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03rd November, 2025
GIL/2025-26/122

To,

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Dear Sir/Madam,

Sub: Transcript of the earnings conference call for the quarter and half year ended September 30, 2025

Pursuant to Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and half year ended September 30th, 2025 conducted on 31st October, 2025 for your information and records.

The above information is also available on the website of Company:
<https://www.gravitaindia.com/investors/financial-details>

This is for your kind information and records.

Thanking you.

Yours Faithfully
For **Gravita India Limited**

Nitin Gupta
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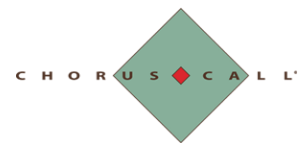




Gravita India Limited

Q2 & H1FY26 Earnings Conference Call

October 31, 2025



MANAGEMENT: **MR. YOGESH MALHOTRA – WHOLE TIME DIRECTOR
AND CHIEF EXECUTIVE OFFICER – GRAVITA INDIA
LIMITED**
**MR. SUNIL KANSAL –WHOLE TIME DIRECTOR &
CHIEF FINANCIAL OFFICER –GRAVITA INDIA LIMITED**

MODERATOR: **MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Gravita India Limited Q2 and H1 FY '26 Earnings Conference Call, hosted by Antique Stock Broking 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 any assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Mahawar from Antique Stock Broking Limited. Thank you, and over to you, sir.

Manish Mahawar: Thank you, moderator. On behalf of Antique Stock Broking, I would like to welcome all the participants on the 2Q FY26 earnings call of Gravita India. We have with us leadership team represented by Mr. Yogesh Malhotra, Whole-Time Director and CEO; Mr. Sunil Kansal, Whole-Time Director and CFO, on the call. Without any delay, I would like to hand over the call to Mr. Malhotra for opening remarks, post which we will open the floor for Q&A. Thank you, and over to you, Mr. Malhotra.

Yogesh Malhotra: Thank you, Mr. Manish. Good morning, everyone and welcome to our Q2 and H1 FY '26 Earnings Call. I hope you've had an opportunity to review the earnings presentation and financial results uploaded on the stock exchanges.

I'm pleased to share that Gravita delivered a steady performance in H1 FY26, reflecting consistent strength across operational and financial parameters in all major business verticals. Supported by a net debt-free balance sheet, the company remains well-positioned for continued growth and long-term value creation.

Prior to discussing the results, I will provide a brief overview of the strategic highlights and project updates. The company's expansion program is progressing as planned with current installed capacity rising to 3.40 lakh metric tons per annum. Gravita aims to more than double this to over 7 lakh metric ton per annum by FY '28, reflecting its commitment to scalable, sustainable growth.

The capex budget has been realigned to approximately INR1,225 crores by FY '28, considering current business opportunities, strategic initiatives in existing verticals and expansion into new recycling domains such as lithium ion, paper and steel. Of this, around INR850 crores will be deployed towards strengthening existing verticals, while the remaining capital will support diversification initiatives.

During H1 FY '26, capex of about INR105 crores has been incurred and an additional investment of around INR100 crores is expected in H2 towards capacity expansion. As part of our commitment to diversification, the pilot lithium and battery recycling unit at Mundra is scheduled to become operational in Q3 FY '26.

Phase 1 of Mundra capacity -- lead capacity expansion of 30,000 metric tons per annum is expected to be commissioned by November 2025, while Phase 2 adding another 50,000 metric ton per annum is targeted for completion by Jan 2026.

Phagi lead recycling capacity enhancement of 45,000 metric tons per annum is underway and is expected to be completed by December 2026. Mundra project for rubber is expected to be commissioned by Q4 FY '26 with revenue contribution anticipated from FY '27, supported by stabilization of the Romania facility.

To give an update on aluminium hedging mechanism, aluminium trading on MCX is yet to commence, but it is likely to begin anytime soon. The proposal has been approved by the MCX Board and all necessary documentation has been completed. Gravita continues to make steady progress towards achieving its FY '27 ESG milestones, aligned with its broader sustainability road map extending to FY '34 and FY '50.

The company's approach places ESG at the center of its operations, promoting responsible practices, innovation-led efficiency and transparent engagement to generate enduring value for stakeholders and communities.

Coming to the operational performance, with the government tightening BWMR and EPR framework, greater accountability has been introduced across producers, recyclers and collection agencies. This has streamlined waste collection channels, reduced leakages to the unorganized sector and improved traceability, collectively driving an increase in domestic scrap availability.

On the volumes front, total volumes witnessed a growth of 4% year-on-year in Q2 FY '26. On a year-on-year basis, quarterly EBITDA per ton stood at INR23,196 in lead, INR14,786 in aluminium and INR10,122 in plastics.

Coming to consolidated financial results for the half year, Gravita reported revenue of INR2,75.44 crores in H1 FY '26, marking a growth of 13% year-on-year. 47% of this was driven by value-added products, reaffirming progress toward our Vision 2029 target of 50% contribution. Adjusted EBITDA increased to INR223.51 crores, reflecting a growth of 16% year-on-year.

The EBITDA margin remained strong at 10.77%. Profit after tax rose to INR189.25 crores, marking a significant increase of 36% year-on-year. PAT margin stood firm at 9.12%

Throwing some light on the consolidated financial results for the quarter, Gravita reported consolidated revenue of INR1,035.50 crores in Q2 FY '23, registering growth of 12% year-on-year.

Adjusted EBITDA rose to INR111.81 crores, up 10% year-on-year with margins stable at 10.80% on the back of operational efficiencies and a favorable product mix. Profit after tax stood at INR95.9 crores, increasing by 33% year-on-year with PAT margin maintained at 9.27%, underscoring strong profitability.

Gravita is advancing confidently towards its Vision 2029, guided by a structured road map focused on scaling core businesses and expanding into emerging sectors such as lithium ion, rubber, steel and paper recycling. The company is targeting a volume CAGR of over 25%, profitability growth above 35% and maintaining our ROIC of over 25% alongside ambitious

targets to increase the non-lead segment share to 30% of total revenue, meet 30% of the energy needs through renewables and reduce energy intensity by more than 10%.

With a legacy of over three decades, 13 environmentally responsible state-of-the-art facilities and a commercial presence across 70-plus countries, Gravita is well positioned for sustainable and long-term value creation. Its growth momentum is supported by a focused capex program, capacity expansion and strong compliance with global standards.

This trajectory is further reinforced by the company's emphasis on operational efficiency, value-added product expansion, disciplined risk management and strong leadership, fostering continued stakeholder trust and confidence. That's all from my end. I would now request to open the floor for questions and answers. Thank you, and over to you, moderator.

Moderator: Thank you very much, sir. We will now begin the question and answer session. We have first question from Mr. Amit Lahoti from Emkay.

Amit Lahoti: Two questions from my side. First on margins. We have consistently delivered higher lead margin compared to our INR19 to INR20 guidance per kg. At what point do we actually upgrade the sustainable guidance range? Is this increase in margin coming from India business or Africa?

Yogesh Malhotra: I mean, yes, over the past few quarters, if you see the margins have increased. Part of that is because of improvement in efficiency, increase in value-added content which we are currently having around 46%, and we wish to take it to around 50% in future. We are -- to around INR19 to INR20 now. Earlier, it was around INR18 to INR19, so we now foresee that on a sustainable basis, we would be able to achieve around INR19 to INR20 in lead.

Sunil Kansal: This INR23 when it comes, so definitely, it comes with the compromise on the volumes, so which slightly -- when the Indian markets are better, so we sell overseas material to Indian markets, which presses us better prices sometimes. This is the arbitrage we got in this quarter compromises something on the volumes and better on the margins.

Amit Lahoti: Then second question on capacity commissioning time line. How close are we in commissioning lead capacity in Mundra and Phagi facilities. As from our last interaction, it was supposed to come sometime in the month of November, so are we there yet or is it going to take some more time?

Yogesh Malhotra: The Mundra capacity of 30,000 metric tons would be done within November itself and another 50,000 tons would be done by Jan '26, whereas the Phagi lead capacity also would probably be completed by December -- mid-December.

Amit Lahoti: Then how long it will take to ramp up?

Yogesh Malhotra: Immediately, I mean, because these are Brownfield projects, so we can start taking advantage of these capacities. So we have already started building up the inventories in anticipation of this upcoming capacities and as soon as we have the capacities live, we can start the production and ramp up the capacities immediately.

- Amit Lahoti:** Okay. Thank you so much.
- Moderator:** Thank you. We have next question from Shivam Dave from MIV Investments.
- Shivam Dave:** I just wanted some clarification on the capex that was guided for FY '26. I think we were supposed to do around INR370 crores, but I think the PPT suggests that we should move to around INR200 crores. The next 2 years remain unchanged, but is there any rationale as to why your INR1,500 crores capex come down to INR1,200 crores?
- Yogesh Malhotra:** What earlier we planned is that we will be expanding the capacities in the form of Greenfield expansions, but later on, we realize that we should have it at the same location, like we are expanding the capacity at our existing facilities in Mundra and another facility in Phagi, so where we -- the capex is significantly lower as compared to what we do in Greenfield projects.
- That is the reason with the same capacity, we are coming up -- same capacity is coming up with a lower capex. That is the reason overall also, we have saved on significantly on the capex with an overall capacity of around 700,000 tons in next 3 years with a reduced capex of around INR300 crores.
- Shivam Dave:** That answers that your 4.6 lakh tons of capacity for FY '26, and that's largely unchanged for the next 2 years also like in terms of current capex?
- Yogesh Malhotra:** Yes.
- Shivam Dave:** Should Mundra be the only Greenfield that is coming up as of now that is scheduled? Most of it then could be Brownfield?
- Yogesh Malhotra:** We are awaiting some approvals in Dominican Republic, which probably we are expecting to come in this quarter itself and -- sorry, Q4 of this year. Then we will start building up the capacities there in Dominican Republic. Apart from that, we are also exploring a project in East for lead, aluminium and plastic recycling in India. Next year onwards, we will look into steel and paper recycling that is going to be Greenfield projects again.
- Shivam Dave:** The second thing was on the hedging mechanism for aluminium. I understand it is something that it's taking some more time. Practically, when do you expect this should actually on to -- when we see that mechanism coming in place?
- Yogesh Malhotra:** We were expecting it to come probably last quarter itself, but it did not happen that way. Whenever we talk to the MCX, so they said that they would do it any time. Unfortunately, it is taking longer than expected, so we can't comment right now, but we are expecting it any time - - because all the approvals are in place now the only thing they have to do is to just start the contract. We are expecting -- every quarter, we expect that this will be the quarter that it will come. We are also waiting.
- Shivam Dave:** As of FY '27 end, what should be your lead capacity that we expect?
- Yogesh Malhotra:** FY '27 should be close to around -- for the lead, it should be around 400,000 tons.

- Moderator:** We have next question from Mr. Amit Dixit from Goldman Sachs.
- Amit Dixit:** Congratulations for a good performance. A couple of questions from my side. The first one is essentially the 700,000 capacity, what would be the breakup of this capacity between lead, aluminium, rubber and plastics? If you will have lithium ion also at that point in time. Just wanted to get an idea on the breakup?
- Yogesh Malhotra:** Lead should be close to 50,000 tons. Aluminium should be close to 70,000 tons. Plastics should be close to 50,000 tons again, and rubber should be close to 100,000 tons and approximately 30,000 tons should be lithium ion.
- Amit Dixit:** The second one is a bookkeeping question essentially. If you could highlight the revenue and PAT contribution of overseas operations in this quarter?
- Yogesh Malhotra:** Because it was -- as I mentioned that there were some overseas volumes were also sold in India. The contribution from the overseas business in the bottom line is INR10 crores and the remaining was from India.
- Amit Dixit:** And top line?
- Yogesh Malhotra:** Top line was around 30% from overseas.
- Moderator:** Next question is from Dheeraj Ram from B&K Securities.
- Dheeraj Ram:** The capex has been reduced from INR375 crores to INR206 crores, so out of this, in last quarter, you have said that 50,000 to 60,000 tons will be added from leads, which approximately can be around INR100 crores to INR110 crores. That leaves out the new vertical, which is INR40 crores, mostly will be going for lithium-ion expected. That leaves out INR60 crores to INR70 crores for non-lead verticals, so out of this INR60 crores to INR70 crores, where you're focusing on for FY '26, especially?
- Yogesh Malhotra:** We'll be focusing majorly on tire business. If we -- we will increase the aluminium business in India if the MCX approval comes. Otherwise, we'll increase some capacities overseas in aluminium and plastics.
- Dheeraj Ram:** In last quarter, you have pointed out on major acquisition opportunity by mid-FY '27. If MCX get included, ADC12 includes in MCX, so can we expect this acquisition opportunity to come in aluminium where you might increase your capacity by 2x or something or 3x in FY '27 end?
- Yogesh Malhotra:** It's very hard to say, when will those acquisitions take place. Yes, aluminium, we are looking for acquisition -- but again, as you mentioned rightly that it depends on approval of MCX as the hedging mechanism to be in place before we do anything like that.
- We are also exploring other options, like we are exploring options of rubber and plastic in other geographies, acquisition of some companies in other geographies also. We are exploring a lot of opportunities for merger and acquisition in all segments, which will happen when it's very difficult to say right now.

- Dheeraj Ram:** Last question is revenue contribution from rubber that you're expecting in FY '27?
- Yogesh Malhotra:** In FY '27?
- Dheeraj Ram:** Yes.
- Yogesh Malhotra:** We have just started building up the rubber business. Definitely, we are expecting the rubber business. Non-lead business should grow up to around 30%, which includes the rubber also by FY '27. Hopefully, we should have a rubber business of around INR70 crores to INR80 crores by FY '27. Probably we'll be able to give you a better answer in H1 next year when we've already started those plants in India. Then we will be able to give you a better answer as to what will be the total revenue coming from rubber.
- Moderator:** Thank you. Next question is from Mr. Vikas Singh from ICICI Securities.
- Vikas Singh:** Sir, I just wanted to understand this value-addition sales, which you said that have inflated the margins. Have we reached -- we attained the full utilization or the full extent of this or there is a further scope for increasing our value-addition? If it up to what percentage?
- Yogesh Malhotra:** Currently, around 46% of our total volume comes from value-added product. Quarter-on-quarter, it varies between -- sometimes it is 44%, 45%. Sometimes like this quarter, it has gone up to 47% also, but our ideal -- I mean, target is to reach to around 50% of value-added content in future.
- Vikas Singh:** Noted, sir. How does this impact our overall margin if we manage to achieve our target at the current stage?
- Yogesh Malhotra:** Generally, value-added products give you a 2.5% to 3% additional gross margin.
- Vikas Singh:** Noted. Sir, my second question pertains to along with you, almost other recyclers are also adding capacity. Just wanted to understand our sourcing strategy, considering that there was a new store that some of the people whom we supply right now are thinking of putting their own capacity. From where you would source that much of lead for recycling?
- Yogesh Malhotra:** First of all, you have to understand that there is a lot of recycled battery scrap going to be available to the organized sector in India itself because of Battery Waste Management Rule, the shifting of material from unorganized to organized is already taking place. There is going to be a huge opportunity.
- Currently around only 35% of the total material comes to the organized sector. The expectation is that all of that would shift -- I mean, around 90% would shift to the organized sector in the next 2 to 3 years. There is going to be huge capacity expansion throughout the organized sector in India. I don't think that raw material is going to be an issue.
- In addition, we are -- we also have our own yards in overseas locations from where we import a lot of material. Currently, around 50% of our total scrap that we operate in India comes from

overseas locations. We are continuously increasing our strength there also. Both Indian scrap as well as overseas scrap is going to contribute to the expansion in the future.

Moderator: Thank you very much. Next question is from Sumangal from Kotak Securities.

Sumangal: Sir, my first question is on the volume. If you look at 1H volume growth has been in single digit. I wanted to understand what was the constraint? I understand the delays in expansion, but our stated capacity is still much higher.

First question is I want to understand the reasons. Then if we have this significant capacity across Phagi and Mundra getting added over the next 2, 3 months, from fourth quarter onwards and in FY '27, if we kind of assume even a 60% kind of utilization, it implies a 30%, 40% kind of a growth. Should we expect that? Do we have the scrap available with us to deliver that growth over the next few quarters?

Yogesh Malhotra: Yes. To answer your first question, I think -- I mean, so we were expecting a 4% sequential growth in last quarter also, but because of this GST reduction that took place, so there was already an anticipation in the market that the GST in batteries would go down from 28% to 18%. The trade reduced their overall inventories because of which there were some delays from the OEMs in picking up materials, which impacted part of the volumes.

We expect the impact would be around 5% to 7%, 8% of the volumes dropped because of this particular reason. We anticipate to cover this in H2. We have ample inventories in place at least for Q3 and the procurement is going on for Q4 volumes also, keeping in mind the expansion that is taking place in this quarter. You can expect -- again, as we mentioned that in the long term, we are very confident of achieving that 25% growth in volumes going forward.

Sumangal: Sir, in FY '27, whatever we've lost in terms of lower volumes this year, in the new capacity of around 120, 130 kt, should we expect 60%, 70% utilization in FY '27 for this new capacity?

Yogesh Malhotra: Not immediately because when we build up capacities, we build up with the thought process that in future, we will start receiving more-and-more batteries. We'll start some of those efforts to increase that battery capacity also -- I mean, procurement capacities also once the -- we've done part of it already, and the balance part would be done in Q3 and Q4.

You can expect probably from Q1 next year or maybe Q2, the capacity to go to the optimal level of 60% to 70% utilization. These capacities are enough to give you a 25% growth for the next 1 year itself. By that time, we are planning to build up more capacities.

Sumangal: Sir, my second question is on your opening remarks, when you mentioned that on the ground, there is some tightening happening and more compliance on BWMR. Over the last 3, 4 months, can you highlight a few developments? What is the change? How are you -- I mean, some anecdote in terms of what are you seeing on the ground, more compliance with respect to BWMR, that would be helpful?

Yogesh Malhotra: The biggest, I think evidence is the procurement of battery scrap -- domestic battery scrap, and we've increased it by around 35% this year. I mean Q2 versus Q2. H1 also, there is an increase

in battery of around 22%. There is a continuous increase in availability of battery scrap overall to us. That is itself a clear indication that overall regulation is becoming stricter and more-and-more battery companies are now focusing on buying from companies who can give them EPR credits also.

Sumangal:

Just one last question on the -- I mean, a lot of our peers are quite positive on the copper business, and they're investing in growing that business as well. What is our take? Have we evaluated in the past? Are we kind of studying it and planning anything in that?

Yogesh Malhotra:

Yes. We keep on evaluating all segments in recycling, as we mentioned earlier also. So far, we are not focusing that much on copper because as per our studies, we see -- I mean, value-addition in copper is very small. There is no copper scrap generation in India. We are not very confident of bringing copper scrap into India.

Definitely, we'll keep on re-evaluating copper as a segment as we do for other segments also. It's not that we don't want to do copper at all, but we regularly evaluate the market scenario, what is happening in different commodities.

Based on that, we take decision on where to grow and when to grow. Copper is also part of our evaluation. Right now, we don't believe that the ROCs are of the same level as which we expect from other businesses. We are focusing on other businesses first and then probably copper also would follow soon.

Moderator:

Thank you very much. Next question is from Jayesh Shah from OHM Portfolio.

Jayesh Shah:

My first question is in your opening line comment that your loss of volumes is basically an arbitrage on the margins, which is why you have higher margins. Can you explain this better? Because what we have seen is first quarter also, you have lacked on volumes and so in second quarter. Second quarter, probably the GST explanation is there. What is the real constraint? Is it the inventory or is it lifting of the OEMs? Does this mean that overall, you have lost market share in the first half vis-a-vis other players?

Yogesh Malhotra:

No market share, actually, if you look at the overall market share globally, probably the market share is miniscule. Saying that we've lost market share, generally, whatever customers we are servicing, there no market share erosion has taken place. We are still increasing market share on a regular basis.

Capacity is definitely a constraint. The other constraint, as we mentioned in the opening remarks also that when there is an option to increase volume vis-a-vis increase the overall profitability, we go for the second and improve our profit. For example, we have our own operations in overseas locations. Rather than selling directly to the third-party, we bring that material into India, do some processing in India and then sell it to the customers in India.

That way, we increase profitability. Of course, in the consolidation, the value -- sorry, the volume from other our subsidiaries get cancelled out. You don't see the total volume. Although, if you look at the production levels, there would be an increase in production, but now with this capacity increase that we're talking about, in addition to processing the scrap from our operations

overseas, we can also take on more scrap in India itself. Earlier, there was a constraint because if we bring in the scrap from our overseas locations, we were not able to process the Indian scrap to some extent.

Jayesh Shah: What you're trying to say is that if I gross up the volume from your international business that your volume growth is in line, is it?

Yogesh Malhotra: Yes.

Jayesh Shah: It would be interesting if you can reveal these figures in the quarterly presentation, then we have a better idea because this is a bit confusing?

Yogesh Malhotra: We will try to somehow find a solution to this on how to -- I mean, make it more clear.

Jayesh Shah: As a corollary to what you are saying is that when you expand capacities now and when the volumes go up, the margins will trend down again to INR19, INR20 per kg, is it?

Yogesh Malhotra: No, not exactly INR19 to INR20 because we will still -- so INR19 to INR20 will only happen if we stop bringing that material to India at all. Till the time there is some arbitrage opportunities, you can see some -- expect some increase over INR19 to INR20, but once that arbitrage is off, then definitely, it would be around INR19 to INR20 only.

Jayesh Shah: In this case, how do we look at your overall guidance, which is revenue you've given in terms of absolute growth number? You have mentioned INR19 to INR20, because first half, the numbers are not really in track. We are happy to see that you have done better on margins, but you are lacking on revenue and volumes?

Yogesh Malhotra: Sir, we generally say that because -- I mean, so you can look at the overall total EBITDA or PAT numbers rather than looking only at volume and the ROC from the businesses that we are doing. These are the two major areas where you can track our performances.

Jayesh Shah: Some time back, you have talked about some acquisition in Europe or some kind of discussion going on. Any update on that?

Yogesh Malhotra: We've already acquired a company -- a tire recycling company in Romania, and we're looking at options in Eastern Europe to -- we are exploring options in Eastern Europe to either set up more such units or maybe look for opportunities where we can buy out some tire recycling or maybe even lead or aluminium recycling companies there.

Jayesh Shah: That's still under -- on the lookout, is it? That's the update.

Yogesh Malhotra: Yes. One company has already been taken over, and we are increasing capacity in that company itself. Then we are also looking out for other opportunities in Eastern Europe.

Moderator: Thank you. Next question is from Parikshit Kabra from Pkeday.

Parikshit Kabra: I just wanted to do a follow-up on the previous gentleman's question about the volumes and your explanation. If I understood correctly, you implied that when you source scrap abroad and you

find that you're getting a better price in India, you bring the scrap to India and you process it in India and then you sell it. Because of this, are you saying that your capacity abroad where you would have ideally liked to use that scrap is lying idle and hence, your volumes are not rising?

Yogesh Malhotra:

No, no, it's not -- so we do part of the process in those countries. The second part, where what we call refining or alloying, etc., those capacities definitely are running idle to some extent, and we are utilizing Indian capacities for that extent. We are increasing those capacities in India so that even when we bring those materials into India, we still have the capacities to process the domestic scrap that we buy on our own in India.

Parikshit Kabra:

Then are you essentially saying that, look, there is no demand problem abroad, but you are purposely bringing the scrap to India because your overall margins improve in India. Surely, even if your margins don't increase by utilizing your full capacity there and selling it here or there and using your sourcing lead in India and utilizing your capacity in India and selling it in India, your absolute profit would rise because of overall volume increase and revenue increase even if the margins come down?

Yogesh Malhotra:

No, we always take that into consideration and only bring when we see that the overall margins also increase. Overall EBITDA also increased by bringing those material into India. If that is not the case, then we don't do it. We are also aware of this thing, but whenever there is an option of bringing it into India and getting overall increase in overall EBITDA, only then we go and do it. Margins offset the overall EBITDA that you make by selling those products.

Parikshit Kabra:

The reason why I think you're pushing on this is because your competitor has grown at 40% top line and you have grown at 10% top line and you're playing in a similar market, right? You both are supplying mostly to your customers in India. At the same time, but you're saying that this plays out fine and they are obviously growing at 40%. Wouldn't it be fair to say that you're losing market share?

Yogesh Malhotra:

No, as I mentioned that, see, it depends -- the global market is too huge for anybody to lose market share. Some of the companies -- I mean, so are not supplying to the customers to whom we are supplying, they have a different customers globally. I don't think there is -- and as it is the overall market is increasing to such an extent that everybody can grow, keeping the same market share.

As we also mentioned that there was some restriction because the capacities that we were trying to put up in probably H1 this year got delayed and are coming up in H2 this year. Once those capacities are in place, we will be able to increase our production and then we'll be able to sell those material into the market again.

Parikshit Kabra:

Sir, my second question was on the aluminium side. I understand we are waiting for the MCX to approve the hedging mechanism. Of course, the other bottleneck would be getting approval from OEMs or whoever your customers are for the quality of aluminium that you're providing after recycling. Once the MCX hedging mechanism comes online, is the other bottleneck already solved for? Do you already have approvals from a bunch of OEMs who will start immediately supplying once the hedging mechanism comes online?

- Yogesh Malhotra:** There are 2 aspects. Definitely, if you have -- we have some OEM approvals, but not some of the major OEMs are approved -- have approved us, so that is one part. The second part is that once MCX comes into place, you can openly sell the material to the exchange itself if you make ADC12, if there is a demand rather than looking for an OEM approval.
- To answer your question, there are two parts. Definitely, we will be also looking at some opportunities where we can probably take a stake in a company that already has OEM approval, and we are currently also considering some of these companies, but we are waiting for the MCX approval to start happening first.
- The second part is that even if that does not happen, there will be a market where we'll be able to sell at a market price, the moment we'll buy material overseas. Selling itself is not a problem, though the margins would be higher if you are able to sell it to the OEMs directly in India. Other than that, I mean, we can still sell -- we were still selling that material in India without OEM approval also.
- Moderator:** Next question is from Mr. Parikh Gandhi from Verushka Capital Research. Please go ahead.
- Parikh Gandhi:** I just wanted to know that with respect to the 7 lakh capacity that we are eyeing for the FY '28, how much of this with respect to paper and steel are we? Because from this call as well, from the previous call as well, what I could understand is that a major focus is on the existing verticals along with expanding the lithium-ion and the rubber ones. How does paper and steel come into this picture? Do we foresee this as well as the next -- which can really help our top line as well?
- Yogesh Malhotra:** In paper and steel, we are not expecting any capacity out of the 700,000 tons capacity. Whatever paper and steel are going to happen is beyond this 700,000 metric tons.
- Parikh Gandhi:** Sir, like are we sure to incur this next year as well, like for the paper and steel? Because in the previous con call, you did mention that the earlier capex was supposed to get incurred for paper and steel, but then we moved the capex to the existing verticals. How do we see going forward?
- Yogesh Malhotra:** Yes, absolutely. Our current focus is on existing verticals and the new verticals that we've already started of rubber and lithium-ion battery. Probably once we are done with those, and we are very confident of getting the 30% to 35% increase in revenue numbers from the existing and the new verticals in the next 3 to 4 years. I mean, after that, we will be exploring paper and steel. It's only one-by-one that we are exploring all these facilities rather than going at all the segments at once.
- Parikh Gandhi:** No capex for paper and steel for now?
- Yogesh Malhotra:** Not in this year and probably not in the first half of next year also. Beyond that, if there are certain -- I mean, we see some changes in the environment, we will probably do it, but at least for the next -- H1 of next year, there is no commitment to put any money in paper or steel.
- Moderator:** Thank you very much. Next question is from Siddharth from Kotak Securities.

- Siddharth:** Congrats on a good set of results. Just one question on the rubber side of things. Sir, I was asking, at least in the rubber space, it seems that there are a few large players already operating in India. I just wanted to check given our sort of focus on rubber as the newest vertical, what exactly gives us the confidence or the right to win in this space? Just would like to hear your thoughts on that?
- Yogesh Malhotra:** Yes. Again, if you look at rubber also, it's a very fragmented industry right now rubber recycling. There has been an introduction of EPR very recently. Earlier it was around 90% of the total capacity in rubber recycling was in the unorganized sector. Because of this EPR and also some regulations by CPCB of continuous pyrolysis plants, the older plants for the unorganized sector will probably go away.
- Again, the rubber recycling would also start happening in the former sector. That is one part. The second part is we already have our own scrap yards overseas where we can source cheaper tire and rubber scrap, which will help us in getting better margins out of rubber recycling. The third part is we are also looking at various other options rather than merely pyrolysis oils like RCV, rubber sheets.
- All these carbon black also, so we are looking at various other options in rubber recycling and not only pyrolysis oil. Where currently also there are very few players. We believe that there is enough space in this segment also where we can recycle it in a profitable manner.
- Siddharth:** Sir, if I were to sort of ask you what sort of economics we do see from the business? I understand that last time we highlighted that we will have further clarity as our plans progress. Would you be in a position to give me the unit economics of, say, the rubber division, say, 3 years down the line?
- Yogesh Malhotra:** See, currently, we are taking the lowest of -- in our projections, we take the lowest EBITDA margins of around INR7 to INR8 per kg. As and when we going for some value addition, definitely, the margins would improve, but in our projections, we've only taken -- if we don't do any value addition and only going for the pyrolysis oil and rubber sheets, etc., which are run-of-the mill products, even then the EBITDA margin is around INR7 to INR8 per kg.
- Siddharth:** On a percentage basis, that number would be? Percentage EBITDA?
- Yogesh Malhotra:** It should be close to 30%.
- Siddharth:** Sir, just a second question, sir. Just wanted to check that we are saying that the ADC alloy 12, all approvals are in place. Just wanted to confirm one small point, sir. Any incremental change which has happened in the last, say, 3 months?
- Yogesh Malhotra:** What we can tell you is that all required permissions are in place in MCX.
- Sunil Kansal:** There is nothing left are in place.
- Siddharth:** But from what I understand, this was the case last quarter as well or has anything changed in the past 3 months?

- Yogesh Malhotra:** No. Internally also, they have -- I mean, the goal had to go for all these commodities that are there for which the permission has been granted. Beyond that, I mean, we don't know what exactly is happening and where it is stuck.
- Siddharth:** Last time, there was no internal approval from the MCX side for these contracts. Is that understanding correct, sir?
- Yogesh Malhotra:** Yes. That is our understanding, but now even the internal permissions are in place for them to launch these products.
- Siddharth:** But sir, even if you get these like MCX alloys, if you don't have OEM approvals, my understanding is almost 65% to 70% of the total ADC demand is tied to the auto industry. If you don't have the auto OEM approvals in place, I was just thinking how do you plan to expand this particular segment? Any thoughts on that, sir?
- Yogesh Malhotra:** Sir, there are two, three things. First of all, of course, we have OEM approval, but not of the major OEMs like Maruti, that approval is not there. That is one part. Second part is even if you do not have approval from Maruti, you can just sell it to Tier 1 or Tier 2 vendors. There, the margins would be lower, but you can still sell it to those customers in India.
- The reason why we were not doing it is because the margins are thin and because the overall time period for realizing the profit was too high. Because of no hedging mechanism, sometimes you would run into profits higher than expected and sometimes you will run into losses also. We were avoiding that.
- Otherwise, if you look at what I buy today and sell it to even a trader or a Tier 2 company, there are margins to be made in aluminium also. We mentioned that on a sustainable basis, around INR12 to INR14 margin can be made in aluminium, not as high as lead, but even if you sell it to Tier 2 companies, you can make around INR12 to INR14 EBITDA margin on aluminium.
- Siddharth:** These are Tier 1, Tier 2 suppliers of these auto OEMs. Is that correct, sir?
- Yogesh Malhotra:** Yes.
- Moderator:** Thank you very much. Next question is from Archit Agarwal from Steptrade Capital.
- Archit Agarwal:** Can you throw some light on the revenue mix as of now?
- Yogesh Malhotra:** 87% of the revenue has come from lead, 9% from aluminium and 4% from plastic.
- Archit Agarwal:** Okay and volume-wise?
- Yogesh Malhotra:** This was volume. I was mentioning was volume only.
- Moderator:** Thank you very much.
- Moderator:** Next question is from the line of Karan Gupta from ACMIL. Please go ahead.

- Karan Gupta:** My question is regarding the EBITDA per ton. Am I audible?
- Management:** I mean can you speak a little louder. You are audible, but the voice is very...
- Karan Gupta:** Yes. Just a second. My question is regarding the EBITDA per ton. As you have already alluded on the lead side that INR19 to INR20 is more sustainable and margin accretive. What for aluminium and plastic side? You said INR12 to INR14 per ton which is?
- Yogesh Malhotra:** So currently, because we are not doing business in India, our overseas margins are a little higher of around INR14 to INR15. If we do it in India, the margins would be around INR12 to INR14 in aluminium. For plastic, the sustainable would be around INR10 to INR11 per kg.
- Karan Gupta:** Just one last one on the copper side is partly answered, but what kind of value addition that you are seeing is limited as of now? Is it the sourcing is limited or the process that you need to refine or maybe collect the raw scrap is basically the complex as of now?
- Yogesh Malhotra:** Yes. Generally, when we talk about the scrap that we are doing, like battery scrap, aluminium scrap, etc., we are buying it from developing countries. There, we have our own yard. It's part of the advantage that we hold is access to the scrap availability. Whereas in copper, most of the scrap generation happens in the developed countries, like Europe and U.S. It's a very -- I mean, organized setup, and accessible to each and everyone.
- There is very little play in terms of getting a better procurement price. The second thing, again, is bringing it to India and then doing the processing. Processing is also very simple, because copper is just copper metal, whereas in lead, you remove impurities, make value-added products out of that and there where the margin comes to. Whereas in copper, generally, it's in terms of cables, you take off the layering and then melt the copper and then you can sell it at a percentage of copper price anywhere you want.
- Therefore, the value addition in -- of whatever we think is not that high, when you deal in copper pricing. Overall, definitely, it helps you improve revenues also because copper prices are higher. Those advantages are there with copper, but in terms of percentage EBITDA margin that you can get out of it or even absolute EBITDA margin would definitely be higher because the prices are 4x to 5x that of lead or aluminium.
- In terms of percentage EBITDA margin, it will never match those numbers. That is our take on copper, but others are doing it profitably, then we'll have to see where probably we'll have to re-evaluate it again.
- Karan Gupta:** Okay. Thank you.
- Moderator:** Thank you very much. Next question is from Kishore Kumar from Unifi Capital. Please go ahead.
- Kishore Kumar:** I just wanted to understand the broad procurement split of domestic and imports for the scrap for this quarter vis-a-vis last year?

- Yogesh Malhotra:** Yes. Overall, we are at close to -- for Indian plants, we are close to 50% import and 50% domestic. Yes, we have another line where we source overseas and process overseas, so that's another part. For India, we are 50-50.
- Kishore Kumar:** Just to clarify, for the Indian business, it's 50 percentage sourced domestically and 50 percentage we are getting it from the overseas plants -- overseas, yes?
- Yogesh Malhotra:** Yes. Now, domestic has slightly gone up. It is around 52% domestic battery and around 48% overseas battery.
- Kishore Kumar:** Is the split similar for the last Q2 as well, sir, year-on-year, is there any difference?
- Yogesh Malhotra:** Yes. Last year, around 36% of the battery was Indian battery and around 64% was imported.
- Kishore Kumar:** Sir, my second question is on the balance sheet, bookkeeping questions. Other current assets have actually gone up significantly. Is there any prepaid expenses actually accounted there or capital advances?
- Yogesh Malhotra:** You're talking about other current assets, right?
- Kishore Kumar:** Yes.
- Yogesh Malhotra:** Okay. Basically, this includes whenever we import the scrap, we need to pay the advances to the vendor. So considering the upcoming facilities in Mundra, which is mostly our import dependent, so we are coming up with significant capacity expansion in Mundra.
- So in anticipation of the upcoming capacity, we have slightly increased -- started increasing the import bookings and made some import advances also, which is helping us to ramping up the capacities as soon as we have the capacities lines, so this denotes the more imports in the upcoming quarters.
- Kishore Kumar:** Got it, sir. It's clear. Thank you, sir. All the best.
- Yogesh Malhotra:** Thank you very much.
- Moderator:** Thank you very much. Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to management for closing comments.
- Yogesh Malhotra:** Yes. Thank you, moderator. Thank you, everyone, for participating in this call. We trust that we have addressed all your queries during the session. However, if there are any remaining questions, please feel free to reach out to our Investor Relations team. Once again, we extend our gratitude to all the participants for joining us today. Thank you, and have a great day.
- Moderator:** On behalf of Antique Stock Broking Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.