

## Company Profile

**Eco Recycling Limited (Ecoreco)** was incorporated in September 2007 to manage end of life electrical & electronic waste in an organized manner employing necessary technology & methodology to derive commercial objective and also to protect ecology & environment.

Ecoreco was jointly promoted by Infotrek Syscom Limited, a company listed on the Bombay Stock Exchange since 1995 and Mr. B K Soni, the first generation entrepreneur & main promoter of Infotrek Syscom Ltd.

**Managing Director:** Mr B K Soni

### Brief History:

Year	Events
1994	<ul style="list-style-type: none"> <li>Soni Capital Markets Limited was incorporated on 1st August as a Pvt. Ltd. Company under the name and style of <b>M/s. Soni Capital Markets Pvt. Ltd.</b>, and subsequently converted into a Public Ltd. Company by passing special resolution on the 31st August</li> <li>A fresh Certificate of Incorporation was obtained from the Registrar of Companies, Maharashtra on 22nd September, with the change in its name to <b>Soni Capital Markets Ltd.</b></li> <li>The Company was engaged in Project Consultancy which includes Technical Feasibility Studies, Debt Syndication etc., Dealings in Money Market, Investments in Stock Markets, Underwriting of Primary Market Offerings etc.</li> </ul>
1995	<ul style="list-style-type: none"> <li>The Company went into Public with an issue of 7,50,000 No. of equity share of Rs. 10/- each cash at par, aggregating to Rs.75 Lacs on 17th April</li> </ul>
1996	<ul style="list-style-type: none"> <li>The Company proposed to enlarge its area of financial and allied services activities in the near future</li> </ul>
1998	<ul style="list-style-type: none"> <li>As a part of its diversification program, Sony Corp India Ltd (SCIL), entered into the lucrative computer software and hardware activities</li> </ul>
2000	<ul style="list-style-type: none"> <li>The Company has decided to issue right shares in the ratio of 2 equity shares of Rs 10/- each against the holding of 3 shares of the same face value to its existing shareholders at a premium of Rs 15/- per share To approve the proposed arrangement between M/s Azmara Plc, UK (incorporated in UK, 120 years old company having net-worth of 5 millions and asset base of \$ 180 millions) and the company for implementing BPO (Business Process Outsourcing).</li> </ul>
2003	<ul style="list-style-type: none"> <li>Soni Infosys Board approves arrangement between Azmara Plc, UK and the Company</li> </ul>
2005	<ul style="list-style-type: none"> <li>Infotrek Syscom enter into MOU with SKIL Infrastructure for acquiring 1 acre of land</li> <li>Infotrek Syscom secures export order from Zahra International, USA</li> </ul>
2007	<ul style="list-style-type: none"> <li>Company name has been changed from Sony Corp India Ltd to <b>Soni Infosys Ltd.</b></li> </ul>



	<p>Once again the company name has changed from Soni Infosys Ltd. to <b>Infotrek Syscom Ltd</b></p> <ul style="list-style-type: none"> <li>The company received approval for naming its proposed subsidiary <b>Eco Recycling</b> from the Registrar of Companies, Maharashtra. This subsidiary would have an initial authorized capital of Rs 200 million for taking up the business of waste electrical and electronic equipment (WEEE) segment.</li> <li>The issue of 3 million warrants on preferential basis at a price of Rs 60 per warrant to First Online Comtrades (1 million warrants), Knights Bridge Financial Services (1 million warrants), Mahakosh Holding (500,000 warrants) and Alomarya Technical LLC (500,000warrants)</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>Eco Recycling Limited amalgamated with Infotrek Syscom Ltd.</li> <li>The name of Infotrek Syscom Ltd is changed to Eco Recycling Ltd.</li> </ul>
<b>2011</b>	<ul style="list-style-type: none"> <li><b>Bennett Coleman &amp; Co Ltd (BCCL)</b> has invested Rs.3.5 crore in e-waste recycling company <b>Eco Recycling Ltd</b>, by subscribing to 0.8 Million equity convertible warrants. BCCL will hold around 8.7% stake in the company.</li> <li>Bennett, Coleman &amp; Company Limited holds 6,00,000 equity shares in Eco Recycling Limited.</li> </ul>

### Shareholding Pattern:

The shareholding pattern of the company is shown below:

Category	# of Shares (FY11)	Percentage	# of Shares (prior to amalgamation)	Percentage
<b>Promoter and Promoter Group</b>	<b>1,16,11,218</b>	<b>72.83%</b>	<b>1457968</b>	<b>31.69%</b>
Indian	1,16,11,218	72.83%	1457968	31.69%
Foreign	--	--	--	--
<b>Public</b>	<b>43,31,282</b>	<b>27.17%</b>	<b>3142032</b>	<b>68.31%</b>
Institutions		2.27%	360,800	7.85
FII	3,60,000	2.26%	360000	7.83
DII	800	0.01%	800	0.02
Non Institutions	39,70,482	24.90%	2,781,232	60.46
Bodies Corporate	13,23,846	8.30%	1344632	29.54
Custodians	--	--	--	--
<b>Total</b>	<b>1,59,42,500</b>	<b>100</b>	<b>4600000</b>	<b>100</b>

### Change in the shareholding Pattern due to amalgamation:

Eco Recycling Ltd amalgamated with Infotrek Syscom Ltd with an effect from Nov 24, 2010. Infotrek Syscom changed its name to Eco Recycling Ltd as per the scheme of amalgamation.

Prior to amalgamation the shareholding pattern of Eco Recycling Ltd was:

Category	# of Shares	%
<b>Promoter &amp; Promoter Group</b>	14391300	96.80
<b>Bodies Corporate</b>	440000	2.96
<b>Individuals</b>	35700	0.24
<b>Total</b>	14867000	100



### Purpose of Amalgamation:

- Lesser regulatory and procedural compliances
- Integrate, streamline and rationalize the management structure of the merged business
- Combined capital resources would strengthen the financial position of the merged entity and result in increase in leveraging capacity of the merged entity i.e. its capacity to borrow funds for business purposes
- Pooling of human talents in terms of management, administrative services and marketing, to reduce cost
- To eliminate duplication of work
- Cost savings in fees/duties payable on statutory and procedural compliance
- Optimum utilization of assets
- Ease in decision making

### E-waste Recycling Industry Overview:

**E-waste:** Electronic waste, "e-waste" or "Waste Electrical and Electronic Equipment" ("WEEE") is a waste consisting of any broken or unwanted electrical or electronic appliance.

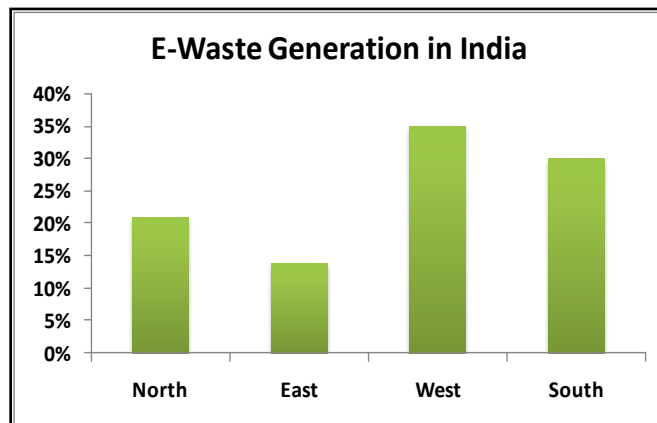
#### Sources of E-waste:

- IT & Telecom Equipments
- Large Household Appliances
- Small Household Appliances
- Electrical & Electronic Tools
- Toys, Leisure & Sports Equipment
- Monitoring & Control Instruments

#### Volumes

- India generates close to 500000 tonnes of e-waste per annum and it is expected to touch by 1.6 million by 2012.
- E-waste generation by major cities:

Cities	Tonnes of e-waste per year
Mumbai	50000
Delhi	35000
Bangalore	30000
Chennai	25000
Kolkata	19000
Ahmedabad	14000
Hyderabad	13000
Pune	10000
Indore	8000



- In 2007, only 19,000 tonnes were processed using environmentally safe recyclers (organized). Unorganized recyclers took care of the rest volumes of e-waste.
- The corporate sector, which generates 60% of India's e-waste
- Over 400-odd companies that are serviced by organized recyclers across the country recycle less than 5% of e-waste through registered recyclers
- The Western region contributes maximum to e-waste generation – up to 35%
- Sixty five cities in India generate up to 60% of total e-waste
- Ten states alone generate more than 70% of total e-waste
- E-waste recycling is estimated to grow to 1.7 to 2 Lakhs tonnes per annum by the organized sector by 2012. This is estimated based upon the upcoming companies and government steps towards e-waste recycling.

#### Growth Drivers:

- **Continuously changing technology:**  
It is one of the major drivers, which is pulling the growth of e-waste. The corporate as well as individuals, do not want to be working on outdated technologies. Thus, they update themselves with new technologies to remain competent in market, leaving huge amount of e-waste behind.
- **Increasing personal income:** This also makes people to move towards advance technologies. For example, the introduction of LED Screens, wireless keyboards and mice, etc have replaced old hardware.
- Growth in software industry
- Computerization of banking and financial institutions, insurance, retail and other sectors.

#### Constraints:

- The major constraint towards growth of e-waste recycling with eco-friendly means is lack of education among individuals related to hazardousness of e-waste recycling via non eco-friendly methods



- Registered Players in E-waste recycling:

Total number of companies granted permission for e-waste recycling is 23.

SN	Name of the Unit (State-wise)	Quantity Allowed (MTPA)
<b>Andhra Pradesh</b>		
1.	<b>Ramkey Enviro Engineers Ltd.</b>	<b>10000</b>
2.	Earth Sense Recycle Pvt. Ltd	1800
<b>Karnataka</b>		
3.	Ash Recyclers, Unit II	120
4.	New Port Computer Services Pvt. Ltd.	500
5.	EWaRDD & Co	600
6.	E-R3 Solutions Pvt. Ltd.	120000 units (only printer cartridge)
7.	Ash Recyclers, Unit-I	120
8.	E-Parisara Pvt. Ltd.	1800
9.	Surface Chem Finishers	600 kg/annum
<b>Gujarat</b>		
10.	Jhagadia Copper Ltd.	12000
<b>Maharashtra</b>		
11.	<b>Eco Recycling Limited</b>	<b>7200</b>
12.	Earth Sense Recycle Pvt. Ltd.	360
13.	Hi-Tech Recycling India Pvt. Ltd.	500
<b>Haryana</b>		
14.	Earth Sense Recycle Pvt. Ltd.	1200
<b>Rajasthan</b>		
15.	Greenescape Eco Management Pvt. Ltd.	450
<b>Tamil Nadu</b>		
16.	Trishyiraya Recycling India Pvt. Ltd.	740
17.	<b>TES AMM Pvt. Ltd.</b>	<b>30000</b>
18.	Global E-waste Management and Services	387
19.	<b>Victory Recovery &amp; Recycle Technologies India Pvt. Ltd.</b>	<b>6000</b>
20.	Ultrust Solutions Pvt. Ltd.	1500
21.	INAA Enterprises	300
<b>Uttar Pradesh</b>		
22.	TIC Group India Pvt. Ltd.	1000
<b>Uttarakhand</b>		
23.	<b>Attero Recycling Pvt. Ltd.</b>	<b>12000 MTA</b>



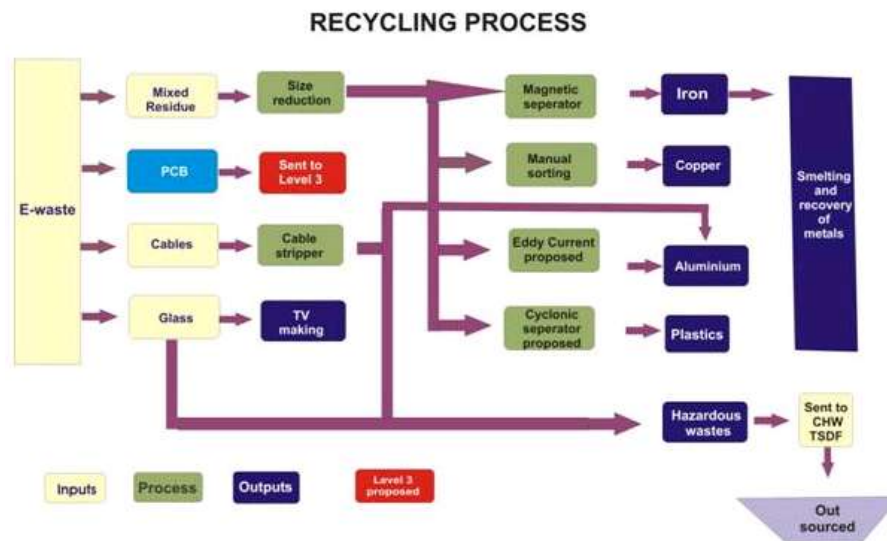
## Business Overview:

The company has 3 major operations:

1. Recycling
2. Remarketing and leasing
3. Data Destruction

### Recycling:

Recycling activities at Ecoreco commences with the receipt of e-waste material from various clients' locations. The material is initially weighed, and is separated product-wise (monitors, CPUs, printers, keyboards, etc.) for easy retrieval. The material is then checked by qualified technicians to ascertain whether the equipments are working or non-working.



The shredder used in the recycling process has the capacity of 1500 kg/hour. It can handle 4000 tonnes of e-waste per year.

**Recycling Facility:** 25000 sq ft, Vasai, Mumbai

### Remarketing:

The equipments which are recovered for recycling, if they are in working/ near-working condition, then the technicians attempt to repair/ upgrade the equipments to ensure that they become re-marketable and can be resold.

The company also provides reusable equipments on lease basis to their customers.

### Data Destruction:

Information-containing devices such as hard disks, compact disks, etc. are collected and destroyed at client's location through mobile shredding facilities. The shredded equipment is then brought to Ecoreco's facilities for recycling.



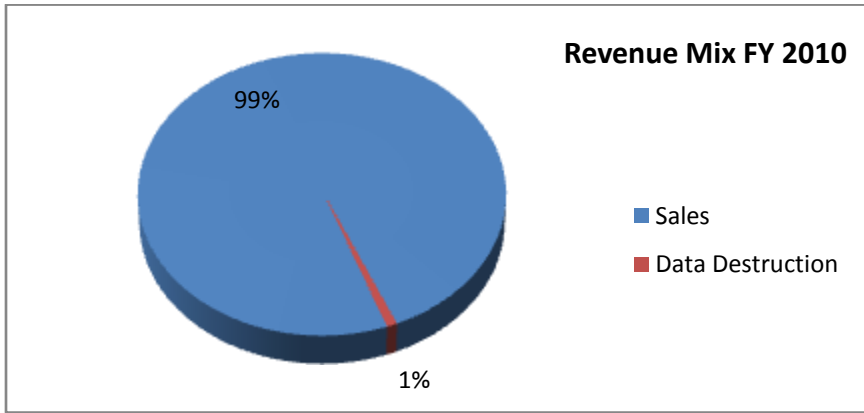
The facility has the capacity to shred up to 60 hard disks an hour.

**Collection of e-waste:**

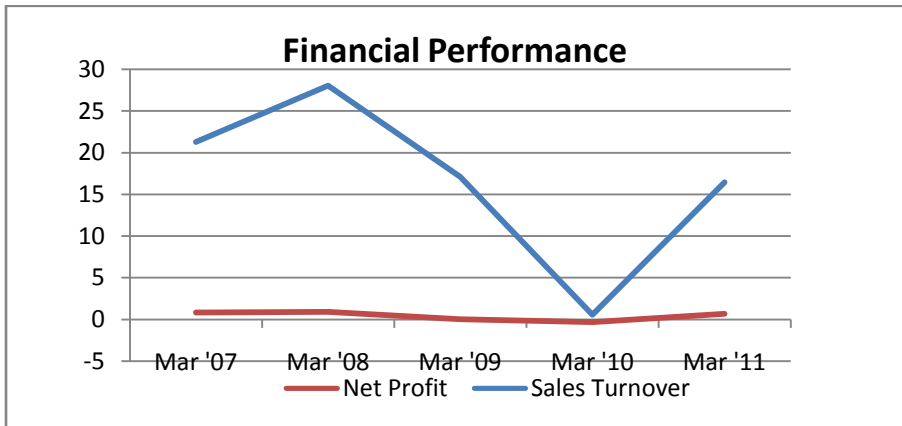
Ecoreco has its own fleet of vehicles for collection from the generators of e-waste as well as tie ups with logistic companies for collection across India.

**Financial Performance:**

- **Revenue Mix:**



The above figure suggests that the majority of income comes from remarketing and leasing activities. The revenue mix for FY2011 is expected to show similar pattern since few companies go for such activities.



The financial performance of the company was not good from FY2009 to FY2010 because prior to 2007 the company was in some other business activities other than e-waste recycling. The effective e-waste recycling activities commenced from September 2010. The FY2011 results have improved majorly due performance in December and March Quarters.



## Investment Rational:

### 1. Strong Business Model:

- The company is into recycling of e-waste generated by individuals and corporate bodies.
- The company purchases e-waste from its corporate clients and recycle the waste i.e. recover materials such as precious metals like steel, aluminum, copper, mercury, and plastic, identify equipments which are in working condition or which can be made reusable after small repairs. The company sells the metals and remarkets and lease the equipments recovered from recycling.

The company also does data destruction by destroying hard-disks, compact disks and other memory devices. The company charges fee on data destruction from the clients who fears leakage of sensitive information.

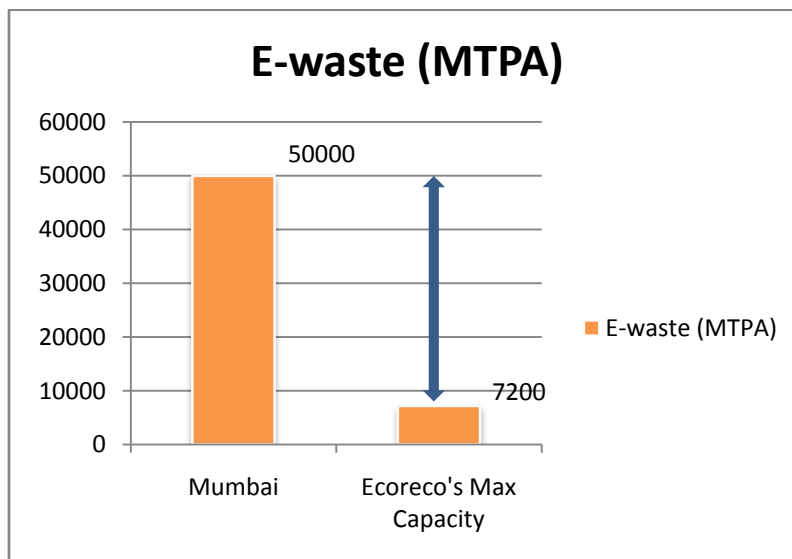
- The business model is environment friendly which is, in itself, a CSR activity and a growing need of the society.

### 2. Major Market player in Maharashtra:

- The company stands on 5<sup>th</sup> position in India on basis of maximum installed capacity. The company is the only major player in Maharashtra. Thus, the company has monopolistic advantages in the Maharashtra e-waste recycling market.

### 3. Scope for expansion:

- Currently, the company has a maximum capacity of 7200 metric tonnes per annum for e-waste recycling, only in Mumbai. Mumbai, alone, is estimated to generate 50000 tonnes of e-waste.



- The company is expected for expand its machinery and recycling facilities.



- If company covers only Mumbai's e-waste. Its EPS are expected to grow above Rs 20.

#### 4. Results:

Particulars	FY2011	FY2010	Change
Sales	1643.58	587.17	180%
Expenditure	1546.19	585.29	164%
Other Income	4.74	17.03	-72%
Operating Profit	102.13	18.91	440%
Interest	16.58	1.92	764%
PBT	85.55	17.89	378%
Tax	15.26	3.43	345%
PAT	70.29	14.46	386%
EPS	0.44	0.09	389%
OPM	6.21	3.22	93%
NPM	4.28	2.46	74%

The sales have grown 180% to Rs 16.44 crores, consequently, the net profits have grown 386% to Rs 70.29 lakhs from Rs 14.46 lakhs in previous year.

#### 5. Estimates: (in Rs Crores)

Particulars	FY2010	FY2011	FY2012E	FY2013E	FY2015E
Net Sales	5.87	16.44	32.87	65.74	262.97
Operating profit margin	1.45	6.61	6.61	6.61	6.61
Net Profit Margin	2.39	4.26	4.26	4.26	4.26
EPS	0.09	0.44	1.75	3.5	15.0

- The EPS for the company is estimated to grow to Rs. 1.75 per share in FY2012. The EPS is estimated to be doubled every year from 2012 fiscal year.
- The Profit margins are kept constant by looking at the business model of the company.
- The sales are also estimated to be doubled from next fiscal year.
- The above estimates are the projections based upon the growing demand for e-waste recycling, monopoly in Maharashtra and strong business model of the company.

#### Recommendation:

The EPS for the FY2015 is estimated as 15 rupees per share and assuming Price to earning ratio around 20, the target price for the share in the market we have arrived at Rs 300 by FY2015.

Therefore it is suggested to buy the shares at the current price and hold them as a long term investment. If there is a price fall in between, then the investors are suggested to buy the company's shares aggressively to get higher returns.

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