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Sub: Submission of Transcripts of Earnings Conference Call held on Thursday, June 13, 2024 at 12.00 P.M.

Dear Sir/Madam

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earnings Conference Call held on Thursday, June 13, 2024 at 12.00 P.M. to discuss H2 FY'24 earnings with Investors and Analysts.

Submitted for your kind information and necessary records.

Thanking you
For Krishca Strapping Solutions Limited

DIYA VENKATESAN
Digitally signed by DIYA VENKATESAN
Date: 2024.06.15 22:16:42 +05'30'

Diya Venkatesan
Company Secretary and Compliance Officer

“Krishca Strapping Solutions Limited

H2 FY '24 Results Conference Call”

June 13, 2024

MANAGEMENT: **MR. BALA MANIKANDAN – CHAIRMAN AND MANAGING DIRECTOR – KRISHCA STRAPPING SOLUTIONS LIMITED**
MR. TERLI VENKATA SHIVAJI – WHOLE-TIME DIRECTOR – KRISHCA STRAPPING SOLUTIONS LIMITED
MS. DIYA VENKATESAN – COMPANY SECRETARY – KRISHCA STRAPPING SOLUTIONS LIMITED

MODERATOR: **MS. VAISHNAVI AMBOKAR -- KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Krishca Strapping Solutions Limited H2 FY '24 Results Conference Call hosted by Kirin 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 zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Vaishnavi Ambokar from Kirin Advisors. Thank you and over to you, Ms. Ambokar.

Vaishnavi Ambokar: Thank you, Michelle. Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Krishca Strapping Solutions Limited. From management team, we have Mr. Bala Manikandan, Chairman and Managing Director, Mr. Terli Venkata Shivaji, Whole-Time Director and Ms. Diya, Company Secretary.

Now I hand over the call to Ms. Diya. Over to you, ma'am. Ms. Diya Venkatesan -- Company Secretary

Diya Venkatesan: Thank you, Ms. Vaishnavi. Good afternoon, everyone. Thank you for joining us today for the Krishca Strapping Solutions Limited Earnings Conference Call for the second half of financial year '24. We are delighted to share our financial results and highlight some significant developments that underscore the strength and growth trajectory of our company.

Krishca Strapping Solutions Limited founded in December 2017 and headquartered in Chennai. Our company was swiftly emerged as a leading total packaging solutions provider in the steel industry. We are proud to be the leading manufacturer and exporter of high tensile steel strapping and allied packaging products known particularly for our eco-friendly production processes.

We serve over 200 customers and employ the staff of over 100 individuals. Our commitment to sustainability is exemplified by our distinction as India's first and only lead-free and eco-friendly production line for heat-treated steel strapping, leveraging cutting-edge technology. We have achieved significant cost reduction compared to industry standards through minimized strap generation, energy-efficient production processes and a reduced environmental footprint.

Our integrated steel strapping manufacturing facility in Tamil Nadu boosts annual capacity of 30,000 metric tons of steel straps and 120 million strapping seals. This state-of-the-art facility staffed by highly skilled personnel consistently delivers top quality products to our customers. Our diverse product profile includes steel straps, steel seals, HDPE and LDPE, primary packaging products, Tarpaulin, Dunnage Air Bag, Cord Strap, Lashing Belts and Desiccant.

We are continuously working to increase our capabilities and diversify our product portfolio. In the second half of financial year '24, we achieved several milestones including securing a job contract from the Steel Authority of India effective until October 2025 with an initial contract value of INR2.48 crores. We received an order from SAIL, Salem unit in Tamil Nadu valued at INR67.25 lakhs to supply packaging materials valid until October 2024.

We also secured a significant packaging contract from Vedanta Limited valued at INR20.25 crores for securing fastening and covering services for trucks and containers transporting finished goods. We have also secured INR1.39 crores worth order for supply of steel strapping to Rashtriya Ispat Nigam Limited, Visakhapatnam Steel Plant, Central Government Public Sector Undertaking.

As of March 2024, our order book stands at INR28.80 crores comprising INR1.39 crores from strapping contracts and INR27.40 crores from packaging contracts. We are also delighted to share that our company in its ongoing efforts to boost operational efficiency and to expand production capacity has successfully commissioned our new strapping line. This state-of-the-art eco-friendly facility began its commercial operations on 13th May 2024.

Launch of this line represents a crucial step forward in our strategic growth plan poised to significantly bolster our manufacturing capabilities. Our strategies of expanding production capacity for ultrahigh-margin products and strengthening our position in packaging contracts will significantly bolster our financial performance in the near future.

We are committed to capturing a substantial share of the domestic market while simultaneously expanding our footprint in the export market. Looking ahead, we plan to set up operations in the Middle East and we are very actively exploring to set up our operations in Middle East. We are continuously striving to participate in more contracts and establish a stronger market presence.

Now let's dive into financial highlights for second half of financial year '24. We have achieved a total income of INR56.80 crores, marking a half-on-half growth of 16.18 percentage. Our EBITDA reached INR11.89 crores, showing an impressive growth of 42.25 percentage with an EBITDA margin of 20.94 percentage, an increase of 384 basis points.

Our PAT for this period stood at INR7.56 crores, representing a growth of 33.25 percentage with a PAT margin of 13.32 percentage, up by 170 basis points. Additionally, our EPS for H2 financial year 24 was 6.33, reflecting a growth of 23.39 percentage. For the full fiscal year 2024, we are thrilled to report that we surpassed the INR100 crores milestone in revenues with a total income of INR105.68 crores, reflecting a year-on-year growth of 45.95 percentage.

Our EBITDA for the year was INR20.26 crores, a growth of 46.02 percentage with an EBITDA margin of 19.17 percentage. Our PAT for the financial year '24 was INR13.24 crores, showing a year-on-year growth of 41.73 percentage with a PAT margin of 12.53 percentage. Our EPS for the year was 11.46, reflecting a year-on-year growth of 7.30 percentage. In financial year '24, we experienced significant growth across key metrics.

Domestic sales remained strong at INR88.52 crores, while export sales contributed INR16.50 crores compared to previous year exports, amounted to INR5.76 crores, reflecting a growth of 287 percentage. These financial results underscore our robust performance and the success of our strategic initiatives. We are confident in our ability to continue this momentum and deliver strong results in the future.

Going forward, we aim to increase our packaging contract revenue to more than 50 percentage in coming years. We are optimistic about future growth opportunities and confident in our ability to optimize profit. We expect significant growth in both domestic and global markets, particularly in the packaging contract division.

Our goal is to capture a 30 to 40 percentage of market share in the steel strapping industry, with packing contracts expected to contribute more than 50% of our revenue in the future. With expanded production capability, new product diversification, regional expansion and the introduction of various new products, we are well positioned to see numerous opportunities present in the market. We are confident in our ability to continue on this growth trajectory.

I would like to reiterate that the future holds promising opportunities for our company, and we are committed to maximizing profits from these opportunities. We deeply appreciate your trust in Krishca Strapping Solutions and your integral role in our journey.

With this brief update, I would like to hand over the call to our Chairman and Managing Director and request the operator to kindly open the floor for the Q&A session. Thank you.

Moderator: The first question is from the line of Hiral Nandu from Kalpvruksh Capital. Please go ahead.

Hiral Nandu: Congratulations for the great set of numbers, Mr. Bala.

Bala Manikandan: Hi. Very good morning. Thank you very much.

Hiral Nandu: Good morning. A couple of questions and some points if I missed, I want to reconfirm. Our current order book is INR28.8 crores, right?

Bala Manikandan: Yes. That's right.

Hiral Nandu: And it has a Vedanta contract of INR20.5 crores, right?

Bala Manikandan: INR20.25 crores. That's right.

Hiral Nandu: Okay. So, definitely means this would be around a couple of months and further we would be expecting more order book for the year, right?

Bala Manikandan: Yes, absolutely, because we just started this packing contract division. Our first contract we received from last year in July. And this Vedanta is the biggest order we got with INR20 crores value. And since we have only four contracts with this credential, we are participating in more than five, six big contracts, bigger than Vedanta. So we are very positive that this value will increase substantially in the coming months.

Hiral Nandu: So on the same line, what is the bid pipeline we have currently, approximately?

Bala Manikandan: See, I would say we are even participating in large value orders worth even INR60 crores per annum. So the bid pipeline is quite high. It's more than INR200 crores.

Hiral Nandu: Great. And what conversion percentage we see in that?

Bala Manikandan: Can you repeat it again?

Hiral Nandu: So what is the win ratio we see or hit ratio in that we evaluate from our end? Was it more than 50%?

Bala Manikandan: At least we are expecting 20% from the current pipeline.

Hiral Nandu: Okay, great. And with the new plant coming in and new capacity expansion, what will be the new enhanced capacity? If I missed that in the introductory point, I would like to understand that.

Bala Manikandan: Earlier, we had a capacity of 1,500 tons per month. The new line is also having a capacity of 1,500 tons. But we believe we can reach the peak production capacity of 2,500 tons.

Hiral Nandu: Okay. And what could be the revenue at that peak capacity?

Bala Manikandan: Let's say if we are running to the 500 tons per month at peak capacity with the current selling price, it can cross INR300 crores, only the strapping sales not including the packing contract.

Hiral Nandu: Perfect. That is independent because it's not related to this capacity, right?

Bala Manikandan: Yes, right.

Hiral Nandu: Great. And margin profile, we would maintain because we have recently enhanced our margin profile in the last quarter. So we hope to maintain that and sustain this margin or it will improve further with this type of packaging coming more percentage?

Bala Manikandan: In terms of margin, now we are focusing on various allied products. Apart from strapping, the manufacturers also use a lot of plastics, corrosion protection, chemicals, even damaged bag, the latching strap. A lot of other things we use for packing apart from the strapping. So we started dealing these products also recently. So margin wise, these products are slightly better than steel strapping. So wherever possible, we are trying to add a better value of the product in our portfolio.

Hiral Nandu: Super. Got it. So hopefully this margin would sustain.

Bala Manikandan: Yes.

Hiral Nandu: These are my initial questions. I'll join back in queue for further questions.

Bala Manikandan: Thank you very much.

Moderator: Thank you. The next question is from the line of CA Varun Agarwal, an individual investor. Please go ahead.

Varun Agarwal: Thanks for the opportunity and congratulations for a good set of numbers.

Bala Manikandan: Thank you, Mr. Varun. Very good morning.

Varun Agarwal: Good morning. So I was talking to a couple of manufacturers of TMT. They were giving me feedback that when they are buying any strapping, they are not very particular about any brand as long as the quality remains good. So how will you maintain customer stickiness and expect the same customers to buy from us?

Bala Manikandan: Mr. Varun, if you look at the TMT sector, we are actually doing a lot of branding. All the TMT fields, we are giving a logo printed field. And mostly the primary manufacturers, my competitors, regular competitors, they don't offer colored strapping. But we are offering various colors.

We are very strong in the South market; Tamil Nadu, Kerala, Karnataka, there are a lot of secondary TMT manufacturers where we are giving a custom branded strap and the seams with the branded. So this kind of facility, only two people are having in India. So the customers either have to buy from out of these two manufacturers.

And I think you are referring the secondary TMT market in Raipur and Jalan. So those players, they really don't bother about too much branding. But we are strong in this other area where people give a lot of value to the branding.

Varun Agarwal: Okay. I understand. And let's say going forward if the steel prices start going down in that particular case our margins will be dependent as a percentage of the steel prices. So in absolute terms will our profits go down if the steel prices fall in the future?

Bala Manikandan: See how we work there we have a fixed component and variable component in the pricing. Fixed component comprises our value addition like production cost, salary and everything and our margin. This is a fixed component. So whatever is the steel price increase or decrease month-on-month or quarter-on-quarter we pass on that increase or decrease in the steel price. So our margin is an absolute value. It's not the percentage of the sale.

Varun Agarwal: So you mean to say if the steel prices go down with a lag of one month or two months whatever our margins will more or less will remain the same?

Bala Manikandan: Yes. The margin component is the same even we are doing a lot of long-term orders. In that there is a clearly defined price variation clause. The price variation clause is whatever the quarter-on-quarter price increase or decrease in steel prices that is getting added or reduced in the PO price. But our margin component is already fixed in the PO price. Only the price increase and decrease we are passing on in the current running market price. So our profit margin doesn't go down as a percentage of the steel value.

Varun Agarwal: As per the weight you must be having an absolute profit then fixed profit that this much ton this is the profit?

Bala Manikandan: Right.

Varun Agarwal: And you are planning to expand to Middle East. So is there a competition with the Chinese manufacturers there already or is there a risk of Chinese getting starting their manufacturing facilities there along with us?

Bala Manikandan: See you are right. Chinese pricing is always lower than, I mean, the basic raw material is more than Indian domestic pricing that is a concern for everyone, but we have a FTA with UAE. So we have this 5% duty benefit. That's a CEFA benefit. People if they buy from India they can get a 5% benefit. So that is one added advantage. And moreover we have a local presence in the Middle East.

Any customer who is buying from Krishca we visit them month-on-month, understand the requirements and we are also couple of other items like HDPE LDPE, dunnage bags. So in the Middle East we are trying to be a total packaging solution provider whereas in the case of Chinese or Korean, they just supply and they will further. There is no local presence currently and even if they do they can only do field shopping whereas we are tied up with the service engineers, we are offering the free service of the tools. So we are giving end-to-end solution for the packing of the product.

Varun Agarwal: Okay. I understand that we are providing a holistic service. My question was suppose we are setting up a unit in the Middle East and let's say Chinese are also setting up a unit in the same area, will their cost of production and sale will be lower than us?

Bala Manikandan: No way. See because when we put a plant in Middle East we can also buy from China or Korea or India wherever the pricing is cheaper, we can also buy the raw material. Currently, the limitation is we are mostly buying from India. Yes, we'll be at par with any manufacturer in that region.

Varun Agarwal: And as the end-user industry in our business is cyclical if they go through a down cycle of a couple of years, so our business also will be equally impacted?

Bala Manikandan: If the steel production of the entire country goes down definitely our sales also will go down.

Varun Agarwal: Okay. That's what I wanted to know. Thank you so much and all the best.

Bala Manikandan: Thank you Varun.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much sir for this opportunity. First of all, I just wanted to understand in terms of peak revenue that you mentioned was from steel strapping and I think we have got 110 million steel capacity also. So what would be the peak revenue from that particular capacity?

Bala Manikandan: Regarding the steel there are various kinds of steel starting from INR50 paisa per number to up to INR5 per number. So it is difficult to quantify, but I can say the installed capacity with the average selling price would be about – the value would be about INR15 crores to INR20 crores per annum.

Deepak Poddar: INR15 crores to INR20 crores. So that makes it maybe 320 would be your peak capacity from your current expanded capacity?

Bala Manikandan: Yes that is right.

Deepak Poddar: Peak revenue and by when we are targeting to reach our peak utilization level, I mean, would this be this year or next year or next 2 years, 3 years?

Bala Manikandan: So within next 4 years we can expect the peak utilization in the strapping line.

Deepak Poddar: So in around 4 years?

Bala Manikandan: Yes.

Deepak Poddar: And in your opening speech I think you mentioned that we are confident to continue the momentum going forward. I mean so ideally the type of growth that we have seen in this year around 45% top line growth, that is what we might look at over the next 2 years to 4 years in terms of CAGR?

Bala Manikandan: So in terms of this year growth we are very confident at least we will do minimum 25 percentage this year and this trend will continue for the next 5 years, 6 years at least 25% year-on-year will do.

Deepak Poddar: At this year and as well as FY26 as well that's what you mentioned?

Bala Manikandan: Yes, that's right.

Deepak Poddar: Minimum 25% growth is what we might look at. And in terms of spread that you mentioned on the margin the component is fixed. So ideally in a low steel price environment ideally your margins would be higher and in a higher steel price environment your margins would be lower, is my understanding?

Bala Manikandan: You are right that is there.

Deepak Poddar: And our current order book you mentioned I missed that figure. If you can just reiterate that, was it close to INR110 crores?

Bala Manikandan: No see the current order book is around INR28.8 crores.

Deepak Poddar: INR28 crores out of which around INR20 crores is from Vedanta only.

Bala Manikandan: That's right.

Deepak Poddar: Okay. And generally what would be the timeline of this execution?

Bala Manikandan: It is with Vedanta we have a 3 year contract started from this April next 3 years we are having an order.

Deepak Poddar: Okay understood. And just to reiterate that, we don't take any kind of commodity risk? We have a pricing clause, price variation clause in our contract so we don't have to incur any kind of price volatility in our margins in terms of commodity?

Bala Manikandan: Yes, most of the contracts, long-term contracts are having a price variation clause. Any contract with a higher steel strapping component is absolutely having the price variation clause.

Deepak Poddar: Okay, understood. And what was this capex that we had incurred in this new strapping line that we, I think, commissioned on 13th May that you mentioned?

Bala Manikandan: Yes, around INR16 to INR17 crores, we are invested in this new strapping line.

Deepak Poddar: INR16 to INR17 crores, okay. I think that should be it from my side. All the very best to you. Thank you so much.

Bala Manikandan: Thank you very much.

Moderator: Thank you. The next question is from the line of Pratik Kulkarni from Kamayakya Wealth Management. Please go ahead.

Pratik Kulkarni: Yes, so I just wanted to ask a question about the management has in the past con call said that we were looking for setting up a plant in Dubai and we were also looking out for a joint venture partner. So what would be the update on the same?

Bala Manikandan: See, it's not in Dubai. We are generally exploring the entire Middle East for setting up a plant. So we are actively in discussion with some potential partners in the Middle East in Saudi as well as in UAE. So I think within the next six months, we will come up with some kind of announcements regarding our next plan with the Middle East.

Pratik Kulkarni: Okay, okay. And just to confirm it again, you said that for the peak utilization, we will take four years to reach this. I mean, it will be within four years, right?

Bala Manikandan: Yes, that's what we are expecting.

Pratik Kulkarni: Okay.

Bala Manikandan: Peak utilization, as in, I'm talking only about the scrapping protection. But parallelly, we are also looking at various packing contracts. So a packing contract can give us a very good revenue considering the market size.

Pratik Kulkarni: Yes, right. And are we trying to look for new markets in Central or Northern India?

Bala Manikandan: We're already there in North India. In fact, we are supplying in Delhi, Jharkhand, Odisha, West Bengal, even in Rajasthan, Gujarat also we have customers. We are supplying pan-India business.

Pratik Kulkarni: Okay. Thank you, sir. That's from my side.

Moderator: Thank you, sir. The next question is from the line of Yashwanti from Kojin Finvest. Please go ahead.

Yashwanti: Yes, thank you. Thank you for the opportunity. And congratulations for a very good set of numbers. It's really amazing to see the company had crossed the milestone of around INR100 crores in revenue and very impressive improvement in the EBITDA margin to 20%. So with this improvement, entry in our packaging contract, expanding our base in the overseas country. So what kind of a next milestone company wanted to achieve and what is the timeline for the same?

Bala Manikandan: Thank you very much. Regarding the expansion we are also now focusing on the US market aggressively. And in Bangladesh, Sri Lanka also, we are actively in discussion with potential distributors and dealers.

And even in Australia, we are in discussion. So we are also looking at various steel mills in Europe also who are importing a huge quantity. So we are trying to focus all the large volume buyers around the world, not only in Middle East. So hopefully this year, our exports will increase substantially due to our ongoing efforts.

Yashwanti: And what kind of a revenue we can see maybe three years down the line or five years down the line?

Bala Manikandan: Last year, we did an export of around INR17 crores. This year, I can confidently say we will double this number in terms of exports. But down the line five years, we will be maintaining at least to INR100 crores export sales, including all of the oil products.

Yashwanti: And what is the domestic growth expectation?

Bala Manikandan: Domestic growth, as I said, we are targeting a 25% overall growth this year, including both domestic and export.

Yashwanti: Is it possible for you to differentiate the margins on packaging contract and your traditional business? And in the traditional business, what is your margin on your high tensile steel product and your original steel product?

Bala Manikandan: Now, can you repeat your question again?

Yashwanti: I just wanted to understand what is the margin difference between your strapping product and the packaging, whatever the contract you have received in the packaging contract. So what is the margin difference?

Bala Manikandan: From what we've seen with the execution of four contracts currently, margins are very similar in the direct sales as well as packing contracts. Since packing contracts are long term and the value also very high, customers generally don't offer a very high margin. But we are maintaining the similar margin in both the direct month-on-month sales as well as in packing contracts.

Yashwanti: Is there any emphasis in the distribution channel expanding the team?

Management: Yes.

Yashwanti: So what kind of expansion, what are your targets for the current year or maybe for the next two years for your distribution network?

Bala Manikandan: Distribution network we are, at least we will appoint distributors in all major countries. In Africa also we are in discussion. So in all continents, we will be appointing some big distributors this year.

Yashwanti: Okay. And just last two questions, how much is the top 10 customers are contributing?

Bala Manikandan: If you look at last year top 10 customers, contributors, 250, I'm not very sure, INR50 to INR255 crores, that range.

Yashwanti: Okay. And sir, as we are growing and we are growing at a very good rate, so what are your plans to reward investors?

Bala Manikandan: Sorry, can you say again?

Yashwanti: As we are growing, what are your plans to reward investors?

Bala Manikandan: Okay. See, right now I'm not able to comment on this. Definitely we will look at something.

Yashwanti: No problem. I wish you all the best and thank you so much for the opportunity.

Bala Manikandan: Thank you very much.

Moderator: Thank you. The next question is from the line of Debashish Neogi from SD Investments. Please go ahead.

Debashish Neogi: Good afternoon and congratulations for a great set of numbers.

Bala Manikandan: Mr. Deba, very good afternoon. Thank you very much. Yes.

Debashish Neogi: My question to you is that if I heard you rightly, what you said to the previous person who asked the question, that we are focusing on 25% top line growth for the next five years. Did I hear it correctly?

Bala Manikandan: Yes. This year our top-line guidance is around 25%. So we are expecting to maintain this year-on-year basis for the next 5 years.

Debashish Neogi: That's very good news and that's a very positive thing which you're saying. Now coming to, so top-line 25% will take us, will actually triple our turnover, more than triple our turnover in the next 5 years. My question to you is that we have a core business, which is the steel scrapping business. And then we have extended the core to packing contracts like other competition in the market.

Now this packing contract, you are carefully choosing what type of, and then we have a steel-related trading business, where you're choosing the products in a way so that the margin doesn't reduce. Is the assumption fair, what I'm saying?

Bala Manikandan: Exactly. Yes, what you said is exactly correct. Currently we have three verticals internally at Krishca. One is we look at the direct sales of steel scrapping, seals and the scrapping tools.

That was our core business in the last two, three years. And recently packing contracts we started, that is a separate vertical altogether. So there is a separate team looking after this packing contract. And one more business is primary packaging, we call it, where all the allied products, except steel scrapping, all other products come from the primary packaging.

Debashish Neogi: So from a long-term perspective, I'm not looking at guidance because it's very difficult to get for a business, but the intention would be to keep the operating margin around this level, 18%, 19% over long-term?

Bala Manikandan: Operating margin, I believe it will be between 15%-20%.

Debashish Neogi: And though we are very small, Bala, but we have good clientele, which is really admirable, given that we deal with JSW, POSCO, SAIL, Jindal. So my question to you is that, in the steel scrapping business or the packing contract business, these big companies would have many plants, right? And when they give a contract, it is for a specific plant so there's a scope of growth in that organic vertical within that company to many plants also, right?

Bala Manikandan: Absolutely right, Mr. Deba. See, in JSW steel, there are more than 15 different locations, and in each and every plant also, they have different products, different production lines. So each production line, the packing contract is given to a different guy in some cases. So in JSW Chellam, we are doing a supply contract in the Tamil Nadu JSW Chellam plant. But JSW has in Bellary, a lot of other places also. Now we are participating in the packing contract for JSW entire locations. So by entering one location, we'll open up the opportunity for us to participate in all other locations.

Debashish Neogi: Okay, understood. My last question is that, you answered to the previous participant that we target to be around 30%, 35% market share. What would be our current market share now?

Bala Manikandan: In terms of steel strapping, we are having more than 10% market share. But a packing contract we just started, I would say our market share will be less than 5% packing contract, much less than 5%. But put together overall, our long-term aim is to be to capture 30% of the overall market. So we'll be looking towards that.

Debashish Neogi: Okay, thank you Bala and all the best to you.

Moderator: Thank you. The next question is from the line of Amitabh from Sadhan. Please go ahead.

Amitabh: I have one housekeeping question with respect to your approach towards private versus PSUs in terms of your clientele. So in earlier con calls, you have spoken about that PSU margins are better. So are we seeing that kind of flow into the order, into the conversion in terms of operating profit margin in PSU book versus private sector book? Can you just throw some color on that?

Bala Manikandan: Yes, currently in terms of PSUs, sale is the biggest buyer. They have more than, I think, 78 plants.

We are currently supplying only to the sale Salem plant that is the smallest plant. Still, the LGBT criteria to supply to the bigger plants in Bokaro, Roorkeela, it is very stringent requirements. We are yet to fulfill those requirements. So hopefully this year, we are hoping to enter into at least two or three big steel plants in the West, I'm sorry, in the East. But once we do that, we can expect a better margin from PSU. But currently, in terms of order book, our PSU volume is very less.

Amitabh: Okay. And in Vishakhapatnam, you have an order, I think.

Bala Manikandan: Yes, we just got it in the month of May. And one more order also we're expecting from Vizag. So again, we just started entering the Vizag field. So the thing is, most of the, even the steel plant, the eligibility criteria is very stringent. So we are getting small, small orders. And we are also gaining the eligibility for the bigger contracts.

Amitabh: Okay. So how many people are eligible and per se, apart from, overall for the bigger pie, how many companies are there as a competition?

Bala Manikandan: Three people.

Amitabh: Okay. And they are having 100%. And just the steel, this Vizag, which is a lower volume, lower end, is hardly would be how much of the overall PSU pie, which you are right now addressing to?

Bala Manikandan: Less than 5%.

Amitabh: Okay. Thank you.

Moderator: Thank you. We'll take the next question from the line of Anirudh Singh from Singh & Associates. Please go ahead. Mrs. Singh, I have unmuted your line. Kindly proceed. Sir, the current participant is not answering. We'll take the next question from the line of Jatin Kapoor, an Individual Investor. Please go ahead.

Jatin Kapoor: Okay. So I just wanted to know that you have said that we expect a roughly 25% growth in our whole business. Can you just categorize in how much we expect from packaging and what percentage we expect from strapping?

Bala Manikandan: Yes. Hi. Both in the packaging, as well as packing contract as well as in strapping, we are expecting a minimum percentage. In each and every segment we are expecting overall growth of 100%. Maybe the exports will increase in the strapping phase. We have both domestic and exports. Okay. So in exports, we are expecting at least 50% compared to the last year. But in domestic but put together, overall it will be at least 100% in the strapping phase. Packing contracts also, we are expecting the same.

Jatin Kapoor: Okay. Perfect. Thank you so much.

Moderator: Thank you. The next question is from the line of Anirudh Singh from Singh & Associates. Please go ahead.

Anirudh Singh: Thank you for the opportunity. I'm sorry for the inconvenience earlier.

Bala Manikandan: Yes, no problem.

Anirudh Singh: My first question like, how is our emphasis on your distribution channel? And do you have any plan to enhance the fund?

Bala Manikandan: Anirudh, currently, we are not having any distributors in India. We mostly directly deal with the people. But time to time dealers also partake from us. But we are not having any exclusive dealership to anyone in any region. But in Middle East, we have some distributors. Wherever the small clients who's buying less than IN5 lakhs-INR6 lakhs per month, we route it via our distributors network in Middle East. We have some three different distributors for various products. All the big clients we try to deal directly in the overseas market. The similar concept we are trying to implement across all other countries.

Like I said, we are exploring actively in Bangladesh, Sri Lanka, Australia, US also in Europe, also in Africa. So all the major clients who are buying at least INR30 lakhs worth material, we will try to deal directly. All the smaller clients we will route them via our distributors. But we will soon add the distributors network in our website. We come to some agreement with potential people.

Anirudh Singh: Okay, correct. So can you tell me like who are our top client names, if you can? And what was the total contribution to sales from that top 10 clients?

Bala Manikandan: Yes, see, top 10 clients contributing roughly 50% of our revenue currently. Top clients are mostly the steel clients like JSW Steel is one of our top clients. And there are some big packing contractors who are also buying large quantity from us. They are also in the top 10. Even in exports in Saudi and Middle East also there are some customers who are coming in the top 10 customers.

Anirudh Singh: Okay. So do you have any capex plan for 2025-26, for financial year 2025-26?

Bala Manikandan: We just completed one big capex production started a couple of weeks back. And now we have various different expansion plans we are contemplating. Definitely, there will be a further capex this year. In a couple of months, we will come up with the announcement.

Anirudh Singh: Okay. As we can see like your company is growing. So do you have any plans to reward to the investors in next few years?

Bala Manikandan: Currently, I have not planned anything but we will definitely see how to do this.

Anirudh Singh: Okay, great. Thank you for answering my questions.

Bala Manikandan: Thank you very much.

Moderator: Thank you. The next question is from the line of Urvil Patwa an individual investor. Please go ahead.

Urvil Patwa: Hello, Mr. Bala. And congratulations for the good set of numbers.

Bala Manikandan: Hello, sir. Thank you very much.

Urvil Patwa: Yes, I just wanted to ask you in the previous questions you answered regarding the addressing the US and the European market. So in previous call also you said regarding this and you are concerned regarding the duty imposed by the US government or the European government. And that was the reason you wanted to come up with a plan in the Middle East, right?

Bala Manikandan: Yes. That's right.

Urvil Patwa: So you started exploring that thing but still the plan has not been confirmed. So everything is going to take I think two, three years down the line. If at all you want to address those markets and if you start preparing from now onwards it will take minimum two to three years.

Bala Manikandan: Yes, sir, if I produce from another country and supply to US, that may take up to 2 years max. But right now what we're doing, we started exporting directly from India to US. Despite this anti-dumping duty of 45% our pricing is still very much attractive to the US buyers compared to the local manufacturers. So, even this quarter we have done almost close to INR1 crores exports to US. And these are repeat orders. And we are also…

Urvil Patwa: You are talking about Europe or US?

Bala Manikandan: In US. We strongly believe even in this year we can do some decent sales to US despite this duty. So, by the time once we set up a plan, we'll be having some ready set up customers. We can cater them easily.

Urvil Patwa: Nice to hear this thing from you. And secondly, you said that top line you are targeting at the 25% CAGR over next 4 years to 5 years. So, what would be your pet CAGR you are expecting?

Bala Manikandan: I think it would be about 300 plus.

Urvil Patwa: In terms of CAGR?

Bala Manikandan: No. Not CAGR. It's the overall revenue. Currently our CAGR is around 120%. If you look at the past 4 years CAGR, we are having around 120% CAGR in terms of revenue.

Urvil Patwa: So, in terms of profit after tax, what would be the CAGR you are expecting?

Bala Manikandan: It is difficult to comment on that for the next 5 years. But this year we can say we will try to maintain the ongoing purchase.

Urvil Patwa: This is from my side. Thank you very much, Mr. Bala.

Bala Manikandan: Thank you.

Moderator: Thank you. The next question is from the line of Chandru, an individual investor. Please go ahead.

Chandru: I have a couple of questions, capex line, previously we planned to open in January. After that in third quarter, you said it's February. But finally we opened up in May. So, what is the reason for that delay?

Bala Manikandan: The major reason is the machinery we were procuring from three different suppliers. On important machinery was delayed by more than three and a half months. That will contribute to the delay. And during installation also, in this one of a kind line, it took longer than we expected. Almost more than one month it took more time for installation and trial. So, these are the major reasons.

Chandru: My second question is related to the utilization. So, what is the utilization for the new plant in this year? What can we expect on that utilization level?

Bala Manikandan: The new plant we just started the commercial production. It is not running continuously. It's a new line. So right now, current utilization would be less than 15%. It's been just one month, right? So this year, we believe it will reach at least 40% to 50%.

Chandru: My last question, regarding the Gulf capex, you said in multiple contacts, we are exploring the areas and some other things. So, what are the delay factors? Why we can't speed up the process for the new plant in Gulf area? Despite we are talking on multiple calls, we are still making to explore the areas. Just want to know the reason for that?

Bala Manikandan: See, it's a capex, heavy investment. That is one thing. And we just came out of one big capex. We don't want to start another investment without completing the ongoing project. And we are also looking for some kind of strong partnership in that region. And by doing this, by talking with multiple people, we are also getting a better understanding about the market dynamics in that region every day. So the delay is, I believe, happening for the good reason. We will be doing it a much better way.

Chandru: Understood, sir. Thank you so much. Okay.

Moderator: Thank you, sir. Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to Ms. Vaishnavi Ambokar for closing comments. Over to you, ma'am.

Vaishnavi Ambokar: Thank you. On behalf of Kirin Advisors, I welcome you all. I'm thanking you all to joining the conference call of Krishca Strapping Solutions Limited. If you have any queries, you can write us at info @kirinadvisors.com. Once again, thank you everyone for joining the conference call.

Bala Manikandan: Thank you.

Moderator: Thank you, sir. Thank you, members of the management.

Bala Manikandan: Thank you very much. Thank you all. Bye.

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