Company Name: Kiri Industries Ltd.

Management Participants :

- Mr. Manish Kiri – Managing Director & Chairman
- Mr. Suresh Gondalia - Company Secretary

11th Annual Valorem Conference Highlights:

Key Highlights:

- Undergoing a major transformation from a dyes-focused model to a large integrated copper and fertilizers platform.
- The transition is anchored by a INR 12,000 crore greenfield project in Gujarat integrating copper smelting, refining, downstream manufacturing, and fertilizer production.
- A strong focus on downstream products and by-products (including precious metals and fertilizers) enhances margin stability.
- The company has planned a production capacity of approximately 5 lakh tonnes of copper and 11 lakh tonnes of fertilizers.
- At full scale, the project is expected to generate ~INR 50,000 crore in revenue and ~INR 4,000 crore EBITDA.
- Execution is supported by global technology providers (primarily from China) and robust project management via Tata Consulting Engineers and internal teams.
- Also investing in critical infrastructure such as jetty, desalination facilities, and railway connectivity, strengthening logistical efficiency and long-term operational capabilities.
- Raw material security and go-to-market readiness are being ensured through long-term sourcing strategies, mine investments, and early development of a fertilizer distribution network.
- From a strategic standpoint, focus is on securing raw materials through mining partnerships and integrating renewable energy into operations, while maintaining a disciplined approach to execution and capital allocation, thereby enhancing long-term sustainability and competitiveness.

Key Questions & Answers discussed during the Conference:

- **Could you elaborate on the funding structure and current status of capital deployment for the copper and fertilizer project?** The total project cost is ~INR 12,000 crore, of which ~INR 4,000 crore is planned as equity and ~INR 8,000 crore as term debt, with a meaningful portion of equity already infused through earlier funding of USD 130 million (INR 1,200 crore) raised via Singapore, which was deployed towards land acquisition, supplier advances and initial project expenses and has since been fully repaid, resulting in no residual debt at the Indian entity level, with debt drawdowns expected to begin from 2027.

- **How is the overall project structured across segments and what is the strategic rationale behind this integrated model?** The project is structured as a fully integrated platform comprising copper smelting and refining including both primary processing of concentrate and secondary processing of scrap and semi-finished inputs, precious metal extraction where elements such as gold and silver are recovered from copper concentrate, downstream copper products including tubes, rods and foils which cater directly to end-use markets, and a fertilizer segment where sulphuric acid generated from smelting is converted into phosphoric acid and further into NPK and DAP fertilizers, enabling value capture across multiple stages of the value chain and reducing reliance on standalone smelting economics.

- **What are the key commissioning timelines and how does the phased execution support early monetisation?** The project follows a phased commissioning approach wherein downstream copper products such as tubes, rods and foils will become operational between April and August 2027 using imported cathodes, followed by refinery operations commencing by end-2027 where imported anodes will be processed, and finally the smelting and fertilizer units becoming operational in the last quarter of calendar year 2028, which allows the business to start generating revenue and build customer relationships well before the full upstream integration is completed.

- **What is the expected scale of operations and financial potential across phases of the project?** Phase 1 of the project is expected to generate approximately INR 20,000 crore of revenue with ~INR 1,200 crore EBITDA, while at full scale the integrated complex has the potential to deliver ~INR 50,000 crore of revenue and ~INR 4,000 crore EBITDA, supported by multiple revenue streams across copper products, fertilizers and precious metals, with the integrated structure enabling higher value capture and improved overall project economics.

- **How is raw material security being ensured, particularly in light of global copper concentrate shortages?** Out of the total requirement of ~1.4 million tonnes of copper concentrate, ~1.1 million tonnes has already been secured through tie-ups, including a minority stake acquisition in the Makilala mine which provides ~70%, while the remaining requirement is expected to be tied up before project commissioning, with management also indicating a broader strategy of moving upstream into mining over time to secure long-term supply given tightening global concentrate availability.

- **Given current global dynamics such as negative TC/RCs, how does the project ensure profitability?** In an environment where copper concentrate shortages have driven treatment and refining charges to near-zero or even negative levels, profitability is not dependent solely on smelting margins but is driven by multiple segments including extraction of precious metals such as gold and silver, value-added downstream copper products which command higher premiums of ~8–10% over LME compared to ~2–3% for cathodes, and the fertilizer business, thereby ensuring that the integrated model remains profitable even under adverse smelting economics.

- **What is the strategy for the fertilizer segment and how will distribution be built?** The fertilizer segment with ~1.1 million tonne capacity is supported through a backward-integrated model where sulphuric acid from smelting is converted into phosphoric acid, with key raw material tie-ups such as rock phosphate supply from Jordan already in place, while the distribution strategy involves selling through agricultural co-operative societies and private distributors, supported by a phased approach of importing and selling fertilizers over the next few years to build market presence and distribution strength ahead of own production.

- **How is the company planning to build its customer base and distribution network for copper products?** The strategy involves commencing downstream operations using imported inputs from 2027 onwards to establish a customer base and distribution network before the smelter becomes operational, with initial engagements already underway with large domestic customers and strong demand visibility given India's heavy dependence on copper imports, indicating limited risk on the offtake side.

- **What kind of government support or incentives are expected for the project?** The project is expected to receive incentives of approximately INR 3,000 crore over a 10-year period from 2027 to 2037, including GST refunds, stamp duty benefits, electricity duty exemptions and interest subsidies, although these have not been factored into base project cash flows, providing additional upside potential.

- **What is the expected capital structure, cost of debt and payback profile of the project?** The debt component of ~INR 8,000 crore will be drawn over 2027–2028 with a mix of domestic and foreign borrowings at approximately 8.5% for rupee debt and 5.5% for dollar debt, with Phase-1 EBITDA of ~INR 1,200 crore expected to support servicing and the overall project targeting a payback period of around 4 years driven by strong cash generation from integrated operations.

- **How is the legacy dyes business performing and what role does it play going forward?** The dyes and chemicals business has been operating at sub-50% utilization over the past few years but remains debt-free and continues to generate stable cash flows, with no incremental capital allocation planned and operations largely running in a steady-state mode supporting the transition towards the new copper and fertilizer platform.

- **What is the update on the Lonsen Kiri JV and its strategic direction?** Lonsen Kiri, continues to function normally and remains a key supplier including to DyStar, although there is an intent to separate from the Chinese partner due to past issues, with discussions ongoing but no agreement reached yet and no immediate operational impact.

- **What is the management's view on the taxability of DyStar proceeds and capital allocation plans?** The USD 689 million (INR 6,200 crore) received is being evaluated as a judicial compensation rather than a standard capital gains transaction, with legal opinion suggesting it may not be taxable, although a conservative provision of ~INR 800 crore is being considered pending board decision, with capital allocation including ~INR 4,000 crore towards project equity.