



**JTL
INDUSTRIES
LIMITED**
(Formerly known as JTL Infra Limited)
STEEL PIPES

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BSE Scrip Code: 534600	NSE Scrip Code: JTLIND	MSEI Symbol: JTLIND

REG: Transcript of Earnings Conference Call for Un-audited Financial Results for the Third Quarter ended 31st December, 2023

Dear Sir/Ma'am,

This is further to our intimation regarding Conference Call for Analysts/Investors with respect to the Unaudited Financial Results of the Company for the Quarter/ Nine months ended 31st December, 2023.

The transcript of the conference call held on 12th January, 2024 with investors/analysts to discuss the financial performance of the Company for abovesaid period is enclosed herewith.

Kindly take note of the same.

**For JTL Industries Limited
(Formerly known as JTL Infra Limited)**

**Amrender Kumar Yadav
Company Secretary & Compliance officer
M. No. A41946**



“JTL Industries Limited
Q3 FY24 Earnings Conference Call”

January 12, 2024



MANAGEMENT: **MR. PRANAV SINGLA – WHOLE-TIME DIRECTOR – JTL INDUSTRIES LIMITED**
MR. DHRUV SINGLA – WHOLE-TIME DIRECTOR – JTL INDUSTRIES LIMITED
MR. ATUL GARG – CHIEF FINANCIAL OFFICER – JTL INDUSTRIES LIMITED

MODERATOR: **MS. SNEHA TALREJA – NUVAMA INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY24 Earnings Conference Call of JTL Industries Limited hosted by Nuvama Institutional Equities. 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 zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sneha Talreja from Nuvama Institutional Equities. Thank you and over to you ma'am.

Sneha Talreja: Thanks Michelle. Good evening all. On behalf of Nuvama Wealth Management, we welcome you all to the JTL Industries Q3 FY24 conference call. We are joined today by the senior management of JTL Industries represented by Mr. Atul Garg, CFO, Mr. Pranav Singla, Whole-Time Director, Mr. Dhruv Singla, Whole-Time Director. We will now start with the opening remarks by the management followed by the Q&A.

I would like to first hand over the call to Mr. Pranav Singla for his brief opening remarks. Over to you Pranav.

Pranav Singla: Thanks Sneha. Thanks Nuvama for hosting our quarterly earnings call. Good afternoon everybody. Thank you for joining us today for this conference call. We welcome you all for our Q3 FY24 Earnings Call. Let's begin the call with a brief overview about the company. With a rich history of over three decades, we have evolved into a fast-growing steel tube manufacturing company. We specialize in producing a diverse range of products including ERW black steel tubes and pre-galvanized and galvanized pipes, large diameter steel tubes and pipes, solar structures and hollow structures. We operate through four manufacturing facilities located in Punjab, Maharashtra and Chhattisgarh, out of which two facilities are in Punjab.

As a total group capacity, we stand at a capacity of 5,86,000 metric tons. All our plants have the capacity to produce the VAP product, which is the galvanized pipe under our radar right now, which gives us access to strength and finishing of products. Additionally, our Chhattisgarh plant is backward integrated and offers us cost synergies and facilitating the procurement of raw materials at a competitive price.

At JTL, we have 10 registered brands offering a cumulative of 1,000 plus SKUs. These products find applications across diverse industries such as construction, core infrastructure, heavy vehicles, water distribution, energy and many more. With a network of over 1,000 dealers and distributors, we effectively serve the entire nation and extend our reach to international markets spanning over 20 countries across 5 continents.

Our export primarily consists of GI pipes, constituting to approximately 90% of the export mix, assisting us to earn high revenues and margins. Moreover, we hold the prestigious recognition as a star export house by the government of India. I'll give you a brief about the financial performance.

Regarding our business performance, we experience a robust demand for our products, resulting in a noteworthy 76% increase in sales volume to 1,00,905 metric tons in Q3-FY24 compared to Q2 FY24. On the broader perspective, our nine-month sales volume grew by 62%, reaching to a total of 2,59,933 metric tons on a Y-o-Y basis, which also surpassed our FY23 sales volume of 2,40,000 metric tons. Furthermore, our sale in the value-added product category witnessed a notable increase, growing by 46% from 54,000 metric tons 9M in last financial year to 81,000 metric tons in 9M FY24.

Our revenue grew by 65% to INR5,674 million in Q3FY24 and by 46% to INR15,743 million in 9M FY24. This was led by the increase in demand of our product. Our EBITDA grew by 46% to INR425 million in Q3 FY24 and by 50% to INR1,154 million in 9M FY24, led by increase in scale of operations. However, in Q3 FY24, our EBITDA margins decreased, led by decline in sales of VAP products due to scheduled maintenance of our galvanizing pot. This is a periodic measure taken by us to maintain our product quality and standards. For FY24, we expect our revenue to increase by 35% from FY23 and EBITDA margins shall remain in upper trajectory of what you will witness in this year.

On the industry front, we expect the demand of structural steel tubes to remain strong for the next few years, surging by approx 12%-13% backed by robust infrastructure demand pushed by the government towards construction, oil and gas, and water supply. Going forward, to seize the forthcoming opportunities, we are targeting to reach a total manufacturing capacity of 1 million tons by FY25.

Moreover, to enhance our manufacturing capabilities, we have plans to implement DFT at our Mangaon facilities by this quarter itself, which will be towards 1 lakh metric tons. This initiative will not only enhance our capacity utilization and manufacturing efficiency, but will also open doors to new geographical markets. This will also increase our SKUs by the range of 500 as well.

Right now, the SKUs we stand at around 1,000, and post the installment of DFT, we should be standing at 1,500 SKUs. Simultaneously, we are strategically outlining a significant capacity expansion initiative in Maharashtra through our subsidiary, JTL Tubes Limited, which will further elevate our manufacturing capability, allowing us to broaden our product portfolio and offer an array of products under one roof. Through this capital expenditure, we aim to incorporate additional DFT lines, expand the capability to manufacture galvanized steel tubes and pipes, introduce a range of color-coated products, and implement backward integration in facility, which will facilitate the production of pre-galvanized sheets.

In order to meet the desired target, we have proposed to raise a total of INR1,310 crores through various means. Of this fundraise, we will raise INR 810 crores via fully convertible warrants, on preferential basis, through promoter and non-promoter category. The remaining INR500 crores shall be discussed through QIP route. Post completion of expansion, our kitty of VAP products will increase, which will further increase our EBITDA per ton as well.

Handing over back to Sneha.

- Moderator:** Sir, should we open the floor for the Q&A session?
- Management:** Sure, sure.
- Moderator:** Thank you very much. We will now begin the question and answer session. We will take the first question from the line of Amit Dixit from ICICI Securities. Please go ahead.
- Amit Dixit:** Hi, good evening everyone and thanks for the opportunity. I have a couple of questions. The first one is around EBITDA per ton which has come off slightly compared to the last quarter. While in your prepared remarks, you indicated that this was primarily due to lower proportion of value-added sales, mainly because of maintenance activity. Just wanted to understand, did you also see in the last quarter some amount of de-stocking because of anticipated fall in steel prices? Some of your peers have indicated that.
- If so, has this de-stocking ended and are we likely to see a higher growth in sales volume in the coming quarter?
- Dhruv Singla:** Yes, hi Amitji. Thank you for your question. I would like to say that we have witnessed in this quarter our highest ever sales volume of about 1,01,000 tons. We didn't face any de-stocking criteria from the stockists because we are present in both the markets, primary and secondary.
- So we have a good opportunity to push our material in either of the markets when the other market is not performing better. Yes, there were certain problems in the primary market due to channel de-stocking and prices being corrected over a period of months in the last quarter. But all in all, we have witnessed that we were able to push out more material than the previous quarter and the previous year as well.
- Herein, one key factor I would like to mention for slight correction in EBITDA per ton is due to the change in our value-added product kitty. Since we were able to achieve a higher number of volume, our value-added product due to maintenance schedule was affected. And also, since we were able to push out more quantities, our value-added product did not increase in that fashion.
- Therein, we had certain correction in the overall EBITDA per ton levels, which was not very substantial, but yes, it was present.
- Pranav Singla:** Also, Amitji, if you look at the value-added product tonnage, we have a net tonnage increase over the past Q3 FY23 as well. Last year in Q3, our VAP was 14,000 MT. But this quarter, our VAP was around 19,800 MT.
- So quantum-wise, it has increased. But as the company is growing and expanding their SKUs and gathering the markets in the black pipe market as well, that's why the percentage seems low, and if you look at the 9M EBITDA per ton as well, that's somewhere in tune to the last year itself.
- Last year, our EBITDA per ton of 9M was around INR4,782 MT. And this year, we are close to INR4,500 MT. So the exact picture of a company's performance doesn't depend on EBITDA per ton of a quarter.

It's more accurate to predict the picture of the full year or half-yearly. That's a better way to look at the picture. Every quarter, the dip and rise of EBITDA per ton is very natural and can happen.

Amit Dixit: Yes, thanks for the elaborate answer. Absolutely appreciate that. The second question is on the expansion plan. So I just wanted to understand if you could, first of all, let us know, you have indicated four buckets, that is additional DFT line, gal steel tubes and pipes, color-coated and the backward integration. If you could break your capex into these four buckets and also, if you could also highlight some of the milestones that which capacity would be commissioned, when each capacity would be commissioned, so that we get an idea of the overall capex plan, the track of the overall capex plan.

Pranav Singla: So, as we mentioned before as well, our entire capex for the first million ton will be completed before FY25. So we are well on track for that. As we mentioned in the last con-call as well, that we are expected to receive a DFT this quarter. And apart from that, a lakh tons of additional machinery facility as well. So that is well in track and should be happening this quarter itself. And the production will start to flow for the same in the next quarter of the financial year as well.

If you talk about the other capacity expansion, which is the DFT, which is supposed to come next year as well, and apart from that, 1 lakh tons of machinery again in Maharashtra to complete a million tons. That is well in track and we shall be completing that before time.

And to discuss about the next expansion that we have planned. So, the company had already goals to reach a capacity of 2 million tons by FY28-FY29 before. But after the whole fundraise, the management, the promoters push for money as well, the game plan has changed. And we shall be achieving the capacity of 2 million tons by cut shorting it by 2 years.

So the entire capacity of 2 million tons shall be installed by FY27. By the end of FY27, everything shall be installed and the effective play of everything should be happening in FY28. So this is a broader picture. I can elaborate and tell you that how we are expanding and growing in our network.

Amit Dixit: Okay, sure. That is very helpful. Maybe I will get the details offline in the interest of time. Thank you and all the best.

Moderator: Thank you.

Pranav Singla: Thank you.

Moderator: The next question is from the line of Bhavin Pande from Athena Investments. Please go ahead.

Bhavin Pande: Hey, hi. I just wanted to understand the trend of our export volumes and just get a sense of why they have behaved the way they have behaved on a comparison with last quarter as well as year.

Pranav Singla: Hello.

Bhavin Pande: Hello. Yes. Can you hear me, Pranav?

- Pranav Singla:** Yes. So the export volumes didn't have an upward shift this quarter as there was so much abundance of demand of the product in the domestic market itself. So net to net, we didn't have an increase in the export market and we were well in line of the last year's numbers. The company has been focusing more on the domestic front than exports right now.
- Bhavin Pande:** Okay.
- Dhruv Singla:** Additionally, what has happened is like since the last year, certain dynamics of exports have changed, especially in the last quarter. The problems of the Red Sea had arisen. Due to that, there was certain stoppages in export shipments. So we faced certain problems in receiving the allotment of containers. That is another reason of a slight dip in our exports of the last month.
- Bhavin Pande:** Okay. So I'm assuming our export numbers should also be exhibiting higher growth in the period ahead because of the backlog we had this quarter. Is it safe to assume that?
- Dhruv Singla:** Yes, we are anticipating in the next quarter. Since it's the first quarter for the rest of the world and it's the last quarter for India. So everybody is in a positive, pushing the material in a positive manner from both the directions. We would anticipate that we should have certain growth in the next quarter.
- Bhavin Pande:** Okay. And when we look at our nine-month numbers, our margins have sort of expanded very slightly. So is it all because of the efficiency enhancement in our production processes?
- Pranav Singla:** Yes, it's because of economies of scale as well. You can say that. And moreover, the production that we did last year has already been surpassed in nine months. So there's some effective benefits that the company receives and it's in that scenario itself.
- Bhavin Pande:** Okay. And will we see as more capacity comes in, our utilization improves, will we see more of the improvement as the scale improves?
- Pranav Singla:** We can expect that. The company is also working on max capacity right now. Like we are fully utilized right now. So it's very hard for me to produce more than this quantity given the capacity that I have right now. So one can say that time will tell how will the capacity expansion and the effective growth play out.
- Bhavin Pande:** Okay. And just last one thing, could you just help us with the QoQ change in steel prices?
- Management:** Sorry, can you come again with the question?
- Bhavin Pande:** Could you help us with the change in steel prices for the quarter? How has the steel prices behaved?
- Dhruv Singla:** So in the third quarter, as compared to the previous year, there was a good correction in the prices of HRC. And also the secondary market had a correction in prices and the difference between the primary and the secondary also had increased this particular quarter. But again, as I mentioned with the earlier question with Mr. Amit, despite all this, we were able to push out more material because of our presence in both the markets and give a better quantity performance this quarter.

Having said that, there was a slight correction in the last quarter for HR coils as compared to the Q2 of this year and certain destocking in the channels as well. This quarter, Q4, we see an upward correction in the prices happening. People are wanting to push out more material. International prices have also corrected to the upward direction. So we believe in the coming months, there should be a good demand of steel and especially ERW pipes.

- Bhavin Pande:** Wonderful, that was really helpful. Thank you.
- Dhruv Singla:** Thank you.
- Moderator:** Thank you. We'll take the next question from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.
- CA Garvit Goyal:** Hello. Am I audible?
- Moderator:** Yes, sir. Please proceed.
- CA Garvit Goyal:** Congrats for a good set of numbers. You mentioned like we are present in primary market and secondary market both and that led to improvement in our volume as compared to our peers. So can you please put some color or give some more understanding on that? Like are we using Patra as a raw material?
- Pranav Singla:** Yes, that's right. We use kelp as a raw material. So we are prevalent in both the markets, primary and secondary both. So in primary we use HRC and in secondary we use kelp.
- Dhruv Singla:** To add to that Garvitji, we have divided our plants in such a manner that our production gets divided in this manner. Our plants located in Raipur and Mandi Gobindgarh work on secondary market basis. Our plants located in Derabassi and Mangaon work on primary market situation.
- CA Garvit Goyal:** Understood. And you mentioned like the gap between the primary steel and the secondary steel increased in this quarter. So I think that helped you people to increase the volume, right? On the secondary market side.
- Dhruv Singla:** Yes, yes. So the gap keeps on changing on a monthly basis and at certain points of time it helps us push the quantities in either of the markets.
- CA Garvit Goyal:** And how the scenario will be in Q4? Like how do you look at it?
- Dhruv Singla:** The gap is still prevalent and we are anticipating that after the correction, upward correction in the steel prices of HR coils, this gap would still remain as it was in the Q3 levels. So there should be a good demand in both the segments in the Q4.
- CA Garvit Goyal:** Okay, got it. And you mentioned like on your capex side, so you are mentioning about the DFT, you are mentioning about the GI backward integrations. So I think all these things, the entire new capex that you are targeting is towards the value added process. Is that understanding correct?

- Dhruv Singla:** To reach a capacity of 1 million tons from current 6 lakh tons, 2 lakh tons is towards value added products of DFT, 2 lakh tons is of commercial black pipe production. Apart from that, from increasing the capacities from 1 million tons to 2 million tons going from -- for backward integrations to forward integrations, those all capacities will be increasing in the value added segment. So yes, our endeavor is to increase our majority of our capacities in the value added segment to be able to achieve about 60% of our product profile from value added.
- CA Garvit Goyal:** Understood...
- Pranav Singla:** And if we look at the next expansion phase in the second million tons, the entire produce would be VAP. So that's something as well. The entire produce from the second expansion would be VAP with high margins.
- CA Garvit Goyal:** Understood. And like your current net block is around INR100 crores, right? And capacity we are having around INR6 lakhs. So can you help me to understand like this INR1300 crores is a huge amount. So how much of it is going to be exactly towards the increment of capacity and how much of it is going to be towards the working capital needs?
- Pranav Singla:** So our gross block is not INR100 crore right now. It's somewhere to the tune of INR140 crore. And if you talk about the gross block going ahead, like the capex happening, so the machineries would be somewhere around INR850 crores-INR900 crores for the second expansion. So, the entire gross block would stand around INR1200 crores or close to INR1200 crores. And the company would be expecting a top line of INR10,000 crores plus on that.
- CA Garvit Goyal:** Understood. And you are saying this will be completed by the end of FY27. Is that understanding correct?
- Pranav Singla:** Exactly, exactly. So giving a quarter wise breaker would be very hard because one really doesn't get to know as and when the machinery is ready and plan to arrive at the plant. But the broader picture is that everything shall be installed by FY27 end.
- Ca Garvit Goyal:** Understood. And how much time will it take to ramp up the things? Like is there any estimation of that?
- Pranav Singla:** So it will take around 2-3 quarters to ramp up everything. And although the effective capacity production in the first quarter of FY '28 should be significant bump as well.
- Ca Garvit Goyal:** Understood. And what is the overall volume target for FY '24?
- Pranav Singla:** For FY24, we are well in track. So as we mentioned last time in the con call as well, we are expecting a 30% growth over the H1. So we are well in track for that.
- Ca Garvit Goyal:** Understood. And in Q4, is it likely the realizations will improve because GI plant scheduled maintenance is over and you are saying prices of the steel will also increase so that will contribute to increase in realization?
- Pranav Singla:** Yes. If you talk about the EBITDA per ton, that might increase because our VAP share will be back on track above the level. But it's really hard to tell about the average realization of the

product because it's totally dependent on the HRC and prices of raw materials in the secondary market.

Ca Garvit Goyal: Okay, understood sir. Thank you very much sir and all the best for the future.

Pranav Singla: Thank you.

Moderator: Thank you. The next question is from the line of Vikas Singh from PhillipCapital. Please go ahead.

Vikas Singh: Good evening sir.

Pranav Singla: Good evening Vikas.

Vikas Singh: Am I audible?

Pranav Singla: Yes, Vikas.

Vikas Singh: Sir, my first question pertains to when we will be having our million ton capacity by FY '25, what percentage of our coil would be in-house or backward integrated? And what percentage it would be at the 2 million ton by FY '27?

Pranav Singla: Can you come back to the question? It wasn't clear that much.

Moderator: Sir, Mr. Vikas Singh's line has been disconnected. In the meanwhile, we will move on to the next question which is from the line of Aditya Welekar from Axis Securities. Please go ahead.

Aditya Welekar: Yes, thank you for the opportunity. It's good to hear Pranav that we are expanding and we will be reaching 2 million ton capacity by FY '27. So just on that front, what will be our ballpark utilization for FY '27 assuming that we reach 2 million ton by FY '27?

Pranav Singla: So the effective utilization on the 2 million ton, it's very easy to give that year for FY '28 50% because that's very easy target to give. Obviously, we aim to increase it as soon as possible as the production capacity is installed. But as you know, the production takes up ramping up every quarter-on-quarter. So it's very easy to say that effective production of 2 million ton would be having 50% in FY '28.

Aditya Welekar: 50% in FY '28. Okay. And what is your target internally for EBITDA per ton by that time? So if you can just throw a large number, not a very precise number, but EBITDA per ton by FY '27 and FY'28?

Pranav Singla: So we are expecting as we closed last year around INR5,000 EBITDA per ton. So our projection for FY '28 is a 50% bump over that. As the value of the product kitty would be expanding, the numbers would be tuning to the range of that.

Aditya Welekar: Understood. And on the capex scheduling, so when will our capex kick in to the max from which year? Means for FY '25, it's understood that our capex is on schedule. But for the next phase of expansion of 2 million ton, additional 1 million ton, what will be the capex profiling?

Pranav Singla: So it's already under process which is happening to the fact that a part of machinery for the 2nd million ton has also arrived in our Maharashtra unit. So the machinery is coming as and when every quarter, every half yearly and the effective installation of everything should be happening again as I mentioned by FY '27 end.

So it's a mix and match of machinery which is happening. 2nd million-ton capacity is also coming well in time. So it's a mix of everything and coming as and when by the quarter and quarter.

Aditya Welekar: So by end of FY '27 we can assume majority of our INR1,300 core capex will be over?

Pranav Singla: Majority, the entire would be over.

Aditya Welekar: Entire will be over. Lastly, from a demand perspective, it's good that we are expanding and we have a demand visibility but we can see that sometimes traders push back and there is a destocking in the system. So from that perspective, do you see that our demand visibility is there when we have an additional 1 million ton capacity?

So effectively when we have 2 million tons of capacity by FY '27-'28 at that time because the competitors are also growing their capacity. So from that perspective, will there be any impact from demand side?

Dhruv Singla: To answer that, I would simply say that we are not expanding our capacity in the size ranges or SKUs that we are currently producing. So currently if we are producing a range from 0.5 inches to 10 inches, we are bringing in DFT structure, we are bringing in higher diameter, higher thickness pipes, then for supporting the forward-backward integration, we are bringing in the pre-galvanizing lines and then venturing into CRM processes. So we are increasing our SKUs, our product line, our product profile.

So we don't have to bank on only the present dealer network. We are able to expand our dealer network to the persons in the different market segments as well. So that is more of the motive behind the demand realization coming in the next 2 years.

So if you are only expanding in the commercial black pipe production that would have entailed that we would be having such a problem as you mentioned of demand being stagnant for our product. But since we are increasing SKUs, increasing product profile, we hardly see that happening.

Aditya Welekar: Understood, understood. So our market creation efforts are happening parallelly. Whatever new SKUs we will produce, that will happen for that also.

Pranav Singla: And correcting myself, so the capacity that we -- the utilization I mentioned for FY'28, apologies. That was for FY'27 itself. In FY'28, we shall be operating at 65% of the desired capacity and not 50% -- the 50% target was for FY '27. And in FY '28, we shall be operating at 65% levels minimum.

Aditya Welekar: FY'27, 60% and...

- Pranav Singla:** No, no. In FY'28, 65% levels and in FY '27, 50% levels.
- Aditya Welekar:** Understood. Okay. Thanks, Pranav.
- Moderator:** Thank you. The next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.
- Onkar Ghugardare:** Yes. My question is regarding the EBITDA margin. Since you are mentioning that you will be reaching a capacity of 2 million tons in FY '27 and utilizing around 1 million ton by FY '27 and around 65% of 2 million by FY '28.
- So given the EBITDA margins which are currently standing at around 7.5%, and you are telling that EBITDA per ton would be around INR7,500. So can we expect the margins to hit double digits by then?
- Pranav Singla:** Hi, first of all. And honestly, to give an exact picture of the margins is very hard because the net average reservation keeps varying every quarter and every year as we have seen in the past trend as well. But it is very safe to say that definitely we will be entering double digits. But to give an exact number on the percentage is very hard. I can definitely give a close by number on EBITDA per ton which I mentioned. But giving exact percentage is very hard.
- Onkar Ghugardare:** Yes. But at least can we start assuming that you will be doing around low double digit EBITDA margins of 3-4 years down the line?
- Pranav Singla:** Yes. We can suppose that.
- Onkar Ghugardare:** Okay. And since in that 2 million capacity, what is your ballpark estimate of exports and imports, since I guess export will be higher EBITDA margin business as compared to the domestic one?
- Pranav Singla:** No, it is nothing but variation in margins in exports and domestic sales. But I think right now we are operating at 10% of the total sales in export market. Going down the line, we are reaching – when we are reaching a capacity of 2 million tons and on that clubbing the 10% volume would be somewhere around 5x from what we are doing right now. So it is very safe for me to say that we will be in the 10% bracket for exports down the line as well.
- Onkar Ghugardare:** So you don't expect any significant jump from export as a percentage?
- Pranav Singla:** It can be from 10% to 12% or 15%. But as I am saying that the quantum in metric ton is increasing as well. And the demand itself is getting separated from the domestic market itself. So there is no stress about me exporting that much. And I rather sell in the domestic market.
- Onkar Ghugardare:** Okay. The next question is on whatever is currently going on is going right for the sector in terms of capex, government push and everything. So in next 3-4 years, since you are bullish on the sector as well as obviously on the company itself, what can go wrong with this?
- Pranav Singla:** So the major push that you are saying for 3-4 years, we are actually bullish for next 3-4 decades. And if you talk about what can go wrong, probably the machinery getting delayed by a quarter.

That is something that maybe I am fearing of. But more than that, there is nothing that I am fearing right now.

Onkar Ghugardare: You don't foresee any risk to the business that means? Apart from the delays in getting machinery?

Pranav Singla: It is wrong to say but in a scenario of pandemic as well, the sales picked up. So it is really hard to say that what bad can happen and what else can happen.

Onkar Ghugardare: Okay. Just one clarification. So what kind of sales per ton, I mean total ton you would be doing by FY '24 around 4 lakh tons?

Pranav Singla: So in this year itself, as I mentioned, we will be clocking 50% growth over H1. So if you calculate that, we will be closing somewhere around 3.4 lakh tons-3.5 lakh tons.

Onkar Ghugardare: Okay. And this INR1,310 crores of expansion, this is only after 1 million -- this is for 1 million-to-2-million-ton capacity expansion, right?

Pranav Singla: That's right.

Onkar Ghugardare: This is nothing to do with -- from 5,86,000 to 1 million?

Pranav Singla: That's right.

Onkar Ghugardare: Okay. All right. Thank you.

Pranav Singla: Welcome.

Moderator: Thank you. We will take the next question from the line of Vikas Singh from PhillipCapital. Please go ahead.

Vikas Singh: Good evening, sir. Sorry, I got dropped out. Sir, my question remains the same that currently if I believe that we have roughly 160 KT of our own coil in 550 KT production which is closer to 30% of the capacity. How this metric is changing at a 1 million ton and 2 million ton of your capacity?

Pranav Singla: Hi, Vikas. Going down the line, we will not be expanding in the coil segment and this will remain to this particular capacity itself. Whatever expansion that we are doing in the company is basically happening in HRC.

Yes, there's a part of it which is happening in the secondary market as well. But the majority of it is happening in HRC so that it won't really help us expanding anything in this segment as our major roundtable would be HRC and not scale that we make out to the Raipur facility.

Vikas Singh: Okay. So just related to this, when we're talking about the mega capacity and backward integration into that, we would be putting an HRC mill in there. So basically we would be buying slab and subsuming the margins of HRC rollout also in our product mix.

Pranav Singla: No, we will not be engaging in any of those activities. We will not be entering the segment of making HRC.

Vikas Singh: So what kind of backward integration then you were talking about in that 1 million ton, the mega plant? You said that there would be a backward integration also. So if you could, just give us...

Dhruv Singla: Yes, we are doing some forward-backward integration. But the forward-backward integration we meant is the product profile that will be increasing. Currently, what I'm making is mainly two products, the commercial black pipe and the value-added galvanized pipe.

By doing a backward integration of making a color -- sorry, pre-coated coil, I would be adding another SKU of pre-galvanized pipes into my segment. The same pre-galvanized coil can be used for a sheet manufacturing and certain other specialty products. So this is the backward and forward integration that we are talking about.

Vikas Singh: Understood, sir. And sir, just one last thing. I don't know if any previous participant has asked. So our capacity, if you look at the industry capacity, it might go up by 3 million tons, 3.5 million tons in the next 2 to 3 years. Do you expect the demand to catch up in the same pace or there would be some done period which we experience, which most of the people would experience?

And how do you foresee the new product, that 1 million ton, which you are expanding? As of now, given the market situation, what is the range of the product which you are going to introduce the EBITDA per ton in those range of product?

Pranav Singla: So to answer your question in one simple way, so right now my sales mix is as such in which the government share is only 20%. And if I just sell to the government itself right now as well, I do not have enough capacity. Obviously, I have maintained my ecosystem in such a way that I have to serve the domestic market as well, export market as well, and the government as well.

So I have a mix of everything and I maintain that and I want to maintain that in the future as well. But to answer your question in a simple way, like even if I just sell to the government as well, my capacity would be fully utilized. So the market is that strong and that bullish.

And if you talk about some reforms that are happening everywhere in Maharashtra, especially the scaffolding that are used for construction activities. And right now there will be black pipes going down the line. The government, as we hear, is introducing to install galvanized pipes as they increase the life of the pipes.

And anything that is happening in warehousing is just galvanized pipes itself as well and bigger DFT structures, which segment we are entering. And more than expanding the current products, we are expanding our SKUs. So we will be becoming a one-stop solution.

Right now, the edge that we get, which shows in our volumes, is that we are prevalent in both primary and secondary market, both of them. So same dealer is the same customer for both the products. And when I will have my primary material, secondary material, plus the 1500 SKU that I am adding, I will become a further one-stop solution for all the products.

So these all things give us confidence in expanding. And plus, even the export market has opted for a China plus-one model. So again, all those things just add up and give us boost to add capacities.

Vikas Singh: Understood. And present margin for those future products which you wanted to increase, what is the ballpark range?

Pranav Singla: Can you please come back again?

Vikas Singh: So the galvanized products which you are going to use, including sheet and color-coated sheet, what could be the present EBITDA per ton in those products, basically? Just wanted to understand the shift in the EBITDA per ton which can happen because of the increased production?

Pranav Singla: So they are to the tune of INR9,000 - INR11,000. And what we see right now is the margin profile on those items.

Vikas Singh: Understood, sir. Thank you. And that is all from my side. All the best.

Pranav Singla: Thank you, Vikas.

Moderator: Thank you. We will take the next question from the line of Aangi Sheth from Arrey Investments. Please go ahead.

Aangi Sheth: Hello. Hi, can you hear me?

Moderator: Yes, ma'am. Please proceed.

Aangi Sheth: Yes. Hi. I first wanted to ask what the capacity utilization will be for the quarter.

Pranav Singla: So I think net, we are working on capacity utilization of 65%. And that is the max that one can perform in this industry.

Aangi Sheth: All right. And I also wanted to know about the steel price. I believe there was some margin pressure because of the volatility in it. Do we see some stability in that for now?

Pranav Singla: Yes. In this quarter, we are expecting the steel price to be stable. And in fact, they are on an upward trajectory. So they are more stable and going upwards.

Aangi Sheth: Okay. And the last question is that we were given a target that should be like a 30% volume growth in the financial year. So are we in line with that?

Pranav Singla: Ma'am, our performance for this quarter speaks for itself. And we are well in line for that.

Aangi Sheth: All right. That should be it. Thank you.

Pranav Singla: Welcome.

- Moderator:** Thank you. We will take the next question from the line of Vikas Mistry from Moonshot Ventures. Please go ahead.
- Vikas Mistry:** I have a couple of questions. Thanks for the opportunity. Sir, what gives you so much confidence that you are increasing your capacity by 4x and you think that you will be utilizing 65% of that capacity? And EBITDA margins, it should be as high as INR7,500. This is in the context that every industry player is increasing their capacity by quite a much?
- Pranav Singla:** Hi, Vikas. I think I just answered this question, one previous question by Vikas. But to answer your question about EBITDA per ton, as I am adding my kitty products in second million tons, which is just VAP of INR11,000/INR12,000 range. And if you do simple maths of the entire VAP product of that, around INR11,000 and the current levels of INR5,000, the levels come much higher than INR7,500. But still I am maintaining a low ballpark figure of INR7,500 per EBITDA ton.
- Vikas Mistry:** Okay. Sir, another question is that I am a bit perplexed that you announced a INR1,300 crores capex 3 years before that and we are already having land with us. So, we think that capacity
- Pranav Singla:** If you can come back, can you repeat the question? It was not clear to me.
- Vikas Mistry:** Sir, actually, we already have increased our capacity from 6,00,000 to 1 million tons. But now we announced a capex to 1 million to 2 million tons. But DFT lines does not take more than 20 months to be deployed and we already have land for that capacity expansion. So, why we are so early in raising this INR1,300 crores?
- Pranav Singla:** I am still not getting your question but I will answer it some way that, so, basically, from 2 lakh tons of capacity to reach a capacity of 1 million tons, it took about four years to get there. So, we will be doing this record-breaking expansion of 1 million tons in two years. And out of this, DFT would be coming this quarter itself as well and next year similarly this time as well, the second leg of DFT. And there's not much DFT coming in the second part of the expansion but yes, everything is well in line for that. There are a lot more products than DFT which is coming in the second million tons.
- Dhruv Singla:** I think, Vikas, you have mistaken. You have mistook that the capacity from 1 million tons to 2 million tons will be solely DFT. That is not going to be DFT. That is going to be, as what we said, certain forward-backward integrations for enhancing our current productivity. And a part of it will be using DFT but the entirety of that will not be DFT. You are right to say that DFT can be deployed in 18 months to 20 months. That's why by the end of this quarter, we will be starting to get our first DFT line and that will be up and running by the end of the first quarter of next year. So, that's the target of that particular machinery.
- Vikas Mistry:** Okay, okay. My last question is about the working capital cycle. If we are entering into value-added products, then by FY'27, how much we could crash that in capital cycle?
- Pranav Singla:** If you see the trend of the company, so basically, we have been expanding our dealer network in which the debtor days are just between seven days to eight days. Earlier, what the company was JTL, was just one plant in Derabassi which was solely serving the government sector where

the debtor days were a little higher. But now, as a mix of all four plants, we and majority of the producers are going to the dealer network, more than 50%.

Our debtor days net average has come down significantly. If you see the trend, we've already come down from 75 days of working capital to around 58-56 already in the half yearly. And when you go down the line and this was without external financings. And when you go down the line we are now expanding my network in the dealer network, I expect my working capital days to come down to 40 days by the end of next financial year and subsequently reducing them as and when as the years proceed.

Vikas Mistry: That's great to hear. My last question is that what are the SKUs we are adding in value-added products? Whether the size of that will be how much and whether they are rectangular or hollow section tubes? And can you explain a bit on that?

Pranav Singla: So, I am already in rectangular hollow section and the products that we mentioned. The products that I am entering are color-coated segments and I will be adding pre-galvanized lines and from HRC to CRC process as well. So, there will be ample number of SKUs, a detailed list of SKUs shall be out very soon. But to the tune of -- the company shall be having SKUs to the tune of 4,000 post the entire expansion of FY'27.

Vikas Mistry: Thank you and congrats for that massive capex announcement.

Pranav Singla: Thank you.

Moderator: Thank you. We'll take the next question from the line of Mahek Talati from Yellow Jersey Investment Advisors. Please go ahead.

Mahek Talati: Hi. Thank you for the opportunity. Congratulations on a good set of numbers. So, couple of questions. So if we see our EBITDA per ton trajectory, it has been on a downside for the last two to three quarters. And the new capacities which we are adding of the new 4 lakh tons, around 2 lakh tons is coming in the black pipe which is a commodity segment. So how will this help in further improvement of EBITDA per ton?

Pranav Singla: So, out of the 4 lakh tons of capacity that we are adding this year and next year for the pipe itself, so out of that 2 lakh tons is DFT. So, DFT is although black in nature but commands EBITDA per ton of around INR9000 levels. So that product produces solely including VAP and to answer your question about my trajectory of EBITDA per ton going down every quarter.

So if you look at the nine months picture as I mentioned earlier as well, it's well in line like, last year nine months my EBITDA per ton was INR4,700 and this year it's INR4,500, so as I am expanding and reaching my produce of black pipes in the domestic market itself as well and gathering the market share. So this much of INR200 fluctuation is something the company can tolerate as well for the quarter like for a growth period.

The company's aim to increase EBITDA per ton is well intact as we've -- whatever we are adding in the future is VAP. So INR200 up-down quarter doesn't really affect.

- Mahek Talati:** Understood. And is galvanized pipe a part of value added or a commodity product?
- Pranav Singla:** The value added product includes galvanized pipes. Anything which was commanding of EBITDA per ton of around INR7,000-INR8,000 plus is the product which I include in my VAP kitty.
- Mahek Talati:** That's the difference.
- Pranav Singla:** I don't include any product which is higher the EBITDA INR5,000 like any product which is higher than INR5,000, I have ball marked the figure to INR7,500 that's where I include the product in VAP.
- Mahek Talati:** Okay. And if you could provide a broad range of EBITDA per ton for our commodity as well as – for our commodity and VAP products currently like for the 9M FY'24? Products like where are we in terms of EBITDA per ton?
- Pranav Singla:** For the black pipe EBITDA per ton is around INR2,000-INR2,500 range and for the galvanized pipe which is the VAP segment it's around INR7,500 range. So the blended stands around INR4,500-INR4,600 whatever.
- Mahek Talati:** Thank you.
- Moderator:** Thank you. We'll take the next question from the line of Aniruddha Kekatpure from JM Financials. Please go ahead.
- Aniruddha Kekatpure:** Hi Pranav and Dhruv. Congratulations on good set of numbers. Can you just kind of help in terms of for FY'26 and FY'27 how will this capacity move from – tentatively from 1 million to 2 million? And what will be the kind of capex which will be required for FY'26-FY'27?
- Dhruv Singla:** Hi Anirudh.
- Pranav Singla:** Hi Anirudh. To answer your question, it's very hard for us to tell in which quarter which particular machinery would be coming.
- Aniruddha Kekatpure:** On an annual basis.
- Pranav Singla:** Yes, so on a annual basis FY'25 we should be clocking, we should be raising the capacity of 1 million tons plus. Because now that we have second capex as well. Earlier the plan was the company shall be using around INR250 crores to INR300 crores by FY '25 for the capex but now the scenes have changed. And the scenario is changed. And the company should be having a capacity to – million plus 2 lakh ton, 3 lakh ton. And the entire capex for FY'26 -- till FY'26 should be around INR455 crores. And the subsequent capex of around INR650 to INR600 crores would be happening in, by FY'27.
- Aniruddha Kekatpure:** Okay. And by '26 what will be the capacity from 1 million to where should it reach? What are the plans?

- Pranav Singla:** So in FY'26 the capacity should be reaching around 1.4-1.3 million tons. And like, it's again a very hard question for me to answer because the machinery can come well in before as well. Because it's already being ordered and orders are being placed as well. So we are expecting the machinery should come early.
- But I am just giving you a ball park figure of 1.4 million ton.
- Aniruddha Kekatpure:** So it should reach 1.3 million ton by FY'26. So by FY'27 from 1.3 million ton it will move to 2 million ton.
- Pranav Singla:** Exactly. Because it's a very phased-by expansion which is happening, so I am expecting the machinery should be reaching my facility much before than that. But to give you a ball mark figure, 1.4 million tons is an easy number to say that I will be having in FY'26.
- Aniruddha Kekatpure:** Okay. And where, largely which plant? Will it -- Everything will be at Mangaon?
- Pranav Singla:** Yes. Everything will be happening at Mangaon. Only the expansion from this particular capex which is going on for reaching a capacity of 1 million ton. 2 lakh tons is going in Raipur. Other than that my entire capacity addition is happening in Mangaon. So, solely Mangaon would be a capacity of 1.4 million tons down the line.
- Aniruddha Kekatpure:** Got it. So 1.4 million MT will be at Mangaon and rest -- Okay.
- Pranav Singla:** The major benefit that I get from Mangaon is that I am just next to JSW Dolvi which is my main raw material supplier. So anything close to my raw material supplier gives a lot of benefit. Also I am in close proximity to Nhava Sheva port from where I can, at times for better pricing import raw material as well, my coils for exporting for and same can be done for export as well.
- Aniruddha Kekatpure:** And what will be the peak capacity at Raipur if 1.4 million MT will be at Mangaon then?
- Pranav Singla:** Raipur capacity would be total of 3 lakh tons down the line.
- Aniruddha Kekatpure:** Okay. Got it.
- Pranav Singla:** This is only for pipes apart from that obviously we have a capacity for coils as well over there.
- Aniruddha Kekatpure:** Got it. Got it. Okay. For rest I will kind of connect with you separately. Thanks a lot. And all the best.
- Pranav Singla:** Sure. Pleasure.
- Moderator:** Thank you. The next question is from the line of Prathamesh Dhiwar from Tiger Assets. Please go ahead.
- Prathamesh Dhiwar:** Yes. Hi. I am audible.
- Moderator:** Yes, sir. Please proceed.

- Prathamesh Dhiwar:** Sir, just wanted to know that you have given guidance of INR7,500 EBITDA per ton. At what time this will achieve this INR7,500?
- Pranav Singla:** Can you please come back again?
- Prathamesh Dhiwar:** I think you have given guidance of INR7,500 EBITDA per ton. So, just wanted to know by when you will reach this EBITDA per ton?
- Pranav Singla:** So, in FY'28, I should be crossing INR7,000 mark and subsequently I should be reaching INR7,500 mark by the later quarters of FY'28 itself. So, to begin the year of FY'28, I should be in this range. But I shall be definitely ending my year with this range of INR7,500.
- Prathamesh Dhiwar:** Okay. Now, just wanted to know about the industry. What is the current demand? Like how many million tons are needed for the year?
- Pranav Singla:** So, the ERW pipe segment itself is around 13 million-14 million tons and which is growing at a rapid rate of around 12%-13% every year. So, that's the market demand we can talk about. And other than that, you know how the government is pushing its capital towards Jal Jeevan Mission and Infra projects and railway stations and airports. So, all these are our target customers and where our pipes would be used. So, this is, lets say 2047 as you know India is a growing economy. So, it's very -- we are very glad to be part of the growing economy story and serving the demand as well.
- Prathamesh Dhiwar:** Okay. I think you have told 13 million to 14 million, right?
- Pranav Singla:** Sorry?
- Prathamesh Dhiwar:** Industry have told 13 million to 14 million, right? For the year?
- Pranav Singla:** Yes. Which is growing. So, 14 million was the previous year and it is growing at a rate of 12%-13% every year.
- Prathamesh Dhiwar:** Okay. And sir, where we stand at the market share, how much market share do we have currently and going forward, how much it will be?
- Pranav Singla:** So, we are close to around 9% market share right now. And going down the line, we should be capturing more than 20% market share.
- Prathamesh Dhiwar:** 20%? By when, sir? Are you looking for the 20%?
- Pranav Singla:** So, we should be doubling up our market share as we double our capacity which will happen in the year of two years. And after that -- by FY'25, we should be around 15%-16%. And subsequently by FY'28, we should be around 25% market share.
- Prathamesh Dhiwar:** Okay. Got it. And sir, for coming quarter, any guidance for the realization pattern?

- Pranav Singla:** Again, I can give a guidance for my sales tonnage which would be similar to what I have clocked this quarter itself. But average realization is totally dependent on HRC prices. I really can't comment on that.
- Prathamesh Dhiwar:** Right. Okay. Got it, sir. Thank you. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Arpit Shah from Stallion Asset Management. Please go ahead.
- Arpit Shah:** Hello.
- Moderator:** Sir, please proceed. Yes.
- Arpit Shah:** Yes. Hi, Dhruv. Hi, Pranav. Just wanted to understand whether your Raipur facility is a primary facility or a secondary facility or is it a mix of the two?
- Pranav Singla:** So, all the facilities are fungible. They can either be primary or secondary, both. But to talk about the Raipur facility, as we are one step backward integrated over there, we procure billets and roll our own narrow width coils over there. So, it is a secondary facility.
- Arpit Shah:** Got it.
- Dhruv Singla:** Currently, it is a secondary facility. But going forward, when we are increasing our capacities at Raipur plant, we will be bringing in a DFT at the Raipur plant as well. And with the onset of DFT and certain higher diameter Pipes, we will be producing those sections in a primary produce market as well.
- Arpit Shah:** Got it. Can you help me with volumes at Raipur facility this quarter?
- Pranav Singla:** This quarter? Can you come back again?
- Arpit Shah:** The Raipur facility volumes this quarter?
- Pranav Singla:** I will have to check the exact number. But they should be between of 65% same. It is standard across all the four plants.
- Arpit Shah:** So, that number will be what? 25,000 tons this quarter? How would that number look like?
- Pranav Singla:** No. That would be between 15,000 to 18,000 tons.
- Arpit Shah:** 15,000 to 18,000 tons. Okay. Got it. And I just wanted to understand since we have about 600,000 tons capacity, and we are almost speaking at let's say 100,000 capacity on a quarterly basis, would DFT change that peak capacity utilization from, let's say, from 65% to 80%?
- Pranav Singla:** We should be talking from 65% to 75%. That is the max one can do. But I would rather like to give a target of 65%. Because in that 65% as well, we are well in line to double the volume from four times the volume of what we are doing right now.

- Arpit Shah:** Got it. And do you by any chance have the mix of the primary and the secondary you did this quarter?
- Pranav Singla:** In this, the secondary would be slightly higher than primary.
- Arpit Shah:** But what about the Y-o-Y volumes for let's say primary and secondary? Would primary be flat or would primary also see some growth on a Y-o-Y basis?
- Pranav Singla:** Can you please come back again?
- Arpit Shah:** Would primary have growth on a Y-o-Y basis?
- Pranav Singla:** Yes. The primary was most stagnant on Y-o-Y and the increase happened majorly in secondary.
- Arpit Shah:** Got it. Got it. Thank you so much.
- Moderator:** Thank you. We'll take the next question from the line of Harsh Vasa from SBI Capital Securities. Please go ahead.
- Harsh Vasa:** Yes. So good afternoon, Pranav sir and Dhruv sir. And thank you for the opportunity. So my first question was that like we have been guided for 40% of value added products for FY'24. But like as of now, nine months, we've reached at 30%. So, what kind of a value added product sales volume do we expect for Q4? Like, will it be equal to commercial and value added within the range of 50-50 or something?
- Pranav Singla:** So, hi Harsh. Hope you're doing well. And so we should be reaching the previous VAP maximum. So, our highest VAP produce was around 29,000MT mark I think in quarter two or I think in quarter one. I'm not really sure. But we should be crossing that figure in this quarter. That's what the company's goal is as the maintenance is also over now. And if we reach that, so we should be somewhere in the range of 35%, 36% of the total VAP share. Not exactly 40%, but Yes, also 30%, 40%, around 36%, 35%.
- Harsh Vasa:** Okay. Okay. Thank you. And if I could just squeeze in one more question. Actually, I just missed out on capex. What was the capex which you had guided for FY'25, '26 and '27?
- Pranav Singla:** So the capex for those years, so it's going to happen in a yearly phased manner, quarterly based manner. So the exact picture is very difficult to say, but to answer your question, by FY'27, everything should be installed with a gross block of around INR1,200 crores. And on that, we should be clocking a top line of INR10,000 crores.
- Harsh Vasa:** Okay. Okay. Thank you. Thank you. And all the best.
- Pranav Singla:** Thank you.
- Moderator:** Thank you. We'll take the next question from the line of Darshil Pandya from Finterest Capital. Please go ahead.
- Darshil Pandya:** Hello, sir. Thank you. My question is already answered. Thank you.

- Moderator:** Thank you. We'll take the next question from the line of Onkar Ghugardare from Shree Investments. Please go ahead.
- Onkar Ghugardare:** So this INR10,000 crores top line you are saying is after considering the 65% of 2 million ton, right?
- Pranav Singla:** Yes.
- Onkar Ghugardare:** Okay. Another thing is that what kind of ROCE and ROE you will be targeting since you are currently doing upwards of 30%? What kind of targets you have after three four years after assuming all this capacity expansion?
- Pranav Singla:** So exactly calculations are not out because it's really hard for me to pinpoint as and when the capacity is added every quarter. But what brief calculations that we have done right now, so all of them should be between 27% to 32%.
- Onkar Ghugardare:** Yes. So somewhere in the 30% kind of range you are expecting, right?
- Pranav Singla:** Exactly. Exactly.
- Onkar Ghugardare:** Which is currently what it is, right 30%?
- Pranav Singla:** Exactly. Exactly.
- Onkar Ghugardare:** Okay. Another question is that it would be interesting to know from the promoters so that the conversion of warrants you are doing at around INR270 per share. And by the time you announced the share price was around 13% 14% less. So, I mean what gives promoter the confidence to pump more money at a higher valuation?
- Pranav Singla:** So actually, to answer your question, it was much higher than 12%, 13%. The floor price that was set that time was INR210. But the promoters are looking at the three year forward valuation of the company and -- with the same ratios and we put the money on that. So that's what the promoters were confident about and that's why the INR60 premium was happily given by the promoters.
- Onkar Ghugardare:** Okay. So the promoters basically expect the valuation of company at that time they thought that it was cheaper and the valuation should have been higher, right?
- Pranav Singla:** No. It's forward -- I put the money at the forward valuation, not at the current valuation. It's the forward valuation calculation that I have done and put money according to that.
- Onkar Ghugardare:** Okay. Okay. Alright. And just one thing is that what kind of equity dilution that one million to two million capacity will happen at that time? What kind of equity dilution will take place?
- Pranav Singla:** I'll have to see that. I haven't really calculated those things.
- Onkar Ghugardare:** Okay. Alright. Any ballpark number you have?

- Pranav Singla:** Atulji, anything? I think there are around 17 crores shares of the company right now. I'm going down the line, 3 crores shares are being added. So I really don't know how to calculate this myself. So I'll probably ask my team to calculate and probably revert to you.
- Onkar Ghugardare:** Okay. Alright. No problem. Thank you.
- Moderator:** Thank you. The next question is from the line of Rahil Shah from Crown Capital. Please go ahead. Mr. Shah, I have announced your name. Yes, sir. Please proceed.
- Rahil Shah:** Yes. Hi, sir. Good evening. So you mentioned you will be functioning at the new capacity of one million turns in FY'25 or you will be reaching at that capacity at some point in FY'25? Just for clarification.
- Pranav Singla:** I'll be reaching the capacity mark of FY'25. And although the second expansion is also undergone I am happening the same time as well. So the capacity would be standing maybe a little slightly higher than that. But the volume should be well in line of around 60% to 1.2 million tons.
- Rahil Shah:** So that is end of FY'25 or during? The course of FY'25.
- Pranav Singla:** During. During.
- Rahil Shah:** Okay. And is it fair to say you'll be...
- Pranav Singla:** So I'll be actually doing a 35% growth in the next year itself as well. If you look at the...
- Rahil Shah:** Yes, Yes. That's what I was getting at. Okay. And any outlook on the margins as well? Will it again stay in the same region or you see some expansion there?
- Pranav Singla:** As DFT is coming and solely VAP, so my margins shall be expanding.
- Rahil Shah:** Any like general number? One can...
- Pranav Singla:** It's very hard for me to give you a number right now. Once the DFT is in my place and I see how it's working, I'll be in a better picture to give the exact number.
- Rahil Shah:** But surely an increment over there.
- Pranav Singla:** Surely an increment. We should expect, to be honest, a 15% increment.
- Rahil Shah:** Okay. Okay. Got it. All right. Thank you and all the best.
- Pranav Singla:** Thank you.
- Moderator:** Thank you. The next question is from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.
- CA Garvit Goyal:** Hi. Thanks for the follow-up. Just to get the visibility on revenue, can you share any ballpark number for FY'25 and FY'26 for top line?

- Pranav Singla:** I can tell you about the volumes. The top line, again, it's not in my hand. It's totally in HRC's relation. But the volumes would be again 35% 40% growth in FY'25.
- CA Garvit Goyal:** Okay. And for FY'26, any visibility?
- Pranav Singla:** Again, a 35% 40% growth.
- CA Garvit Goyal:** Okay. For next two to three years, we are going to witness a decent growth, that makes it?
- Pranav Singla:** No. In FY'28, I'll grow to the level of 40% 45%.
- CA Garvit Goyal:** Okay. I understood, sir. That's it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Smith Joshi, an individual investor. Please go ahead.
- Smith Joshi:** Can you hear me?
- Moderator:** Yes, sir. Please proceed.
- Smith Joshi:** Okay. Thank you. First of all, congratulations to the management for the great set of numbers. And my question is, are we working in the research and development, creating any new product portfolio for our future growth in upcoming three to four years?
- Pranav Singla:** So, I think I've been repeating this several times in the call, that my entire expansion, what I'm doing is just expanding my product. I'm not expanding my current product. I'm expanding my SKUs of products. So, from 1000 SKUs, I'll be reaching 4000 SKUs by FY'28. So, the whole scenario is just expanding products.
- Smith Joshi:** Okay. That's actually great to hear that. Thank you. Thank you so much. That's it.
- Moderator:** Thank you. The next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.
- Onkar Ghugardare:** Yes. Thanks for the follow-up. Just wanted to confirm whether from one million to two million capacity expansion, in that entire thing will be value-added product, which will be around INR11,000 to INR12,000 per ton, right?
- Pranav Singla:** INR9,000 to INR11,000.
- Onkar Ghugardare:** Okay. INR9,000 to INR11,000. Entire thing will be value-added product.
- Pranav Singla:** Yes.
- Onkar Ghugardare:** Okay. And from – current FY'24, 3.3 to 3.4 million tons. So, you would be doing in next four years by FY'28, that means around upwards of 13 lakh ton, right? So that is around four times the current FY'24, right?
- Pranav Singla:** Yes.

- Onkar Ghugardare:** So, this is bare minimum 65% capacity utilization you are talking about or like you can go higher also?
- Pranav Singla:** Yes. It's a safe number for me to say.
- Onkar Ghugardare:** Okay. All right. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks. Over to you, sir.
- Pranav Singla:** Thanks, Nuvama. Thanks, everybody, for coming and joining us for the conference call of the company for quarter three. I would like to express my sincere appreciation to all the shareholders, employees, customers, and partners. Your trust and dedication have been instrumental in our journey thus so far. And we are excited to embark on the road ahead together. Thank you, everybody.
- Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Nuvama Institutional Equities, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.