CIN: L27109GJ1991PLC015331

Date: 06/11/2026

To,
Department of Corporate Services
BSE Limited,
Floor 1, Rotunda Building
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001

Scrip Code: 544731

ISIN: INE313L01016

To,
Listing Compliance Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, BLOCK G,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400051

Symbol: RSL

Dear Sir(s),

Subject: Transcript of the Earnings Call with Analysts/Investors held on November 03, 2026.

This is with reference to our intimation dated October 29, 2026 regarding Earning Conference Call with investors and analysts on November 03, 2026 (Tuesday) 03:00 PM IST to discuss the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2026.

In terms of the provisions of Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find attached the transcript of the aforesaid conference call.

This above information is also available on the website of the Company at: https://www.rajputanastainless.com/investor-relations/a3c=/-Investor-Presentation

Thanking You

For Rajputana Stainless Limited

Rajputana Stainless Limited Panchmahal

RICHA SANJEEV PRASHAR

Digitally signed by RICHA SANJEEV PRASHAR
DN: c=IN, st=Gujarat, 2.5.4.20=4b527a469e507ad6d03da464d8aa07fe5a298ee85f78f60db90cd1311dc9c811, postalCode=390024, street=A2 VRUNDAVAN DUPLEX NEAR L AND T COLONY NEAR PREET PARTY PLOT NEW SAMA ROAD Vadodara, pseudonym=e0aef4e6aa444bd0880839c42eaa4455, title=0377, serialNumber=092b8d1a359fdf699965e8f6a8b260c45073b7ba5c69e82695ef89344ee7b299, o=Personal, cn=RICHA SANJEEV PRASHAR
Date: 2026.11.06 15:09:47 +05'30'

Richa Sanjeev Prashar
Company Secretary Compliance Officer
Encl.:- As Above

"Rajputana Stainless Limited

Q2 and H1 FY27 Earnings Conference Call"

November 03, 2026

MANAGEMENT: **MR. SHANKARLAL MEHTA – CHAIRMAN AND MANAGING DIRECTOR – RAJPUTANA STAINLESS LIMITED**
MR. YASHKUMAR MEHTA – CHIEF EXECUTIVE OFFICER – RAJPUTANA STAINLESS LIMITED
MR. AMBRISH BEDADE – CHIEF FINANCIAL OFFICER – RAJPUTANA STAINLESS LIMITED
MR. VISHAL VIJAYVARGIYA – ACCOUNTS HEAD – RAJPUTANA STAINLESS LIMITED
MRS. RICHA PRASHAR – COMPANY SECRETARY AND COMPLIANCE OFFICER – RAJPUTANA STAINLESS LIMITED

MODERATOR: **MS. SANA KAPOOR – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Rajputana Stainless Steel Limited Q2 and H1 FY27 Earnings Conference Call hosted by Go India Advisors. 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 the conference call, please signal an operator by pressing star then 0 on your touchtone phone. Please note that this conference is being recorded. I would now hand the conference over to Ms. Sana Kapoor. Thank you, and over to you, ma'am.

Sana Kapoor: Thank you, Muskan. Good afternoon everyone and welcome to Rajputana Stainless Limited's maiden earnings call to discuss Q2 and H1 FY27 financial performance. Today we are joined by Mr. Shankarlal Mehta, Chairman and Managing Director, Mr. Yashkumar Mehta, Chief Executive Officer, Mr. Ambrish Bedade, Chief Financial Officer, Mr. Vishal Vijayvargiya, Accounts Head, and Mrs. Richa Prashar, Company Secretary and Compliance Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces. May I now request Mr. Yash Kumar Mehta to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

Yashkumar Mehta: Thank you so much, Sana. Hello everyone, I am Yash Mehta, the Chief Executive Officer of the company. Thank you so much for joining the Rajputana Stainless Steel earnings call for the second quarter and the first half of financial year 2026-27. For those new to us, Rajputana Stainless makes stainless steel long products and it is an integrated stainless-steel plant which is located in Kalol, Panchmahal.

We melt, cast, roll, and finish stainless steel round bars, hexagonal bars, square bars, and it is all done under one roof. So it is a product from which is made from scrap, and it is sold to all the B2B manufacturing companies all over the globe. We are present in India and across 8 different countries. So in total, we are present in over 9 different countries.

We manufacture over 48,000 tons of stainless steel every year with 36,000 tons of rolling capacity and 6,000 tons of bright bar capacity. Our specialty and what differs us is that we manufacture over 80 different grades of stainless steel in both austenitic, ferritic, martensitic, and duplex grades.

We are a custom-made manufacturer of stainless steel and a solutions provider to all the stainless-steel users who require different kinds of stainless steel. We do R&Ds, we do product development for all our customers, and that is how we are present in the most niche market in the stainless-steel world.

Our every order is make-to-order by grade, by size, by shape, and by length. So, we deal in over 5,000 different SKUs. Our customers, which are manufacturers, they are mainly differed into different segments, which are like forging, engineering units, pipe units, seamless pipes and tubes. They serve oil and gas segment, automotive segment, aerospace segment, and defense segment.

We have over 370 different customers, and our approvals include the AS9100D, the AD2000-Merkblatt, IBR, BIS, and many more. We got listed in the NSE and the BSE in March this year, and we used our IPO proceeds to repay our debt. We officially became the debt-free company in April. And our vision for the next 2 years is we want to increase our product range; we want to invest more and more into R&D and ensure that we provide high-quality stainless-steel products across the globe.

The quarter 2 revenue, if we speak about the quarter 2 revenue, the quarter 2 revenue grew about 33% from year on year to INR360 crores. Our operating EBITDA grew by 38% to INR33.4 crores with a margin of 9.3%, and our profit after tax grew by 79% to INR23.7 crores. For the first half, revenue was INR666 crores and the PAT stood at INR43.9 crores, up by 80%.

We also managed to make as much 88% of the money that we made in the entire financial year of 2025-26. We started the second half with an order book of about INR500 crores, which includes over INR80 crores of orders in aerospace and defense. I would love to have some questions from you guys if you want to know a lot more about the company. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of [Shreyas from Genuity Capital 0:06:56]. Please go ahead.

Shreyas: Yes, hi. So, my question was regarding -- could you please share the production and sales volume for Q2? And what was the capacity utilization across the melting, rolling, and finishing facilities? Could you please share these numbers?

Yashkumar Mehta: Yes, so our capacity utilization was over 99%, which has been continuous over the past 2 years. We have been fully utilizing our entire capacity. However, we have introduced more and more grades into the segment, which has ensured that the revenue of the company grows. So, if we were making a commodity product, we moved towards the specialty products which were much more costlier in nature, which ensured that our revenues increased.

Our quarterly revenue in the first year of 2026-27 was INR306 crores, which increased by 17% to INR360 crores. This is primarily due to the increase in the quality products that we have produced. So that is the primary reason for which our revenues have increased. Our capacity utilization for stainless steel billets has been 99%. For the rolled products, it has been 99.45%. And for the bright bar, we've reached about 60% of the capacity utilization.

Shreyas: Okay, so means you are currently on full capacity right now?

Yashkumar Mehta: Yes, 100% capacity utilization, and soon we are increasing our capacity from 48,000 tons of melting to 60,000 tons of melting.

Shreyas: Okay, so when is this capacity going to go live? Can you tell the timeline for this new capacity?

Yashkumar Mehta: Timeline for the capacity expansion is the 4th quarter of 2026-27 is when we expect the capacity expansion to happen.

Shreyas: Okay, and are you taking any – using any AI or anything for inspection and all to increase the efficiency of the factory?

Yashkumar Mehta: So the company is using an AI which is called Fulcrum OS. So, this is the OS that we are using, and it integrates our entire system from our dispatches to the production to the linkages between the quality and the dispatches and much more about the entire company. So this is the particular base that we are using as of now, and it has helped us grow much more into servicing our customers better.

Shreyas: Okay, thanks for my question. Thank you.

Yashkumar Mehta: Thank you so much.

Moderator: Thank you. The next question is from the line of Vinit Thakur from Plus91 AMC. Please go ahead.

Vinit Thakur: The company has reported an improvement in profitability. However, H1 FY27 operating cash flows stood at approximately INR4.5 crores against the PAT of INR43.9 crores. I wanted to ask what is the key factor impacting cash conversion and when can we expect some operating cash flow to improve?

Yashkumar Mehta: Your voice wasn't audible. Can you please repeat again?

Vinit Thakur: I was saying that the company has reported an improvement in profitability. However, H1 FY27 operating cash flows stood at approximately INR4.5 crores against the PAT of INR43.9 crores. So what are the key factors impacting cash conversion and when can we expect some operating cash flows to improve?

Yashkumar Mehta: Okay, thank you so much. Yes, it's a fair question. The profits are converting well, and the majority of the cash went into working capital, which was majorly into receivables. The company is moving more towards the end-user base instead of going to the trader base, which was a mediator that would pay us early and then supply to their end users.

We have taken the route of directly going to the end-user base, which has ensured that our receivable timings have increased, because all the big companies like BHEL, the likes of L&T, they have a payment structure of either 60 days or 90 days. So that has significantly increased our receivables, which has ensured that the cash flow went into the working capital more. Sales also grew really fast. The Q2 revenue was increased by over 33% year on year, and that's where the majority of our cash is done.

Vinit Thakur: I've seen the trade receivables have increased from INR137 crores to INR232 crores. Could the management explain the reasons for this increase and provide an update on the current debtor cycle and collection efficiency?

Yashkumar Mehta: So if you see -- rightly pointed out that our debtor numbers have increased from INR132 crores to INR242 crores. But if you see the debtor days, it has still remained the same or just increased by 3 or 4 days, which shows that the revenue has increased. And simultaneously, when the revenue increases, of course the debtor cycle will increase. And us moving towards high-value items and end-user products, this was bound to be. But because of our very good cash flow and operating cash flows, and the proceeds from the IPO, we could ensure that we could supply those customers and earn extra margins through them.

Vinit Thakur: All right, I just wanted to ask one more question. What is the company's current working capital cycle in terms of inventory, receivables, and payables?

Yashkumar Mehta: The current working capital cycle is about 52 days in terms of receivables. In terms of payables, I think the working capital is way lower. I'm not 100% sure about the number, but it is probably lower than 10 days.

Vinit Thakur: All right. And with the expected increase in volumes, how much additional working capital will be required to support business growth?

Yashkumar Mehta: So the additional capacity increase, we will be managing it through internal accruals only. So we will not be requiring any kind of working capital as such. We will not be raising funds as such for anything. We are sitting at a good cash flow. We are a debt-free company, so I don't think we have any requirements for further working capital as of now.

Probably once we grow to further levels of about 60,000 tons plus, we may require some working capital. But as of now, with the growing revenue, we have no working capital requirement. The company is doing positive and the company is doing fantastically well. We've been recognized in all the nations now.

We've been recognized all over the country for our specialty products. And the customers are coming to us and doing the R&D with us to ensure that we supply them the high-quality product and their specific requirement. So, we are looking at it at a very positive level, and we are ensuring that we continue the positivity, and we continue the run throughout the entire year and the coming years.

Vinit Thakur: All right, thank you for your time and insight.

Yashkumar Mehta: Thank you so much.

Moderator: The next question is from the line of Deepesh Sancheti from Maanya Finance. Please go ahead.

Deepesh Sancheti: Hi, could you provide an update on the company's overall capex plans for the next 2 to 3 years, including the investment which will be required, product-wise timelines if possible?

Yashkumar Mehta: So, we have 2 verticals coming up. One is the vertical wherein we are trying to take the capacity from 48,000 tons to 60,000 tons. Since we are 100% capacity utilized, it is going to be an integral step for us to ensure that we increase our capacity by 25%, which will provide a

very big boost to our revenue as well. Secondly, what we are focusing on is we want to enter the consumer part. We're done serving the B2B markets.

We want to enter into a consumer product and we want to be the name that the end users are known with. Hence, we are getting into the seamless pipe market wherein we will be catering directly to the end users along with a lot of different companies in the oil and gas defense sector which we are already catering to. But we are creating the product which is a B2B bars product, it will give us an entire horizon of supplying another product to them.

So, 2 verticals; one, wherein we are touching the consumers directly, second wherein we are increasing our capacity from 48,000 tons to 60,000 tons. So, these are the 2 verticals. One requires about INR20 crores in working capital and investment, which is already funded through our equity proceeds. One which requires a minimum capex which is done through our internal accruals. So, we will not be requiring any more capex in terms of working capital or funding required to be able to do it through our internal accruals and IPO proceeds.

Deepesh Sancheti: Okay, so the IPO utilization of about INR18.57 crores was earmarked for this capex, right? And the remaining unutilized would be used -- I mean, what is the remaining unutilized as of 30th September? And could you elaborate the reasons for the delay and expected timeline which was there for the deployment?

Yashkumar Mehta: So, I think only INR18.57 crores is unutilized and about INR4 crores in the other segment is unutilized. If I'm not wrong, Vishal, correct me if I'm not wrong here. So that INR18.57 crores which is to be used in the seamless pipe plant, we are trying to get into the depth of the consumer lines and then invest into the best quality product, quality machinery. Because what is happening is the machineries are improving daily.

The demand for the product has also improved to a dramatic level, and the quality of products that are required by the seamless pipe plant are also increasing in terms of quality daily. So, we want to ensure when we enter into the market, we enter with the best and the most latest machinery, for which our team is working on.

We want to enter with a machinery which can sustain for the next 25-30 years and not get depleted in terms of quality or in terms of performance. And that is why we've taken a little more time than expected, but it is soon to follow.

Deepesh Sancheti: Right, thanks. Great, thank you very much.

Yashkumar Mehta: Thank you so much.

Moderator: The next question is from the line of Devang Madlani from Wiinance Financial Services. Please go ahead. Yes, Mr. Deven, go with the question, please. Hello. As there is no response from the participant, we'll move to the next. The next question is from the line of Mudit Daga from Marlin Holdings Private Limited. Please go ahead.

Mudit Daga: Hi, thank you for the opportunity. I had a couple of questions. So as per the cash flow statement, we have given a loan and advances of INR34.5 crores. So, what is this pertaining to, and is it a related party transaction?

And my second question is that the deck says that we are hedged at the raw material price and the prices are locked in at the time of order. Still, we have seen a Y-o-Y decline in gross margins. So, could you please add some color to it?

Yashkumar Mehta: Okay, thank you so much for your question. When it comes to the loans and advances, I think Vishal is the best person to speak about it. Vishal, can you please enlighten here?

Vishal Vijayvargiya: Loan and advances is not given to a related party. This has not been given to a related party; it is an inter-corporate deposit, and it carries interest.

Mudit Daga: Okay.

Yashkumar Mehta: Okay. And can you please again enlighten on your second part, hedging of the raw material, right?

Mudit Dugar: Right, that the raw material is hedged, yet there is a decline in gross margins.

Yashkumar Mehta: Yes, so basically, as the customer places in the order, the entire raw material which is required for it is hedged. But there are a couple of things that you cannot hedge, which is the consumer-based products, which are the products that are used in the daily consumables. So that is one thing that cannot be hedged.

Rest, all of it is always hedged, be it the ferroalloys, be it the nickel, be it the scrap, everything gets hedged according to the order that comes in. As of now, we have an order book of about INR500 crores, so we are spread for the next 4 months. And with that INR500 crores order book, about INR80 crores of orders are in the aerospace and the defense sector.

Mudit Dugar: So, what percentage of the raw material cost would be made up by the consumables, the part which is not hedged?

Yashkumar Mehta: Probably approximately 10% to 12% is something that I feel that would be the part of consumables. Rest of all would be a part of the raw material because raw material plays a very integral role. However, with the investments done into the solar and wind energy, our cost of production, which has a major and integral role of electricity in it, will dramatically be coming down from the 1st of January 2027 as our entire solar plants will come into action from 1st of January 2027.

So, the gross profit grew by 22% in Q2, and our EBITDA grew about 38%, and the EBITDA margin too improved from 9% to 9.3%. The other cost grew way more than what our sales grew, and that is the major reason why probably our EBITDA margin didn't grow as much as our operating margins did.

Mudit Dugar: And lastly, for the whole year, would we be free cash flow positive?

Yashkumar Mehta: Yes, the free cash flow will be positive.

Devang Madlani: Right, thank you so much.

Yashkumar Mehta: Thank you.

Moderator: The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Yes, hello. Currently what percentage of sourcing on our scrap is import-based?

Yashkumar Mehta: Yes, so about 39% of the total scrap is imported from the world, and that is primarily due to the world having much more of consumed stainless steel over the years than India having the consumption of.

Maitri Shah: And are we seeing any issues in the logistics side of this import sourcing, or is it currently just kind of normalized or stabilized?

Yashkumar Mehta: So luckily, when it comes to scraps, for the world, we India become a dump yard for the scrap. Nobody in their country would like to have the scrap if it goes unutilized over there. Hence, they would want to cash out. So, all the costs of the transit or the increase in the transit cost between the world has been absorbed by the scrap dealers. And because India has to -- they have to ensure that they export their scrap, India has been on the favorable position.

We have been able to command our prices for the scrap because they have to anyhow send it to India to ensure that it gets recycled and the product comes back to them. So in this case, it's been favorable to us, although the prices of the entire ecosystem in which the material has been transferring has increased.

Yes, there has been issues in terms of delays in terms of this scrap coming into the country. But luckily, we've not faced any of such issues because of our ongoing contracts and commitments with all our scrap dealers and scrap providers.

Maitri Shah: Okay, that is great to know. So, we'll be sourcing close to this percentage for the rest of the year as well. And also, that now that we're increasing our capacity, we do have contracts backed for that as well on the scrap side.

Yashkumar Mehta: Yes, got it.

Maitri Shah: Okay. And the aerospace and defense, you mentioned we have an INR80 crores order. So, the grade of the stainless steel will be much higher than the grade we're normally supplying to. Any sort of color on how do you expect this industry to kind of contribute more in the coming years? And also the margin differential coming in from this industry?

Yashkumar Mehta: Thank you so much. So the aerospace and defense industry, as I highlighted, we are a B2B supplier. When we supply to them, yes, there has been times wherein we've done a lot of R&D with our customers, wherein they've come to us and they've asked for some specific grades, and we have customized our grades for them. And that is what has ensured that we get the aerospace certification certificate.

And because of the certification, we have been approved in the majority of the aerospace and defense industries and aerospace and defense producing product companies. And that has ensured that our sales with those companies increase. The products that they primarily utilize are high-quality, high-end stainless steel, which are much more costlier in nature in terms of when you compare it with the normal stainless steel products, which has also contributed to our high revenue. Although our quantities have remained more or less the same, but it has made a major impact on our revenues and on our profitability.

We expect the aerospace and defense sector to keep continuing doing good, because a lot of companies like the likes of Boeing and a lot of aerospace and defense companies are coming to India. And because of the Make in India push, we are getting a lot of strong demand in this sector specifically by the entire world.

They are wanting to come down and manufacture it in India to ensure that they can supply to the country, because that is what the government is wanting towards and the government is facing towards. So we are hoping that the demand in the aerospace and defense sector, as it's increasing, it will further increase to really good levels.

Maitri Shah: Got it. And so this aerospace and defense is currently a domestic player that we're supplying to, or is it for the international client?

Yashkumar Mehta: So we've very recently started supplying to a lot of defense companies abroad as well, and that is where the major breakthrough is coming. So we are getting recommendations from all the Indian companies to the foreign companies through which the orders are being routed.

It is a slow process because we just got aerospace certified, but the future looks very bright because the more and more we dig deeper into this segment, we realize that there is a lot of present potential, a lot of positives to look forward to, and we are really excited and very positive about how it's going.

Maitri Shah: Any sort of like the RFQs that you are seeing, any pipeline you are seeing from aerospace and defense side? And in the first half, how much of the revenue is contributed from this sector?

Yashkumar Mehta: So a lot of our customers are B2B customers producing a lot more products in their own company, which is further going to the aerospace and defense sector. So it gets very difficult for us to really understand whether our product will be directly contributing to the aerospace or defense sector or not.

In some cases, when there is a collaboration happening, very keen idea, product is going to a particular direction. But in most of the cases, we know that the customer may utilize it for its defense or aerospace sector, but we cannot be 100% sure about it. Hence, we don't have a particular number for it, but whatever particular numbers we get by having a communication with them is what we can give.

Maitri Shah: Okay, got it. And in the presentation also you've mentioned that we are targeting a 58% value-added revenue share. This increase in value-add share, how do you expect the margins shaping

up in the next 2-3 years going from now? And also there was a mention of a 2 lakh metric ton long-term target on the capacity, and when do you expect that to go live?

Yashkumar Mehta: So we've planned -- so our first plan is before we start our -- we increase our production to 60,000 tons. And in the long run, by 2031, we expect our capacity to be increased by 2 lakh tons. But that is a long way vision. It is about 4 years or 5 years from now wherein we are targeting for a 2 lakh ton stainless steel specialty product.

We are sitting at a very sweet spot of manufacturing 48,000 tons, and we are being able to cater to our customers that we can -- our profitability. So we are not in the race of producing more. We are in the race of producing the right product for the right customer at the right price. So our focus still remains the same with 60,000 tons as well. We plan to establish that 60,000 tons into the most profitable areas of the company and then take it forward so that the revenue increases and the profitability multiplies as well.

Maitri Shah: Got it. And currently, what sort of export revenue are we having in the company?

Yashkumar Mehta: So the indirect export revenue from the company is a lot higher. However, we are not having a massive presence in the export market as such because our product is required in a higher level in the Indian market, which is then produced into a finished product. Say for example, we are getting into the seamless pipe segment. So the pipes are directly being exported.

When we are supplying it to the likes of, say, Venus Pipes and Tubes or Scoda Tubes, they further manufacture their pipes to export it. So we're removing that one mediator to ensure that our export component of the company increases, and that is what we are targeting in the next coming years.

Maitri Shah: Okay. And the seamless pipes, are we targeting to export to more Middle East region because we're seeing a lot more demand coming in from there because of these geopolitical issues, and a reconstruction demand coming in from there? Just some color on that, because we've targeted 80% utilization in the next year itself. So do we have soft commitments from our clients already, and how do you expect to reach such high utilization in the first year of operations?

Yashkumar Mehta: So the markets for the next 5 years look very positive. Because of such geopolitical unrest, there is a lot of inflow coming in. We are already flooded with so many inquiries for seamless pipes. We are already flooded in with all our customers who are into seamless pipe markets that we are overwhelmed with the entire state of inquiries that are coming in.

And we see a lot of progress in the next 5 years for specifically for this particular product in demand. Seamless pipes for Middle East, seamless pipes for the entire European market, even for the US market is going to be at a very good level. I see a lot of positives for the seamless pipe market for the next 5 years. So we are being very bullish on it, and we are ensuring that we target it at the right time.

Maitri Shah: And once we reach the 80% utilization, do you plan on expanding this capacity even further from the 9,600 number? Any plans for that in FY28?

Yashkumar Mehta: 100%, because the kind of inquiries that we are seeing from our existing customers is so overwhelming that we are already reconsidering our machine that we are calling for. And we are planning to call for a higher-end machinery which could produce way more than what it is producing right now.

And that is what we are targeting, and that is what we want to ensure, that once we start our unit, we have it, we don't have to change a lot, we don't have to tweak a lot, and we have a sustainable facility with us at least for the next coming decade.

Maitri Shah: Great. Thank you so much for answering the question and happy Diwali.

Yashkumar Mehta: Thank you so much. Happy Diwali to you too.

Moderator: Thank you. The next question is from the line of Arnav from BugleRock Capital. Please go ahead.

Arnav: Hi, am I audible?

Yashkumar Mehta: Yes.

Arnav: Hi sir, thank you for the opportunity. Sir my question was around your seamless pipe business which is coming up. I'm relatively new to the company, so I just wanted to get a sense around what kind of market are we looking at, how big is the market? Currently, how is the demand being met? What kind of competition are we facing?

Plus, if you could provide some business insights into the seamless tube market, because from what I could sense, the industry is relatively capacity constrained if we talk about the domestic industry. So what are the entry barriers and does it lie around operational excellence or setting up a distribution channel or procurement? If you could get some business insight or color in this, that would be very helpful?

Yashkumar Mehta: Okay. Thank you so much for your question. I will break it down. First of all, in India, there are not a lot of players who have an entire integrated stainless steel plant with seamless pipes into the picture. So we will be one of those very few plants in India to have an entire integration from scrap to a finished product, which is the seamless pipe. So that is what we are targeting, and that is what we are planning to achieve.

So the seamless plant, the industry has an estimation of roughly around 2.1 lakh tons a year. And the industry is growing at about 15% every year, which is a dramatic increase. More than the industry increase or the numbers, what we've seen in the geopolitical scenario is that there will be a lot of reconstruction coming in terms of the oil and gas markets, in terms of the markets wherein a lot of seamless pipe requirement will be there.

The plants are running at about 85% utilization currently in India, but they're running at 85% utilization because post that they don't even know how to utilize the machinery because we've been exceeded with the demand in this segment in the last past 3, 4 years only. So, this is what we're seeing it as.

And a lot of industries like the pharma industry, the aerospace, the defense, the chemical industry, the refining industry, and the oil and gas industry, grades like 304L, 316L, which become the pioneer and the pillar of stainless steel, are no longer called as the specialty products. We've moved way more towards the duplex stainless steel and a lot more costlier stainless steel, which is providing in a lot of margins for us. So, we are very positive about it.

And in terms of approvals, in terms of everything that is concerned with a seamless pipe plant, we are already having a well-established team who's already been doing that. So, it is going to make it easier for us.

The metallurgy and the process consistency is going to be very simplified for us because we are already supplying to a lot of seamless pipe manufacturers. And the conversations that we have had with our customers, we see there is a massive demand and supply gap between the both, and it is only going to increase. And that is why we are seeing a lot of seamless pipe plants coming into the picture these days, and a lot more has still space to come in.

Entry barrier, the biggest entry barrier for a seamless pipe plant is that when you get into a product like a stainless steel seamless pipes, you need to have the technical know-how of what exactly does a stainless steel do, what exactly is the quality and the metallurgical requirements of a stainless steel company or a stainless steel brand.

Distribution is not that big a challenge, but material sourcing, everything else is required in a solid manner to create that entire network is a big challenge, and that is the biggest entry barrier to anybody coming into the seamless pipe market.

For us, it becomes a very easy product because we're already manufacturing from this. So, it gives us an added advantage over all the other seamless pipe manufacturers in India, and we become one of those very, very few, rare stainless steel companies who happen to manufacture from scrap till the end. And that is what will give us an added advantage, and that is what we are positive towards.

Arnav: Understood. Thank you for that detailed answer.

Yash Kumar Mehta: Thank you, sir.

Arnav: And from -- so what percentage of this domestic demand is met through imports, and what kind of countries are we importing from?

Yash Kumar Mehta: So the scrap is available throughout the world. And apart from a few countries wherein there are restrictions, we are buying from the entire world, be it the Middle East market, be it South Korean and the Japanese market, be it South America, Australia, New Zealand, or U.S., or Europe. So, scraps are coming in from everywhere, majority source being Europe.

Arnav: No. Sorry, I meant your seamless tube, the finished product. How much is it imported, or are we self-sufficient?

Yash Kumar Mehta: Currently, India is importing a lot of stainless steel seamless pipes, and that is why the entire capacity is coming up. However, government has raised a few -- made sure there are a few barriers through which the seamless imports have come down dramatically. And that is what has given the opportunity to the domestic players to ensure that they increase their capacity and increase the utilization of the homegrown Indian stainless steel seamless pipes.

So, we see it increasing, and because of the production that is growing, of course, the pricing of it, as in the entire production of it, also is coming down because we are getting smarter in terms of technology, in terms of manufacturing.

Arnav: Yes. Understood. Just one final question, it was around your windmill and solar project. What are the commissioning timelines and what kind of load factor have you built into the cost-saving assumption?

Yash Kumar Mehta: So, our solar facility is supposed to commence by the end of this year, and from the 1st of January is when we are expecting the solar power costs to come -- the power cost to come down through captive solar consumption.

And when it comes to the windmills, we're targeting the end of March for us to kick start with the production for the windmills. And because power being our biggest conversion cost, it covers 80% of our power cost throughout the power consumption that is happening for the company. So 80% cost will be covered, which will directly affect and improve our profitability.

Arnav: Great. Understood. Thank you for answering the questions. That's it.

Yash Kumar Mehta: Thank you.

Moderator: Thank you. The next question is from the line of Rishabh Bora from AB Advisors. Please go ahead.

Rishabh Bora: Hello, sir. Good afternoon and congratulations on a good set of numbers. So, my first question is, given the volatility in stainless steel scrap and ferroalloy prices, how is the company managing raw material procurement and price pass-through? Has the current order-based procurement strategy helped protect margins?

Yash Kumar Mehta: Hello. Good afternoon. Thank you so much for your kind words. Yes, luckily we have a very safe strategy with us. The entire stainless steel market that we have is a complete make-to-order market. Once we have the order booked into the company, that's when we start the procurement.

And the entire procurement is hedged through the sales done. Say for example, if I do some sales today, the entire raw material will be hedged. And the sale would mean that I will be supplying to the customer in the next 30, 45, or 60-day timeline, whatever timeline that we've committed to them. And accordingly, my scrap keeps rotating, coming from the world. And that's how we hedge our entire scrap or our product that we have, or say the order book that we have.

For example, if we have an order book of 3 months right now, we will have the same order book of scrap which will be hedged through it for the next 3 months.

Rishabh Bora: Okay. Understood. So, my second question is about your outlook on EBITDA margins over the next 2 to 3 years. Apart from the higher value product contribution, what do you think are the key operational levers that could drive margin expansion in the future?

Yash Kumar Mehta: What I feel is our entry into major areas like the defense or the aerospace or oil and gas is what gives us an additional edge over our competitors. And the fact that we have a very personalized way of dealing with our customers, which probably the likes of Jindal Stainless wouldn't be in a position to do, that is what gives us an additional advantage.

Our prices for each customer would be different. We don't have a standardized pricing because it is not a commodity product that we are dealing in. That is what makes us more different, and that is what is helping us increase our EBITDA margins. And in the next three to four quarters, I see a very positive EBITDA margin growing, and we are very positive about this. And we are speculating really, really good numbers to come in, in the near future too.

Rishabh Bora: Okay. I get it. So, another question of mine is that how has demand evolved across the company's key end-user industries? So, I'm talking engineering forging, fasteners, automotive, and infrastructure. So, which segments do you think are currently witnessing stronger demand and order inflows?

Yash Kumar Mehta: So, what I have seen is there is a very good demand coming up from the engineering industry. A lot of AI-related machines have demand, for which a lot of products like a stainless steel fastener, a stainless steel plant required to be manufacturing those machines. And the entire demand is flowing from the American market.

We've seen a lot of growth in the last past 6 months in that particular segment. And for the next 2 years, what I talk to my customers about, that there is so much of demand that we will be in a shortage to supply, but the demand won't get over. For the next 2 years, we see this particular segment wherein a lot of AI-based machines are being produced. In that segment, we are seeing an astonishing demand.

Second area of increase in demand is what I feel is in the oil and gas segment wherein a lot of repair work, a lot of other advancements will come into the picture. The third area that I see is the defense and aerospace. All the countries want to be safe. All the countries want to be protected. So, these are the three industries which are going to drive stainless steel for the next 5 years, bare minimum. And the only direction that is going is going to be up in terms of demand.

Rishabh Bora: Okay. That was most helpful. So thank you for the opportunity. Thank you for your time as well. And best of luck for the next quarter as well.

Yash Kumar Mehta: Thank you. Thank you so much.

Moderator: Thank you. As there no further questions from the participants, I would now hand the conference over to the management for closing comments. Over to you, sir.

Yash Kumar Mehta: I thank everyone for being a part of the earnings call, and I hope I have answered them all correctly. If there are anything that I have not answered, I would love to answer them.

And to sum it up, it has been an amazing first half for us. Revenues grew 33%. The profits grew about 80%, and we are a debt-free company now. So, we are hoping to capitalize more and more coming into the second quarter, the third quarter, and the fourth quarter, and we plan to end the year in the most fascinating ways possible. Thank you so much for hearing from me, and yes, much appreciated. Thank you so much.

Moderator: Thank you so much. On behalf of GoIndia Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.