



NamoeWaste Management Limited

An ISO 14001:2015 & ISO 9001:2015 Certified

Date: November 18, 2024

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 UNAUDITED FINANCIAL RESULTS FOR
HALF YEAR ENDED SEPTEMBER 30, 2024**

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 November 15, 2024, in respect of the Unaudited Financial Results for the half year ended on September 30, 2024.

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

Request you to take the same on record.

Thanking you,


Yours faithfully,

For **NamoeWaste Management Limited**

Akshay Jain
Managing Director
DIN: 06763819

Encl: As Above

 Reg. Office : B-91, Private No. A-6, Basement, Main Road Kalkaji, South Delhi, New Delhi-110019, India

 Corp. Office : 14/1, Main Mathura Road, Faridabad-121003 (Haryana)

 +91-129-4315187, +91-81303 93628

 admin@namoeWaste.com, www.namoeWaste.com

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**Namo eWaste Management Limited
H1FY25 Result Conference Call**

Event Date / Time: 15/11/2024, 16:00 Hrs.

Event Duration: 1 Hrs. 01 mins 22 secs

CORPORATE PARTICIPANTS:

Mr. Akshay Jain

Managing Director

Mr. Sanjeev Srivastava

Chief Executive Officer



Moderator

Ladies and gentlemen, good day, and welcome to the NamO eWaste Management Limited H1 FY25 Earnings 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. Should you need assistance during the conference call please signal a moderator by pressing * and then 0 on your touchtone telephone. 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 belief, 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 Kaushal from ConfideLeap Partners. Thank you, and over to you, Kaushal.

Kaushal Shinde

Thank you. Good day, ladies and gentlemen. On behalf of Ventura Securities Limited and ConfideLeap Partners, I welcome you all to NamO eWaste Management Limited H1 FY25 earnings conference call. The company is today represented by Mr. Akshay Jain, Managing Director; and Mr. Sanjeev Srivastava; Chief Executive Officer. I would like to hand the call to Mr. Akshay for his opening remarks. Thank you, and over to you, sir.

Akshay Jain

Ladies and gentlemen, a very warm welcome to each of you as we gather for the 1st earnings call of NamO eWaste Management Limited post listing on NSE, where we aim to delve into our first half year performance for FY2425. Before we delve into the specifics of H1 FY25, allow me to provide a concise overview of our company. NamO eWaste, founded in 2014, is one of the leading players in India's sustainable e-waste management sector. As a key contributor to the circular economy, we offer a comprehensive suite of services that includes electronic and electrical waste recycling, reverse logistics, data destruction, IT asset dispositioning and extended producer responsibility.

Back in 2017, we were the 1st company in India to initiate EPR recycling. Since then, we have won ISO and R2 certification and developed exclusive precious metal recovery technology under the guidance of Ministry of Electronics and Information Technology, that is MEIT. With over 250 clients over 100 plus products recycling categories and more than 25 awards and recognitions, we are proud of our contribution to India's sustainable future. In 2024, we achieved a significant milestone by listing on the NSE SME on 11 September 2024, making a new era of growth and expansion. Our IPO got oversubscribed by a whopping 225 times, evidencing the fact that the e-waste industry is rapidly growing and drawing attention from the investor community.

Currently, our operations include 3 recycling plants with a combined recycling capacity of over 30,500 metric tons per annum and a network of more than 26 collection centers across the country. We have strategic partnerships with leading tech and fintech companies serving clients like Philips, Amazon, Adobe, GE, Paytm, Samsung and many others. Post the listing, we are expanding our footprint into the new



facilities, thereby increasing our total recycling capacity to 56,500 plus metric tons per annum by Q2 FY26, strengthening our position in India's rapidly growing e-waste management sector.

Our 11,050 metric ton lithium-ion battery recycling plant in Nashik, which will leverage the growing opportunity in battery waste management to be commissioned in Q1 FY 2026. At 15,000 metric ton plant in the TSIC electronic manufacturing cluster in Hyderabad, a strategic location providing access to the southern IT market and optimized logistics to be set up by FY26. Now let's look -- let's take a look at the industry. India is the world's 3rd largest e-waste producer, generating 3.2 million tons annually, a figure that is expected to reach 5 million tons by 2030. The Indian e-waste management market currently valued at USD 1,660 million is projected to grow at USD 5,198 million by 2022 as per previous market reports. This is a growth of around 4.5x. Yet only about 30% of e-waste is properly recycled with 70% collected and mismanaged by the informal sector.

Globally, unrecycled e-waste results in a loss of USD 57 billion of precious metals. By 2022, the valuable metals recovery from e-waste could reach to up to USD 3,500 million and consumer electronics could represent a USD 3,287 million market, highlighting the vast potential in e-waste management. I would like to now comment on the financial highlights of H1 FY25. Our income grew to 88.4% to INR 6,700 lakhs, where our EBITDA has increased by 42.46% to an INR of 680.96 lakhs with a 10.16 margin, and PAT rose to 95.77% to INR 534.31 lakhs with a 7.97% margin and EPS of INR 2.34%. Our ROE stands at 8.84% and ROCE at 7.09% post issuance of fresh capital in IPO.

Looking ahead, Namo eWaste maintains an optimistic outlook, grounded in its strong performance and strategic initiatives aimed at achieving industry prominence. The company's consistent growth and financial stability positions it favorably for continued success in the dynamic market landscape. Before we delve into the question-and-answer session, I want to express my sincere gratitude to all our stakeholders for being an integral part of our growth journey. Your support and involvement have played a crucial role in our success, and we genuinely appreciate your valuable contribution.

With this, I would now like to open the floor for questions and answers. Thank you once again, ladies and gentlemen for your presence and continued support.

Moderator

Thank you, sir. Ladies and gentleman 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 turn to ask the question. If you would like to withdraw your request you may do so by pressing * and 1 again. First question comes from Sunny Kumar from IAF. Please go ahead.

Sunny Kumar

Sir, I was just checking the year comparison. There is more EBITDA margin and equal recycling EBITDA is 70%. Can you deliver into how the status with bank?

Akshay Jain

Well, it is a matter of surprise to us also because our PAT margins are very well just around or just above the industrial average. So, EcoRico is performing, I think they have a different set of services or some other



sources of income, which we are not aware of. As far as the industrial practice goes, we are slightly above the average of our industrial peers.

Sunny Kumar

And second, sir, what is the CapEx outlay and how much funding it will take to do the CapEx which is planned?

Sanjeev Srivastava

So, we are looking for the lithium-Ion plant in Nashik, we are looking close to about total about INR 11.7 crores. And also, for Telangana, for an e-waste plant, we are looking close to about INR 15 odd crores.

Sunny Kumar

And this will be proceeded from IPO funding?

Sanjeev Srivastava

So, IPO, we had taken this lithium-ion funding plant in Nashik, that is the thing we already anticipated and that we already made a provision for IPO. The Telangana project, we'll be able to fund it from our own internal sources.

Moderator

Thank you. Next question comes from Prathamesh Dhiwar from Tiger Assets. Please go ahead.

Prathamesh Dhiwar

Yeah. So, first of all, sir, congrats for the good set of number in H1. So just couple of questions. Sir, what was our capacity utilization in H1 on 30,000 MTPA capacity?

Akshay Jain

We have utilized around 30-35% of capacity in first half.

Prathamesh Dhiwar

Okay. And so, what is the maximum revenue that we can clock on the current capacity?

Akshay Jain

See, it really depends on the products that we are recycling. There are products which are higher in value. So, we cannot do that level of comparison when it comes to our business. It can be only a quantific comparison in terms of metric tons, the capacity utilization. As far as the current capacity goes, on our



top side, we can reach to a revenue of around INR 800,000 crores. But all of that majorly, majorly depends on the product that we are recycling.

Prathamesh Dhiwar

Okay. Got it. And so, by when we are expected to reach a maximum capacity or maximum utilization, in current capacity?

Akshay Jain

With current capacity, we would be utilizing 100% within 18-24 months.

Prathamesh Dhiwar

Okay. Got it, sir. And so just a question regarding the CapEx in the lithium-ion side. So, once you're flying it, are we expecting any further margin improvement or it will be in the similar range only?

Akshay Jain

No. Battery looks like a better perspective in terms of margin. So, and there is a lot of value addition that we are looking to do with the spent batteries. So yes, I think like our refurbishment margin is also slightly higher than recycling. I think same will be replicated in battery.

Prathamesh Dhiwar

Okay. And so, in the if I can talk about the industry outlook in the lithium-ion, so how has been the industry panning out? How like, can we source, like, the raw materials on a regular basis in a lithium-ion side? So just wanted to know.

Akshay Jain

So, we have been collecting batteries because it comes as a complementary thing with electronic waste. So that's the reason why we have specifically entered into this domain. And all the more reason that why we are putting up this plant in Nashik is that we already have our existing customers that we have been working for past 2-3 years. And now that the battery rules have come out from the CPCB, so separate working, separate license has to be attained for battery recycling. Earlier, we were doing it complementary with e-waste. So, we have a lot of engagements that are in place, and we are confident and able to source a good amount of batteries.

Prathamesh Dhiwar

Got it, sir. And so just last one more question, if I can stretch it. After completing the CapEx, how much time it will require us to get into the peak utilization? And what sort of top line can we clock after doing the CapEx on the, let's say, peak utilization, 100% utilization?



Akshay Jain

On the 100% utilization for battery, the maximum that we can go to would be around INR 80-120 crores.

Prathamesh Dhiwar

And for the overall 56 MTBA capacity, 56,000 MTBA?

Akshay Jain

For that, I think we would be very well over 500, 600 odd crores.

Prathamesh Dhiwar

Ok, got it sir. Thank you so much and all the best.

Akshay Jain

Thank you.

Moderator

Thank you. Next question comes from Vineeth Khatri from Chris PMS. Please go ahead.

Vineeth Khatri

Sir, my question is this, like, to the EPR. If you can please, like, take us through the entire process of how the -- how you receive the order and how the entire things look like. What's the payment cycle, and, do we receive in advance, and how the thing works when it comes to the EPR thing, and what are the margin and things like that?

Akshay Jain

Yeah. So, for EPR, we have to collect the raw material from market, where we are primarily dependent on our aggregators. So, we have a widespread network of over 200-250 odd aggregators across the country. We keep collecting the material from the market, and there is a negative delta when we recycle that material. So, for example, if we buy at a cost of INR 50 from kabadiwala from the aggregator, it comes to us through reverse logistic expenses and there are other overheads and then the recycling happens.

So, our costs sometimes from INR 50 goes to INR 60 and the recovery is only INR 50 when the extracted products are sold. So, the incentivization of that INR 10 that we make a loss of during recycling is being incentivized by the producer under EPR, plus our profit. So, for example, for this trade, we would be charging somewhere around INR 18-20 from the producer for this whole activity. So, this is how the EPR economics work.



We do get a lot of purchase orders from the producer that could be quarterly or it could be half yearly. I mean, it could be phase wise or the whole consolidated quantity, but there is no provision for advance. This is not the market practice. No producer is paying us the advance. It is only after the completion of the whole, the target that we submit a service invoice to the producer.

Vineeth Khatri

Okay. So, what's the margin you said?

Akshay Jain

That is, we clear in 30 days.

Vineeth Khatri

What's the margin you said? Like, cost you told, for example, if an INR 10 loss. Right? An INR 60 cost plus an INR 50 of, recovery you can do. So, they will incentivize the difference.

Akshay Jain

Our gross margin in EPR is around 18%.

Vineeth Khatri

18%.

Sanjeev Srivastava

One more information because you've asked a question on the EPR, and it's very relevant for the industry. So recently, CPCB in the month of September has come out with a circular which talks about the minimum rates for the EPR business. So, earlier, different kind of rates were prevailing. Recyclers were charging different rates. It was very, very competitive market. But now CPCB has given a mandate to all the producers and manufacturers and also to recyclers to work for different categories at a certain minimum rate, which is effective immediate from immediate effect. And that secular came on 9th September '24.

Vineeth Khatri

So, this means that all the players in the industry would be, having same margins, right, when it comes to EPR business?

Sanjeev Srivastava

CPCB has defined minimum rates. You can always charge premium for the services. So minimum rates have been defined, but maximum depending upon the comfort and the quality of work which you do, you are free to charge higher price if the provision is willing to pay. So that margin can be increased also. But the minimum rates have been defined.



Vineeth Khatri

Okay. And, sir, one more question. It may be a basic one, but, yes, like, we have different verticals, sir. One of them is EPR. When it comes to the other verticals, what do we sell? Like, at the end, if we are recycling something and we get valuable, said metals, have their aluminum gold. Right? So, like, how do we generate, money from that then? Do we sell it in open?

Akshay Jain

Yeah. We sell it in open, but it's not exactly that we sell it in small quantities. We try to sell it to the best application possible. So, for example, our copper goes to the copper smelter, who is the final end product user, it goes to that. So, we always try to find out the best application of our extracted material and then it is channelized directly to the best source in order to get better value. And our downstream is not like the small collector, it is mostly the big industries, foundries.

Vineeth Khatri

Okay. Got it. Makes sense. And, sir, if we, like, our current capacity utilization, as you said earlier is 35%. Right? So, like, do we have any targets of increasing it to and better utilization? Like, what will be our, EBITDA margins then?

Akshay Jain

See, we are, we definitely want to maintain the margins, the EBITDA margin that we have. And now that we have reduced our cost because of fundraising, there is no pressure of interest and other things. So yes, we are looking at better EBITDA margin in the future.

Sanjeev Srivastava

And also, as I said, that the minimum rates have been defined now. So, there will be some margin on that side also.

Vineeth Khatri

Ok sir, I will get back in queue if I have any more questions, thank you so much for answering.

Moderator

Thank you. Next question comes from Kaushal Sharma from Equinox Capital Ventures. Please go ahead.

Kaushal Sharma

Hi, sir. Very good evening and congratulations to you for the amazing numbers. So, I want to ask question on your working capital price. So, could you please let me know, the inventory? Because your inventory is elevated too much. In H1 FY24, we are running around INR 14.65 crores of inventory. Now it is used to



INR 31.35 crores. So, what is the reason of increasing the inventory? And if possible, could you please give me the break up in terms of your product segment like EPR, refurbishment and recycling of that INR 31.35 crores?

Sanjeev Srivastava

So, first, I'm answering your question to the rise in inventory level. So, in September, we had got a very good opportunity of lifting material at a heavy discount. This purchase was done when we got our funds from IPO, et cetera, and that purchase was done in the last 10 days of September. These materials are picked up from various locations across India, including Chennai, Bangalore, et cetera. So, it takes about 5 to 7 days in terms of getting those materials. So, what happened that these materials typically came in the last week of September. So, that is when you are seeing a spike in the finished goods. Now, typically, this cycle for our material is about 40-45 days we are able to sell it and recover the money. So, the stock levels have already come down.

And I think as we move forward, we are selling the stock. It will come back to normal level sometime. The advantage was there because the heavy discount was available. You know the festival season in India starts from October onwards. We got a good discount, so we lifted material.

Kaushal Sharma

And what is the breakup of the INR 35.35 crores in our product like EPR refurbishment and recycling?

Sanjeev Srivastava

Approximately, INR 5 crores of inventory of refurbished products and final product in terms of metals and the ready-to-go sellable product, that inventory is around INR 7 crores and rest is in finished goods.

Kaushal Sharma

And could you please tell me the breakup of INR 52.61 crores that we have done in H1 FY25 in terms of revenues?

Sanjeev Srivastava

INR 52.51, I think...

Kaushal Sharma

61 crores.

Sanjeev Srivastava

Sorry?



Kaushal Sharma

Like H1 FY25, we did around INR 52.61 crores. Right?

Sanjeev Srivastava

You are seeing 2 balance sheets. The balance sheet which you are talking about is a standalone balance sheet of NamO. We are today talking about the consolidated balance sheet.

Kaushal Sharma

Consolidated. Correct. Correct.

Sanjeev Srivastava

Right?

Kaushal Sharma

Yes, yes, INR 67 crore.

Sanjeev Srivastava

Yes. INR 67 crore. So typically, we have close to 60 odd percent of it coming from recycling, close to 15% from refurbishment and rest from EPR and consultancy services.

Kaushal Sharma

So, INR 6 crores from recycling, INR 15 crores from refurbishment and rest from EPR, right?

Sanjeev Srivastava

No, I said 60% is typically from recycling of the container products and sale of metals, right? About 15% comes from refurbishment of IT assets and the rest, 20% is through the EPR and our consultancy services.

Kaushal Sharma

Okay, thanks. And one more question on the trade receivables. If we see that trade receivables is also tied from INR 6.7 crores to INR 13 crores, it's going to be in H1. So, what is the reason?

Sanjeev Srivastava

So, as I said, a lot of sales happened in the last week of September because when we got the material, right? So that is the reason that typically we get money in about 30 odd days' time. So therefore, you are seeing a spike which is in line with our operations because you will also appreciate that we have grown our revenue by 88%. So, if you do the apple-to-apple comparison, you will probably see a spike every day.



Kaushal Sharma

And just want to confirm one thing also, sir. I'm seeing your presentation. You have written that around INR 3.36 crores of combined we are recycling on a yearly basis around INR 28 lakhs per month and home appliances around INR 1.24 crores around INR 10 lakhs per month and around INR 4 lakh, INR 5 lakhs laptops around 40,000 per month. So where are we sourcing these? Because these are the very huge number in terms of mobile, if we think.

Akshay Jain

Yes. So, we are sourcing it directly from the companies. The market procurement or the aggregator procurement is only for EPR. Majority of our procurement in terms of value comes from directly from the companies. So, we are working exclusively with many mobile companies, where, you know, we are the only service provider in India for them. So that's...

Kaushal Sharma

Could you please name, that company if possible?

Akshay Jain

Well, we are working with Samsung exclusively. We are working with Dickson, Xiaomi. And then, the various subsidiaries of these companies, you know, they contracted manufacturers, which are spread across India. So, something from Foxconn, BBGs and these kinds of companies.

Kaushal Sharma

Yes. So, we are exclusively working with these companies, right?

Akshay Jain

Some of them are exclusive and some of them are like multiple vendor platform, regular basis.

Kaushal Sharma

Ok sir, thank you very much for answering these questions and best of luck.

Moderator

Thank you, ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. Next question comes from Jay Shah from Genuity Capital. Please go ahead.



Jay Shah

Sir, I had a couple of questions in 2023 when you acquired Techeco, saying that, you know, you want to expand into lithium ion recycled. First of all, I mean, what advantage would the acquisition get to us, you know, in terms of is it a technology? Is it a partnership? Is it you know, what is it that company gets us? So, that is number 1.

Sanjeev Srivastava

Okay. So, Techeco was formed. It was an LLP. And it anyway, Akshay has 33% partnership in that LLP. And there were 2 other friends which were part of that and they were doing the similar business. And when we wanted to expand, I think it's better we do control the entire thing. And because our intent is to become one of the biggest players in India, that's the reason what we have done, we have started doing acquisition, we are putting up more plants, we are also looking at various acquisition opportunities just to build more capacity because e-waste opportunities are growing up, right? And that's the reason we want to leverage it and that's the reason why we have taken it over directly under our control.

Jay Shah

Okay. So, there is nothing in terms of technology that the acquisition gets to us? We already have another report.

Sanjeev Srivastava

It's a -- we are using the almost same technology. It's just we get, you know, advantage of being present in Maharashtra. And, of course, as you know, we are a pan India player. So, there are certain things, you know, which we procure and which we recycle there. So, it will help us in probably minimizing our logistic cost also.

Akshay Jain

We see the recycling as a decentralized business. So rather than investing heavily in a plant and then feeding it from across India, we rather want to have multiple facilities and one high-tech plant where we can recover everything, end-to-end recycling, supported by multiple plants which can be handled locally and so that sourcing becomes feasible for us. This is a way to be more competitive in industry.

Jay Shah

Right. Also, just one thing because you said lithium-ion, you mentioned that we are looking at lithium-ion recycling and that's what the Nashik plant is for. So, do you think there is going to be enough already batteries in the market? Because as we see as we talk to automobile companies, you know, the electric batteries are still not picking up that part, as expected. So, you think that there will be enough scrap for you to recycle in the next couple of years?



Akshay Jain

See, again, you are very right with that study that we also see that proper recycling efficiency is about some time away in India. But see, right now what is happening, there is a huge demand for secondary battery packs. So, there is a proper downflow of the batteries, how it goes to recycling. The end-of-life battery goes for recycling whereas before that when the efficiency of battery is reduced, it can be easily reused, remanufactured, repacked and rebranded and resold in the market.

So, this is what majority of the battery players -- I am not talking about companies who are branding themselves as recyclers, but the companies who are working in this domain, they are focusing more on that part right now. So, we are also on the similar terms. Of course, recycling and refurbishment, they always go hand-in-hand, and the paradigm will shift in some time from refurbishment to recycling. So, we are targeting we have gained knowledge on both the fronts, and right now we will be focusing more on battery refurbishment and production of secondary battery packs.

Jay Shah

Got it, got it. So that I'm assuming would be relatively a lower margin business subject to recycling, because recycling is a better margin...

Akshay Jain

It is a better margin business. Let me tell you again that refurbishment is always a better margin business than recycling.

Jay Shah

Okay. Understood. So, just if I may have missed, what was the capacity utilizations out of this, 50,000 that we have totally? Sorry. 30,000 that we have totally till now?

Akshay Jain

30,000, we have utilized around 35% in first half.

Jay Shah

Okay. In first half. So do we expect to go anywhere between 60-65 over the next...

Akshay Jain

Yes, we'll end this -- we'll be looking to end this year at around 80-90%.

Jay Shah

Great, that's it from my side and all the rest for the future.



Moderator

Thank you. Next question comes from Shivam Singh from Money Club Investment. Please go ahead.

Shivam Singh

So, the first question is, sir, we have a 3-segment e-waste, refurbishment and EPR. So, which is the highest margin business, sir, out of this?

Akshay Jain

Refurbishment -- on an average basis, refurbishment is the highest margin business.

Shivam Singh

Okay. So, refurbishment right now is contributing 15% in our top line, sir, as you mentioned, 16%, 15% and 20%. So, what is your future outlook? What we are planning like, what percentage we are planning to come from the refurbishment, sir, going forward?

Akshay Jain

We see refurbishment always in the range of around 15% to 30%. Because there is a lot of competition in the refurbishment sector and it is again a very unorganized sector scattered across India. And the refurbishment rules have also been cleared only in '23 rules by the CPCB. Before that refurbishment as a standalone business was not identified in the e-waste rule. So now that refurbishment is going to pick up gradually, there is formalization of the whole process of recycling. There are guidelines coming up. There is proper identification of who has the capability to refurbish or recycle it.

So, there is differentiators which were earlier not there, and now this business is getting formalized in India. It's still like this couple of years that it is being formalized. And we are doing only IT appliances refurbishment majorly.

Shivam Singh

Understood. So, sir, on the same note, can you just elaborate, sir, what kind of a competition we are seeing in e-waste and EPR also, sir? Like the market is going towards the organized from the unorganized segment, sir?

Akshay Jain

Actually, in e-waste, it was much more unorganized and now it is getting organized and we are on the good side of it. There is definitely advantage that is coming our way, whether it's minimum rate that is defined by the CPCB and there are other things like they have expanded the Schedule 1 in which the EPR is now applicable to over 120 items. So, e-waste had its share of struggle, but now it is becoming better for stakeholders like us. Whereas refurbishment is relatively new, so it will take some time to properly structure itself.



Shivam Singh

Understood, sir. Just one more last question, sir. On the margin side, sir, so on this year, if you look at on H1, because our margin is decreased by almost 250-300 basis points. And but going forward, as you mentioned, we procure based on a lower price also at the end of a quarter. And also in a CP series, the minimum rate is defined. And also, you mentioned the refurbishment contribution will be increased from 15% to around 30%. So, what kind of a margin we can expect, sir? Can we expect around 15% more than 15% going forward?

Akshay Jain

Well, that is looks like visible, but I mean, we can't overcommit it at this moment. We are looking at a better margin than last year, definitely, but I think just to double that would be slightly stretched. I don't think that would be possible for this year, but yes, we are looking at definitely at an improved figure from last year.

Shivam Singh

Understood sir, thank you, sir.

Moderator

Thank you, ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. Next question comes from Prajyog, an Individual Investor. Please go ahead.

Prajyog

Hello sir congratulations on a really excellent performance this year in the first half. So, my question is, so we understand that since last 2-3 years, there has been a government initiative to formalize this e-waste recycling, right? And a lot of growth that has happened in this business has been triggered by the regulatory environment in the country. So, my question is, do you see -- to what extent do you see these regulations getting further strengthened? And when you compare it with the European or the U.S. market, do you see -- still see a lot of gaps that India has in terms of regulation? And if there is further tightening of the regulation, how would that impact -- will further impact our business? That's my question, number 1.

Akshay Jain

So right now, I see there is no gap in terms of regulations and the rules that have come out. They are as stringent as they could be. That is how they are adopted in over 150 countries across the world. And so, I mean, we are giving, I mean, huge compliments to the regulators for coming out with such kind of guidelines and making it law. Now what comes next for us is implementation phase. So, India has gone through first the regulation were out, then there was capacity building phase, and the third phase that now we have entered into is implementation phase. So as far as I mean, from the recycler side, we cannot ask we have nothing to ask from the government as of now because all the demands and all the framework that the recyclers were asking for has more or less been addressed by the CPCB.



So, everything they have now given, the onus of this entire activity to the producers. So, we have as far as today, we have nothing to ask from the CPCB, but yes, implementation is happening on a ground level. They have started the audit. So, we expect that bad competition will be flooded out of the market soon. And with proper implementation of these guidelines, I think we are looking at a huge turnaround for this space in India.

Prajyog

And then what would be the time line of this turnaround? What do you anticipate? How long would it take for the proper implementation to be transformed the client?

Akshay Jain

Now we see, I mean, basically, 6-12 months where all the audits are completed and so there is some resistance from the producer side for current loss, which is being now government has to listen to everyone. So, they are explaining and they are fighting on behalf of the recyclers in order to implement these rules.

Prajyog

Understood sir, that's very helpful. So, my second question is related to the capacity utilization. So, I think from previous answers, I gathered that we have been somewhere around 35% capacity utilized in H1, right? So, what is -- what are the factors that determine, why could we not do more considering that this space has a lot of demand from the corporate side. Is it a function of the collection efficiency? Do we need more collection centers? Could you throw some light on that front? Why is it 35% and not maybe 50% or 60%, because we already anticipate more ability of ours to do, right? We are already putting a plant and by next year, this time, maybe that plant might be functional. So, what are the factors that decide how this capacity utilization grows?

Sanjeev Srivastava

Yes. So, what happens that just like other businesses, this is also a regulated business done by CPCB, right? So, every producer has been given target for the year. And typically, it is something like that. Insurance is best sold in the last quarter because everybody has to take it before the end of the financial year. Similarly, in this market, if you look at even the last year trend, 1st 6 months, we have done INR 35 crores and we finished the year at INR 100 crores because second half is a better period because every producer, important, manufacturer, whoever has a target has to ensure that the targets are met.

So, and also this year what has happened because of the changing guidelines and the minimum rates, you know, thing. So, a lot of producers are just holding their orders and not giving their mandate to recycler because they feel that maybe the minimum rates have bogged down. Because earlier, if you take the average rate of EPR in the market was close to about 14-15. Why we were doing business at 25 because we were doing business with better companies who were ready to shell out money for recycling, but average INR 15 was the market. Whereas the new rates which has come out, the average has become INR 26, INR 27 for the various categories, right?



So, a lot of producers are basically holding on to give them mandate, right? But now CPCB as we are talking, until September has come out yet another instructions that whatever has been mentioned in the E-waste Management Guidelines 2022 and backed by various communication which has happened afterwards, everything has to be respected by the producer and the recycler. And they said any deviation is also punishable. So, they just few days back, they have come out with circular. So, which means as the time is passing by, everybody has to meet their target by 31st March for this year, I'm sure that ultimately more and more orders will come.

So, this was basically from the producer who are playing a wait and watch game. Let us see these orders. Minimum wage circular can be revised or re visited. But that has not happened so far. So that's the reason we would see a better usage of capacity and order book in the second half.

Prajyog

Understood. So, can I squeeze one more question? It's a follow-up on the same capacity reading.

Sanjeev Srivastava

Yes.

Prajyog

So, sir, related to this capacity, how much did what was our installed capacity last year by end of FY24? And when do you -- when do we see that entire 55,000 MTPA getting fully utilized? What will be the time line for this? What do you see there? That's all from my side.

Sanjeev Srivastava

Okay. So, last year, we had 2 plants which were fully operational for the whole year, which is one is Faridabad 5,200 tons and another in Nashik 9,200 tons. The dismantling plant in Palwal for 17,000 tons came in the month of September 23. It was commissioned in August, but we started fully operationalizing it from the month of September. So, last year, it contributed for almost 6 months. Now, coming back to 56,000, that includes 2 plants, 1 is lithium-ion plant in Nashik for 11,000 tons, which will be operational by Q1 '26, and another plant in Telangana that should be basically operational by Q2. So, next year, the impact of it would be for 9 months for lithium ion and for Telangana for about 6 months. So, I think by '26- 27, we should be able to see utilization of the entire capacity.

Prajyog

Great sir, thank you so much for the detailed answers.

Sanjeev Srivastava

You are welcome.



Moderator

Thank you. Next question comes from Rajiv Jain, an Individual Investor. Please go ahead.

Rajiv Jain

नमस्ते अक्षय जी। नमस्ते संजीव जी। बहुत ही अच्छा set of results, congratulations for that.

Akshay Jain

Thank you, Rajiv ji.

Rajiv Jain

मेरा एक question था। जैसे अपना final stage बात करते हैं अपन, के भाई अपने recycling वगैरह कर ली। जो recycled products हैं उनको कर दिया। उसके बाद में hazardous waste बनता है अपने यहाँ पे। तो उसका क्या statement होता है sir?

Akshay Jain

Sir, we are sending this hazardous waste to TSDF sites. These are government approved dumping sites. So, for that, we are paying them on a per Kg basis.

Rajiv Jain

समझ गया, ठीक है।

Akshay Jain

For transportation, lifting, and then end-to-end disposal, end of life disposal.

Rajiv Jain

अच्छा, और वो लोग आगे क्या करते हैं? मतलब कोई soil को problem नहीं आती है, जैसे वो जमीन के अंदर कुछ करते हैं।

Akshay Jain

नहीं। First of all ये question थी, हमने भी वो आगे बात करी, कई बार जानना चाहा, but, first of all यहाँ पे क्या है कि very confidential ये information रखी जाती है, we are not allowed to, even nobody is allowed to enter. Secondly, government approved होती है। Properly अगर हम अपने pollution board को सारी चीजें report करते



हैं, उनकी भी एक पूरी downward reporting है of the entire waste जो भी वो collect करते हैं। So, there is a mechanism, but उनके अंदर वो क्या practices follow करते हैं that is tough for us to comment.

Rajiv Jain

समझ गया मैं। और दूसरा आपके जो ये hazardous product में आप arsenic भी produce करते हैं, arsenic वगैरह वो भी निकलता है?

Akshay Jain

नहीं, हम arsenic कोई अलग से produce नहीं करते। हमारे पास जो recycled fractions होती हैं, उसके अंदर ये सब material होते हैं। For example, foam निकलता है refrigerator से या फिर CRT glass निकलता है TV में से, उसके अंदर ये phosphor की, sulfur की, arsenic की कोटिंग होती है। तो हम उसको अलग से extract नहीं करते। हम पूरे ही उस hazardous fraction को as it is dump कर देते हैं to the TSDF site.

Rajiv Jain

समझ गया सर। समझ गया, आपको बहुत बहुत बधाई congratulations once again. Thank you.

Akshay Jain

Thank you so much. Thank you.

Moderator

Thank you. Next question comes from Abhishek Garg, an Individual Investor. Please go ahead.

Abhishek Garg

Thank you for the opportunity, congratulations on the great set of numbers. Just, I wanted to understand on your margins. Last year, we saw operating profit margin of 13%, which is dipped to around 10-11% this year. Do we expect this to revert back to 13% and more in H2 and going forward?

Akshay Jain

Yes, yes. We are definitely expecting better margins because, as I said, the incentivization of EPR, it comes from the producers. So, we have to continuously collect from the market recycle that creates a negative delta and the service invoices are raised to the producer by the end of the year. So, most of our EPR income is it comes from December to March. So for that, the work is already in progress, and there is a negative delta that we produce.

Abhishek Garg



Understood, Akshay Ji. And Akshay, just to understand the bookkeeping portion, we see that PBT and PAT for this quarter, this H1, it is same. Do we expect this to be, like, the tax rate to be higher in H2 or, like, how will that....

Akshay Jain

No. PBT sir, PBT and PAT cannot be same. I think, there is can we yes.

Sanjeev Srivastava

So, what's the question? Can you repeat it, please?

Abhishek Garg

PBT and PAT is same for this H1?

Sanjeev Srivastava

No, no. PBT is 5.24 and our PAT is 5.34. They are not same. So....

Abhishek Garg

Yes, I mean the company hasn't paid out any taxes.

Sanjeev Srivastava

No, no. So, I think this year what has happened, let's say typical accounting are different because of the IPO thing, while computing income tax, we have taken 1/10th of IPO expense, which is INR 6.17 crores as a deduction of INR 61 lakh for the 1st 6 months on a pro rata basis. So, that left us INR 5.56 crores of expenses, which we transferred to deferred tax asset. And after adjustment from deferred tax liabilities, there is a total asset which is created for INR 9.95 lakhs. So that is the reason it has become positive this year and we have arrived at a PAT of INR 5.34.

Abhishek Garg

And do we expect it to remain like this or do we expect the tax rate to be higher in H2? Do you expect it to be same or change?

Sanjeev Srivastava

No, it will be probably in line with that because next 6 months also we will get the benefit of 6 months of pro-rata basis, which is close to about 61 lakhs. So, we expect a similar time to proceed. This will continue for 5 years. That reason we have created a deferred tax asset.



Abhishek Garg

And is it just an accounting thing or we are actually not required to pay any taxes or is it just in the books of accounts?

Sanjeev Srivastava

No, no, this is a benefit which is we are getting. So, this is as per the admissible provision. So, this is accounted for, for 5 years. We'll keep getting benefit of it.

Abhishek Garg

Understood. And actually, just one last question. What is the full year guidance on the revenue side and on the PAT side for this year?

Sanjeev Srivastava

So, we can't give any guidance. Probably at this moment, we are running at about 88% of YoY growth. You can probably think in what direction we are going. So, in this call, we can't give any guidance. But yes, as we said, our growth is pretty good and we will keep doing even better than this.

Abhishek Garg

Sure sir, thank you.

Moderator

Thank you. We have a follow-up question from Sunny Kumar from IAF. Please go ahead.

Sunny Kumar

Hi, sir, can you give me your revenue guidance and operating guidance for 3-5 years?

Sanjeev Srivastava

So, at this moment, we can't give any guidance. You can only see the business trend. That's the reason we keep showing you all the performance for the previous years. Everything is given in the investor presentation. And yes, we are at this moment, I just said that while answering the previous question, we are growing close to about 90% on YoY growth. And we intend to keep our margins intact rather than doing better than last year. So that probably gives indication with direction we are moving. But here for next 5 years, we can't give any predictions on this call.

Sunny Kumar

Thank you, sir.



Moderator

Thank you. We have a follow-up question from Vineeth Khatri from Chris PMS. Please go ahead.

Vineeth Khatri

Hello, sir. Another question from my side is if we are maintaining any order book, can you please tell me, like, if you have any order book in place?

Sanjeev Srivastava

We do have orders, you know, this thing, but see, there are certain companies where we are in a long-term contract for 3 years, 5 years, we keep getting all their materials and there are many clients where we get the repeat order. So, we do have good orders in hand.

Vineeth Khatri

In terms of numbers, can you please tell us?

Sanjeev Srivastava

Sorry?

Vineeth Khatri

Can you please quantify the order? Like if we...

Sanjeev Srivastava

No, no the order cannot be quantified. I have just given an indicative number that we are currently growing at 90%, YoY growth. So again, it's sensitive information. We'll keep doing it and we'll definitely be here to do better.

Vineeth Khatri

Okay. And, sir, one more question from my side. Like, Attero, I think, is the biggest player, right, in India, in this industry, e-waste industry? So, sir, how do we look at it and what is our vision, going forward?

Akshay Jain

Attero definitely has the biggest numbers, but their presence is limited to just one facility. They don't have multiple plants. They are operating and driving all that business growth from one facility in Uttarakhand. That includes e-waste and lithium-ion battery processing capabilities. So definitely, our business model on the outcast is very different from there. We see it as a decentralized business. We are targeting different geographies. We are trying to increase our presence in all parts of India, whereas Attero is getting those numbers just from one facility. So, what is happening at their end is hard for me to comment on it,



but we have presented you our intent and how we see this business and what our approach is. And all I can say is it is very different from what and how Attero is doing it.

Vineeth Khatri

Ok sir, thank you.

Moderator

Thank you. Next question comes from Ravi Arora from Fairwell Advisory. Please go ahead.

Ravi Arora

Well, I have couple of questions. One question is, since product is commodity, right, and that commodity is subjected to price fluctuation. So how do we ensure that our margins are exact or better in terms of our approach?

Akshay Jain

Since we are buying the raw material all 365 days a year and also simultaneously selling the extracted commodities, various metals all throughout the year. So, we all these fluctuations, they are accounted in procurement. So, whenever the commodity prices go down, our procurement prices also decrease. And when the commodity metals are up, the procurement price also increases. I'm talking in terms of aggregator procurement. When it is contractual procurement, yes, we both I mean, the seller and the buyer is buying by the rates that are submitted. So, overall, in the commodity experience, I have been doing it for last 12 years. My family has been in this business for over 40 years.

So, we very well know this risk and we calculate how the market moves, and sometimes we also hedge our position if we have a major exposure of the stocks.

Ravi Arora

Okay. So other question is, can you talk about the risk and how do we mitigate those risks in our business?

Akshay Jain

Yes. As I said, firstly, we mitigated by like we can see it at advance how it is trending. We are very much deeply rooted in this industry. Secondly, we also hedge our positions for security. If we have like major positions of a particular commodity, we see there could be major fluctuations, we hedge our position.

Ravi Arora

Okay. What is our current market share then? Where do we see your market share pan out at '26 and '27 in e-waste?



Akshay Jain

It's hard because it is hard to differentiate between what is formal and informal in e-waste. But I would say in terms of formalized e-waste recycling, our market share would be somewhere around 5%, 3-5%. And with the kind of growth that we are looking at, this market share could nearly double up in 2 years.

Sanjeev Srivastava

Also, this is a combined market share because there are many players in the market who are only doing the EPR work. As we said, our 60% revenues keep coming from proper recycling of various electrical and electronic assets. So, I think on the recycler part, our percentage will be much, much, much higher. It's a blending of both when we talk about the market share of 3-5%.

Ravi Arora

Okay. So last question for me is about the refurbished. So, is it like, for example, if you take, say, 100 mobiles from a company and if you find that 5 mobiles are reusable, then we will refurbish those and sell it back or is refurbished altogether different equipment?

Sanjeev Srivastava

We don't refurbish mobile. We only refurbish laptops, CPUs and other IT products. We don't even refurbish consumer goods. Because I think somebody else was also asking the question, our refurbishment, I repeat, we only do a laptop and CPU refurbishment. I think, Kaushal, only little time is left in the call. So maybe we can take up one last question and then we can conclude this earning call.

Moderator

Yes, sir. The last question of the day comes from Jeet Panda, an Individual Investor. Please go ahead.

Jeet Panda

Sir, there are 2 questions in my mind. One is that you said your capacity utilization at this point of time is 35%. And so, including the 2 new capacity that you are talking about around 50,000 in that basis, what will be the revenue that we can generate at a full capacity utilization?

Sanjeev Srivastava

About INR 500-600 crores.

Jeet Panda

Okay. So, what would be roughly, asset turnover in this case?

Sanjeev Srivastava

Sorry?



Jeet Panda

So basically, our asset turnover would be what ratio?

Sanjeev Srivastava

Asset turnover means?

Jeet Panda

Like what kind of effect, let's say, INR 100 crores of asset, but top line would be how much of top line we can give you?

Sanjeev Srivastava

The total asset -- total CapEx as you are talking about. Okay.

Jeet Panda

Yes.

Sanjeev Srivastava

So, it will be close to about INR 20 crores CapEx, around INR 100, INR 150 crores of unit. So about on an average, on an INR 20 crore kind of assets, we generate a revenue of close to about INR 130-140 crores. So, for this, as we will keep investing into other plants, so maybe for INR 600 crores, we would be probably investing close to about INR 80-90 crores.

Jeet Panda

Okay. The last question is....

Sanjeev Srivastava

Depends on how do you leverage your assets.

Jeet Panda

Right. I understand. You explained earlier about the EPR and the negative delta that you generate. And then the EPR that you realize it at a later stage, so maybe 3-6 months, right? So, the negative or the delta that you are talking about that anyway we have to carry in our balance sheet or at least that capital we have to deploy, right?



Sanjeev Srivastava

Yes, always.

Jeet Panda

So that much of the underutilized capacity or capital will always be there, right?

Akshay Jain

Unutilized capacity will be there, but no capital is always in rotation. So, we have utilized the capital, just the fact that the incentivization part. So normally, we lose around 10-15% on the whole activity, whereas we get around 30% extra from the EPR incentivization. So, overall, that makes our margin to around between 15-20%.

Jeet Panda

But for that period, that capital that we have already utilized as part of our procurement in terms of the negative delta that will continue to be in our balance sheet. Like we have to do that.

Akshay Jain

That normally affects our balance sheet for maybe 60-75 days.

Sanjeev Srivastava

Just to let you know that when we do the business, everything is linked to capacity. For example, for this plant, suppose we have a 17 tons per day capacity. So, we have to keep doing the work throughout the year, because if the order comes in the month of February, say about 1200 tons, we can't process it, right. So that reason we have to keep working the plant throughout the year and then we have mandate with raise the credit and realize the money.

Jeet Panda

Fair enough sir understood. Thank you, that's it from my side.

Moderator

Thank you. Now I hand over the floor to Mr. Kaushal from ConfideLeap Partners for closing comments.

Kaushal Shinde

Thank you, everyone, for joining the conference call of NamO eWaste Management Limited. If you have any queries, you can write to us at info@confideleap.com. Once again, thank you, everyone, for joining the conference.



Akshay Jain and Sanjeev Srivastava

Thank you.

Moderator

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

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