Management Discussion

Aashvi Shah - Investor Relations, AdFactors
Thank you, Steve. Good morning, everyone. I'm Ashwini from AdFactors Investor Relations. On behalf of CMR Green Technologies, it is my pleasure to welcome you all to the Q2 and H1 FY27 earnings conference call. Joining us on the call today, we have with us from the management, Mr. Mohan Agarwal, Chairman and Managing Director, Mr. Ankur Singh, Director, Business Development, and Mr. Satish Kaushik, Chief Financial Officer. We will begin today's call with opening remarks from the management, following which we will open the floor for Q&A.

Before we begin, I would like to remind everyone that certain statements made during today's call may be forward-looking in nature. These statements are based on management's current expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially. CMR Green undertakes no obligation to publicly update or revise any forward-looking statements based on subsequent events or new developments. With that, I would now like to hand over the call to Mr.

Mohan Agarwal for his opening remarks. Thank you, and over to you, sir.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Thank you, Ashish. Uh, good morning, my name is Mohan Agarwal. Uh, first, uh, my apologies that we had to Reschedule the call, uh, actually on the 6th of November. Unfortunately, I lost my father-in-law, so we had to shift the call. I hope everybody understands.

Um,

okay.

Well, uh, thank you for joining us today for the Q2 and H1 earnings conference call. Before I turn to our performance, I would like to share in a few words the purpose that drives us at CMR. One is mobility. Mobility is integral to everyday life in India, and CMR plays an important role in keeping the country moving. Nearly one in every two vehicles on Indian road has aluminium alloys supplied by CMR. By giving aluminium a second life, we make mobility lighter, more resource efficient, and less carbon intensive.

Then sustainability is at the core of everything we do, with a strong focus across all 3 pillars of ESG environment, social, and governance. Our commitment to the environment is reflected in our continued efforts reduce our carbon footprint and leave a greener world for future generations. We supply low-carbon recycled aluminium to primary aluminium producers, and we introduced Continuum, an EPD-certified green billet. Each day we continue to innovate for a better tomorrow. So Coming to our performance, uh, today I would like to take you through not just our performance but also on how we are continuing to build on larger purposes.

Our responsibility as a limited company is to translate the trust of our employees, customers, suppliers, shareholders and investors into profitable growth and sustainable returns. We delivered a strong second quarter with a healthy growth across our financial and operational parameters. For Q2 FY27, revenue from operations stood at 3,471.9 crores, EBITDA at 150.7 crores, and profit after tax at 72.6 crores. Representing, uh, year-on-year growth of 59%, 30%, and 25% respectively. Uh, for H1 '27, revenues stood at 6,594 crores, EBITDA at 290 crores, and profit after tax at 141 crores, representing a growth of 62% 29% and 24% respectively.

Uh, for Q2 FY27, total sale volume grew by 14.4% to 1.2 lakh metric tons during the quarter. For H1,

total sales grew by nearly 19% year on year. Our core aluminium business recorded stronger growth at about 24%, with volumes reaching nearly 98,000 metric tons. Our new businesses also gained traction. Billet volumes increased 126%. Our UBC volumes grew by 170%. These businesses are widening, and our product portfolio Are widening our product portfolio and growth platform. EBITDA per kg rather than as percentage, in our view, remains the more meaningful indicator of our underlying performance because price changes are largely pass-through for us.

EBITDA per kg stood at 12.60 in Q2 compared to 12.40 in Q1 and 12.50 pesa in H1. We are now pursuing to pass on the increased financial cost on account of recent metal price increases to our customers, which should further improve our EBITDA per kg going forward. Beyond our financial performance, I would like to explain what sets CMR apart from a typical metal recycler. First, aluminium alloys are specialized products. Each grade is developed, tested, and qualified against a customer specification, and qualification cycles are long.

Once approved, our product becomes part of the customer's engineering and production process which makes it difficult for a new supplier to enter and for a customer to switch. Second, our commercial model is designed to manage commodity price volatility. We combine LME-based hedging, lag-aware pricing, and customer pass-through mechanisms to reduce commodity risk and improve margin predictability. Third, our advanced segregation capabilities and state-of-the-art processing technology enable us to recover and supply high-quality furnace-ready scrap across the metals such as copper, brass, zinc, and stainless.

Fourth, billets and sheet ingots are a growing part of our portfolio. Uh, we are the first in India to develop Continuum, our premium quality green low-carbon billets made from post-consumer scrap with an EPT-certified carbon footprint. The fact that customers traditionally using primary aluminum billets are also purchasing from us reflect the quality and position of our products. Fifth, we are also a first mover in closed-loop UBC recycling with a dedicated facility serving a primary aluminum producer.

This enables used beverage cans to be recycled back into the same value chain, supporting circularity and reducing dependence on primary resources. Sixth, together UBC, Billets, and sheeting lets expand our addressable market beyond automotive into sectors such as construction, renewable energy, and sustainable packaging. So all these trends provide great predictability and visibility on volumes along with more consistent profitability, making CMR a differentiated and increasingly, increasingly decommoditized business.

This differentiated positioning is supported by a favorable demand environment across our end markets, giving us large opportunities of further growth. Coming to automotive, the Indian automotive industry recorded its highest ever second quarter sale In Q2 FY27, with passenger vehicles, two-wheelers, and commercial vehicles growing at 30.7%, 15.2%, and 28.7% respectively. Rising EV adoption with 3 times higher aluminum content per vehicle further support our growth. Beyond automotive, demand for recycled aluminum is expanding across construction, packaging, electrical, and Renewable energy, with these segments expected to grow at 10-12% CAGR through FY30.

A growing preference for low-carbon material together with regulatory support from EPR and recycled content mandates add momentum to our long-term growth. On the financial front, I am pleased to share that CMR's credit rating has been upgraded by one notch by CRISIL to AA-. Uh, this reflects our strengthened financial standing and gives us greater flexibility going forward. I would now like to address a few points raised in our earlier conversations with the investors. Firstly,

regarding the cash flow, our cash flow from operations is influenced by our high capex investments and high growth.

We earned an operating profit of 444 crores in H1, but an increase in working capital and tax payment of 703 crores led to slightly negative cash from operations. However, our debt-equity ratio is still at a healthy 0.9, and we will continue to exercise sound financial prudence and planning to continue our focus on sustainable growth. Uh, next, on ROCE, I wish to inform that historically we have achieved an average ROCE of over 20%. Over last decades. In the near term, however, higher finance cost and the ongoing capex have moderated our ROC to around 14%.

As these investments scale up and start contributing more meaningfully, we expect ROC to progressively improve back to over 20%. Except when we keep pursuing additional growth opportunities and make large strategic, strategic investments in expansion and diversification. So we have to always find a balance of who what should we prioritize. Uh, next, regarding scrap availability, We remain well focused on sourcing and diversifying our raw material supply. We are closely monitoring the proposed EU restrictions on metal scrap exports to India from May 2027 and have been making representations to the relevant EU authorities to support the continuation of the exports.

In parallel, we also continue to further expand our sourcing geographies and supplier network, both in imports and domestic. So with all these, we expect that we will have sufficient supply of scrap. Um, I would also like to take this opportunity To briefly address a recent transition in our CFO position. Uh, while there has been a change in this role and Mr. Satish Kaushik, our earlier CFO, has rejoined us, the CMR's governance framework remains strong and well established, supported by an independent board for over a decade.

And robust financial systems and processes. Ernst& Young LLP served as our statutory auditors for 10 years before resigning on rotation basis. They now continue to be associated with us as our internal auditors. I would like to thank Mr. Yugal Kishore Garg, for his contributions and welcome Mr. Satish Kaushik as our new CFO. Before I conclude, I would like to reiterate our confidence in the long-term growth of recycled aluminium across both automotive and non-automotive applications. With our leadership position, strong operating capabilities, and focus on sustainable growth, CMR is well positioned to capture this opportunity.

So thank you for your continued trust and support. I will now hand over the call for questions.

Questions & Answers

Operator
Thank you, sir. We will now begin the question and answer session. [Operator Instructions] Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Pranav Jain with Ageless Capital and Finance. Please go ahead.

Pranav Jain - Analyst, Ageless Capital and Finance
Uh, hi, I hope I'm audible.

Thank you for the opportunity. So firstly, my condolences to the family. Uh, sir, secondly, just coming to the numbers,

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
sir, we've

seen an

Pranav Jain - Analyst, Ageless Capital and Finance
increase in the short-term borrowings. I'm assuming it's for working capital as the metal prices increased during the first half. So now, now as we see, aluminium is more or less stabilized around 3,000 and the chances of it going higher are less likely than it going lower. Along with that, so, so considering now in the second half, sir, can we where can we see our borrowings to moderate to? And also, just in addition to that, related to that, our cash flow from operations, if aluminium stays stable now around the prices that it is right now, are we expected to be cash flow from operation positive by the end of the year?

Or just these 2 questions.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Thank you. Thank you firstly, uh, for your condolences. Uh, it means a lot to us. Uh, we are very focused on, uh, the cash flow situation. While the prices have gone up, what we have seen and maintained is that our working capital cycle actually has gone down to 66 days from 72 days that we experienced in March. So we Our overall debt, which is, as you rightly pointed out, is mainly because of the short-term, uh, working capital requirements. It is short-term debt, so that is the reason. But we are making our working capital cycle, uh, a little more efficient.

Uh, with aluminium prices, I also feel 3,000 looks to be more sustainable. We don't think it is going to go back to the very high levels that we had seen earlier, uh, so this should be the normal range where prices should stay. Uh, I we our cash flow situation would definitely improve because also there is a lot of money that we have to get from our customers for rate increase. So there are a good amount of unrealized rate difference debit notes. So all that put together will definitely improve our cash flows better.

In fact, before the by March '27, we expect that we should go cash flow positive, especially in the H2 of this year.

Pranav Jain - Analyst, Ageless Capital and Finance
Understood, sir. And so the borrowings are expected to remain at this level, or they should moderate as well, uh, towards the end of the year?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
At the moment, uh, look, we are looking at high growth, so borrowings, uh, should kind of stay at current levels. That is what because, uh, we it's a working capital cycle, it's an efficient working capital cycle at this time. So I don't see any reason why it should go down until and unless we make more money and then we are able to repay off the part of the debt. So the working capital cycle more or less will stay the same. Either it will get funded in fact, it will get reduced because with our earnings going forward.

Pranav Jain - Analyst, Ageless Capital and Finance
understood. And sir, on working capital, our inventory days and receivable days Uh, are, are we, are we planning is there a, you know, a method where we can reduce them further? Are we targeting a further reduction, or this can be sustainable for the year?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
No serious change. Uh, I think, uh, what we are experiencing at this moment of time is more or less,

uh, appropriate. I don't see any substantial change in that.

Pranav Jain - Analyst, Ageless Capital and Finance
Understood, sir. And so just one last question, sir. Our billet and our UBC facilities, uh, these are going to work at 100% utilization this year, which will add to the volumes and hopefully take us to the 5 lakh ton volume?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Yes, uh, UBC is ramping up quite well. And billet also is ramping up quite well. In fact, in the billet plant, we have already also undertaken an expansion there which should be up and running by, say, end of FY27 or early by April FY28, we should be up and running. So Both these plants should reach 100% or near 100% capacity utilization by March FY27.

Pranav Jain - Analyst, Ageless Capital and Finance
Understood, sir. So that's it for my answer. I'll join back the queue in case there's any more. Thank you so much for your answers.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Thank you. Thank you.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Sagar with Alchemy Ventures. Please go ahead.

Sagar Tanna - Analyst, Alchemy Ventures
Hi sir, can you guide us in terms of volume growth for both aluminum and non-aluminum? What are we looking at in '27, in the current year and next year?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Uh, we have already set a guidance about 5 lakh, uh, tons for FY27. And for FY28, we are looking at a further growth of maybe 18%.

Sagar Tanna - Analyst, Alchemy Ventures
18%, is that correct?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Yes, uh, 18% for FY28 is what we have budgeted.

Sagar Tanna - Analyst, Alchemy Ventures
And can you give the breakup between aluminum and non-aluminum?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Please, it will be 80% aluminum, 20% non-aluminum, uh, and between the 80% aluminum, we expect 60% to be automotive and 20% to be non-auto. This is the general guidance we have at the moment.

Sagar Tanna - Analyst, Alchemy Ventures
Got it. And sir, in terms of, as you rightly pointed out, that one needs to look at EBITDA per kg, do you think if base aluminium price goes below $3,000, will we trend down below 12 a kg and go back to our historical levels of 11, 11-odd?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
I think the new normal is about 12.50 as we look at it. We are actually trying to get some pass on finance cost to our buyers because our ROC is pretty low at about 14%, which should go up. So we are actually looking at improving the EBITDA margins. Rather than going down on it.

Sagar Tanna - Analyst, Alchemy Ventures
So it will not have a correlation with the aluminum price? Is that what you are trying to say, that irrespective of what happens to LME price, we will continue to hold and increase the EBITDA per kg?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
More or less, that is the situation as we have seen, that, uh, we are able to pass on the costs to our customers. So which keeps the EBITDA as a whole number pretty constant rather than as a percentage of the sale price. So if the prices go down, EBITDA percentage improves. If the prices go up, EBITDA percentage reduces, but the whole number stays nearly the same.

Sagar Tanna - Analyst, Alchemy Ventures
Sure. And sir, what percentage of our imports currently come from EU?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
About 20% come from EU. And yeah,

Sagar Tanna - Analyst, Alchemy Ventures
and what would be the top 3 geographies and what percentage of imports would be coming from them? Can you quantify these please?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Yes, within EU, 20% may be no,

Sagar Tanna - Analyst, Alchemy Ventures
I'm saying, sir, on an overall basis, not just EU, on an overall, at a Company level?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Okay, sorry, can you repeat your question?

Sagar Tanna - Analyst, Alchemy Ventures
Which would be the top 3 countries from where we would be importing?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
About, say, US constitutes nearly about 50%, uh, and, uh, 48% to be precise. Uh, UK is 8%, which is not a part of EU. And then EU would be 12%, I suppose. When we say 20%, EU is including UK? Okay, okay, excluding UK. So the top 3 are these, uh, US, EU, and UK.

Sagar Tanna - Analyst, Alchemy Ventures
So in case if EU wants to impose as it is proposed, sir, From which other geographies do we look to kind of source?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Uh, look, what we normally see for things like this one, the availability of aluminum scrap is increasing by the day because there is more and more material which is coming back for recycling. Uh, having said that, uh, if you puts a ban on export, then obviously the first casualty is going to be

that the imports that EU does at this moment of time don't go in there, so gets distributed to other areas. So there is going to be readjustment of supply lines, and we will have we have, we have expanded our sourcing to more locations.

We have gone a lot into Southeast Asia now. Uh, we're importing more from, say, Japan and Malaysia and Thailand and countries like this. So we have come down to Southeast Asia apart from being West, uh, most of this time. So it is only a readjustment of supply lines. No consumptions are really going to change overnight so much that we will have any problems with sourcing these scrap. So we will have sufficient quantities, and we are not reducing any of our expansion plans, uh, because scrap may not be available tomorrow.

We're still pretty strong on our expansion. Thank you.

Sagar Tanna - Analyst, Alchemy Ventures
One last question from my side. When do we expect the, uh, beverage can facility to go live, and what will be the year 1 and year 2 utilization?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
The beverage can facility is already live. Uh, we are currently running at about 60% capacity utilization if I see it on a monthly basis. By March, we expect to go to over 90%, so we will hover about 90, between 90 and 100%.

Sagar Tanna - Analyst, Alchemy Ventures
Got it. Thank you so much and all the best.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Thank you. Thank you so much.

Operator
Thank you. [Operator Instructions] . The next question comes from the line of Raj Shah, Trident EMC. Please go ahead.

Raj Shah - Analyst, Fident Asset
Yeah, hi, thank you for the opportunity. Uh, my first question is, uh, in, in the quarter 2 numbers,

Operator
could you please use your Your voice is coming very low.

Raj Shah - Analyst, Fident Asset
Are you able to hear me now?

Operator
Yes, thank you.

Raj Shah - Analyst, Fident Asset
Yeah, I'm just asking that in the Q2 numbers, is there any hedging or forex loss or gain incorporated?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Yeah, hedging is a regular exercise for us. So when we look at the overall profitability, we look at But it is always with hedging. I don't call it a gain or a loss. A hedge is a compensation for large price movements. So whatever is being reported is after considering the hedge. In your words, gain or

loss.

Raj Shah - Analyst, Fident Asset
Yes. Understood. And secondly, when you say for FY28 close to around 18%, uh, volume growth, uh, so out of that, aluminium will be growing slightly faster and the share of aluminium will keep on increasing in terms of like a percentage basis, growing at 20-25% versus non-aluminium, because non-aluminium last 2 quarters have also been slightly weaker for us?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Yeah, but non-aluminum overall basis, we expect it to keep pace, uh, with the same growth rate is what we expect in the entire spectrum of the business. Uh, last 2 quarters it did go down, but it will pick up again. It went down only on account of stainless steel being slightly lower because, uh, We could not find enough raw material for but we have corrected that, and stainless steel is going to also pick up and grow. So on that, we expect that overall we should expect this similar growth in non-aluminum sectors also.

Uh, the what will grow faster is the non-automotive, where there is large, uh, growth potential that we have. So that is going to grow faster. Automotive also is at this moment of time growing very well, so we are keeping pace with that. So overall, it is a little difficult to say. But more or less everything will grow together and overall we should achieve our projected numbers.

Raj Shah - Analyst, Fident Asset
Understood. And, and if the EU scrap ban is I mean, for us, if it is, uh, not as detrimental and if we are able to recover volumes from other places, then can the growth accelerate to like 25% odd level which we have done in FY27?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
I'm sorry, I did not get the first sentence of your question.

Raj Shah - Analyst, Fident Asset
So I'm saying that if, if the EU scrap ban is not as detrimental to us, uh, then can the growth accelerate to 25% like we have done in FY27? I mean, are we slightly conservative in our numbers?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
So we will stick to the projections that we have made. Uh, we generally like to be a little conservative, but That usually what we have seen is that yes, we deliver, we are able to deliver what we budget for. And the EU scrap ban, we are not we are taking steps to mitigate the impact of it if it comes. It is quite possible that you may Not really deferred, but there could be some yes, there could be some relaxations in between which will leave it flowing because look, EU is using all the scrap that it can use at this moment of time.

What the EU scrap ban is going to do, and as is being talked about in the EU itself, is that the price of scrap there will go down quite a bit. So it is like putting money from the scrap recycler's pocket to maybe the consumer's pocket or something like that, which is something which will not hold for a long time.

Raj Shah - Analyst, Fident Asset
Understood. Just last question from me. So, uh, I mean, you said that in now, because of the high finance cost, you are also incorporating, uh, or you are recovering some of the finance cost from

your, uh, uh, when I mean, your customers. So can we see another 3 to 5% growth in your EBITDA per ton for FY28?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
3 to 5%, meaning that, uh, Over the 12.50, you mean?

Raj Shah - Analyst, Fident Asset
Yeah, yeah, close to around, yeah, 50, 30, 50.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
I think so, easily, maybe more.

Raj Shah - Analyst, Fident Asset
Understood. Thank you so much. Thank you for the opportunity.

Operator
Thank you, [Operator Instructions] The next question comes from the line of Sahil Bumbade with Monarch Network Capital. Please go ahead.

Sahil Bambade - Analyst, Monarch Network Capital
Yeah, hi sir, uh, thank you for the opportunity. Uh, firstly, I yeah, so management has guided for a sustainable EBITDA of, let's say, 12 to 12.5 per kg. But, uh, looking at the next 4 or 5 years, uh, what could be the key drivers that would help CMR to increase this, uh, EBITDA per kg beyond these levels? Like, um, could it come from a better product mix or a higher share of liquid aluminium? Or, uh, like, investors should consider this 12.5 per kg a reasonable long-term level? That is my first question.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Okay, now I'll answer that. Uh, on a longer-term basis, the way I look at is, uh, ROC in our business, uh, where traditionally we have had an ROC of more than 20%. So according to me, that is what I target. For that, the EBITDA percent, EBITDA per kg also, uh, would exist. That's on the profitability part of it. And growth, we see aluminium and recycled aluminium, with every passing day there is more metals which is available for recycling. There's a lot of disturbance. Yeah, sorry. Yeah, it's okay.

So, uh, it is, uh, aluminium recycled aluminium will continue to grow in various applications, uh, with technology advent, we can recycle more scrap and make very high quality product. And CMR is amongst the highest technology adopters in the world. So that plus our now presence in both the auto and the non-auto consumption sphere, which actually opens up 80% of the overall consumption for us, makes that as our serviceable market. So that is going to ensure that we will be able to continue to grow well.

As I said in my speech also, that I think CMR is well positioned With our leadership position, with our strong operating capabilities, and with focus on technology and the market that we have been able to penetrate, all these together put us in a comfortable position to capture the growth as it comes.

Sahil Bambade - Analyst, Monarch Network Capital
Uh, okay, okay, sir. But, uh, if you talk about the ROC, do you have any, uh, target ROC that you aim to achieve over the next 2 to 3 years?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
20%. That is what we've been achieving in the past, so there is no reason why we should not achieve it in future.

Sahil Bambade - Analyst, Monarch Network Capital
Okay, okay, sir, understood. And also you mentioned that CMR could diversify its scrap sourcing to the other countries if the European export restrictions come into effect. But, uh, do you expect that, uh, this put any this would put any meaningful pressure on your EBITDA per kg if this European export ban comes into effect?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
One, we are already present, we source from all the 6 continents across the world. We are also expanding and strengthening our domestic sourcing from within India. So the EU ban, uh, we I don't think will make any material difference either on our volumes or on our profitability.

Sahil Bambade - Analyst, Monarch Network Capital
Okay, okay, sir. That, that's answered my question. Thank you.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Thank you.

Operator
Thank you. [Operator Instructions] . The next question comes from the line of Ajit Sethi with IFO Quantum Solutions. Please go ahead.

Ajit Sethi - Analyst, Eiko Quantum Solutions
Yeah, thank you for the opportunity. Uh, so on your guidance of 18% volume growth in FY28, so if I do the math, so it comes around 85% utilization On 7 lakh ton capacity, uh, which you had mentioned in the presentation. So what is the future capacity that we are looking to add for further growth in FY29 and beyond?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
There will be capacity addition because traditionally for the auto business we do a capacity utilization of 70%. Uh, for the non-auto, our capacity utilization, say, should be in the range of about 95%. Uh, so by that thing, 85% on 7 lakh is kind of meeting our full capacity. So we will have to go for further expansion, uh, to meet the further upcoming growth which will ensue. So I haven't done my maths for FY29 and beyond, so I'm not able to quote a number there.

Ajit Sethi - Analyst, Eiko Quantum Solutions
So is it possible for you to share any, uh, what will be the capacity addition that we are looking?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Look, as a rule, we push our sales with production, meaning that we always put in capacity much before, uh, the demand comes. So we will follow the same policy. So our capacity expansion and capex will continue as we see demand and before it really comes in.

Ajit Sethi - Analyst, Eiko Quantum Solutions
Okay, can you please share the spread between the recycled aluminium and virgin aluminium?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
The spread between recycled for automotive, what we have seen, um, it can go to about 15-20%, uh, recycled being cheaper. Uh, for non-automotive, the normally the spread is much smaller and, uh, it depends on if the LME prices go up, these spread becomes wider, and if the LME prices go down, then the spread becomes thinner.

Ajit Sethi - Analyst, Eiko Quantum Solutions
Thank you so much.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Anirudh Sharma with Eknath Investments. Please go ahead.

Anirudh Sharma - Analyst, NA
Hi, good morning, sir. Am I audible?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Yeah,

Anirudh Sharma - Analyst, NA
yeah, yeah. So I had a few questions. So firstly, sir, uh, the liquid metal supply model is a key competitive advantage. So how does the management plan to strengthen and expand this model, and what are the key barriers that make it difficult for the competitors to replicate?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Our focus area, liquid metal, is also the kind of industry focus area. More and more customers are approaching us for liquid metal. In fact, most of our new capacities are coming in the form of liquid metal for the automotive applications. For non-automotive, liquid is not desirable or not possible. Liquid metal brings a huge amount of commercial and environmental savings. So because of that, we see large growth in liquid metal, and the entry barriers in liquid metal are really very, very strong, uh, because once you tie up with a customer and put up a liquid metal plant near to their plant then this, it creates a very, very strong entry barrier.

And to further strengthen our position as the preferred liquid metal supplier, we now have 2 patents. Uh, one is on safe transportation of metal from our premises to the customer's premises and back. And second is on monitoring, uh, and ensuring that the supply failures because it is online, we don't have any chance of failure. So we now have a patented methodology in which it is very well monitored. Uh, we get the next supply is indicated well in time, and there is a back traceability should a failure in any event occur.

So which gives us a reason for, uh, for taking corrective actions in future. So all this together and our presence in liquid metal being so look, uh, we started the first liquid metal in 2008. So in the last 18 years, we still have more than 80% share in this space. So, and now we also have patents to support us. So we see liquid metal will actually propel our growth, and it is a because it kind of decommoditizes the, uh, business. We the our sales become very predictable. And that is what is the most important thing, that if volumes are predictable, then the business is good.

Anirudh Sharma - Analyst, NA
Okay, understood, sir, understood. And so how does the management view the demand environment

across the automotive and non-automotive segments? And what is the expected contribution from EV-related opportunities and the increasing aluminum usage in vehicles towards the company's future volume growth?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Firstly, we see yeah, yeah, sorry. Yeah, we see a lot of growth. The automotive is doing very well. Uh, it has just started to do well, kind of. Uh, we have seen very, very strong numbers in my interactions with the Uh, auto OEMs, they are all very, very bullish and expect the momentum to continue. And the non-automotive also non-automotive, I say, is kind of a virgin field for us. We have a first mover advantage there because there is nobody else who has done, uh, this foray into servicing that large market.

So I see a lot of growth possibilities in the non-automotive sector also.

Anirudh Sharma - Analyst, NA
Okay, sir. Okay, so that's it from my side. Thank you for the opportunity.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Preesha Shah with Shah Family Office. Please go ahead.

Preesha Shah - Analyst, Shah Family Office
Uh, hello sir, I have couple of questions. So starting with, you know, could you please help me by providing an update on the ongoing and the planned capacity expansion initiatives that you have taken, including the expected commissioning Timelines and incremental capacity?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Okay, now what, uh, we have done presently, we had a CapEx guidance of, uh, nearly 200 crores in FY27.

Uh,

we have, uh, and that is to be in various plants. One, we have put up a plant in Shoolagiri So Shoolagiri is where the electric vehicle park is. So that should be commissioned in September sorry, January, January

27th.

Uh, then we have nearly 19 crore of capex I think, uh, yeah, so Shoolagiri should be up and running in about January. Then we have expansion of capacity, which is more a balancing at Jharsuguda. 48,000 tonnes. And Tirupati, we are increasing capacity where our production should go up nearly 50,000 tons at Tirupati further. And then Bawal Tirupati expansion will go on stream in about March next year. And Bawal, we put up a small 12,000-ton plant that should also start production Um, in January, February, uh, FY January, February '27.

So, and I think I missed out on the answer to Amiruddin in the last call, that EV, uh, sales we are there with the EV. Already automotive, we are there. So whether they produce conventional vehicles or they produce EV, our share into those businesses stay the same. So we are capturing the EV growth. And we are also because on the cast aluminium, it will stay the same, the EV and the non-EV. On On the wrought aluminium, which is extrusions and sheets, is where the 2 times of additional aluminium usage will finally come.

So we already are there in the wrought aluminium space also. So we will be able to ride the EV demand increase as it comes. So That's it. I think I've answered both the questions.

Preesha Shah - Analyst, Shah Family Office
Yeah,

the key growth drivers expected to support the company expansion which you mentioned over a medium-term scenario, if I have to consider automotive,

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
then renewable energies, then EV is construction, uh, packaging, providing new metal to primary producers, new recycled metal. Because look, the recycled metal content to overall consumption continues to grow and will continue to grow, and recycled metal has A, we have a zero discharge company, no solid or liquid discharge, with a very, very low carbon footprint. So all this also forces the primary producers to look at recycled metal as their new source of metal rather than only mining. So that also would be a big demand In the medium to long term.

Operator
Yeah.

Oh yes, Mr. Shrikant, does that answer your question? Oh yes, the current participant has been disconnected. We'll move on to the next question. It's from the line of Siddharth Pattacharya. With Autumn Investments, please go ahead.

Siddhartha Bhattacharya - Analyst, Authum Investment & Infrastructure Ltd
Hello, am I audible, sir?

Operator
Yes, sir.

Siddhartha Bhattacharya - Analyst, Authum Investment & Infrastructure Ltd
Yeah, so just wanted to understand the liquid, liquid aluminium supply chain better. So, uh, today with our current capacity, is there a distance, uh, restriction in terms of where till how long we can supply the liquid aluminium From our plants?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Yes, we generally do it up to about 30 kilometers.

Okay. That

is the more or less the restriction that we have. Are we in certain cases on a trial basis, we have gone longer distances, but at the moment we are planning around up to 30 kilometers.

Siddhartha Bhattacharya - Analyst, Authum Investment & Infrastructure Ltd
30 kilometers. Okay. And in terms of liquid aluminum capacity, what is our capacity utilization? Can you measure that internally?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Liquid metal mostly goes to automotive, and there we keep 70% as our capacity utilization because we need to have backup, uh, production should anything go wrong.

So we

will maintain it at 70%.

Siddhartha Bhattacharya - Analyst, Authum Investment & Infrastructure Ltd
70%. And from a customer's perspective, just wanted to understand this, uh, I'm sure there is a saving for them when you supply liquid aluminum, right? Because they don't have to set up the foundry and the related infrastructure to that effect. Uh, does do your customers fully, uh, sort of, uh, rely on your supply, or do they have foundries as well internally?

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Only they rely on our supplies only, um, or as a backup they could have a melting furnace within their own, uh, but normally we have seen that capacity is not sufficient. We have been doing liquid metal since 2008 and been quite successful with it. So the customers kind of don't feel a need, and we generate backups at our end. That is more important.

Siddhartha Bhattacharya - Analyst, Authum Investment & Infrastructure Ltd
Correct, correct, correct. Got that. So, uh, thank you so much. Thank you so much for your answers, sir.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Thank you.

Operator
Thank you. [Operator Instructions] Thank you, ladies and gentlemen. That was the last question for today. I now hand the conference over to the management for closing comments.

Mohan Agarwal - Chairman and Managing Director, CMR Green Technologies Limited
Thank you very much. Thank you. Thank you to everybody who has who's on this call attending, and thanks a lot for asking such relevant questions. And we will continue to put in our best to further fortify the strong position that CMR has been able to would create for itself in the field of metal recycling. I would say mostly aluminium. So we are pretty strong in other parts of recycling also. There also our products, uh, we command a slight premium because of the quality that we produce, even if it means a sorted copper scrap So we will continue to innovate, uh, we will continue to bring more value to our customers and in turn to our stakeholders.

Thank you very much.

Operator
[Operator Closing Remarks]