



Gravita India Limited 4Q & FY26 Earning's Conference Call

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MODERATORS: **MR. RIJU DALUI - ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day and welcome to the Gravita India Limited's 4Q & FY '26 Earnings Conference Call hosted by Antique Stock Broking.

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 an operator by pressing '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Riju Dalui from Antique Stock Broking. Thank you and over to you, sir.

Riju Dalui: Thank you, Rituja. On behalf of Antique Stock Broking, I would like to welcome all the participants on the Q4 & FY '26 Earnings Call of Gravita India.

We have with us from the Management side, Mr. Yogesh Malhotra – Whole-Time Director and CEO; Mr. Sunil Kansal – Whole-Time Director and CFO; Mr. Naveen Sharma – Executive Director and Mr. Anand Jain – Investor Relation on the call.

Without any delay, I would like to hand over the call to Mr. Malhotra for his opening remarks, post which we will open the floor for Q&A. Thank you and over to you, sir.

Yogesh Malhotra: Thank you, Mr. Riju. Good afternoon, everyone, and welcome to our Q4 & FY '26 Earnings Call. I hope you have had an opportunity to review the Earnings Presentation and Financial Results uploaded on the Stock Exchanges.

I will walk you through the key strategic updates, operational progress and financial performance, followed by Q&A session.

I am pleased to share that Gravita ended FY '26 on a strong note, continuing towards its growth trajectory. Over FY '21-FY '26, the Company delivered a strong five-year CAGR in revenue, EBITDA and PAT of 25%, 49% and 31% respectively reflecting consistent operational and financial performance.

Despite macroeconomic uncertainties and elevated logistic costs arising from geopolitical conflicts, Gravita demonstrated resilient performance driven by disciplined risk management, agile execution and strong operational capabilities.

Before discussing financial performance in detail, I would like first to highlight the key strategic developments that continue to shape and strengthen our growth journey:

Our expansion program is progressing broadly as planned, with total install capacity now at about 4.57 lakh metric ton per annum. We continue to work towards our medium-term target of scaling this up to over 8 lakh metric per annum by FY '29, in line with our focus on building a larger and more diversified recycling platform. In Feb 2026, Gravita expanded its lead recycling

capacity at Mundra by 80,300 metric ton per annum, taking the total capacity to 145,100 metric ton per annum.

The Company invested INR 49 crore towards procurement and commissioning of the plant, funded through internal accruals. The expanded capacity is expected to enhance operational efficiencies, optimize logistics and strengthen service capability for key export markets located strategically near the port. The Mundra facility continues to offer significant advantages in raw material sourcing and global market access, further reinforcing Gravita's commitment to sustainable growth and the circular economy.

As part of its diversification strategy, Gravita commissioned a 6,000 metric ton per annum pilot lithium-ion battery recycling facility at Mundra in January 2026, with an investment of INR 14 crore funded through internal accruals. The facility is expected to scale up gradually as operations stabilize.

Backed by advanced recycling technology, the plant will ensure safe and sustainable recycling of lithium-ion batteries, minimize environmental impact and conserve valuable resources, while strengthening Gravita's presence in the emerging EV battery recycling segment.

I am pleased to share that Gravita has entered the copper segment through the acquisition of 99.44% stake in Rashtriya Metal Industries Limited for INR 560 crores, marking a strategic diversification beyond its core lead business. RML operates an integrated manufacturing facility in Gujarat with a capacity of 31,200 metric ton per annum and derives 40% of its revenue from exports to key markets including the UAE, USA, Thailand, Sri Lanka, Kenya, Indonesia, Oman and Saudi Arabia. The acquisition strengthens Gravita's non-lead portfolio, enhances backward integration capabilities and unlocks synergies across procurement, logistics and sales, while expanding its presence in high growth electrical automotive and other value-added copper alloy segments.

The Company plans to establish a copper recycling facility in Mandvi, Gujarat with an initial capacity of 29,400 metric ton per annum in Phase 1 by incurring a capex of INR 160 crores approximately. The facility is expected to strengthen backward integration, enhance operational efficiency and support margin expansion in the copper segment. Commercial operations are expected to commence within the next 12 months. The commissioning of plant will be funded through internal accruals.

On the investment side, we have earmarked a total CAPEX of INR 1,700 crores through FY '29. Of this INR 815 crores is being deployed towards strengthening and expanding our existing businesses while the balance will support entry into new recycling verticals such as lithium-ion, copper and steel. During FY '26, we incurred a CAPEX of INR 372 crores. Gravita has been assigned an ESG rating of 65 by NSC Sustainability Ratings and Analytics Limited reflecting the Company's strong commitment towards sustainable business practices, responsible growth and long-term value creation.

Coming to operational performance:

In FY '26 total volume increased by 5% to 56,208 metric ton per annum. The lead segment reported growth in sales of 7% to 48,889 metric ton per annum driven by capacity additions and stabilization. On a quarterly basis, sales witnessed an increasing trend. On the other hand, the aluminum segment witnessed a declining trend in FY '26 as well as on a quarterly basis, primarily due to the inability to hedge and a selective sales strategy. The volumes are expected to pick up once the hedging mechanism is live on MCX.

Due to tightening government regulations and the ongoing transition from informal to formal sector, the industry is undergoing supply chain formalization and enhanced compliance lead sourcing in FY '26.

FY26 EBITDA per ton for lead, plastic and aluminum stood at INR 23,043 and INR 16,043 and INR 12,328 respectively.

Moving to the consolidated financial results for FY '26:

Revenue stood at INR 4,265 crores reflecting a Y-on-Y growth of 10% driven by increased capacity utilization and operational efficiencies. Value-added products contributed 42% to the overall revenue demonstrating steady progress towards Vision 2029 where the target is a 50% contribution from such offerings.

Adjusted consolidated EBITDA for FY '26 stood at INR 452.48 crores reflecting a growth of 12% year-on-year with margins remaining healthy at 10.6%. Consolidated PAT came at INR 378.80 crores registering a year-on-year growth of 21% with PAT margins at 8.88%.

Coming to the consolidated quarterly performance:

Revenue grew by 13% year-on-year and 15% quarter-on-quarter to INR 1,172.76 crores. Adjusted EBITDA stood at INR 112.91 crores reflecting a growth of 4% year-on-year with margins remaining strong at 9.63% plus supported by operating efficiencies and an improved mix. PAT for the quarter came in at INR 91.88 crores with PAT margins remaining healthy at over 7.83%.

Gravita is steadily progressing towards its Vision 2030 with a clear focus on scaling its core businesses and expanding into emerging segments such as copper, lithium-ion, rubber and steel recycling. Backed by over three decades of recycling expertise, 14 eco-conscious manufacturing facilities, presence across 70 plus countries, strong stakeholder support and robust capacity expansion plans, Gravita remains well positioned for sustainable long-term growth driven by diversification, operational efficiencies and value-added products.

That's all from my end. I would now request to open the floor for questions-and-answers. Thank and over to you, moderator.

- Moderator:** Thank you. The first question is from the line of Akhilesh from Emkay Global. Please go ahead.
- Akhilesh:** Thank you so much for the opportunity. So, my first question is on the CAPEX. So, our earlier CAPEX guidance was of around INR 1,200 crores over FY 2026-2028. Now, since we have done RML acquisition and further expanding our recycling capacity. So, there, what is our plan now? Are we planning to rationalize some of our net capacity expansion or how it is going to be because of this?
- Yogesh Malhotra:** Yes, 5-year CAPEX was not including the copper part which is now being added. So, that is one which is making us look at CAPEX in next 4 years. So, instead of INR 1,200 crores we are planning to have bigger capacity specially in copper. So, we are adding copper and as we already mentioned that we recently announced the capacity of 30,000 plants in copper which was not there earlier. So, we are very bullish on this part because we already acquired a Company in value-added products in copper. So, now the copper will be the bigger part of this CAPEX plan in next 4 years. So, there is a reason we are increasing the capacity expansion and CAPEX plans for next 4 years, which is from INR 1,200 crores to INR 1,700 crores.
- Akhilesh:** But, sir, because of this CAPEX, are lead capacity going to get rationalized? I mean is there any change in expansion of lead capacity as such?
- Yogesh Malhotra:** No, we are not changing the capacity of lead. So, lead capacity will be as per plan because earlier the plan was to take this capacity to 700,000 tons but now we are taking it to 800,000 tons. So, the additional capacity is coming up in copper which is taking up more capacity.
- Akhilesh:** Can we get the commissioning timeline of that 45,000 tons of lead capacity addition which was about to happen in Q4 itself?
- Yogesh Malhotra:** It is going to happen in this Q1 only in Jaipur.
- Akhilesh:** Any estimated timeline like end of Q1 or something?
- Yogesh Malhotra:** So, we have already installed the capacities. We are just waiting for the government approvals which can come anywhere probably in the first half of this quarter only.
- Akhilesh:** Okay. And sir, my last question. What is the cause of the decline in absolute EBITDA in Q4 despite the copper segment addition in the baseline revenue and EBITDA both? And how do we see the impact of West Asia in Q1 also?
- Yogesh Malhotra:** So, copper did not have any impact in Q4 in the sense that we only took it over in March itself. So, only a very small impact in the EBITDA came from copper, miniscule part came from copper. But as far as the overall EBITDA reduction is concerned, I mean a lot of our material goes to the Middle East, around 10% to 12% of the total sales and most of these products that we sell to the Middle East are value-added products. So, because of this disruption, we could not sell that material to Middle East and therefore the value-added content or value-added products

that we used to sell went down and therefore the EBITDA per ton also came down to some extent. And also, the inward logistic cost went up and therefore the overall material cost has also gone up. So, that has also impacted to some extent the EBITDA margins.

Akhilesh: There is a small follow-up on this itself. Now, since West Asia War is still going on, so how do we see our Q1 margins to look like?

Yogesh Malhotra: See, in the short term, it definitely will have some impact. But we always keep to, I mean, we try to mitigate those issues by going to different markets. Generally, in value-added products, it takes time to find new markets for those products. So, there will be some impact, but we are trying to find out how we can mitigate some of the impacts coming out of this if it takes longer.

Akhilesh: Got it. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Vileh Kumar Rai from KamayaKya. Please go ahead.

Vileh Kumar Rai: Hi, sir. Congratulations on a great set of numbers. I have two questions. So, can you briefly outline your strategy in the copper business? Are you trying to launch more value-added products, or are we focusing on the existing products that we have got through the acquisition? And what are the synergies that we will get with our lead-acid business and copper business? And will this lead to an elongated working capital cycle?

Yogesh Malhotra: So, basically, there are already quite a few value-added products in our kitty now with RML. So, in the initial phase, we would try to consolidate whatever markets or whatever products we are having, and at the same time, do some backward integration by putting up a copper recycling plant at Mundra, which will be commissioned within the next 12 months. So, that will add on some value in terms of -- and, of course, there will be some synergies in sales also, apart from procurement that we talk about. So, that will improve the margins going forward. So, that will be the first phase. In the second phase, when we increase the capacities further in copper, then we will look at other value-added products also apart from whatever we are making right now at RML. Working capital, this would not be impacted because, I mean, it's a backward integration only. So, overall, EBITDA margins would increase, but the working capital range would remain similar.

Vileh Kumar Rai: Okay, sir. And then you also mentioned rubber and steel recycling in the future. So, do we have any plans out for that yet? Would we do an inorganic acquisition or would we try to set up the capacity on our own?

Yogesh Malhotra: So, steel is not going to come anytime soon because we are now looking at copper and then other products also. But tyre, we have already acquired a Company in Romania and in India also we have started putting up capacities for rubber and that would be coming up in H1 this year. So, the rubber capacity would come up in H1 this year.

- Vileh Kumar Rai:** So, steel is more of a long-term plan?
- Yogesh Malhotra:** So, this is, yes, definitely. So, this is just the first capacity as far as rubber is concerned and that is also in the first phase only. And the total capacity that we are planning for rubber is around 30,000 tons. That would come up in Q1 or Q2 this year. But apart from that, we would then increase the capacity. First of all, in Mundra itself, we will increase the capacity from 30,000 tons in the next phases. And then we will set up other rubber plants in other regions in India also. And we are also planning to increase capacity in Romania where we already have a plant next year.
- Vileh Kumar Rai:** Okay, sir. So, steel is more of a long-term plan? We will see this after maybe two years or three years down the line once we have scaled our existing businesses?
- Yogesh Malhotra:** It all depends on how fast we stabilize the existing CAPEX that we have done. Steel is under, I mean, consideration at all times. But the only thing is that we are having our hands full right now with copper, rubber and lithium-ion expansion plants and of course our existing lead expansion plants. So, that is why we put steel on the back burner right now.
- Vileh Kumar Rai:** Okay. Sure sir. Thank you sir. I will join back the queue.
- Moderator:** Thank you. The next question is from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.
- Nirvana Laha:** Thank you for the opportunity. My first question is on RMIL. So, what is the current capacity utilization there and what kind of growth are you expecting there in FY '27-'28 and which areas do you think the growth will come from?
- Yogesh Malhotra:** So, current capacity utilization is around 50% and we would want to take it to around 60%-65% in the next year itself. Going forward, by the end of the 2-3 year period, we would take it to, I mean, we are also planning to go for expansion in the existing plant. So, we would take this current capacity to almost double the current capacity from 30,000 ton to around 60,000 ton in the next three years. But the overall capacity utilization at that point in time would also remain at around 60%-65%.
- Nirvana Laha:** Okay, sir. And the current product profile is, I understand there are some supplies to defense, etc. If you can help us understand what is the current product profile and where do you see it going from here in the next three years?
- Yogesh Malhotra:** So, in the current, we are making copper sheets, brass cups, copper foils and other similar products that either go to these electric and electronics industries, coinage industry, ammunition industry, etc. So, in the next 2-3 years, we are only going to consolidate the current markets only, the existing markets, probably increase the product range in the existing markets only. But maybe 2-3 years down the line, we may think of having other products in our kitties also. But right now, we are only going to, till the time we go and start producing 60,000 tons per annum,

we would only concentrate on the existing product portfolios. But then, once we increase the total capacity, then we may go in for other copper products also.

Nirvana Laha: Sure. So, the copper recycling that you are setting up, what is the plan there? Is that like backward integration for RMIL? Are you going to supply capital to RMIL or are you planning to sell in the market?

Yogesh Malhotra: So, both. Major part would go into RMIL only. But then, if there is opportunity, because we will keep on increasing the capacity at that end also, at the backward integration part also. So, if there are opportunities to sell it to other companies also, we would also be open to that. But major chunk of it would go to RMIL as backward integration.

Nirvana Laha: Sure. And what are the current gross margins there at RMIL and how much bump do you think this backward integration will get you?

Yogesh Malhotra: So, currently on a sustainable basis, we are getting around INR 45,000 per ton. And going forward, I think, if we do the backward integration, it would go up to INR 65,000 per ton to INR 70,000 per ton in future.

Nirvana Laha: So, this you are mentioning, sir, is the EBITDA per ton, is it?

Yogesh Malhotra: Yes.

Nirvana Laha: Sir, the realization for the products that RMIL makes, because I understand there are certain alloy products also, if we have to understand how the realization go, do we track copper prices...?

Yogesh Malhotra: So, realization is the mix of all the products that they are selling. So, there are part copper and part brass. But overall, when we talk about the EBITDA per ton is based on the mix of the current products that they are selling.

Nirvana Laha: Okay, sir. I will come back in the line. Thank you.

Moderator: Thank you. The next question is from the line of Aadesh Gosalia from Spark Capital. Please go ahead.

Aadesh Gosalia: So, my first question was on the outlook on the working capital. So, if you can just provide some outlook for FY '27's working capital scenario, what you are seeing with the new product lines coming up and the expansion that is happening?

Yogesh Malhotra: So, current working capital was for this year, including the copper part, was around 90 days, which was slightly higher because there were... we kept some more inventory considering the upcoming capacity at Jaipur and Mundra. So, that was the reason. But going forward, we see it with the copper business coming in and copper business, since that will be more imported one, so it should be close to 85 to 90 days going forward.

- Aadesh Gosalia:** Okay. So, more or less in the similar range because 90 days was in FY '26. So, is my understanding correct?
- Yogesh Malhotra:** If we do not consider copper, it should be lower. But since the copper is mostly imported one, so that is the reason the working capital will be again back to 85-90 days.
- Aadesh Gosalia:** Okay. Got it. So, if you can share some outlook and the volume numbers of quarter for Q4, like we are expanding so much in quarter. So, do we have some significant interest from certain OEMs or like some confirmed orders or something like that? If you can just give a picture in those lines?
- Yogesh Malhotra:** Are you talking about RMIL or the entire group?
- Aadesh Gosalia:** Entire group, like the current capacity is coming up. So, I think on both the lines would give a better picture.
- Yogesh Malhotra:** So, actually, it is very difficult right now to say anything about Q1 because on one hand we have expanded at some capacities which is going to give us some benefit in the quarter. And of course, RMIL would be the first quarter that would start showing its complete result. But at the same time, there are disruptions in logistic cost also and to some extent, we are not being able to sell products or maybe bring raw material from the Middle East, which is a major contributor in terms of both the value-added content sales also and raw material also. So, that will have some negative impact going forward. But overall, in the next three years, we are very confident of getting a CAGR of 20%-25% in volume terms consistently over the next three years.
- Aadesh Gosalia:** Okay. And the volume numbers we saw in Q4 for copper?
- Yogesh Malhotra:** So, volume numbers, overall, we are planning to grow at around 40%-50% in copper in this year. So, it will be in the similar range over last year in copper also.
- Aadesh Gosalia:** Okay. And just one data keeping question on the steady state tax rate that we will have?
- Management:** So, tax rate for last year, it was around 15%. But since the business which is coming up like RMI and copper business, which is mostly in India and Indian tax rate is close to 25%. So, blended tax rate for going forward should be in the range of 17%-18%.
- Aadesh Gosalia:** Okay. Thank you. That's it from my end. I will join back in the queue.
- Moderator:** Thank you. The next question is from the line of Amit Dixit from Goldman Sachs. Please go ahead.
- Amit Dixit:** Hi. Good afternoon, everyone. Couple of questions from my side. The first one is essentially again on RMIL Just wanted to understand if there is surplus land for you to expand over there. And looking at the margins of RML EBITDA margin that you have disclosed for FY '26, that is close to around 8%. Now, Gravita's overall margins are like in the range of 10% or so. So, is

there any possibility of increasing the margins over there? Or is the business like that that, you know, a copper business would remain at 8% kind of thing? And if you could also highlight the sourcing of copper of currently, will you be tapping into your regular African markets? Or, you know, you will be exploring, let us say, Latin America also for that. So, this is the first question.

Yogesh Malhotra:

So, in RMIL, I think the overall margins, definitely we would plan to increase this. As I mentioned that we would probably change some product mix. So, sorry, at the procurement level, some mix in terms of scrap also. Currently, they are not optimizing use of copper scrap. We would like to increase that going forward. And of course, we will use our existing yard network to source copper scrap also. And then, of course, in copper generally, we would have to go to the developed markets also. So, US, Europe and South America and of course, Australia. These are the other markets that we will be considering in terms of setting up additional yards in the next 2 to 3 years. And of course, importing from our existing set of vendors. So, that will improve the margins in next 2 to 3 years to around 9% to 10% from current around 8%.

Amit Dixit:

Sir, just a broad commentary would help actually on the shift from informal to formal sector. Last year or year before last, there were a couple of endeavors from the government, particularly with respect to correcting the inverted tax structure and making sure that the BWR mechanism is implemented. So, what are the changes that you are seeing and what would be the approximate shift that you would expect over the next 3 years to formal sector from informal?

Yogesh Malhotra:

So, one of the major shifts that has started is actually earlier there was a lot of EPR transactions that were taking place between two parties and it was not transparent. Now, the government has set up an exchange only where you can sell or buy EPR. So, there is more transparency. Now, nobody can sell at a rate lower than the earmarked rate for EPINR So, that is one area that has changed drastically in this case because in some cases the customers were forcing the vendors to sell EPR at a cheaper rate. So, with this exchange coming in between where you can sell it through that exchange only, that will get, I mean that will change. So, that will further fast track this shift from unorganized to organized.

Management:

And add to further to this, there will be an audit mechanism which Central Pollution Control Board is making that framework of audits. So, wherein somebody generating any fake edits that will also be audited. So, this process will also improve in this EPR mechanism and BWMR regulations.

Yogesh Malhotra:

Sir, as far as battery is concerned, I think there is now a consensus between smelters and also the battery makers and I think there is no resistance in terms of this EPR regulation now. Everybody is on board with the EPR regulation as far as battery is concerned. There are other sectors also where it is taking probably a little longer time, but most of the customers, I mean the battery brand owners and the smelting companies are in line with these EPR regulations now.

Amit Dixit:

Okay, sir. Great. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: So, my question is for the copper segment. How the existing yard and overall sourcing of lead and other raw material after using to copper is helping and how much we have to expand to other geographies or also other yard to have more sourcing of copper?

Yogesh Malhotra: Sir, actually, I mean copper generation in developing economies is limited. So, we have to go to the and whereas most of the battery scrap that was coming to us was from our own yards, was from developing economies only. So, to some extent our developing economies would also give us copper, but most of the copper that would get import, that we would import would come from developed economies as I mentioned like US, Australia, Brazil, etc. So, we have to set up or we have to strengthen our sourcing from these developed nations also when it comes to copper. So, we are setting up a recycling plant which will be operative from next year onwards and we are also at the same time setting up our own procurement network in these locations. So, we are very confident, but that by the time we will set up the plant, we would have a procurement network in these countries also.

Sumant Kumar: Existing network is helping you?

Yogesh Malhotra: It will definitely help, but the plan is to going for a 30,000 tons per annum in the first phase itself. So, we would need to have other sources for copper also which would majorly come from developed nations only. It is not that we do not have our own procurement network in these nations, in these countries. We have a lot of our batteries come from US currently. So, we would use that network to source copper, but then we would have to expand that network even further.

Sumant Kumar: Last question. After consolidation of RMIL, I understand RMIL EBITDA per kg is higher, but working capital I think is also higher. So, is it correct assumption, your margin profile of the Company is going to improve, but your working capital is also going to increase?

Yogesh Malhotra: So, margin profile in terms of percentage would not improve. In terms of absolute, it would improve per ton, if you talk about. And yes, definitely because we would be importing a lot of copper from overseas locations, then definitely the working capital would increase. So, as Sunilji mentioned a little while earlier is that you can expect the total working capital to remain at around 90 days in future also.

Sumant Kumar: Okay. So, it will be higher than existing working capital days?

Yogesh Malhotra: Existing also it is 90 days. So, with the copper, because we were holding additional inventories for in the lead also, we were holding some additional inventories. And that is the reason the whole year was 90 days for us in the last year. So, and going forward also it should be in the range of 85 to 90 days, considering copper coming in.

Sumant Kumar: Thank you so much.

Moderator: Thank you. The next question is from the line of Vikas Singh from ICICI Securities. Please go ahead.

Vikas Singh: Good afternoon, sir. And thank you for the opportunity. Sir, just wanted to understand our capital allocation in terms of that INR 1,700 crore, if you can bifurcate it on a year wise and given the copper would require a huge absolute working capital, how should we look at the debt?

Yogesh Malhotra: So definitely the year wise if you see the breakup is close to INR 600 crores for next year and INR 700 odd crores in FY '28 and then around INR 400 crores for FY '29. So, this is a broad breakup of INR 1,700 crores and definitely this INR 1,700 crores will be funded from internal accounts, we can easily fund this INR 1,700 crores. But definitely we need a more capital for working capital, which will be taken from some debt, working capital debt. But we don't consider this working capital debt as debt because we keep our hedging mechanism in place and all the inventories, which is a major part of this working capital is always hedging inventory and we don't see any risk and metal is as good as liquid cash. So, the idea is to keep this inventory in the form of metal and take some debt on that.

Vikas Singh: Noted, sir. But still we didn't get the clarity on what kind of debt increase we can expect in the next 12 months to 15 months because of these endeavors?

Yogesh Malhotra: So, debt should be working capital debt of around INR 800 crores to INR 900 crores after the copper coming in once the copper business starting say next year. So, that time we should be peak debt should be close to 800. Currently we are INR 118 crore of net debt we are having and which will go up by INR 600 crores to INR 700 crores approximately.

Vikas Singh: Noted, sir. Sir, my second question regards to copper only. Unlike lead, we don't have that kind of already established sourcing system or a geographical advantage. So, just wanted to understand given some of the competitors are also adding sharp capacity in their segment and we will predominantly depending on the imports. So, have we already tied up with few people to get this or how should we look at from which geography we think that we would be able to source everything in terms of copper?

Yogesh Malhotra: So, sir, in copper there are two things. I mean, if you buy from aggregator, I mean, that is true with any metal or any scrap is that if you buy from aggregator and then you make normal probably rod of copper and sell it to the market, you would not have any profits. But here now we have this RIML where we are making value added products. So, we are thinking of copper as a backward integration to that facility. Definitely our own procurement network is going to help. It's not that it's not going to help. We already have material coming from countries from where copper is also coming. We have our representatives there in some of these countries. We have our own yards also in some of these countries. Earlier we were not buying copper from those vendors or in those yards. Now we would start buying copper also from those yards. So, definitely there is going to be synergy in terms of reducing cost. And there is where we are a little different from our competitors. So, on one hand, we would have some benefit in terms of going to the last mile and collecting copper scrap. At the same time, because of the value addition

also, we would get some delta in terms of the overall realization from copper. So, if you look at the overall margin that we believe is going to be better than some of our competitors who are just selling basic copper products and are buying from aggregators.

Vikas Singh: Noted, sir. Sir, any synergy benefit which you want to point out in terms of percentage or figures?

Yogesh Malhotra: So, currently, as I mentioned that the RMIL is having a total EBITDA per ton of around 45,000 per ton. And we are expecting it to go up to around 65,000 per ton, by the time our new recycling unit comes up in the next two years.

Vikas Singh: Noted, sir. That's all from my side. Thank you and all the best for future.

Moderator: Thank you. The next question is from the line of Shrenik Mehta from IndoAlps Wealth. Please go ahead.

Shrenik Mehta: My question was about the overall aluminum EBITDA which has fallen on a per metric ton basis from almost 23,000 per ton to 17,700, a 23% decline. And plastics have also fallen from 20,300 to 9,800, almost half. Given that you have this vision of 2030 where non-lead business would be almost 35% to 40% of the overall business, can you decompose how much margin compression is attributable in this case to one, the LME-linked input cost passthrough lag? And second, through the capacity ramp of absorption at Mundra and recently commissioned plants? And third, the structural pricing pressure from competition or end-market weakness? And which of these do you expect that will reverse in the first half of FY27?

Yogesh Malhotra: So, I think we have always mentioned that the per ton EBITDA from aluminum is going to be around INR 14 to INR 15 per kg. And that has been true for the entire year. In fact, there has been some increase in last quarter because of sudden increase in aluminum prices. But on a sustainable basis, we have always said that it's going to be around INR 14 to INR 15 per kg. And for the entire year, because of copper pricing going up, it has been around INR 16 per kg in aluminum. So, it's not correct to say that the margins have been decreasing. The margins are still over and above the guidance that we have given. But because there is no hedging mechanism, then you can see some shifts in realization or EBITDA margins going forward also. But on a sustainable basis, INR 14 to INR 15 can be expected. And definitely, because when we set up our own plant in India, the working capital cycle increases and therefore, the necessity to have a hedging mechanism is very important. So, therefore, we are waiting for this approval from MCX or MCX starting a contract on aluminum before we scale it up in India. As far as plastic is concerned, I have mentioned it many times earlier also that it will take some time. And it's also consistent if you look at FY '25 last year versus this year, there has been some increase in EBITDA per ton from around INR 10 to around INR 12 this year. And part of it was because of again Q4 when the plastic prices surged because of this disruption and no plastic coming from overseas locations. So, therefore, the plastic prices went up and therefore, we could gain some higher EBITDA in plastic in the last quarter. But on an average basis, you can expect around INR 10 to INR 12 EBITDA margins in plastic going forward also. So, there is no decline in the

margins overall, but the volume in plastic would take some time. In aluminum, we are regularly following up with MCX and waiting for the approval to then scale up aluminum in India.

- Shrenik Mehta:** And when do you expect that approval because it's been hanging for a long time?
- Yogesh Malhotra:** I understand that we have been expecting this for the past one year. I mean, I can say that we can get it in Q1 next year also, but unfortunately, it's very difficult to predict because everything is there. I mean, there is nothing that is left now. The approvals are already there. MCX has already made that contact, but they are not releasing those contacts. So, I think it can happen anytime.
- Shrenik Mehta:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Ashish Kejriwal from Nuvama Institutional Equities. Please go ahead.
- Ashish Kejriwal:** Hi, thanks for the opportunity. So, two quick questions. One, you already mentioned about your sustainable EBITDA pattern guidance for aluminum, plastic. Is it possible to share that same for lead, copper, and rubber?
- Yogesh Malhotra:** So, lead again is around Rs.19-INR 20 per kg and copper currently is around INR 45 per kg. But once we start our recycling facility, it would go up to INR 60-65 per kg.
- Ashish Kejriwal:** And rubber?
- Yogesh Malhotra:** So, rubber would be around Rs.7-8 per kg.
- Ashish Kejriwal:** So, sir, here when you are talking about lead INR 19-20, you are considering the effect of this middle-east crisis also into that?
- Yogesh Malhotra:** No. This is on a sustainable basis without any crisis or without any arbitrage opportunities. I mean, if you look at last year, we had some opportunities of arbitrage where we increased our EBITDA per ton to around INR 22. But on a sustainable basis, I mean, when there is no arbitrage opportunity and there is no disruption, then it is INR 19-20. But if any of these two can change the lead margin, but that would only be temporary, not a permanent shift. So, on a permanent basis, Rs.19-20 is achievable. And then as we become bigger and as our share of value-added product goes up, you can see some improvements in the next couple of years.
- Ashish Kejriwal:** Understood. So, that means Q1, one can expect at a lower end of the guidance in terms of EBITDA per ton at least.
- Yogesh Malhotra:** Yes, you can say that because there are certain disruptions that are taking place. But at the same time, we are looking at other avenues so that we can compensate some of that effect. So, we are still, I mean, trying to find out what would be the exact guidance for this in the next quarter.

- Ashish Kejriwal:** Okay. Second question is out of this INR 850 crore CAPEX, which you are doing for copper, steel and others, how much is it for copper? Because what we understand is that lead was our bread and butter and then we tried to do it with aluminum, plastic, rubber. But unfortunately, for the last 4-5 years, nothing major happened over there. Now, copper comes to our kitty and see that we will be focusing.
- Yogesh Malhotra:** Out of this total capex of Rs.1,700 crores, which we plan for next 3 years, the CAPEX for copper is approximately INR 700 crores.
- Ashish Kejriwal:** Okay. So, in this INR 700 crores, how much capacity we are building in including the integrated or backward integration also?
- Yogesh Malhotra:** So, yet to be planned because we are doing some CAPEX for valuated products also and at the same time for basic recycling also. So, both around INR 200-300 crores for valuated products, which will not be generating additional revenue, but definitely it will improve the margins. But additional INR 300-400, INR 400-500 crores for increasing the capacity of basic products.
- Ashish Kejriwal:** So, that's what I am trying to ask. So, suppose in next 3-4 years, we complete this INR 700 crore capex on copper and we have a capacity of INR 30,000, which you are saying we can double it to INR 60,000. So, INR 60,000 again can go upward or not, which is included in this copper capex. I am trying to look at what kind of EBITDA we can generate once you do the entire Rs.700 capex and up and running in maybe 4 years down the line?
- Yogesh Malhotra:** So, I mean in the next 2 years, the capacity would be around INR 60,000 tons only, 2-3 years. But then when we increase our recycling capacities further, then part of it would go to RMIL and the balance part we are planning to make probably go into some other valuated products or some other products and therefore the total capacity would be around INR 100,000 tons in FY '29.
- Ashish Kejriwal:** So, INR 100,000 tons, INR 65,000-INR 70,000 per ton, EBITDA one can expect from there.
- Yogesh Malhotra:** EBITDA per ton.INR 60,000 per ton.
- Ashish Kejriwal:** That's great, sir. Thank you and all the best, sir.
- Moderator:** Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** Thanks for the chance, sir. Roughly, now just continuing on the copper topic, what sort of working capital are we looking at, say, in the next 3-4 years? Is it roughly around INR 1,200 crores?

- Yogesh Malhotra:** So, basically, the working capital cycle for copper is going to be around 90 days. So, in that sense, whatever, right, if we calculate it for 30,000 tons capacity at 70%, yes, it should be close to Rs.1,000 crores.
- Sumangal Nevatia:** Okay. So, just, I mean, if you put in that INR 700 odd crores of CAPEX, INR 1,200 odd crores of working capital and EBITDA margin and some decent utilization of 60,000 tons capacity, our calculation is suggesting not more than 11%-12% ROCE. So, just want to know what is our sense of the entire copper division return profile?
- Yogesh Malhotra:** Now, basically, as we said, this recycling facility is the backward integration of our existing facility in copper, like we took over this RMIL. So, if you consolidate this, both the businesses together, the overall, the margin profile will be better and ROCE should be in the range of 20% plus.
- Sumangal Nevatia:** Okay. So, what margin profile, with backward integration, we are taking around INR 60-65 per kg. Is that fair or will be better than that also on backward integrated capacity?
- Yogesh Malhotra:** So, this will be 65, will be on the basis of current 45 of RMIL, considering 45K of RMIL current. So, there will be some upside on that also in future and with integration, it will further improve. So, we are going beyond 65 over a period of 2-3 years down the line.
- Sumangal Nevatia:** Okay. Understood. So, my second question is on the lead division. So, generally, as per our expectation, how have been the entire enforcement of the VPR norms and are we seeing any penalties being imposed? Because given all the policy tailwinds also in the last few years, our volume growth has been almost, in the lead division has just been around 15% CAGR, which has been much weaker than what we were expecting or guiding. So, what has been the key, I mean, disappointment here and how do we see this changing?
- Management:** Yes, as I mentioned earlier that there are a few changes which are going to happen on this EPR portal. One, the trading will be happening through MSTC, which will be an independent trading portal. And second, the audit mechanism being also involved, evolving, wherein the people who are providing EPR will be audited by Central Pollution Control Board. So, this will create a higher value realization of EPR credits and later these scripts may become a part of carbon credit also. So, there will be more transparency coming in this area. And parallelly, the reverse charge mechanism and TDS on particularly battery scrap is under discussion and the next GST council meeting, it may be implemented because NITI Aayog has recently released three reports. One on tyre, one on end-of-life vehicles, another one was on batteries, lithium-ion as well as lead-acid battery, wherein also they have recommended all these reforms related to tax and operational reform. So, hopefully, in next council meeting, it may come as a reverse charge mechanism, TDS, one is E-portal and third is audit of the recyclers.
- Yogesh Malhotra:** So, to answer your question to some extent, it is having an impact in terms of higher availability of material domestically. But at the same time, you know, 18% GST is creating a hurdle because of which most of the battery brand owners are not able to compete with the unorganized market.

So, therefore, I mean, although they are trying their best, at the same time, unfortunately, the lead prices globally have not been, I mean, they were very low over the last years. So, the difference between domestic lead and overseas lead was very high. So, that also created some problem in terms of battery manufacturers to go and collect batteries from domestic market. But once this reverse charge mechanism will come, that 18% benefit that this unorganized sector gets goes away, then it will probably go very fast. But otherwise also, if the arbitrage opportunity which is currently available in domestic market vis-à-vis the LME or the global markets comes down, then also the collection would be much faster.

Sumangal Nevatia: Got it. If I can just squeeze in one more question, can we get volume guidance for FY '27 across divisions?

Yogesh Malhotra: So, volume plan is like same 20%-25% growth and in additional growth, slightly additional growth because we missed some volumes in the last year. So, we are expecting slightly more than this in the FY '27.

Sumangal Nevatia: Got it. Thank you and all the best, sir.

Moderator: Thank you. The next question is from the line of Nishita from Sapphire Capital. Please go ahead.

Nishita: So, I just had a question on the lithium-ion battery plant that you put up of 6000 MTPA. So, we commissioned that in Q4. So, what is the revenue potential from that plant?

Yogesh Malhotra: See, as we mentioned earlier also that lithium-ion battery is just a pilot project where we are trying to understand the technology. It is only the first part of the overall lithium-ion plant that we have established and that is still black mass. So, currently we are putting up the second part where we would be refining and extracting lithium and other minerals from this plant. That is still to come. So, we are not expecting any major revenue in this year from lithium-ion battery recycling. But in the next 2 to 3 years, I mean you can see some volumes coming. But we are not considering any volume from lithium-ion battery till our FY '29 guidance. If something comes, that would be over and above the guidance.

Nishita: Okay. Understood. And like the backward integration of recycling for copper, the recycling plant that we are doing, what will be the capacity of that recycling plant?

Yogesh Malhotra: The capacity for this plant is the phase 1 will be 29,400 tons per annum.

Nishita: And like what will be the total capacity after all the phases are done?

Yogesh Malhotra: As we mentioned that over a period of 2 to 3 years, we are planning to take this capacity to 100,000 tons plus.

- Nishita:** Okay. Understood. And so, like we are under a very high growth phase right now with all of our capacity expansion. So, once all of the capacity expansion is done, what like at the maximum utilization with all the capacities commissioned, what is the revenue potential that we see?
- Yogesh Malhotra:** So, as I mentioned earlier that the total, you can expect a volume of around 800,000 tons by FY '29 in terms of volumes. I am sorry, that is the total capacity and you can expect around 60% to 65% utilization of those capacities, which would come to around 500,000 tons by FY '29.
- Nishita:** Okay. And the EBITDA per ton will be more or less stay the same that you mentioned earlier?
- Yogesh Malhotra:** So, segment wise EBITDA guidance we have already given and it would remain on similar terms only.
- Nishita:** Okay. Understood. Thank you so much. All the best.
- Moderator:** Thank you. The next question is from the line of Sahil Garg from CCV Fund. Please go ahead.
- Sahil Garg:** Sir, may I know what was the reason for promoter offloading their stake in the open market during last 12 months?
- Yogesh Malhotra:** So, there was no sale in the open market. There was some dilution by way of selling to some institutional shareholders, where they were looking for some bigger stake in the Company. So, that was the reason. And promoter was also looking for some liquidity for his personal purposes. That was the only reason.
- Sahil Garg:** Okay. And second question is that the borrowings in the overall Company is increasing like in March '25, it was INR 286 crores and March '26, we have closed at INR 736 crores. But our interest cost is decreasing. So, we have put interest of only close to INR 25 odd crores against the borrowings of INR 736 crores. So, are we capitalizing the interest cost or like what is the reason for such a low interest cost?
- Yogesh Malhotra:** No. Basically, we are considering the net debt. So, currently, net debt is very small, which is 100 odd crores at this moment. So, earlier we were having some additional liquidity by way of we raised some equity from the QIP and that money was there with us. So, later on, we used part of that money for some of the CAPEX and internal equity and the working capital. And recently, we acquired one Company, you have heard about RMIL in copper business. So, some of the liquidity was used for that also. So, considering everything, after all, everything, now that we have the net debt of around INR 100 crores, which is very small and that is the reason the interest cost was coming down.
- Sahil Garg:** So, by net debt, you mean to say that you have a surplus cash balance, right? Or maybe some liquidity investment? So, for that, we are already booking some other income in the P&L. So, there is a INR 77 crore of other income in the P&L. So, how we are netting up with that?

- Yogesh Malhotra:** So, overall, on the debt side, we have, but when we have the higher interest cost also, then basically the reduction of other income was also there. Sir, may I know what is the cost of borrowing?
- Sahil Garg:** Debt is increased in this year, year-end only. Because of this acquisition, which was done in the March itself, the debt is increased. Otherwise, the debt was lower. So, the interest cost, if you see on the year-end, overall year was lower, because debt was lower.
- Management:** So, the other income only stopped in mid-March only.
- Sahil Garg:** Okay. So, what would be the tentative interest cost for FY '27 based on the current debt of INR 736 crores?
- Yogesh Malhotra:** So, interest will be in the similar range, whatever we are doing around INR 4 odd crores for a quarter. So, that INR 4 crores to INR 5 crores will be the interest cost for this year. Till the time we start the copper recycling business, which is a bigger part of the working capital. So, we start some increase in the debt for working capital. Otherwise, till the time we don't start that recycling business in copper, the working capital debt will be similar.
- Sahil Garg:** Okay. Perfect. So, I have just one last question. May I know what is the current expansion status of the Mundra and the Phagi plant? I guess I missed it earlier.
- Yogesh Malhotra:** So, Mundra has already been commissioned and Phagi you can expect in Q1. So, there are 2-3 parts to Mundra expansion. One is the lead expansion that has already happened in last quarter. The rubber expansion would happen in Q1 or Q2 this year, H1 this year. Phagi lead of around 45,000 tons of lead capacity would happen in Q1 of this year.
- Sahil Garg:** Okay. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Management for closing comments.
- Yogesh Malhotra:** Thank you everyone for participating in this call. We trust that we have addressed all your queries during this 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:** Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us and you may now disconnect your lines.