will be able to refurbish or recycle into black mass?

Akshay Jain:

Yes, yes. Anything which is the lithium-ion. Lithium-ion batteries have got different classifications, cobalt based batteries, manganese based, nickel based. So that has further bifurcation, but we are equipped to do all of that. It is not like that different type of methods are used; it's just one method which is used for entire these batteries.

Kapil Ahuja:

Okay. Thank you. That's all from my side. You have explained well. Best of luck.

Akshay Jain:

Thank you so much. You're very welcome.

Moderator:

Thank you. The next question comes from Ashish Jain, an individual investor. Please go ahead.

Ashish Jain:

Hi, team. Congratulations on the numbers. I have, like, two questions basically, one is around, so when we supply these materials to the different companies, is there also a possibility of refining them, like, going forward in house, not specifically black mass, but something else, which would give us improvement in margins? Any thoughts on that?

Akshay Jain:

Yes, there could be value addition, but that value additions are feasible on the scale. So, because as we are dealing in metals, what we are extracting out of recycling is metals, So the processing and reprocessing of metals is a different, you know, altogether a different business model. But, yes, firstly, in my experience, I have visited many recyclers outside India. And of course, I know what is happening in and around India. So normally, e-waste recyclers don't get into, you know, adding further values to the basic raw material. So, our job is to provide clean raw material for the foundries and in which there is no real scope on a small scale for any further value addition. As the scale grows in future, yes, there could be a possibility and especially with the producers and governments focused on reusing the recycling fraction into for manufacturing. This is the whole circular economy model that is being pitched by the government. So, I think, yes, in future, that could be one of the things we can look into.

Ashish Jain:

Okay. Another question is in terms of like, so there are different types of materials or rather end of type products that can be recycled. So, what is the maximum you know, what are the products that we, like, recycle the most? Like, is it, like, you know, larger products as a consumer electronics and stuff like that. So, any sort of break up on that?

Akshay Jain:

We are mostly doing consumer electronics, which includes your smaller appliances, kitchen appliances, large appliances, which is air conditioner, refrigerator, washing machines and then mobile phone and accessories, so mostly related to consumers, which is about 70%, 80% maybe we are dealing in these products.

Ashish Jain:

Okay. And a related question to this. So, there would be a lot of plastics, and you mentioned that it's like, you know, metals that are recycled the most. So, what happens to those plastics? Do they have any value, like, or, like, what happens again to those things?

Akshay Jain:

Absolutely. There are so many different types of plastic, you know, which ranging from probably ten rupees to over a hundred rupees. So, what we are doing currently is we extract plastic from different electronic devices and then we categorically segregate it, shred it, for the size reduction and then send it to a plastic – sell it to a plastic recycler. This way, we are able to get maximum value out of the different plastics that we that we generate.

Ashish Jain:

Okay. And I have just one more last question. So I mean, because of these changes in the price of credit, I like, heard it from a lot of companies that they have been trying to create a backlog and not been trying to sell their credit and betting that there's going to be a price hike in future. Has our company done something of that type as well or, like, you know, what's your point of view on this?

Akshay Jain:

No. So firstly, we are not a EPR dependent company as such. We have a very well diversified revenue, which is coming from three different revenue models. So, we have not created a situation for ourselves where we have been excessive recycling and then waiting for our credits to go into the market. We have, you know, enough demand for the credit that we generate but the only thing is that we only deal with over minimum prices. So, we are not making any deals. We are not providing any credits for less than any minimum prices. So in our case, we, as such, don't have any kind of credit inventory. So yeah.

Ashish Jain:

So that means basically, so whatever the price has been decided by the government or CTCB for that matter, we are only above that price or at least in that range.

Akshay Jain:

We are either above that price or minimum at that price.

Ashish Jain:

Okay. Got it. Thank you and wish you luck for the next upcoming quarter, many years.

Akshay Jain:

Thank you so much.

Moderator:

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on the telephone keypad and wait for your name to be announced. The next question comes from Jayaraj Jain, an individual investor. Please go ahead.

Jayaraj Jain:

Hello?

Moderator:

Please go-ahead sir.

Akshay Jain:

Yes. Hi.

Jayaraj Jain:

Hello, am I audible sir?

Akshay Jain:

Yes. You are. Please go ahead.

Jayaraj Jain:

Yeah. Congratulations for a good set of number. So, my first question is like, what will be a capacity utilization for FY25 at your like 68,000 metric ton plant and what will be expected utilization post Nasik ramp up?

Sanjeev srivastava :

So, as we said that last year, we had improved from 35% to 55% of CAPEX. And with the growing demand, we already covered this year 70% of the target would come from the producers. India is already third largest generator of e-waste. In a normal course, this industry is going by 10 to 12% on CAGR tons. We expect that our, this year, our utilization would further probably get scaled up from 55 to maybe 65 -70%.

Jayaraj Jain:

Okay. Thank you.

Akshay Jain:

Yeah.

Jayaraj Jain:

And once the operation will be started in Q1 FY26, so what can we expect your annual --- on this?

Sanjeev Kumar Srivastava:

So, this we already answered, I think Akshay just now said that this plant is going to be commissioned next month, the Li Ion plant. And I think we will get close to about 7 to 8 months of business in the next year. And we have, even if we consider to take about 35% of utilization from this plant, we are looking at about INR 60 -70 crore kind of addition in revenue through the battery waste management, yes.

Jayaraj Jain:

Okay. Can you tell me like what was the total e-waste collected in FY25 versus actual processing? And what percentage of, you know, collected material is used for reusable and refurbished purpose?

Sanjeev srivastava :

So, we have said that we have given this data that refurbishment, what we did is 16%, rest all we recycle. So out of this 150 - 149 crores of revenue, INR 34 crores is a refurbishment value. So, which is, you know, we have refurbished, rest all recycled. That also includes the EPR income of 18.50. So recycling, if you look at it, it is 108, which is almost 70%.

Jayaraj Jain:

Okay. Like my last question is, like, with, you know, there are over 500 formers recycle license in India. So what will be the barrier to entry in, you know, this recycling segment as a nuclear? And any industry consolidation to it do you see?

Akshay Jain:

See, the entry to barrier is probably raw material sourcing that the biggest challenge in the business. As you can see our strategy also that we are trying to reach out to maximum places. We have a facility in West of India. We're coming out with a facility in South of India. So, the challenge is not really about the expansion of current capacities. It's also about, it's always about the raw material sourcing that has to be done. This is something that is generated on the ground and to bring it into the mainstream and to the factories is a is a serious job.

Jayaraj Jain:

Okay. Thank you for answering my question. Thank you.

Akshay Jain:

Thank you so much.

Moderator:

Thank you. Next question comes from Ridhi Agarwal, an individual investor. Please go ahead.

Ridhi Agarwal:

Hello. Am I audible?

Akshay Jain:

Yeah. Hi, Ridhi. We can hear you. Please go ahead.

Ridhi Agarwal:

Yeah. Pardon me, I just lost you in between, so I have a couple of questions. My first question would be, sir, as I was just comparing your margins quarterly, like, every half yearly, so we achieved the 13% margins in FY23. Then we went down to 10% and then this half yearly we achieved 8%. So my major concern is why this is dropping it? And can you just give me sustainable range, which can we except in the future and the reason for the drop?

Sanjeev Srivastava :

Ridhi, I think, you know, there's some, you know, difference in the numbers. Our PAT margin, for financial year 23 was 4.13%. And then --

Ridhi Agarwal:

I'm sorry to interrupt. I'm sorry to interrupt. This is I'm talking about EBITDA margin.

Akshay Jain:

EBITDA margins. Yeah. So, you spoke PAT that's why I got confused. So EBITDA margin, in 23 we were at 6.61 and then in FY24 our EBITDA margin went up to 11.07. Currently, we have EBITDA margin of 9.85 which is pretty much in line, right. If you look at it, we already explained that because of tax provisions and also because in in the first half, we did not provide the rate. And I already explained the reason why we did so. But later on, we got the advisers and the legal opinion, and we had to provide for that reason in the second half, we provided for INR 3.22 crores of tax provision. But because of that, the PAT has slightly come down. But if you look at it consistently over the last three years from, if you look at it 6.61 even with this second half year where we had to do the bulk of the provision, it has been around 9.85. So we will further improve on it as, you know, I told that logistically, we are setting a plant in the, you know, south, and our bulk of procurement is actually from south, so logistic cost will be much, much lower. Also, I mentioned that because we have got the working capital, so the interest cost will also come down. Further, we are in the process of ramping up our operational efficiency. So, all these put together, we see EBITDA margin only improving from here. Current level is 9.85. We might be probably going to 12 – 12.5 kind of.

Ridhi Agarwal:

Sorry. What are your guidance for the margin, 11%, 12%?

Sanjeev Srivastava :

So, I cannot give any guidance, but I told you the reason which will, we will ensure that the EBDITA margins are improved. Right, I mean, it's obvious. See, our, if you look at it, while we are comparing apple to apple, last year, our logistic cost was INR 3.22 crores. This year, the revenue has gone up by 50%, a lot of procurement has happened from South. So as a consequence, our logistic cost has gone up from INR 3.2 crores to INR 6.2 crores, correct? So, what remedies we are doing - we are already setting up the plant in South so that we can bring down our logistic cost and go for more revenues.

Ridhi Agarwal:

I got it. I got it. Thank you for a detailed answer. My second question would be, sir, on the Hyderabad plant. So last phone call, you mentioned that you would be targeting a 15,000 metric ton plant, and then it increased to 25,000 metric ton this quarter. So, I want to know the reasons behind this increase, like, are we expecting a good opportunity here and how? Yeah.

Sanjeev Srivastava :

I am glad that you are really, you know, looking at the numbers through a microscope, but I am glad to answer it also. So, in Hyderabad, we first acquired two acres of land. Okay. Which we already paid for. Now the 0.5-acre land is also available to us, which we are procuring. So as a consequence, earlier, we had thought that we'll make a plant for 15,000 tonnes. So now because we are taking additional land of 0.5 acre, so we have we are now trying to make a plant for 25,000 metric tons.

Ridhi Agarwal:

Okay. Because of the availability of more plant, you have --

Sanjeev Srivastava :

Yeah, adjacent land was available.

Ridhi Agarwal:

Oh, okay. So if I missed it between the con-call, so what is the plan, the plan is 15 to 18 crore total (48.45) for this plant, how are you going to fund it?

Sanjeev Srivastava :

So already the land is already been, as I said on the last call also, majority of it would come from internal accruals. We do have a land in Ahmedabad as well, so which we are in the process of, you know, offloading. So, a lot of funds, whatever you are getting, we are going to be using it, but there is internal accruals. If you look at our capital reserves, there's enough money for us to do a justifiable investment. I just take that bulk of the procurement is happening, you know, from south now. So, it makes more sense to put up a plant facility and bring about more operational efficiency in the system.

Ridhi Agarwal:

Fair enough, fair enough. So, we would not be expecting an increase in debt in coming years or are you planning for that?

Sanjeev Srivastava :

No. We are not.

Ridhi Agarwal:

We are not planning. Okay.

Sanjeev Srivastava :

So in that, you know, just to let you know, that till 23, NAMO used always continued to be the cash rich company. For the first time in 23, when we bought bulk orders, we went for funding and now with the IPO money coming in, we are again being independent. There's no debt.

Ridhi Agarwal:

Got it. Got it. Many congratulations for that sir. It's a big achievement.

Sanjeev Srivastava :

Thank you so much.

Ridhi Agarwal:

My last question, I would just ask my last question, and then I will get back into the queue. I mean, it was, like, other income. As we saw, like, 1 crore is very small amount if we see it like that. But 840% increase if we compare it to FY24, so it's some major chunks. So, is it a bit of inclusion and can you just brief me about the process of this?

Sanjeev Srivastava :

Again, I will compliment you for your detailed analysis because you are really - you have really read the numbers, that's my compliment to you. The difference is that when we got the IPO money, so the surplus money, because the money was to be required in stages. So, we kept on putting this money in the FDRs. Right. So, we got about close to INR 67 lakhs of interest income also, which you are seeing is a big jump of 800% in the other income. But, you know, of course the money is being used, right. So, money we got in September, some money has been spent, money is being spent in stages. For that reason, we have got interest income even today, we still have, you know, you must be thinking about cash and bank balance INR 11 crores. Out of this, INR 10 crore is basically in FDR. And it will mature and then we again, you know, use it as per the needs.

Ridhi Agarwal:

So how much total of like, IPO plus this income is left right now in your current balance sheet?

Sanjeev Srivastava :

This is about INR 10.5 crore.

Ridhi Agarwal:

INR 10.5 crore we have okay. Yes. Is that's a good number for us for the CAPEX. Okay. I will join the queue. Thank you so much for answering.

Sanjeev Srivastava :

Thank you so much. Thanks.

Moderator:

Thank you. We have a follow-up question from Kaushal Sharma from Equinox Capital Ventures.

Kaushal Sharma:

Yeah. Hi, ma'am. I have a follow-up question. So, my question is on the industries side, like, in case of your lithium-ion batteries plant. So do we source some of our, you know, batteries from the international market as well, like, scrap and all. Because in India, there is a gradual shift on the electronic side, and there is some slowdown and on an average the battery life is around 5 to 8 years. So, do we have any opportunities to import the scrap of the batteries from the international market as well?

Akshay Jain:

Yes. We are looking to import we are going to apply for the import license. It is a regulated business. We cannot get the scrap batteries to India, but the cells for refurbishment cannot be - can be precured and we are going to apply for the import license once we have our final authorization for the unit.

Kaushal Sharma:

Okay. So, another the complete battery we cannot import it, like cells only we can get it.

Akshay Jain:

The cells cannot import, scrap battery which is no use for just for black mass and shredding purposes we cannot import it, but the cells can be imported.

Kaushal Sharma:

Okay. The cells can be imported, right. And which are the major countries are we looking for?

Akshay Jain:

Yeah. Yeah. But that needs special license from the authorities, from the ministry. So, I mean, it's not something that anybody can do. You need to have a proper battery recycling plant for getting that license.

Kaushal Sharma:

When do we expect this license to come in our company?

Akshay Jain:

Maybe 60 days.

Kaushal Sharma:

Within 60 days. And which country are we targeting like?

Akshay Jain:

We are targeting Europe. UK and US, primarily.

Kaushal Sharma:

UK and US. Okay, sir, thank you very much for answering the question.

Akshay Jain:

Thank you.

Moderator:

Thank you. The last follow-up question from Radhi Agarwal, an individual investor. Please go ahead.

Ridhi Agarwal:

Yes. Thank you for the opportunity again. So, I just joined because of many discussions. That's the follow-up question. This you said that major challenge the company is facing is raw material sourcing. So what measures we are taking to mitigate that? Like, does, you told I mean, that you are procuring from south also? But other than that, how you are just mitigating the barrier in this industry?

Akshay Jain:

See, the only thing that we can do is probably reach out to bigger geographies. This is a urban material. This kind of material flows from urban to rural centres. So, we are trying to get our units to the maximum urbanized areas. So that like that's why Hyderabad is probably the fastest upcoming city of India. It is high-tech modern and it's going to be densely populated in a few years. So, our continuous effort is to reach out to the maximum sources of e-waste generation, which are the urban centres of India. That's why we need to have stronger presence in the bigger cities you know, where more urban population is living. That's the intent for us moving forward.

Ridhi Agarwal:

Oh, okay. Got it. Sir, what would be our current market share?

Akshay Jain:

Ma'am, current market share is something I cannot quantify it because as you know, as we speak, 85% of India's e-waste is still handled by the informal sector. But I would say out of the formal recycling mechanism, our market share would be anything close to 3%, but I cannot give you references for, you know, getting to this number, but this is a rough assumption that our market share is only about 2.5 to 3%.

Ridhi Agarwal:

Yeah. Fair enough. Actually, my follow-up question was actually that on last con-call, we had a target and vision of doubling the market share in next two years. So how are you planning that and are you on track of this?

Akshay Jain:

Yes. We are. As we have like the increase in 50% revenue, most of the contribution has come from alien territory for us, which is the south of India. So, we are strengthening our collection channels and what was the question, sorry, I lost it.

Ridhi Agarwal:

Yeah. Yeah. I just said --

Akshay Jain:

To double the --

Ridhi Agarwal:

Doubling the market share.

Sanjeev Srivastava :

If you look at it, I shared that from the last year, 35% of capacity utilization, we have gone to 55%. That's another view of looking at how --- the number. Right. So, we are moving in both directions. We are, you know, already, you know, going through expansion strategy. We are strengthening our network. We are already ensuring that our capacities are fully leveraged for revenues. So all these processes are on, I'm sure that two years, you know, is a good time frame to really look at the double the number.

Ridhi Agarwal:

Definitely. Definitely, the margins and all the results are very impressive, and your extension plans are very good. My last question would be that just because our Li Ion battery segment is just operational in the next quarter. Can you set some target clients, your current target clients and any orders you have in hand right now?

Sanjeev Srivastava :

So, I just said that this happens to be a complementary business of us. We have got a lot of battery which are coming in anyway, which is a part of our various consumer products, which we recycled. But already we have started building contacts and there are two, three major EV players, for whom we are redoing the e-waste one. So, we have, the moment we have, we have already got the CTO, we are waiting for a formal authorization which is expected in next 15 odd days, where the talks are already gone, we are already hiring our business development team for that. So, I think everything should formalize in next probably 60 odd days. That is the reason we are committing about 7 odd months of business in this year from this plant.

Ridhi Agarwal:

Okay. That's it from my side. All the best for your future. Thank you so much.

Akshay Jain:

Thank you. Thank you so much. Yeah.

Moderator:

Thank you. Now I hand over the floor to the management for closing comments.

Sanjeev Srivastava :

I would just like to extend it thanks to all the investor and analyst who all have attended this call and I'm glad that people have so much of interest about this growing business. You know, e-waste continues to be a challenge for everyone. I think as a individual, we really owe it that we need to ensure that our gadgets, whatever we discard is responsibly recycled, keeping all the environment things intact. So once again, thank you so much for joining this call. It was really a pleasure to answer all the questions. Hopefully, we have done a decent job in terms of answering all your queries. Thank you very much.

Moderator:

Thank you, sir. Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation. You may disconnect your lines now. Thank you and have a good day.

Note:
1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.