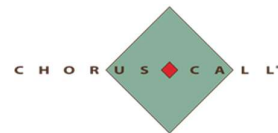




“Reflex Industries Limited
Q1 FY'26 Results Conference Call”
August 13, 2025



MANAGEMENT: **MR. ANIL JAIN – CHAIRMAN AND MANAGING
DIRECTOR – REFEX INDUSTRIES LIMITED
MR. DINESH AGARWAL – WHOLE-TIME DIRECTOR
AND CHIEF FINANCIAL OFFICER – REFEX INDUSTRIES
LIMITED**

MODERATOR: **MS. SAKHI – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Results Conference Call of Reflex Industries Limited, hosted by Kirin Advisors Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is now being recorded.

I now hand the conference over to Ms. Sakhi from Kirin Advisors Private Limited. Thank you, and over to you, ma'am.

Sakhi: Thank you, and very good morning to one and all. On behalf of Kirin Advisors, I welcome you all to the conference call of Reflex Industries Limited. From management team, we have Mr. Anil Jain, Chairman and Managing Director; Mr. Dinesh Kumar Agarwal, Whole-Time Director and CFO.

I now hand over the call to Mr. Anil Jain for the opening remarks. Over to you, sir.

Anil Jain: Good morning, everyone, and thank you so much for joining us. Q1 FY '26 came in softer than the previous quarters, largely due to an unusually early and intense monsoon that impacted our cash handling and logistics operations in a very drastic way as well as it also subdued the demand for cement due to the monsoon and delay in construction at various locations.

These are very, very short-term seasonal factors and affected volumes across the sector. It's not a structural issue in our business model. The business model is still robust and we're confident of achieving our yearly targets as per our annual level fleets.

Despite all this, we maintain healthy margins through our disciplined cost management and operational efficiency. Our contracts remain intact. Customer relationships are strong and we have multiplied -- we have multiple new projects scheduled to start in Q3. We have won many contracts in this 3 -- last 2 quarters. We have added a lot of order book to our existing order books.

As monsoon conditions eased by end of Q2, we expect a meaningful recovery in volumes, driven by improved site access and stronger demand from cement and construction sector. Our long-term fundamentals remain robust, which are high service stickiness and a strong balance sheet position for us for a well-sustained growth. We remain confident that FY '26 will be another year of progress, underpinned by both volume rebound and continued efficiency gains.

We'll now move to the financial performance. On a stand-alone basis, the revenue stood at INR365.9 crores, lower Q-on-Q and year-on-year, primarily due to seasonal disruption in the ash and coal handling business and lower coal trading volumes.

Our EBITDA stood at INR39.7 crores, which reflects our margin profile broadly maintained despite revenue compression due to effective cost controls in employee benefits, finance costs

and other expenses. PAT stood at nearly about INR33 crores with margins at 8.7% comparable to last year's Q1 level despite materially lower top line.

Let me run you through some past key segmental insights. Starting with coal and ash handling. It contributed to 95% of Q1 revenues. The dip in of -- the dip of INR246 crores quarter-on-quarter is largely seasonal and linked to an extraordinary early and intense monsoon in May and June 2025. For many years, we have not seen such high monsoon and intense monsoon during these months, which caused this lower revenue and lower volume for us.

Heavy rainfall over the 2x long period average in May affected site access, transportation and handling volumes, which dampened cement demand, reduced fly ash offtake. Lower coal-fired generation down by 9.5% year-on-year in May directly impacted ash output also. Importantly, these situational headwinds rather than structural declines. Contract renewals, post-monsoon demand recovery and new customer wins are expected to lift volumes in Q3 onwards.

Now we move on to green mobility. Q1 revenue stood at INR17.24 crores, an increase of 12% from quarter-on-quarter, supported by steady fleet deployment in B2B and B2B2C segments. Average monthly revenue has been growing considerably over the last few quarters. While contribution to total revenue remains modest, this vertical continues to expand its fleet base and improve utilization. Ongoing focus on driver productivity, cross-utilization and cost optimization is expected to enhance margins in subsequent quarters.

We have transitioned our green mobility fleet branding from Reflex eVeelz to Reflex Mobility, reflecting our broader vision of delivering integrated sustainable transportation solutions across multiple segments. To lead this next phase of growth, we have appointed Mr. Anirudh Arun as our CEO for the Green Mobility vertical.

Anirudh brings a proven track record in the mobility sector and is widely recognized for building premium, safe, clean fuel fleets with industry-leading service reliability and 0 cancellation standards at scale. Moving on, I would like to inform about the wind business. Venwind has raised its first invoice in Q1 this year. We also inaugurated the Silvassa facility, where the audit is complete and it should be ready by end of Q2.

In power trading, the volumes and revenues were very, very low due to reduced market spreads and lower trading quantities. And we have also taken a call to wind down this vertical's operations by this end of this quarter.

Reflex anticipates a healthy growth pipeline supported by multiple new ash handling contracts, which are scheduled to commence and expected to rebound in cement and construction demand post-monsoon from Q3 FY '26. Over this quarter, we have also increased the number of customers where we're starting to -- going to start operations soon. Fleet expansion and higher utilization in Green Mobility vertical to drive sequential growth.

In the consolidated performance, we saw a total income of INR394.5 crores that reflects the same seasonal trends as stand-alone performance. Employee benefits saw a controlled increase in despite of 70% year-on increase -- year-on-year increase in rise of headcount for project

readiness. Most of the contracts are awarded and we're all ready for new projects to be starting to execute soon.

Depreciation increase is aligned with the capacity expansion and asset capitalization, positioning us for higher throughput in the coming quarters. PAT at INR20.4 crores reflects prudence in operations while preparing for us -- for an expected Q3 upswing. While Q1 FY '26 was impacted by factors beyond our control, which will spill over to some part of Q2 due to the monsoons, we view these as short-term volume headwinds in a long-term growth trajectory.

The -- alongside this briefing on our operational and financial results, I'm pleased to share that the Board has declared a dividend of INR0.50 per share, which is a 25% face value per share. This reinstates our tradition of rewarding shareholders, which we have consistently upheld in the previous year, barring last year when we prioritized reinvestment into growth initiatives.

The resumption of dividends reflects our confidence in the company's fundamentals, our healthy cash flow position and our balanced approach of rewarding investors while continuing to invest in long-term expansion.

Refex's core verticals remain well-positioned with robust demand visibility, contractual stickiness and operational readiness for scale up. With monsoon impacts getting over by end of Q2, new projects commencing and Green Mobility's utilization improving, we anticipate a significant sequential improvement in Q3 and onwards, supported by both volume recovery and operational efficiency gains.

Thank you, everyone, for joining us on this call. We'll be happy to take any questions and answer them, please.

Moderator: Thank you very much. The first question is from the line of Aniket Madhwani from StepTrade Capital. Please go ahead.

Aniket Madhwani: I just wanted to know the margin of coals, ash and coal handling, all the different segment margin?

Anil Jain: Yes. So currently, I can tell you in percentages. The margin for coal and ash handling is roughly about 11.77%. Refrigerant gas has been 0.9%. Green Mobility has been minus 50%. Power trading also has been negative. Yes, these are the...

Moderator: The next question is from the line of Narayana from TrueWealth Advisors.

Narayana: Your stand-alone profit is around INR32 crores, sir. Your stand-alone profit is around INR32 crores, sir, where -- whereas your consolidated profit is around INR20 crores. It shows that your mobility and wind, this one is a drag on your overall profit.

And you are making nearly 50% losses on mobility segment and your wind energy is also in loss. It seems to be there is a miscalculation in your capital allocation, sir. Why don't you focus on coal business and go one by one later on? That is my question, sir.

- Anil Jain:** Appreciate, sir. We are -- like you said, we are working on it. Currently, the Green Mobility, definitely, is a pull down for us as a consolidated business because Green Mobility requires a lot of time for stabilization and deployment of vehicle from the time we own the vehicle, while our EMIs get calculated from the day we acquire the vehicle. Point well taken, we will try and assess how to rework on these businesses to ensure that we remake them profitable, sir. We're committed to making them profitable.
- Dinesh Agarwal:** Yes. Whereas wind business order is in hand, delivery is going on. And the results will start coming in from Q3 end. And the Q4 will have a better revenue. Wind business is not a loss, where the already suppliers are happening, negotiations are happening and the businesses keep going on, where the -- we already have an order in hand. Order is getting executed. And this year, we'll be making profit in the wind business.
- Moderator:** The next question is from the line of Anjali Mehta, who is an individual investor. Ms. Mehta, are you there? As there is no response, I'm taking the next question from Miten Shah, who is an individual investor.
- Miten Shah:** So Mr. Jain, what I would like to ask is the very first business that we started was basically with respect to the refrigerant gases in the year 2002 and it is still continuing, correct? Whereas the coal and ash handling, it just got started in the year 2018 and which now happens to be the largest vertical. So is it that -- I mean, is it a drag on the refrigerant business? I mean, why this vertical did not grow that much, which is the oldest one?
- Anil Jain:** Sir, the whole market for refrigerant business is very limited and we have had more refilling plant. And the whole market has been moving towards multiple new refrigerants globally. And the whole market size as per us for refrigerant business is not more than INR2,000 crores, INR3,000 crores or INR4,000 crores in India.
- So for a long-term growth of the company and the shareholders' interest, we thought to diversify into different business areas, which was focused towards sustainability, etcetera. And we saw an opportunity in ash handling and coal handling business and we moved to that business and that business has a very large market, which can build a considerable value for the shareholders and the investors, sir.
- Miten Shah:** Got it. Got it. So I mean, as of now, when we speak, basically, so what is that TAM or the increase in CAGR that we're expecting in the coal and ash handling business from here onwards?
- Anil Jain:** We have been growing at almost about 19 -- 20% CAGR for the last 6 years, if I compare. And I think we will have almost about similar growth going forward or more also.
- Dinesh Agarwal:** Ash handling market TAM is close to INR75,000 crores and there is a big scope for everybody, not only us. Competition is also coming up. There is a big market is there. And our focus is there completely coal and ash handling business, which we have keep on updating the shareholders from last 3 quarters. Our complete -- our team is completely driving towards only the coal and ash handling business.

Every week, we have keep on getting new order. And currently, our presence is there in the 15 states in India and we are focusing fully on the coal and ash handling business. It's a very, very large market and there is enough good space there to grow there.

Miten Shah: Noted. Noted. So as of now, when we speak, am I right in understanding, as of now, the TAM happens to be somewhere around INR75,000 crores? And how is it growing? How is the market growing, I mean, in terms of CAGR?

Anil Jain: I think if you look at the power industry, it is growing at around 8% year-on-year. So I think even our ash business will keep growing at 8% year-on-year, sir.

Dinesh Agarwal: And that 8% in a power market which is very, very large denominator.

Miten Shah: Correct. Correct. If I'm not mistaken, are we the largest organized player in this report?

Anil Jain: Yes, we are the largest organized player in the system, sir.

Miten Shah: And what differentiates us from other -- I mean, because it is just barely 7 years that we started this business. So I mean, what differentiates us from others?

Anil Jain: I think to quickly answer that what we have done over the last 7 years is get settle, very strong systems and processes in this business where each of our vehicle is having a very good tracking system. We ensured 100% compliances for thermal power plants.

Ash is a polluting product. If these are not having right compliances, the thermal power plants end up paying the penalty. When they work with local vendors or local people, there's always been an issue of compliances. We have solved that problem of the IPPs and power plants.

Sir, next is we have found newer avenues for disposing ash. If you see the use of ash in roads and highways, was one initiated by us. We are also looking -- working with a lot of institutions to see what could be alternate new users of these ash system in depositing them in the pond or filling up the pond with these environmentally hazardous product.

So -- and third is we operate across the country. Most of the players or 99% of the players are regional and 1 plant player. If there's a person operating in 1 plant in Raipur and Chhattisgarh, he is operating only at that location. He does not have a market or access or business in other states or other plants across the same state also.

So we could say that we are the only company who operates in 41 thermal power plants or 42 thermal power plants in about 15 states in the country, sir.

Miten Shah: And how is the collection over here?

Anil Jain: The whole collection cycle is -- our billing is -- most of our customers are NTPC. So generally, the average working capital cycle is about 90 to 110 days.

Miten Shah: Okay. Okay. Can I ask like 1 or 2? I don't know how many are still on the queue. Just a couple of more questions. Is that fair?

- Anil Jain:** Yes, maybe we'll take one and you can join back the queue because I think there are a lot of people on the queue.
- Miten Shah:** Yes. I'll just ask the last question and I'll stand in the queue if I get an opportunity. So my only -- as of now the last question, what I understood is that the refrigerant gas market happens to be somewhere around INR2,000 crores to INR3,000 crores, correct? That is what I understood. So if it is so miniscule, why don't we now rather focus on coal and ash handling, which is -- where the market is going and we can grab a higher pie out of it in that sense?
- Anil Jain:** So if you see gradually over the last 4 quarters, our focus on refrigerant business has been minimum. The revenue has also been reducing. If you see last quarter to this quarter, our revenue has gone down by almost INR5 crores, which is close to about 40%. And it is only declining, sir. It is -- it won't be soon before we almost even end up this business, sir.
- Miten Shah:** Correct. Correct. I've been following you, Mr. Jain, since last 4 to 5 years. And I must say, I'm quite impressed by the way you have actually grown the businesses over the years. Very few entrepreneurs like this who are so aggressive and at the same time, very balanced. I wish you all the best.
- Moderator:** The next question is from the line of Aniket Madhwani from StepTrade Capital.
- Aniket Madhwani:** So my question is, you mentioned the power and trading segment will be wind up from end of this quarter, right?
- Anil Jain:** Yes. Yes.
- Aniket Madhwani:** So will that impact the overall revenue of the company in upcoming future? And how much will that impact?
- Dinesh Agarwal:** It will not impact -- it may impact a revenue, but overall revenue will be more than the previous year. Whereas the profit will not get impacted, profit will improve only as a percentage of the profit because this power trading business was bringing down the profit, where it is less than 1% margin is the -- is this business segment always.
- Aniket Madhwani:** So as you can see here, in last -- I mean, in FY '25, the power trading segment contributed around 4% of the total revenue, right?
- Dinesh Agarwal:** Yes. When you see after indirect cost, that is unallocated corporate overhead, it is much lesser profit.
- Anil Jain:** Revenue. Yes, you're right. It was 4% revenue, but it is going to be -- that 4% revenue was not yielding us any profitability. So instead of doing a revenue without profit, we would focus more on ash and coal handling and grow the business there. And whatever revenue loss from power trading, we'll try and catch up with the ash and coal business, sir.
- Aniket Madhwani:** All right. And my second question is, as you mentioned, the margins in Green Mobility, it is minus 50%. So have you taken any necessary steps to improve these margins?

Anil Jain: Yes. So like I mentioned to the previous caller also that there is a lot of margin changes happen because from the time of acquiring the vehicle to deploying the vehicle to 100% utilization is almost 6 to 9 months.

So if we take the vehicle today, we start operating for a B2B customer, 100% utilization happens at the end of 6 months -- beginning to happen at the end of 6 months and complete by 9th month. So you -- we always have this shortfall of profitability as the business is growing continuously.

On a -- at a stable state, this business is profitable. If I take a stable state of 1 month and the revenue to profitability, it is at a gross margin level. It is making a reasonable amount of profit, sir.

Moderator: The next question is from the line of Smit Jain from Flawless.

Smit Jain: Yes. I just had 2 questions. One was, I mean, I understand that because of the early onset of monsoon, operations got disrupted in Q1 and probably in Q2 as well. But I suppose you can give some anecdotes on why do you think we would be able to make up for the losses that we are -- we faced in Q1 and Q2 in the overall year, right? Like if suppose we have some visibility order book that you can help us with that we can also probably mark in our notes.

Anil Jain: Yes. We have sufficient order books to achieve our AOP target this year. Though we have not declared the value, we'll have to see the right way to declare through the SEBI approved process. But we have enough order books in hand. And every week, I would say that we're winning orders now that we have started disclosing to the stock exchanges the current orders, we can see that every week, there are orders which are being disclosed. And looking at the current order book, I think we are on track for the yearly target.

By end of -- by mid of this month, I mean, we've already started seeing some of the places where monsoon is slowly reducing, the rains are reducing and the operations have started to get to scale. And our daily movement of 70,000 will move up to about 90,000 by end of this year. So whatever we have lost in this 2 quarters or this 4 months, I would say, will catch up during the month September to December, sir.

Smit Jain: Fair enough. Okay. Second question was with regards to our wind segment. So now that we've commissioned a new factory, have we built on to the order book that we started off the year with like with the -- apart from the Torrent Power order that we have, have we won -- I mean, of course, we've not disclosed it yet, but have we won other orders, which is giving us the confidence of making this a profitable unit by the end of the year? And how big is the opportunity?

Anil Jain: So we are in the final process of few more orders. We have not won any orders yet. We'll declare it as soon as we win. But we are in the final negotiation with many more IPPs. Because of our differentiated technology and better product, I'm confident that we'll win huge orders in the next 6 to 9 months, sir.

- Smit Jain:** Fair enough. Given the competition and all of that in the wind segment, do you think that the opportunity for us as a manufacturing company in the wind segment, is the opportunity large enough, lucrative enough for you to invest time? Or how are you seeing it?
- Anil Jain:** Sir, we are the only company in India which makes 5.3 megawatt wind turbine, which is going to make indigenized 5.3 megawatt wind turbine. All other wind turbine manufacturers are between 3 to 3.15.
- Looking at the large scale growth happening in the country and globally, the average installed capacity of wind turbine globally is about 4.5 to 5 megawatts. India does not have any technology for such large turbines.
- We have been sticking on to the older turbines and older technology. And this wind turbine is the only permanent magnet technology where the wind at a lower wind speed also these wind turbines can give a better yield.
- The LCOE for this wind turbine is much better than the existing wind turbines. So we see that the demand for this product, which is more beneficial also for the country is going to go up drastically.
- There are 2 more companies, Chinese companies who are importing and selling these wind turbines and they have been doing extremely high -- very good business. With this new regulation of approved list of manufacturers released by MNRE where within 18 months, all the people will have to either set up local manufacturing or the import will have to stop will be a great advantage for us for setting up this plant, sir.
- Smit Jain:** Fair enough. And the manufacturing will start at the end of Q2, right?
- Anil Jain:** Next year, yes.
- Smit Jain:** From our factory? No, next year...
- Anil Jain:** Yes. From your factory, this is an assembly, sir. What I'm talking about is 100% manufactured product will be at the end of next year, sir.
- Moderator:** The next question is from the line of Aditi Roy, who is an individual investor.
- Anil Jain:** Sorry, we can't hear you. Can you be a little louder, ma'am?
- Moderator:** Ms. Roy, can you please be little louder?
- Aditi Roy:** Yes. My question is, how is the ash and coal handling business pipeline shaping up post the early monsoon disruption?
- Anil Jain:** Ma'am, you are not clear. You'll have to be a bit louder, please.
- Aditi Roy:** How is the ash and coal handling business pipeline shaping up post the early monsoon disruption?

- Anil Jain:** So like I mentioned to the previous caller, we already have a good pipeline of orders in place. It is only the execution during the monsoon was a problem, which I think will get solved by end of August and September to December will be good months for us to catch up on the lost opportunity.
- Aditi Roy:** Okay, sir. And I have one last question. Can you provide an update on new contract commencements and your expected revenue contribution in FY '26?
- Anil Jain:** Which one, ma'am? New?
- Dinesh Agarwal:** Contract.
- Anil Jain:** We have not been giving guidance for this, we have not been declaring. So maybe it won't be apt to answer this question at this point.
- Dinesh Agarwal:** But we'll have a very good business this year and good profitability will be there this year.
- Moderator:** The next question is from the line of Miten Shah, who is an individual investor.
- Miten Shah:** Since you have lot of questions, so I keep on pressing star 1 continuously. So my question -- because I've been following you, as I told you since last 4 to 5 years. So I have many questions because -- so with respect to Green Mobility, basically, how are -- I mean, I believe this would be -- on a comparison basis, this would be premium as compared to Ola or Uber, which runs on fossil fuel. Am I right in understanding?
- Anil Jain:** Sir, our business model is a pure B2B model. We are not focusing on B2C at all. What we're trying to replace is for all the large corporates who are moving their employees using fossil fuel, we are replacing them with electric vehicles to adhere to their ESG compliance. For Scope 3 ESG compliance, all these companies need to ensure that even people movement does not have carbon burn. We have to avoid the carbon burn of people coming from home to office.
- Second, we also offer vehicles to Uber, where we offer them at a fixed revenue basis. I mean, we don't have a -- we don't acquire customers. Uber acquires customers. We are a B2B2C operator for them. So both these areas, we don't have any kind of a direct customer acquisition cost, nor an exposure to B2C market, sir.
- Miten Shah:** Got it. So I mean, my question in that case would be, there are a couple of quite popular players like Wise Travel, if you would have heard it, Shree OSFM. How are we competing with these guys? They are also into B2B category.
- Anil Jain:** They are fully completely into ICE vehicles, sir. In electric vehicles or a Green Mobility, I think there are very, very few players. Lithium is one player who is very active. We are not sure if any of these other companies like WTI or Wise or whatever you mentioned, OSFM are into electric vehicle, sir.
- Miten Shah:** Correct. Correct. They are not that much into electric as of now. So I mean that's what I was wondering, I mean, how are we competing with them? So I was not able to match this. Yes.

- Anil Jain:** So most of the companies have a mandate to change to electric vehicles. Because all these vehicles already have a fleet of existing ICE vehicle, an additional capital investment for them to get electric vehicle is a constraint. So we got that advantage where we became the -- we became an advantageous player for these companies. That's why we could deploy 1,400 vehicles in about less than a year's time.
- Miten Shah:** Understood. Understood. So it is purely on the basis of the companies in order to comply to ESG norms that they are adapting to this facility?
- Anil Jain:** Yes. And we also get a little bit of premium over the ICE vehicles, sir.
- Miten Shah:** Correct. Correct. Got it. Got it. So as of now, the next -- I mean, in the earlier question, what I understood the TAM for coal and ash handling is roughly around INR75,000 crores. If you see our numbers this time, we clocked somewhere around INR345 crores, INR350-odd crores. So that accounts to almost just, I think, 0.5% of the market share?
- Anil Jain:** Yes, sir. We have not even scratched the surface in this industry, sir.
- Miten Shah:** I mean, the reason why I'm asking is that we are the largest player -- organized player basically, okay? So at being the largest organized player, we stand at just roughly around 0.5% market share. I mean, is that understanding correct?
- Anil Jain:** Yes, yes, perfectly correct because the whole system of becoming an organized player only started about 3 years back. 3 years back, if you see, even we were operating in 2 or 3 thermal power plants.
- It is only in the last 3 years we have reached out to many thermal power plants where the process of contract -- issuing contract was very limited to one plant and one vendor. This has now become a process where tenders are coming out, companies like NTPC, DVCs are coming out with large tenders and inviting people to come and bid.
- So the whole market is also maturing now. Maybe it is still about 3 years from now where you can say that one single player could have 10% of market share in this or 15% of market share in this.
- Miten Shah:** Got it, sir. And what would be the cash in hand as of now?
- Dinesh Agarwal:** INR237 crores.
- Anil Jain:** INR237 crores, sir.
- Miten Shah:** INR237 crores. And the debt on books?
- Anil Jain:** Debt, we don't have anything, sir. We just have working capital and vehicle loans.
- Moderator:** The next question is from the line of Smit Jain from Flawless.

- Smit Jain:** Yes. Sorry, just 1 follow-up question. I mean, you said that the order book is probably growing at a fast pace and all of that and the industry tailwind is also strong. But how easy is it for us to turn on the capacity to capitalize on these new orders that we are winning, right? Like to make up for the loss that we faced in Q1, Q2, we'll have to turn on the capacity as well to actually recover the lost amount. So are we prepared to do that? Do we have the team working capital, all of that?
- Anil Jain:** Yes. So if you see we have almost increased the team by 70%, sir. The team is already hired. It's in place. Our biggest advantage is most of the vehicles, what we use for transporting, is not our own vehicles. We have only about 200 of our own trucks, about 1,800 trucks we hire from third party.
- So we have already lined up all the trucks, people and the operational team on the ground with equipment to quickly mobilize. That's why I said that by December, increasing from 70,000 to 90,000 tons per day will be a very -- will be a takeoff for us.
- Smit Jain:** Okay. Perfect. So basically, whatever we've lost to make it up for that, we already have the resources in place, so we can capitalize on that?
- Anil Jain:** Yes. Yes. We have orders. We have working capital. We have resources. We have people. We have access to vehicles, sir.
- Smit Jain:** Perfect. And just one last question. I mean, because we are in the transport business and monsoons is something which probably is not in our control, but to hedge or to diversify against this, what is our strategy going forward, right? Like is it to expand to different states, different businesses to make sure that no quarter is probably, I mean, adversely impacted because of the monsoons? Just wanted to understand.
- Anil Jain:** So yes, the biggest thing we're doing now is to move to different states and also ensure that when there is monsoon in east and west, souths are easy to work. We're trying to do all of that. Plus, we are also looking at other services inside the thermal power plant like OB removals, other services, which could add more O&M, et cetera, which could add more value.
- If you see the last contract which we got from Andhra Pradesh was like a complete consolidated contract where we are also doing the O&M of the ash handling system silos, along with the ash transportation and ash disposal. So we are looking at such large comprehensive contracts, which will then be more stable and not just be dependent on movement and logistics of ash.
- Moderator:** The next question is from the line of Sanjay Vora from Magnum Equity.
- Sanjay Vora:** Yes. So Anil ji, if I understood from 70,000-odd tons to 90,000-odd ton. So this transition will take how long, basically means I just want to understand what is the transition period? And basically, if you want to grow exponentially, what is that we will require? What is that arm we would require or what is that strength we would require just on that broader part, if you can just highlight more?

Anil Jain:

For us to move from 70,000 to 9,000 tons is more like turning on the switch and because the biggest drawback for this is having the vehicles inside the plant and filling them with the ash and moving out. I think that's the biggest challenge, I would say.

That challenge is now being covered by more equipment inside the plants, trying to have more people. And within the plants also, we are pushing them to have alternate roads so that vehicle movement can become much more than current.

Second, for this business to scale up, I think it's more access to all the thermal power plants. We have just started working as -- like even in NTPCs, though we are the only organized player, we currently have 20%, 25% of the work, which they give to us because they also don't want to transfer all the risk to 1 vendor immediately.

So slowly, over the period of time, we think this 25% will become 50%, 50% will become 75% and we'll be the largest player within the 3, 4 players inside a thermal power plant. So that scale-up is also in progress.

The only need and requisite for this business to grow is more people and more vehicles, which we currently are using third-party vehicles. We are promoting most of these drivers to become owners and have 2 or 3 vehicles. We help them acquire vehicles and operate for us, sir.

Sanjay Vora:

So, I mean, do we need some capex to expand on the fleet side of our own? Or what is that...

Anil Jain:

No. On the fleet side, we will not increase, sir. We currently have roughly about 200. Maybe end of next year, we might add another 50 to 70 fleets. But that is what is required.

On the capex, I would say that when we are talking about these comprehensive contracts where we bid this for Andhra Pradesh, where we might also have some capex to ensure that O&M, et cetera, is at a low cost. So that could be a very small capex, which we'll be doing. Otherwise, it is just the working capital cycle, which is required for this business, sir.

Sanjay Vora:

And how many, I mean, the thermal plant we are approaching right now, can you -- if you can just...

Anil Jain:

We have about 41 thermal plants where we are working currently, sir.

Sanjay Vora:

Okay. And any further like you already talks with or any pipeline...

Anil Jain:

Yes. Almost every week, we are adding 1 thermal -- sorry, every month, we are adding about 2 thermal power plants, sir.

Sanjay Vora:

Okay. And Anil ji, every month, if we add 2 thermal power plants, should -- I mean, say that rate would be on what you are saying or it should be a little faster than that? I just want to...

Anil Jain:

Sorry, can you repeat the question?

Sanjay Vora: So when you are talking about 2 thermal power plants a month, I mean, say the rate at what we are growing should be as per your I mean, say, guidance or it would be a little bit boosted like once we get more...

Anil Jain: It is much faster, sir. Guidance is a very conservative number. It's a very -- it will be much faster, sir.

Moderator: The next question is from the line of Miten Shah, who is an individual investor.

Miten Shah: So as we just understood, most of our businesses are now what the largest vertical happens to be coal and ash handling. In terms of geography, how is it distributed between north, south, west and east, something like that?

Dinesh Agarwal: Most of the thermal power plant in India is segregated into 2 type: one, where the domestic coal gets consumed; and second is where the imported gets consumed. Imported coal normally imported where the plant is designed to use imported coal are present in the coastal states, Karnataka, Andhra and Tamil Nadu, and few parts of Gujarat -- and the few parts of the Gujarat, whereas rest of the India, majorly they use the domestic coal. And the domestic coal has a large percentage of ash content compared to the imported coal.

And today in India, majority of the thermal power present is east and the northern part of India compared to the other part of -- if you compare the size and the volume and other things. Like Jharkhand, Bihar, Orissa, Chhattisgarh, MP dominates the thermal power plant.

UP has certain presences of thermal power plant, whereas Karnataka, Andhra, Tamil Nadu has a different type of power plants and the requirement is also a little different. The working style is also little different.

Miten Shah: Got it. Got it. And the largest client happens to be NTPC?

Dinesh Agarwal: Today, NTPC, Damodhar Valley Corporation...

Miten Shah: Yes. How much of our business of this coal ash comes from NTPC? Is it 50%, 75%? Or how much is it?

Dinesh Agarwal: 60% to 65%.

Anil Jain: But not 1 plant. NTPC has various plants.

Dinesh Agarwal: Not 1 plant, not 1...

Miten Shah: Yes. Yes. Understood. Understood. So I mean, is there any plan to diversify rather than being so concentrated? First of all, the vertical itself is so concentrated. In that itself, our plant is so much concentrated. So how do we mitigate this concentration?

Dinesh Agarwal: In India, power plant itself is dominated by NTPC.

Anil Jain: Like I told earlier, this -- we are not only focusing on ash and coal in this thermal power plant, we are also diversifying into O&M and various other services also. To mitigate the risk of just ash, we are working at consolidated package of maintaining the silos and ash handling and ash logistics. So that is how we are trying to mitigate the risk and growing the business, sir.

Miten Shah: Okay. So you mean to say some allied verticals probably will be started going forward?

Anil Jain: They've already started. If you see our last update, the contract which we have won in Andhra is a consolidated one, sir.

Miten Shah: Okay. Okay. So can we just expect an updated presentation because the latest presentation still indicates growth in refrigerant gases and power trading and all those things. Is there a possibility...

Anil Jain: We have updated the presentation today, sir.

Miten Shah: Okay. Okay. Okay. Because still -- it is not -- still not popped up over here.

Moderator: The next question is from the line of Smit Jain from Flawless.

Smit Jain: Yes. Just wanted to understand from a business sensitivity point, right, let's just suppose I was talking to the promoters of NTPC, how sensitive or how important is the ash handling or disposing of ash handling for NTPC, right?

Are they looking at it very aggressively as a necessity? Or for them it is like a good to have service and I suppose even if you don't do that, I mean, they would be okay with it? How important is the service that you are offering from...

Anil Jain: It's very, very important because ash is a very hazardous product for them. Over the years, because they didn't have many alternate sources to dispose, they started building ponds and disposing this ash in ponds. Now these ponds have become very hazardous. These have started seeping into the ground. And it is actually even contaminating the groundwater in many areas near thermal power plant.

There is a strict guidelines from Ministry of Environment to the Ministry of Power and all the thermal power plants saying that within 5 years, all the legacy ash which are in the pond have to be disposed of and in a percentage every year. If you don't dispose, there is a INR1,000 per ton penalty, which will be levied on this thermal power plant. And this penalty will not be added as a variable cost for calculating the power cost.

In -- otherwise what happens is if these thermal power plants remove this ash by paying a cost for moving this ash out and if they spend INR1,000 on the transportation, that can be added as a variable cost and gain back from the cost of power. So for thermal power plant, it is a necessity plus a win-win today to get disposed -- get rid of these ash for the thermal power plant, sir.

Smit Jain: Okay. And the cement company that we're selling this ash to for them also, is it important to probably use recycled...

- Anil Jain:** Yes. Yes. 60% or 55% to 60% of PPC cement consists of ash, sir. It's a raw material for them. So if you see across India, most of the cement plants are built near thermal power plants.
- Smit Jain:** Okay. Fair enough. And like would it be correct to say that going forward, once the legacy ash is disposed of and power from -- like power from coal used reduces dependency on coal reduces and renewable energy takes off, the hedge that we've created is the wind energy segment that we've started, right?
- That's the way forward. After the scope for coal ash is reduced, wind energy is going to take forefront for the company in the next 5, 7 years?
- Anil Jain:** While it is very nice to say that, yes, it will -- the logic sounds very good, but I personally feel or the whole industry feels that thermal power plants are here to stay for at least next 20, 30 years, sir, because a firm power, that is a 24 hours firm power can only be given by thermal. All the renewable energy are seasonal power. Solar gives you power during the day, wind during season, hydro during season. Only storage could be an alternate to a thermal power plant.
- So while we say that there is a 40% capacity of wind and solar energy or renewable, if you see a unit-wise, if you see a per kilowatt hour capacity, I think they have not reached more than 20% or 18%. So the gap is too big today to say that wind -- the coal will not be burned in future. If you see globally, while even many countries say that they are 100% green, they do produce thermal energy, but they're compensating that with at least 4 to 5x capacity of wind or solar.
- Dinesh Agarwal:** Everybody left 1 year has gone back to...
- Anil Jain:** And one more good thing to see is today in India, close to about 5 to 6 gigawatts of new thermal power plants are coming up. Two days back, I saw a news article where Adani has given an order for INR17,000 crores to L&T for a 4 gigawatt thermal power plant.
- Smit Jain:** Sir, I think until unless BESS actually takes forefront and it is also getting tried out, no one has actually proven the technology or at scale. Until and unless that does not come through coal, thermal power generation is going to be the forefront for a country which is growing like India, right? So I think the opportunity seems great.
- Anil Jain:** Yes.
- Moderator:** The next question is from the line of Maitri Shah from Sapphire Capital.
- Maitri Shah:** Yes. I had 2 questions. Firstly, on the wind business. So now we are starting with the assembly plant. What sort of margins do we expect this business to have on an EBITDA level?
- Anil Jain:** At an EBITDA level, after 2 years when we start manufacturing, we'll be at around 15% to 16% EBITDA level, ma'am.
- Maitri Shah:** And this is after manufacturing. So what margins do we expect at the current assembly level?
- Anil Jain:** Roughly about 1% to 10% EBITDA level.

- Maitri Shah:** And we're closing off the power trading business. So those margins, the negative margins will go away, but the Green Mobility are at 50% negative margins. So when do we expect that business to breakeven at an EBITDA level?
- Anil Jain:** At an EBITDA level, the mobility business will start making profit by end of this year. And PAT level by next year, it will start making profit.
- Maitri Shah:** And could you quantify what would be the EBITDA margins for next year in this business?
- Anil Jain:** I mean, we haven't have a guidance yet, but yes, we can share that soon.
- Maitri Shah:** And just another question on the guidance. What sort of growth are we expecting this year through all our businesses, FY '26 and also FY '27?
- Anil Jain:** We see a very substantial growth in all our businesses. The coal and ash handling business will tend to grow at the fastest pace over the next 2 years. We will be much better than the last few years' growth in this sector.
- Refrigerant and power trading will almost become nil. The electric vehicles also is going to grow at a very good pace over the next 2 years, where we'll reach about 8,000 to 10,000 vehicles. Wind energy also, once the manufacturing capacity starts, we are planning to go up to 3 gigawatt of manufacturing capacity by end of next year.
- Maitri Shah:** And what is the capex for that that we're planning?
- Anil Jain:** That's the total capex for all this put together?
- Maitri Shah:** For the 3 gigawatt wind and also for the vehicles?
- Anil Jain:** Yes. I think for the vehicles, it is more a vehicle loan, which will be there. And for the wind, we are more looking at leasing the facilities and running them. So we don't see a large capex in both the businesses.
- Maitri Shah:** Any quantification on the growth CAGR for 2 years, could you give, if that's possible?
- Anil Jain:** We haven't been giving the numbers, but we'll see how to start giving that soon.
- Moderator:** We will take that as the last question for today. I now hand the conference over to Ms. Sakhi for closing comments.
- Sakhi:** Thank you, everyone, for joining the conference call of Refex Industries Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you for joining the conference call. Thank you, Anil sir. Thank you, Dinesh sir. Have a good day.
- Anil Jain:** Thank you, everyone.