

Ardee Industries

31 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Q1 and FY27 earnings conference call of Ardee Industries Ltd. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Ms. Ashvi Shah from Adfactors PR. Thank you, and over to you, Ashvi.

Ashvi Shah – Adfactors PR: Good evening, everyone. On behalf of Ardee Industries Ltd., I welcome you to the earnings conference call for Q1 FY27. Joining us today from management are Mr. Sandeep Agarwal, Chairman and Managing Director; Mr. Nikunj Agarwal, Whole-time Director; and Mr. Arun Kumar Malik, CFO. The earnings presentation has been uploaded on the exchanges as well as on the company website. You may refer to it as we walk you through the opening remarks and discussion during the call.

We will begin today's call with opening remarks from 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 this call may be forward-looking in nature. These statements are based on certain risks and uncertainties, and management is not obliged to give any undertaking based on these statements. With that, I would now like to hand over the call to Mr. Sandeep Agarwal to share his opening remarks. Thank you, and over to you, sir.

Sandeep Agarwal – Chairman & Managing Director: Thank you for joining us for Ardee Industries Ltd.'s first earnings call following our successful listing on the BSE and NSE. On behalf of the entire Ardee team, I would like to welcome all our shareholders, investors, analysts, and other stakeholders.

The listing is an important milestone for us, but we see it more as the beginning of a new phase in our journey. I would like to begin the call by giving an overview of the company. Ardee Industries has been in the secondary metals industry, with a focus on recycling lead and manufacturing refined lead and specialized lead alloys.

We have built our business around three principles: quality, reliability, and long-term customer relationships. Today, we are one of the leading players in the circular economy, with a focused approach to recovering and recycling end-of-life lead-acid storage battery products and non-ferrous scrap.

Our operations are built around an integrated recycling model, where we source recyclable lead-based scrap and used lead-acid batteries, process and refine these materials, and manufacture high-purity lead and customized lead alloys for a wide range of applications.

Our manufacturing capability has also expanded significantly. As of June 30, 2026, our installed capacity stood at 156,950 metric tons per annum, up from 104,025 MTPA. The expansion became effective from May 29, 2026, and provides us with a substantially larger platform to support our future growth.

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We believe the long-term opportunity for recycled lead remains attractive because the underlying demand is broad-based and structural. A significant portion of recycled lead is used in lead-acid batteries, which have applications across automobiles, backup power, telecom, and renewable energy storage.

The circular nature of our business also provides an economic and environmental advantage. From this perspective, this is not simply a commodity opportunity; it is an opportunity built around recurring end-market demand, availability of recycled raw material, and the economic advantage of a circular production model.

Our export revenue has grown significantly from approximately 81.6 crore in FY24 to 465 crore in FY26. We currently export to 8 countries. Our recent empanelment of the RD Lead 99.97 brand with the London Metal Exchange is an important step in this direction.

The LME listing strengthens our global credibility, provides access to a transparent international pricing benchmark, and enhances our ability to engage with new international customers. We also have the RD brand listed on MCX in India, which further strengthens our domestic market presence.

We see these platforms as important enablers as we continue to deepen our existing international relationships and expand our presence in global markets. Finally, we will continue to invest in sustainable recycling infrastructure and technology, with a focus on improving recovery rates, scaling our operations, and maintaining the circular economy foundations of our business.

Our objective is to build Ardee into a leading global player in the circular economy while continuing to remain disciplined on quality, customer relationships, operational efficiency, and financial performance. With that, I would like to hand over to our CFO, Mr. Arun Kumar Malik, who will take you through our financial performance for the quarter in greater detail.

Arun Kumar Malik – CFO: Thank you, sir. Good evening, everyone, and thank you for joining us. I will take you through Ardee Industries' financial performance for the first quarter of FY27, followed by key operational developments during the quarter.

Let me begin with the headline financial performance. For Q1 FY27, we reported revenue of Rs. 338.8 crore, representing year-on-year growth of 35.2% compared with 250.6 crore in Q1 FY26. The growth was supported by healthy demand across our product portfolio and strong customer offtake.

EBITDA for the quarter stood at 33.8 crore compared with 33.9 crore in Q1 FY26. EBITDA margin was 10%. Profit before tax stood at 26.7 crore, registering growth of 5% year-on-year. Profit after tax was 19.9 crore, with growth of 6% year-on-year and a PAT margin of 5.9%.

Sales volume during the quarter stood at 17,645 metric tons compared with 15,529 metric tons in Q1 FY26. This reflects the continued growth in customer demand and our ability to service a wider market base.

Our revenue mix remains well diversified between domestic and export markets. During Q1, approximately 61.3% of our revenue was derived—

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Management: —from the domestic market, while exports accounted for 38.7%. Exports have remained an important growth driver for the company over the last few years. We continue to focus on expanding our international presence while further strengthening our domestic customer franchise and long-term customer relationships.

A significant development during the quarter was the expansion of our installed capacity. Effective from May 29, 2026, our installed capacity increased by 50.9% from 104,025 metric tons per annum to 156,950 metric tons per annum. This capacity expansion materially enhances our operating platform. It positions us to participate in the expected growth in demand across our product categories and enables us to pursue additional business opportunities without being constrained by our earlier installed capacity.

We also completed the registration and handover of a 5.56-acre land parcel at Naidupet, Andhra Pradesh. This land provides us with additional space and flexibility to support our prospective expansion initiatives over the medium to long term.

If we look at our performance over the last three financial years, the company has delivered a strong growth trajectory. Revenue increased from 463 crore in FY24 to 742.7 crore in FY25 and further to 1,167.7 crore in FY26. This represents a revenue CAGR of 58.8% over the FY24 to FY26 period.

During the same period, EBITDA increased from 28.1 crore in FY24 to 65.9 crore in FY25 and 147.1 crore in FY26. EBITDA margin improved meaningfully from 6.1% in FY24 to 12.6% in FY26.

Similarly, PAT increased from 9 crore in FY24 to 33.3 crore in FY25 and 84.7 crore in FY26. PAT margin improved from 1.9% in FY24 to 7.3% in FY26. This performance reflects the operating leverage and profitability improvement achieved by the business as it has scaled over the last few years.

At the same time, we remain mindful that our business operates in a commodity-linked environment. Accordingly, our focus remains on maintaining strong operational discipline, managing spreads effectively, and continuing to use our LME-linked back-to-back hedging mechanism to mitigate commodity price risk.

Going forward, our financial priorities will remain closely aligned with our broader business strategy. We believe the company is entering its next phase of growth with a sustainably enhanced capacity base, a growing export franchise, established customer relationships, and a strong underlying market opportunity.

With this, I conclude my opening remarks and hand the call back to the moderator for the question-and-answer session. Thank you.

Operator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

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Our first question comes from the line of Aniket Madhavani with {?} Step-rate {?} Capital. Please go ahead.

Aniket Madhavani – {?} Step-rate {?} Capital: Hello. Am I audible?

Operator: Sir, if you could speak a little louder, please.

Aniket Madhavani – {?} Step-rate {?} Capital: Hello. Am I audible now?

Operator: Yes. Please go ahead with the question.

Aniket Madhavani – {?} Step-rate {?} Capital: My first question is regarding the volume. In Q1 FY27, the volume has declined sequentially. If you could highlight the reason behind it, because as you discussed, the new capacity commenced in May 2026, and with that, the volume has declined.

Management: The volume decrease is basically because of the ongoing disruptions caused by the war. As you know, a lot of our raw material is imported. Because of that, we decided not to be very aggressive, but to purposefully maintain the overall levels. At the same time, there were disruptions that caused this decline. In terms of the new capacity, it came in May 2026, and this year we hope to utilize part of it.

Aniket Madhavani – {?} Step-rate {?} Capital: What will be the revenue potential from the new facility, broadly?

Management: This is not a new facility. It is the same facility, and the optimum utilization levels are—basically, the capacity is 156,000. Optimum utilization levels are in the range of 70–75%.

Aniket Madhavani – {?} Step-rate {?} Capital: Okay. Currently, you are maintaining around 65% of the capacity.

Management: Yes.

Aniket Madhavani – {?} Step-rate {?} Capital: Going forward, what volume growth are you targeting?

Management: Broadly, the volume growth that we are targeting is in the 10–20% range. However, given the disruption and everything else, we are still assessing how things will pan out this year. We are more confident about H2, but this is still our target: 20%. It depends significantly on the overall supply chain scenario.

Aniket Madhavani – {?} Step-rate {?} Capital: Generally, your H2 remains heavy, right? If you can give a number or percentage for FY27 and FY28 in terms of top line?

Management: Broadly, we have a target, but there is no exact number that I can give. In terms of top-line growth, broadly, it is in the 10–20% range.

Aniket Madhavani – {?} Step-rate {?} Capital: Do you have any plans to enter lithium-ion battery recycling?

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Management: Nothing is very concrete right now to discuss. We are still evaluating various opportunities. Lithium is one of them, but we are not directly planning to enter anything right now. We are evaluating multiple opportunities.

Aniket Madhavani – {? Step-rate ?} Capital: Understood. Do you not think 10–20% top-line growth is too conservative if we consider the revenue from the additional capacity that commenced this year? The expected revenue growth is still only 10–20%.

Management: The overall market scenario, with the war and our exposure to imports and exports, is very uncertain. I think it is better for us to be conservative this year rather than state a number. We would be happy to outperform if that happens, but right now, this is the guidance we would like to provide.

Operator: Thank you. Aniket, I am sorry to interrupt, but you may please rejoin the queue for more questions. Thank you. Our next question comes from the line of Saiyam with {? BSF ?} Capital. Please go ahead.

Saiyam – {? BSF ?} Capital: I wanted to ask how much of the current inventory build-up is temporary and expected to unwind over the next 1 or 2 quarters, and what the approximate cash flow impact would be when it does.

Management: Could you rephrase your question for me?

Saiyam – {? BSF ?} Capital: I saw a number related to the inventory build-up in this quarter. That number increased, and I think because of that, EBITDA and the EBITDA margin were somewhat lower. I wanted to ask whether this is a temporary issue that can unwind over the next 1 or 2 quarters, and what the cash flow impact would be when it does.

Management: Broadly, it was temporary. Sometimes inventory builds up at the quarter-end when OEMs require the material in the next quarter or based on their planning. In some quarters it can be low, and in some quarters it can be high, so it depends somewhat on the customers whose inventory we hold.

Saiyam – {? BSF ?} Capital: Okay. So it is not necessarily higher in this quarter every year. This can happen on a quarter-on-quarter basis.

Management: Yes, it is on a quarter-on-quarter basis, depending on the customer's needs.

Saiyam – {? BSF ?} Capital: Thank you.

Operator: Thank you. Our next question comes from the line of Vivek Jhala with Jhala Family Office. Please go ahead.

Vivek Jhala – Jhala Family Office: Am I audible?

Operator: Yes, sir.

Vivek Jhala – Jhala Family Office: Thank you for the opportunity. I have a few questions. Your largest domestic customer accounted for a significant portion of revenue in FY26. Could you

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explain how this concentration is evolving? Over the next 2 to 3 years, do you expect the share to decline through new customer additions, or will growth continue to be led by the existing large relationships?

Management: Broadly, in this business, we have a few large clients. It is an inherent part of this business. There are 4-5 clients that we cater to and have been catering to for many years. We feel that the share will continue to revolve among those 4-5 clients. Sometimes one will be larger and another will be smaller.

Over the years, the concentration of one customer has reduced from 70% to around 40%, and I think eventually it will go down further as we grow. However, overall, we will not have a very large number of customers. The top 5 customers will always account for the maximum portion of the business.

Vivek Jhala – Jhala Family Office: Coming to working capital, around 220 crore of IPO proceeds has been earmarked for incremental requirements. Could you explain how this amount will be deployed across inventory and receivables? At higher utilization, what would be the sustainable cash conversion cycle for the business?

Management: Broadly, the money will be utilized in—are you asking when it will be utilized, or how it will be utilized?

Vivek Jhala – Jhala Family Office: Both.

Management: Okay. In this entire year, we expect it to be utilized mostly for scrap purchases from various new sources that we are trying to develop in different parts of the world. It will mostly cater to that. We are also trying to develop certain export origins, which would require higher credit, or higher debtor days, so to speak. That would increase debtors somewhat. We are working on both areas, covering both imports and exports.

Vivek Jhala – Jhala Family Office: I have 2 more follow-up questions. On the balance sheet, after deploying the IPO proceeds towards working capital and debt repayment, where do you expect net debt and finance costs to settle by FY27-end? Should investors expect a meaningful improvement in cash flow and leverage during the year?

The other question is on the return ratios. The company has historically delivered strong ROCE. However, with substantial capacity recently added, there could initially be some dilution. What incremental ROCE do you expect from the new capacity, and how long could it take to reach that level?

Management: You will see the impact on the balance sheet this year itself, as the money has come in and will eventually be deployed. I believe that in both cash flow and liabilities, you will see a positive impact this year.

Management: And in terms of—

Vivek Jhala – Jhala Family Office: My second question was on capacity utilization. You mentioned capacity utilization, or—yes, on return ratios. The company has historically delivered strong ratios.

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Management: Historically, the capital was quite low, which is why the number always appeared high. Now that the new equity has come in, the return ratios will reduce, and we believe we will be able to maintain a range above 20% in the coming years.

Vivek Jhala – Jhala Family Office: Okay, perfect. Got it. That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Anirudha Sharma from Ekant Investments. Please go ahead.

Anirudha Sharma – Ekant Investments: Good evening, sir. Am I audible?

Management: Yes.

Anirudha Sharma – Ekant Investments: I had a few questions. The company currently operates from a single manufacturing facility in Andhra Pradesh. How do you see the plant catering to customers across India as volumes scale up? Are logistics and freight costs a meaningful constraint? Would you eventually consider additional manufacturing or warehousing locations closer to your key customer markets?

Management: Right now, we are focusing on the southern market. We are able to cater to the entire southern market, and at the same time, more than 40% of our focus remains on exports. Therefore, as of now, we do not have any plans to enter a new geography.

The idea is to cater either to the export market, which is only 100 kilometers from the port, where the entire Southeast Asian market is available to us, or to the southern market. We are comfortable in this region.

Anirudha Sharma – Ekant Investments: Understood. Your expanded capacity is close to 157,000 tons. Since the addition became effective only towards the end of May, what production run rate should we realistically assume for FY27? Also, where would you expect utilization to reach by the fourth quarter?

Management: First, the capacity that we have enhanced is actually our refining capacity, which we have kept as a buffer in case we ever need it. It was done as a debottlenecking of the existing unit. It was a brownfield expansion that we carried out at our facility.

We were able to achieve it at a lower capex compared with what an additional 56,000 tons would cost because it happened in the same facility. The idea is to have buffer capacity ready.

In terms of capacity utilization, we expect to remain in the range that we have achieved in the past. It is not necessary for us to assume that the entire additional 56,000 tons would be immediately used up. When we expanded, we still had some buffer in the earlier 104,000 tons of capacity that we had.

For the plant as a whole, 70–75% is the optimum utilization level. You can expect utilization in that range. It will not be in the 70–75% range this year; it will be slightly lower than that, considering the overall market scenario. Hopefully, next year we will be able to achieve higher utilization.

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Anirudha Sharma – Ekant Investments: One last question from my side. Regarding your back-to-back hedging mechanism, could you explain how effectively it protected your margins during this quarter? Were there any timing gaps, basis risk, or quantities that remained temporarily unhedged and had an impact on reported profitability?

Management: Back-to-back hedging works very efficiently for us. The procurement, sales, and hedging teams work hand in hand all the time. There is no timing mismatch, and we do not allow any position to remain unhedged. There is a daily hedging system and a daily audit system in place, which the 3 teams undertake together.

In terms of hedging, nothing remains unhedged; everything is hedged. Therefore, there has been no impact on profitability from not hedging any material.

Anirudha Sharma – Ekant Investments: Understood. That is all from my side. Thank you for the opportunity.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Nishtha with Safir Capital. Please go ahead.

Nishtha – Safir Capital: Hello, am I audible?

Management: Yes.

Nishtha – Safir Capital: I wanted to understand our margins. In FY26 as a whole, we achieved EBITDA margins of around 13%, while in Q1 our margins were around 10%. What sort of margin can we expect for the full year FY27? You also mentioned that we have been facing some problems because of geopolitical issues. Should we expect margins to remain in the 13% range, or will they be in the 10% range for the full year?

Management: Considering the overall geopolitical scenario, which does not appear likely to end anytime soon, it would be better for us to guide for 10% or the 10% range.

Nishtha – Safir Capital: Understood. My next question is on capex. Since this expanded capacity was only a brownfield expansion, what sort of capex did we incur? Can you quantify the amount?

Management: Broadly, we incurred around 15 crores.

Nishtha – Safir Capital: Understood. Do we have any further expansion plans?

Management: No, not right now. We have just enhanced the capacity, and we are exploring further opportunities regarding how to utilize it for further growth.

Nishtha – Safir Capital: Will that be only in lead battery recycling, or will we explore other metal recycling as well?

Management: I believe it will be a mix of both. That is what we aim to do.

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Nishtha – Safir Capital: Understood. Thank you so much.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Ritwik Seth with OneUp Financial Consultants Private Limited. Please go ahead.

Ritwik Seth – OneUp Financial Consultants Private Limited: Good evening, sir. Just one bookkeeping question: what is the net debt as of August 31 or after the IPO? Can you give us that figure?

Management: Arun?

Arun: We had 2 types of debt: long-term and short-term. Long-term debt was around 20 crore, which was paid on August 14. Working capital limit utilization is also almost zero due to the IPO proceeds.

Ritwik Seth – OneUp Financial Consultants Private Limited: Is there any cash on the books?

Arun: Yes, we have around 150 crore in FDRs on the books for interim use of the IPO funds.

Ritwik Seth – OneUp Financial Consultants Private Limited: Understood. Just one more question: what should our working capital be on a sustainable basis? Right now, I think working capital could be impacted because of the geopolitical issues and market volatility. On a sustainable basis, what working capital cycle should we assume?

Arun: As of date, our working capital cycle is around 110 days. However, currently, our inventory and related items have reduced somewhat due to purchases, so as of today, our working capital is at 95 days. It will remain approximately at this level.

Our gross working capital requirement target for FY27 will be 400 crore-plus. Of this, the IPO proceeds are 220 crore, so utilization of the existing limit will remain on the lower side.

Ritwik Seth – OneUp Financial Consultants Private Limited: So, in terms of days, it will remain around 100 days.

Arun: It will remain around 90–100 days.

Management: You can consider 90–100 days.

Ritwik Seth – OneUp Financial Consultants Private Limited: Understood. Thank you, sir, and all the best.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Arvind Arora with AceSquare Capital. Please go ahead.

Arvind Arora – AceSquare Capital: Thank you for the opportunity. Are you seeing any issues in procurement? Is that why you are guiding for 10–20% growth?

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Management: Yes. Because of the overall war situation, freight costs and other costs have increased, and there is still some blockage on the Middle East routes. Because of that, both procurement volumes and costs could be an issue.

Arvind Arora – AceSquare Capital: Are we planning to change our strategy from a procurement perspective so that we can diversify?

Management: We are trying to develop sources in the domestic market, but it has its own challenges. At the same time, we are also looking at new geographies. We are working on it. That is how we were able to keep the volumes up even during this period.

Arvind Arora – AceSquare Capital: Is there anything concrete that you can tell us at this stage about domestic procurement, so that we can diversify our sources and obtain supply from the domestic market as well?

Management: We are still working on it. We have already started procuring from the domestic market. I can say that we have started participating in various activities, working with certain corporates and participating in auctions. That has already started.

Arvind Arora – AceSquare Capital: Understood. Are there any discussions with data center companies or any players regarding recycled products?

Management: In what sense?

Arvind Arora – AceSquare Capital: Are we having any active discussions with data center players so that we can sell our products to them?

Management: No. We sell all our products to battery companies. They then sell them to various industries such as data centers, automotive, and solar. Our customers will always remain battery companies.

Arvind Arora – AceSquare Capital: Understood. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Dhairya Trivedi with BJT Corporation and Investments. Please go ahead.

Dhairya Trivedi – BJT Corporation and Investments: Thank you for taking my question. In Q1, despite all the geopolitical troubles, we saw revenue growth of almost 35% year-on-year. When you say that the guidance is for 10-20% top-line growth, are you seeing further problems on the geopolitical front, which is why you are giving this relatively muted guidance?

Management: I do not see any further impact. I have just been somewhat conservative in saying that there will be 20% growth.

Dhairya Trivedi – BJT Corporation and Investments: What kind of volumes are we expecting for FY27?

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Management: In terms of volume, the entire 20% growth will come only from volume growth compared with last year. There will be no growth related to metal prices.

Dhairya Trivedi – BJT Corporation and Investments: We did 70,000 tons in FY26. Are we expecting to do roughly 85,000 tons in FY27?

Management: Broadly, yes.

Dhairya Trivedi – BJT Corporation and Investments: What would be the approximate realization per ton?

Management: More or less, it will be at the Q1 levels. We did 17,000 tons, or 17,600 tons, in this quarter, so broadly it should be in line with Q1.

Dhairya Trivedi – BJT Corporation and Investments: The Q1 number is roughly 192,000 per ton, if I have my calculations right?

Management: Are you asking about per-ton realization?

Dhairya Trivedi – BJT Corporation and Investments: Yes, for Q1.

Management: Per-ton realization can change by the end of the year. That would also depend on metal prices.

Dhairya Trivedi – BJT Corporation and Investments: What was the realization per ton for Q1?

Management: Arun, please tell us.

Arun: The realization for finished-goods sales is around Rs. 209,000 per metric ton.

Dhairya Trivedi – BJT Corporation and Investments: Even if I annualize these numbers at 84,000 tons per annum and roughly Rs. 200,000 realization per ton, we would be in line to achieve roughly 1,600–1,700 crore of sales for FY27.

Management: You could say that is the number, basically.

Dhairya Trivedi – BJT Corporation and Investments: One last question: if the problems on the geopolitical front subside, could we be looking at higher EBITDA margins for the rest of the financial year?

Management: If things improve, then yes.

Dhairya Trivedi – BJT Corporation and Investments: Sure. Thank you, and all the best.

Management: Thank you.

Operator: Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Our next question comes from the line of Shruti Sharma with Sharda Family Office. Please go ahead.

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Shruti Sharma – Sharda Family Office: Thank you for the opportunity. I have a couple of questions. The first one is on the LME listing. Could you give us some tangible indicators of the progress made so far? For instance, have you received export inquiries, completed customer trials, or secured any orders from new international customers?

Management: We have received more export inquiries. The ramp-up that we have seen in the last quarter and this quarter has also been due to the LME registration.

Shruti Sharma – Sharda Family Office: On the export business, could you help us understand the broader strategy? Are exports mainly being increased to absorb additional capacity, diversify customers, or earn better margins? Also, how do export margins compare with domestic sales after considering freight and working capital costs?

Management: Broadly, it is a mix of all 3 factors that you mentioned. In terms of product mix and strategy, we are pursuing all 3 when selling outside India.

In terms of margins, there are certain benefits that we receive when we export, including benefits related to government incentives. As a whole, you can say that exports are somewhat better from a margin perspective. In terms of working capital, it is the same.

Shruti Sharma – Sharda Family Office: On raw material sourcing, could you share the domestic versus imported scrap mix during Q1 and explain how different the landed costs, credit terms, and recovery yields are across these sources? Which sourcing mix would you ideally prefer as volumes scale up?

Management: We expect the sourcing mix to remain at similar levels to last year between imports and domestic sourcing, if everything remains the same and the geopolitical situation improves.

If the situation does not improve, we might see a slight decline on the import side, which would be covered by some domestic volumes. In terms of payment terms, we procure scrap from various sources, and there are many grades of scrap that we buy. Therefore, the average yield is very difficult to quantify, and providing one figure would not be justifiable because the type of scrap we input changes from quarter to quarter.

In terms of payment terms, broadly, we pay when the goods arrive. When the goods arrive at the Chennai port, we have to pay the money to our suppliers.

Shruti Sharma – Sharda Family Office: That is all from my side. Thank you so much.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Vishesh Dokania with MK Global Financial Services Limited. Please go ahead.

Vishesh Dokania – MK Global Financial Services Limited: You highlighted that there are certain challenges when sourcing raw material from domestic markets. Could you explain that point? What are the challenges?

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Management: The challenges are basically availability, price, and certain GST-related issues when procuring in the domestic market because of the prevalent unorganized sector there.

Vishesh Dokania – MK Global Financial Services Limited: Typically, are prices in the domestic markets higher than imports, or are imports usually higher?

Management: Domestic prices are higher.

Vishesh Dokania – MK Global Financial Services Limited: Thank you. That is all.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Ankur Gulati with GEPL Capital. Please go ahead.

Ankur Gulati – GEPL Capital: You provided the Q1 volume data, gross profit, and EBITDA. Gross profit per ton was {? 34,500 ?}, compared with {? 38,000 ?} in Q4 and {? 36,000 ?} in the previous Q1. Was there any specific reason for this 4–5% decline in gross profit per ton or EBITDA per ton?

Management: The reason for this impact is that the cost of the raw material we procured domestically increased, and the cost of all petroleum products used in our BOM items also increased.

Ankur Gulati – GEPL Capital: If raw material costs remain at their current levels, is EBITDA per ton of {? 19,000 ?} a fair assessment from this point onward? Do you think it can return to around {? 20,000, 21,000 ?}?

Management: As soon as the market scenario becomes positive—which we assume should happen 100%—all of this will improve back to the way it was.

Ankur Gulati – GEPL Capital: Could you provide some guidance on how the new plant that existed before the IPO has ramped up in terms of utilization?

Management: We did not make any separate investment for what is being referred to as the new plant. We only purchased land, the registration of which has been completed in the name of Ardee Industries. The capacity we increased was the refining capacity at the existing plant.

Ankur Gulati – GEPL Capital: The {? 156,951 ?} capacity that has started now began this year, in this financial year, or at the end of the last financial year?

Management: Our capacity was 100,000 tons. We achieved an additional {? 50,000 ?} tons through debottlenecking the existing unit itself.

Ankur Gulati – GEPL Capital: I think you said that 75–80% utilization is the optimum utilization for {? 156,951 ?}, correct?

Management: 70–75%.

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Ankur Gulati – GEPL Capital: Is it possible to reach 70–75% in this financial year, or will this spill over to FY28?

Management: It will be achieved in FY28.

Ankur Gulati – GEPL Capital: Regarding the raw material you are sourcing, particularly the imported material, is the freight cost borne by you or by the vendors?

Management: It differs across different deals. Sometimes it is borne by the vendors, and sometimes it is borne by us. The impact of the increase in freight costs due to geopolitical issues, the increase in the time required for delivery because of supply chain disruptions, and the increase in freight costs have all contributed to the major cost increase. It is a combined impact of all 3 factors.

Ankur Gulati – GEPL Capital: Lastly, I think there is a small business involving nickel and alloys—sorry, lead alloys, not nickel alloys. Regarding lead alloys, is there any growth in the alloys segment?

Management: It is currently around 30–35%. We are focusing on producing more alloys, but it takes time because OEM approvals and several other requirements are involved. Therefore, it is gradually ramping up.

It is part of the same business. In our 100,000-ton capacity, I can either produce alloy or pure lead, so that segment is gradually ramping up.

Ankur Gulati – GEPL Capital: Thank you. All the best. I am done.

Management: Thank you.

Operator: As there are no further questions from the participants, I now hand the conference over to management for the closing remarks. Thank you, and over to you, team.

Management: Thank you very much, everyone, for joining the call. That is all. Thank you.

Management: Thank you, everyone.

Operator: Thank you so much. Ladies and gentlemen, on behalf of Ardee Industries Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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