SAMBHV
STEEL PIPES & TUBES | सब संभव है

November 03, 2026

To	**To**
Listing Compliance Department	**Listing Compliance Department**
National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, Bandra Kurla Complex,	**P J Towers, Dalal Street,**
Bandra (East), Mumbai– 400051	**Mumbai - 400 001**
Symbol: SAMBHV	**Scrip Code: 544430**

Dear Sir / Madam

Sub: Transcript of the Conference Call held on October 30, 2026

This is with reference to our intimation dated **October 27, 2026** regarding Conference Call with investors and analysts on **October 30, 2026 (Friday) 04:00 PM IST** to discuss the Unaudited Financial Results of the Company for the quarter and half year ended **September 30, 2026**.

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

This above information is also available on the website of the Company https://www.sambhv.com/investor-information.php.

Thanking you,
For, Sambhv Steel Tubes Limited

NIRAJ SHRIVASTAVA
Digitally signed by NIRAJ SHRIVASTAVA
Date: 2026.11.03 17:33:37 +05'30'

Niraj Shrivastava
(Company Secretary and Compliance Officer)
Membership No. F8459

"Sambhv Steel Tubes Limited

Q2 FY27 Earnings Conference Call"

October 30, 2026

MANAGEMENT: **MR. VIKAS KUMAR GOYAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SAMBHV STEEL TUBES LIMITED**
MS. ANU GARG – CHIEF FINANCIAL OFFICER – SAMBHV STEEL TUBES LIMITED
MR. BIKASH AGRAWAAL – EXECUTIVE DIRECTOR AND CHIEF STRATEGY OFFICER – SAMBHV STEEL TUBES LIMITED
MR. PRACHAL KOTHARI – SENIOR MANAGER INVESTOR RELATIONS AND CEO OFFICE – SAMBHV STEEL TUBES LIMITED

MODERATOR: **MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Sambhv Steel Tubes Limited Q2 FY27 Earnings Conference Call hosted by Monarch Networth Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sahil Sanghvi from Monarch Networth Capital Limited. Thank you, and over to you, sir.

Sahil Sanghvi: Yeah. Thank you, Iqra. Good evening, everyone. Welcome to Sambhv Steel Tubes Limited earnings call to discuss the Q2 and First half FY27 performance. Before we begin, we would like to remind you that today's discussion may include certain forward-looking statements which should be considered in the light of risks and uncertainties outlined by the company.

Joining us on the call today, we have Mr. Vikas Kumar Goyal, Managing Director and CEO; Ms. Anu Garg, Chief Financial Officer; Mr. Bikash Agrawaal, Executive Director and CSO; and Mr. Prachal Kothari, Senior Manager, IR and CEO Office. Before we start the call, we'd like to congratulate the whole management and whole team at Sambhv for a very impressive set of numbers.

I now invite Mr. Vikas Goyal to take us through the business outlook and key financial highlights, following which we'll open the floor for question and answers. Thank you. Vikas ji, over to you.

Vikas Kumar Goyal: Thank you, Sahil. Good evening, everyone. Thank you for joining our earnings call. I hope you have reviewed our financial results today. I will share operational progress and financial performance, followed by Q&A session. As we progress towards our Vision 2030, I would like to highlight key developments related to our growth and long-term vision.

We aim to scale our finished product capacity from 0.6 million ton to over 2 million ton, while we aim to meet our 90% energy need through captive power by 2030. Our expansion at Kesda and Sarora is on track for on-time commissioning. We are now entering high-growth, high-margin business of stainless-steel seamless pipes and tubes with investment of INR148 crores, with production capacity of 14,400-ton per annum.

Coming to our operational performance of Q2 FY27, sale volume of value added products increased by 27% year- on- year, reflecting our continued focus on improving product mix; a chieved revenue of INR840 crores, total EBITDA of INR105 crores, and PAT of INR61 crores; achieved EBITDA margin of more than 12% and PAT margin of more than 7%; generated operating cash flow of INR213 crores during this quarter, reflecting healthy cash generation.

We'll remain committed to sustainable growth and long-term value creation for our stakeholders. As we always say **'Sambhv hai toh sab Sambhv hai'**

I would now request to open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Soham Jain from Dalal & Broacha Stock Broking Private Limited, please go ahead.

Soham Jain: Yeah. Thank you for giving me the opportunity and congratulations to the management on good set of numbers. So my first question is our EBITDA per ton came off about INR8,800 in Q1 to about INR8,200 this quarter. So over the same period, the value-added share of volumes have slipped to about 93% from 94%. As Intermediate rose to roughly about 9,100 from 6,600. So just want to understand how much of the decline came from the mix shift and how much from the price and cost?

Bikash Agrawaal: Okay. Hi, Soham. Thank you for asking this question. So there are multiple factors that affected the numbers that we have posted in terms of EBITDA per ton vis-a-vis the Q1 number. So in terms of product mix, if you see the major increment growth in terms of sales volume came from MS Pipes & Tubes segment.

So in terms of product mix, this is the only growth that we have posted in the majority term. Rest are almost identical to Q1 number. In terms of percentage of EBITDA, or the absolute EBITDA decrease of around INR 600 per ton basis on evaluated product, that is predominantly attributed to two, three factors.

First is our yield -- raw material cost goes up during the monsoon because of the yield factor, because of the moisture content in the raw material. Secondly, in terms of the EBITDA margin that we have achieved in stainless steel division because of the relaxation of QCO and heavy import from China -- I would say rather heavy dumping from China on 200 series and 300 series coil in India-- the margin shrank a bit to the tune of 12,000 tons to 13,000 tons for stainless steel per annum, whereas EBITDA per ton in MS and coated product has increased to INR9,000 and INR7,000.

So in unweighted average basis, my absolute EBITDA per ton on a blended basis has decreased slightly vis-a-vis Q1. Third is Q1 was absolutely a black swan event for us where there was a war situation, there were a lot of price increase, abnormal price was high, which now started you can say normalizing in Q2, and now also it is still normalizing in Q3.

So that abnormal price increase vis-a-vis my raw material cost not increased that much in Q1. That is why the EBITDA number in Q1 is, I believe, is an outlier for us. And Q2 is something which is practically a good set of EBITDA number which we have posted, which is practically a sustainable number given the situation of Q2 and Q3.

Soham Jain: Got it, sir. Thank you. And just a follow-up question, like you rightly identified the QCO exemption, so just wanted to know the domestic demand holding up for our stainless steel, and also if you can give the mix of 200 series and 300 series for this quarter?

Bikash Agrawaal: Sir, in terms of demand there is -- see, ultimately India is an import dependent country in terms of consumption for stainless steel particularly. That is why government wanted to balance between import and domestic production. So if the government completely ban or completely restrict the import of stainless steel, then India will see an abnormal price increase because

domestic production cannot cater to the demand that is currently happening. So government is also walking on a very thin rope of balancing, fine balancing between import and the domestic production.

So as and when -- because if you see the PLI scheme also, they have given a lot of thrust for alloy and stainless-steel production. In fact, Vision 2047 also giving lot of thrust to stainless steel and to alloy production. So government is also trying to push the production up in domestic market. So once that is there, once we achieve our domestic production to the level of the demand that is currently there of around 4 million ton to 5 million ton of stainless-steel coils, so in that scenario government may start looking at restricting QCO things and all.

So in terms of demand, there is a good demand. The growth is also in double digits; there is no problem. In terms of supply side, yes, we are not producing the level of production that we supposed to have. Now people have started entering this segment and now future looks brighter.

So that is why I say even if the QCO norms is relaxed, China is still selling. But the price at which China is selling in market is basically they are undercutting their production cost price and they are selling into the market. So that is why I said it is dumping that is happening. And because of that also, we are feeling the -- we have to lower our price.

Still, with the lower price also, in the scenario where China is sending lot of 200 and 300 series coil in India, s till we have managed to achieve around INR12,000 per ton to INR13,000 per ton of EBITDA margin. So I believe this is a very sustainable even if QCO norms are relaxed for Chinese, which we feel by March 27 government has to take a hard call and stop allowing low price import.

So government is also evaluating, as per our best of the knowledge minimum import price for 200 series, anti-dumping for specifically 300 series, and certain restriction in terms of other stainless steel raw material which is currently being produced in India and government has overlooked during the QCO norm relaxation notification.

Soham Jain: Got it, sir. The answer was quite insightful. So just one more question. So as an analyst, how do we track our intermediate sales? So just wanted to understand what usually makes you sell more intermediates in a quarter?

Bikash Agrawaal: If you see, vis-a-vis FY26, we have sold very less amount of intermediate steel, and most of the intermediate sales is done which is of a rejection grade, I would say, or B grade of product that we produce which cannot be used on a downstream production cycle. So let's say whatever we are selling in terms of intermediate product are basically the product which we cannot be used or cannot be used on downstream processes, that we are selling in the free market. So the volume -- in terms of volume percentage and in terms of volume, it is very less if you see.

Soham Jain: Got it, sir. Thank you. I'll just get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Devesh Lakhotia from IKIGAI Asset Managers. Please go ahead.

Devesh Lakhotia: Yeah. Hi sir, good afternoon. Congrats on the results. A couple of questions. One is on this project that we have announced, on the seamless side. So could you give a bit of more detail in terms of within the seamless which tech we are using, piercing, extrusion? What will be the target market? And in terms of upstream sourcing of SS this could be in-house sourcing because right now we are into flat. Hello? Yeah, was I audible?

Bikash Agrawaal: I think the last sentence is not audible.

Devesh Lakhotia: Sorry. I was saying, largely in terms of sourcing of SS for the seamless pipe, right now we are into flats and selling coils. So sourcing of SS would be in-house will we source billets from outside?

Bikash Agrawaal: Okay. So I'll answer your three questions basically. So sourcing of raw material, SS, why we are entering, and how we are entering. So first is, we believe India going to see a very high growth in terms of stainless steel seamless pipe and also alloy seamless pipe consumption because there is a lot of domestic engineering, high value engineering production and industries which are coming up in India, for example, semiconductor, data center, green hydrogen, coal gasification, aerospace, defence, nuclear power.

So apart from the normal industry that has been operating for last 50 years-70 years, likes of oil and gas, food processing, pharma, fertilizer and so on and so forth, power generation and all and automotive. So there is a lot of sunrise sector that is coming up in India where the consumption is going to come up.

Then there is a bit of domestic production of traditional industry which were consuming stainless steel seamless pipe and alloy seamless pipe, those are having new capex and also they have repeated maintenance requirement. Third is there is an export market which is opening up where you can see other listed peers are doing very good in terms of the export numbers because mainly, they require huge number of amount of seamless pipe for replacement and all.

There is a lot of oil exploration and energy security work is going on international level, so from Russia, also from European and from American, and also from Latin America there is a lot of demand for stainless steel seamless pipe and alloy seamless pipe. So in terms of demand, the current size if you see it is very nominal 2 lakh ton per annum to 3 lakh ton per annum which is documented basically.

There is an undocumented market where people are not able to get seamless pipe and they are using carbon seamless pipe as a replacement. So, there is a latent market also where the seamless pipe growth will be there. So we believe in next decade seamless pipe, when I say seamless pipe, alloy and stainless steel both -- going to see an exponential growth in next one decade or so. So that is why we are entering this segment.

Secondly, we are entering this segment through piercing method because we believe that is the product from piercing and the extrusion both are having the similar kind of use, both are accepted by the government agencies and the high-value engineering companies, plus the end user also accepting piercing as a method, and China predominantly using piercing method, and they are selling in international market, which is well accepted.

So piercing, which is very capital efficient, and also in terms of conversion cost also, it is very efficient in comparison to extrusion method. So we are using piercing method. And in terms of sourcing, currently we are entering this segment by having our own piercing line and having our own pilgering line.

So we will be procuring round bars from outside the market. So if you see in India, there are a lot of large round bar manufacturers who are presently having low-capacity utilization. So, preliminary, when we got in touch with people, they are happy to sell the kind of round bar in terms of grade, in terms of size, they are happy to produce and supply to us.

So there is no problem in terms of round bar sourcing per se, if you see, in terms of grade and size. And now from the round bar, we will be having -- from day one, we will be having our own mother hollow making capability, and from there we will have our seamless pipe making capability from pilgering process. So that is how we are entering the market.

Going forward in the Phase 2 or maybe Phase 3 down the line, we will be having fully integrated facility in terms of seamless pipe manufacturing also where we will have our own power plant, we will have our own SMS facility, we will have our own round mill also. But for the starting purpose, in the Phase 1, or initially, we are planning to enter through only mother hollow making and seamless pipe manufacturing processes, and backward integration will be in the future capex cycle, that we will be announcing.

Devesh Lakhotia: Got it, sir. That was very detailed. Secondly, in terms of the carbon, on the carbon steel side, just wanted to check with you. So on the ground, when we speak to dealers, distributors currently on the pipes as well as steel side, what we are hearing is there is a bit of a shortage in the market in terms of HRC availability.

So just wanted to get some feedback in terms of how are you seeing the market right now? Are the spreads in terms of our margins? While you did indicate Q1 was very high and shouldn't be reused, but is kind of margin -- is the margin profile in the pipe side better now versus Q2? So overall, broadly, in terms of how the market is shaping up.

Bikash Agrawaal: So traditionally -- so there are two, three questions you have asked actually. So in terms of coil, so predominantly we are procuring less than 4,000 ton to 5,000 ton coil from outside market, which in turn are getting used for manufacturing above 5-inch of pipes and tubes and for manufacturing our coated product.

So in that respect, the volume requirement for us is very less. So we are not seeing any kind of availability issue in terms of HR pipe. And this situation is very much ideal to me actually because I am fully integrated -- I have -- more than 80% of my coil requirement is actually in-house production.

So for me, it is a very ideal scenario where as per your statement market is not getting coil but I am manufacturing my own coil. So, there is -- even if there is scarcity of coil, so I will be the better person and I'm also getting the benefit out of it. Secondly, in terms of margin, yes, I mean if you see Q2 usually lacks the number that we actually posted.

Traditionally, Q2 is very low margin and low profitable quarter for any of the steel company, but steel we have surpassed our Q1 number also, and in terms of margin also we have our margin of more than 12%, which is actually exponentially, as in we feel is very good number in terms of our assessment, vis-a-vis the monsoon season, which traditionally do not give such number.

So I think the kind of situation we are in, our business model is still resilient and testament to what we have been preaching to all our investors that the backward integration is where you secure your own raw material rather than depending on the supply side where you are basically dependent on four to five large manufacturers for your supply of coil.

So you basically have your supply chain in somebody else's hand. So this is testament to our business model that during this situation where the scarcity is there, we are emerging as a better resilient player in terms of integrated steel pipe manufacturer.

Devesh Lakhotia: Got it, sir. Thanks a lot.

Moderator: Thank you. The next question is from the line of Shweta Dikshit from Systematic Group. Please go ahead.

Shweta Dikshit: Hi, good evening, and thank you so much for the opportunity as well as congratulations for great set of numbers. So my question firstly pertains to stainless steel. While you highlighted that waiving of QCO norms for imports is one of the challenges that the industry faces, but with the Middle East conflict going on, we are seeing other companies who are facing difficulties in terms of sourcing of scrap for any recycling company or for any other stainless-steel manufacturer.

So where are we positioned there? How has been the situation for us? How are we navigating through it? And what can we expect to happen in 3Q, if we have implemented any measures to overcome that? That's my first question. Second question, while you highlighted a lot of tailwinds which are there for stainless steel demand, a lot of global macros in terms of emerging sectors and sunrise sectors.

But for Sambhv entering into a new segment which is for seamless stainless steel pipes, so could you highlight what is your preparedness in terms of entering the segment, and how do you plan to build customer relationships or position your product? And what has -- have there been any inquiries or something like that which drove you to take this decision to enter into this segment? So these are my two questions.

Bikash Agrawaal: So first I'll address your import problem where you said -- so basically scrap import is a problem, yes, due to the non-availability of ships or non-availability of cargo. So, there is no problem in terms of scrap. The scrap transporting is a problem, that I would say, first. Secondly, in terms of raw material dependency, we are only dependent on high-value alloys which actually replace nickel as a substitute in our liquid melting.

So that is where we are importing a lot of cargo for substituting the nickel. So that is what first. So my other raw material, which is manganese, chrome, and sponge, or let's say MS scrap, that I am procuring domestically. So, I am not that much impacted because of the supply side problem of stainless-steel scrap.

So I do not require much of a scrap vis-a-vis my production capabilities. So I only produce, 5,000 to 5,500 ton per month, which is looking at the market size is very less. So at this 5,000, 5,500 per month of production my sourcing of high value nickel alloys scrap is very much easy and I am able to do it currently, and up to this date I am able to do it.

In terms of whenever the Kesda will come, I hope this supply chain problem will get solved. And even if it is not solved, we have been tying up with Indonesian and international traders for sourcing nickel pig iron for our melting of 300 series and melting of our 200 series steel slab. So I think that problem we will be addressing through this method.

And in terms of other raw material like chrome, silicon manganese, and your MS scrap, I think it is domestically available and we are not finding any problem in terms of sourcing of them. Now coming to the seamless side, yes, so this project is not like announced in a very haphazard manner. It has been conceived for last 2-3 years, have been going on detailed study in terms of how the production should be, what the production team should be, what is the location should be, what kind of market is there.

So technical studies is also done. So we are on the verge of signing for our plant and machinery. We are just final stage of acquiring the land. So we just received our warrant proceeds of INR25 crores, which we are going to use for our plant and machinery and land acquisition payments. So, second, we have also received our PLI approval and we have also signed MoU under PLI 1.2 for seamless pipe sales to the certain priority sector.

As we have mentioned the earlier questions, the priority sector would be like data center suppliers, semiconductor, defense, nuclear, and all that, where we will be getting approximately 13% of our revenue as a incentive from the Government of India. In terms of initial production and sales, yes, we require certain approval from certain manufacturers of OEM and all the critical equipments.

But prior to that, there is a good amount of replacement market or trader market which is available in India, which in turn are dependent on import and selling in the domestic market. So we are, for last 1 year to 2 years, we have been identifying good salespersons and marketing persons and liaising persons and have been hiring them, and we are creating our own touch points related to selling in the market for replacement, or where the approval is not required.

So that market we are now started exploring, and we will start capturing. So we still have 1.5 years to go to start our production. So before that, we will be ready with the sales in terms of the market which no approval is required. So initial sales for 1 year to 1.5 years will be to this market of commercial market, I would say.

And then within -- once the production is start, and within 1 year or 2 years, I will be getting at least domestic critical approvals that is required to supply to certain OEM and critical equipment manufacturer, and we will be supplying them.

At the same time, we will be going international with our liaising and sales team who will be liaising with the international market player or the warehouse keeper, or maybe the trader, international renowned trader who will be purchasing the seamless pipe from us, or we will be

giving them whatever required material that they are not getting currently from international market. So that is how we are approaching the market.

So we have been in the market in terms of relationship building for last one year and we are still 1.5 year to go in terms of production, so we will build up the market till that day, and once the production is live, we are hoping that the kind of capability we are having in terms of manufacturing, we will be coming up with very good and quality product which market demands and we hope it will be quite accepted in commercial as well as critical approval market also.

Shweta Dikshit: Understood, sir. Thank you. And just to follow up on this, so this INR150 crores of capex, this is not a part of the already approved capex of INR1,200 crores which is ongoing. So, this becomes a part of phase 2 and phase 3 basically. So, total capex, how much are you looking at over the next, till FY30 target?

Bikash Agrawaal: FY31, I would say, it will be around in the range of INR400 crores, where this initial capex performs well, then I may add backward integration and I will look for scale-up of this particular production capacity which I have given currently. So current capacity which we are currently coming up in the initial phases is around 14,400 ton per annum, which is basically also very high in terms of current market scenario.

But going forward, we will be definitely looking for a full backward integration and also scaling up or maybe double or triple this capacity once the market accepts or we get the major approval from international player and the domestic player.

Shweta Dikshit: So this INR400 crores will be over and about the entire capex that you have planned to reach 2 million tons of capacity. What is that number exactly?

Bikash Agrawaal: So this is a rough estimate that I have given and this is basically over and above the 2 million ton capacity that we have announced under Vision 2030. And this is under subsidiary where we will be looking again 50% of our internal accrual and 50% through maybe debt or maybe some equity raising event in future. That will be done post our 14,400 ton of capex and the production gets live.

Shweta Dikshit: Understood, sir. Thank you. That's it from my side.

Moderator: The next question is from the line of Aditya Welekar from Fyers AMC. Please go ahead.

Aditya Welekar: Yeah, thank you for the opportunity, sir. Once again, on this seamless pipes. So initially you are planning to set up austenitic stainless steel. So what kind of EBITDA per ton we can expect from this? And on this total INR400 crores of capex, what kind of ROE or Return on Capital you are targeting?

Bikash Agrawaal: Aditya ji, see, INR400 crores is what we aspire to do, but currently what we are doing is INR150 crores. So let's stick to INR150 crores currently, which we are doing. So because this will also take 1.5 years to spend and come up with the production, then stabilizing the production, getting approval, it takes another 2 years.

So we will be entering, let's say, to FY28, FY29 and FY30. So with INR150 crores, we feel we will be at least getting 10,000 ton production by FY30 at max. With FY30 with 10,000 ton of production, with an average realization of INR400 per ton, we think we will be somewhere generating around INR400 crores of revenue, where margin which currently people are realizing around 18%, we believe at a normal basis 15% to 16% margin with pilgering and piercing is a normal margin.

So with that, we are having EBITDA margin in terms of this capacity, we will be around INR60 crores to INR70 crores, which we will be feeling is a comfortable number by second year of full operation.

Aditya Welekar: On a per ton basis, sir, if you can quantify the EBITDA per ton?

Bikash Agrawaal: See, there is a lot of grades and lot of sizes that is there. So in terms of blended, if you see, for 304 series, I think INR350 to INR360 is the pricing at which below 8-inch pipes are getting sold, where the margin is around INR50 to INR55 currently. Somewhere some people are also realizing INR60 per ton.

In terms of 316, people are having realization of more than more than INR450 approximately, and predominantly up to 8-inch it is INR450, and for 8-inch to 12- inch it is approximately INR500, where the margin is again INR80 to INR90 that people are realizing. So I think this is what it. So initially, we want to capture 304 and 316, which is basically high domestic demand also and high international exports which is happening in terms of 304L and 316 series. So this is what we are currently planning.

Aditya Welekar: And in next phases, are you planning to set up, say, martensitic or nickel alloy-based seamless pipes?

Bikash Agrawaal: Currently that is not on the table, but yeah, so we also have invested in Vajra alloy, which is going to have the production of Nimonic, Inconel, and Monel, and that high nickel alloy products. So if required, if there is a demand, then we will procure round bar from them and we will be doing seamless pipe out of it and we will selling into the market. But currently we are focusing on 300 series of seamless pipe, which is a low-hanging fruit which we feel currently.

Aditya Welekar: Understood. And just one last one. So this raw material for this austenitic stainless steel, you said that you will be procuring the round bars. So this entire procurement will be domestically sourced, right? You do not have to import this kind of steel. Is that correct?

Bikash Agrawaal: Which steel, sir? Can you come again?

Aditya Welekar: For first phase of 14,400 tons per annum of austenitic stainless steel, the raw material sourcing of round bars, it will be done domestically, right?

Bikash Agrawaal: It will be done domestically. I think we are in an advanced stage I mean, obviously we have done our homework, so domestically it is amply available. I think a question that is answered that in the Swetha ma'am's question that there is a lot of players who are manufacturing only

round because since round is not only made for seamless, they have been made for round wire, TMT, stainless steel, round bar, hexagonal bar, square bar, angle channel.

So it has a lot of use. So there are a lot of players who are manufacturing round currently in India. So we will be using that as a raw material, so we do not aspire to import that from outside India currently.

Aditya Welekar: Understood. Thank you, sir. Thank you.

Moderator: The next question is from the line of Chandresh Malpani from Niveshaay. Please go ahead.

Chandresh Malpani: Hello. Am I audible?

Moderator: Please go ahead. Yes.

Chandresh Malpani: Yeah. Thank you for the opportunity. Sir, My first question, I am talking about the quarter-on-quarter growth in the structural pipe but let's say this quarter if we were at 76% utilization in this category so, is there any scope for further, I mean, capacity improvement here until the new capex that is planned for Q2 FY28?

Bikash Agrawaal: **I** think that I do not have an affirmative answer to that. So we are optimally utilized in terms of capacity utilization. So there is no further scope of for higher capacity utilization in Q3. And in terms of volume also, I think Q2 was something-- again, in terms of volume, there's a lot of destocking that has happened in our plant level. Distributor and the trader have in anticipation of price increase, they have -- a lot of lifting has happened in terms of MS pipes and coil and coated products.

So I think in terms of volume also, I think we want to achieve Q2 number, but I think we have to restrict ourselves into what we have achieved in Q1. So that is what best we can achieve in terms of capacity utilization also and in terms of volume also.

Chandresh Malpani: Okay, got it. And so, secondly, in your earlier remarks you mentioned about the reasons for the fall on gross margins. But let's say the monsoon effect, once this reverses in Q3, so maybe our other expenses and employee benefit expenses were flat on a quarter-on-quarter basis. So I mean, this should also help us to improve our EBITDA margins once the gross margin improvement happens in Q3 or Q4?

Bikash Agrawaal: See, from here on, if the price gets increased and back-to-back raw material price doesn't get increased, then I can see a price in terms of margin or gross margin increase. But the number what we are currently showing is, I think, the best which we can, in terms of margin, in the current set of integrated facility, this is the best number in terms of margin that we are posting. That is around not Q2, but around 13% what we have shown in Q1.

Chandresh Malpani: Okay. And maybe, can you also tell us about the in-house and the outside mix on the structural pipes? What was that mix during this quarter and Q1?

Bikash Agrawaal: So there is no specific number to it, but in total if you see, including our coated product division and in terms of MS pipe division, around 5,000 ton is what we are currently procuring from

outside, which are getting in turn used for either GP pipe manufacturing or maybe used for above 5-inch and below 7-inch pipe manufacturing. In terms of tonnage, it is approximately monthly 5,000 ton per month.

Chandresh Malpani: Okay. And one last question is on the working capital days, which has significantly improved in this quarter. So I mean, 4 days-5 days is the range that we are kind of going to maintain it, or how should one look at it?

Anu Garg: Yes. So I will take this. So working capital days, yeah, definitely has been improved to 4 days to 5 days in this quarter and half year. But there are so many reasons for this. In this quarter, as Bikash sir has already mentioned, the destocking of stock has been done and distributors has lifted a lot of stock. And the second reason behind that is the recovery from the customer is very much improved, and we got a better credit terms from the suppliers.

So, we would be able to achieve 4 days to 5 days. But, yes, I can say that maintaining 20 days to 25 days as a working capital days is optimum for my company and the industry as well.

Chandresh Malpani: Okay, yeah. T hat was helpful. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Shubham from 3A Financial Services. P lease go ahead.

Shubham: Hello, sir. First of all, congratulations on a great set of numbers. I had a couple of questions. Firstly, regarding the capex for Phase 2 and Phase 3 that you have mentioned in the PPT, so what would be the capex for that?

Bikash Agrawaal: There is no rough estimate currently we do have because it is not being approved by the Board. But if I say in terms of monetary terms, approximately we believe it will be in the range of INR1,500 crores to INR2,000 crores for both the phases, including all the power.

Shubham: Including Phase 2 and Phase 3?

Bikash Agrawaal: Yeah, Phase 2 and Phase 3.

Shubham: INR1,500 crores to INR2,000 crores?

Bikash Agrawaal: That will be the maximum that I would like to give.

Shubham: Okay. And this would obviously include the SS expansion as well, right?

Bikash Agrawaal: Yeah, both. It completely includes my all cost initiatives. It includes my power plants, it includes my future Phase 2 and Phase 3, everything.

Shubham: Right. And I wanted to know more on the pricing, the realization for the end products. How were the prices this quarter and what can we expect for the remainder of the year as well?

Bikash Agrawaal: So in terms of Q2, if I see the realization in terms of MS price was in the range of INR60 to INR61. For GP, approximately it was INR72 to INR73, including GP pipe and coil. And for SS,

it was like 130,000 ton. And in terms of 300 series, it was like 230,000 ton. In terms of Q3, the current price which is going on is like -- because the coil price is little bit elevated, so current realization which is going on for Q3 is approximately INR63 to INR64 for pipe segment, MS pipe segment, around INR78 to INR79 for GP coil and pipe and approximately again the price per stainless steel is stagnant which is in the range of 1,30,000 ton for 200 series and 2,30,000 ton for 300 series is what currently price is going on.

So I think Q3 is the number which I think this is the number is going to be because there is no way I can see the price of coil coming down. And for the entire year, if you see, I think, the net realization will be in the similar range only.

Shubham: Okay, sir, thank you. A question on the stainless-steel seamless expansion. A few players stainless steel players also have expanded their capacity, and we are also coming with our 14,400 capacity. So are we targeting to take our expansion as an import substitute, or would we be gaining some market share from the other players or some market share from the unregulated players?

Bikash Agrawaal: So, yeah. So there is nothing specific that currently I will clarify this way. So the current market demand which is there is now-- the increase in market demand is very high. In terms of growth, I do not know. There is nobody who can give me an exact number, but I think, very rough back-of-the-envelope calculation that I do have as a management, I would say the current market will be 10x, in the next 10 years.

So yes, there is an exponential growth in terms of demand for alloy and stainless-steel seamless pipe that is there in the market currently. So we will be catering to that.

Secondly, yes, there are a lot of people who have already announced the capex looking at The future because they are also seeing the kind of demand. If I see current waiting period for getting a seamless pipe is six months to eight months. So we are now in the era of nineties where you have to book a scooter and you have to wait for six months to get a scooter. So that is the kind of scenario that is happening in stainless steel seamless pipe currently.

Third is domestic scenario you have to study where I see four to five players majorly having more than 10,000 ton of production capacity, approximately seven to ten people who are there below 10,000 ton and above 2,000 ton per capacity, and there are a lot of players below 2,000 ton per capacity.

So once a fully integrated player comes into the market with good amount of financial background, good technology, sourcing capability and technology know-how, people like us, so when there are people who are entering in this segment and scale up very fast, then I think there is a market consolidation that will happen.

And the smaller players who are there currently, either they have to go backward integrated or scale up, or they might be going out of the business, the people who are having less than 2,000 ton capacity annually, and the number is around 25 to 30 who are currently operating in India. And there is also above 6- inch of seamless pipe is predominantly 90% is basically imported in India.

So we are still in terms of that size, we are still dependent on China and other markets. So that is also a market that we are addressing through this manufacturing plant. So if you see, we are going to manufacture up to 12-inch of seamless pipes. So yes, we are targeting the growth, we are targeting the consolidation that is going to happen, and we are targeting the import substitution as well through our manufacturing plant.

Shubham: That's great, sir. One last question would be...

Moderator: Sorry to interrupt you, Shubham. There's a long queue. Can you please rejoin for a follow-up?

Shubham: Yeah, sure.

Moderator: Thank you. The next question is from the line of Virag Shah from Elios Financial Services. Please go ahead.

Virag Shah: Hello, am I audible?

Moderator: Yes, sir.

Virag Shah: Yeah. So I just wanted to ask about the upcoming capex plans, Like all of them, if you could just enlist them and when will they go live and when will they be commercialized so that it is easier for me to understand when will it start reflecting on the financials basically? That's the only question.

Bikash Agrawaal: So, yeah, I can highlight current capex that we have announced. So let's say we are coming up with a 360,000 ton of stainless steel integrated facility along with 25 megawatt of power plant to cater to the energy requirement of that plant, so it will be live by March 2027. We are also coming up with 30 megawatt of power plant in our Sarora unit, which currently is energy deficit. We are procuring around 50% of our electricity requirement from the grid at the rate of INR7.50 to INR8.

So that capex of 30 megawatt power plant of INR150 crores will be live by September 2027, which will help me cost saving of INR60 crores to INR70 crores at minimum. Then there is a small brownfield expansion that we are doing through pipe manufacturing unit through DFT route where our capacity of pipe manufacturing will be going from 3.5 lakh ton to 5 lakh ton. So we are adding 1.5 lakh ton of integrated pipe manufacturing facility. So that will be live by September 2027.

And then we have recently announced seamless pipe manufacturing capability, our manufacturing plant, which will be live by March 2028. So we are approximately six quarters to become live for this particular seamless pipe manufacturing plant. So this is how it is stacked up. In terms of Phase 2 and Phase 3 of Vision 2030. I think that we will be commenting once our Kesda plant gets live in March 2027. Then we can give you a complete clarity in terms of Phase 2 and Phase 3 of our future projects.

Virag Shah: Understood, great. And would you stick to your FY27 and FY28 guidance for the top line and the EBITDA margins, if you could restate that?

Bikash Agrawaal: Yes, sir. So in terms of '27, we feel we will be approximately achieving in terms of sales, including my Kesda plant, approximately 5.5 lakh ton. Currently, I am doing value-added product of 4.2 lakh ton. 1 lakh ton will be added from stainless steel pipe division -- stainless steel coil division, and around 40,000 ton to 50,000 ton will be added in terms of DFT route pipe manufacturing capability. So approximately 5.5 lakh tons is what we are aspiring to achieve in FY28, where my EBITDA will be upward of around INR550 crores.

And in terms of '28, once my Kesda unit fully gets utilized, so my volume will be approximately upward of around 7 lakh ton, and EBITDA level, we are looking upward of around INR750 crores.

Virag Shah: Great. That's from my side. All the best.

Moderator: Thank you. The next question is from the line of Ashray Sheth from Ventura Securities. Please go ahead.

Ashray Sheth: Hi, sir. Firstly, congratulations on a wonderful set of results. So basically, I wanted to ask about the target that we had set for FY30. So we had targeted 60% utilization by FY30. So given our seamless capex is also going live during this period, so is the capacity utilization target still the same?

Bikash Agrawaal: For which unit are we talking about?

Ashray Sheth: Seamless unit.

Bikash Agrawaal: Seamless steel?

Ashray Sheth: Yeah,

Bikash Agrawaal: Seamless. Okay. So seamless, so I will be having our first year of operation in FY29, which I believe approximately 30% capacity utilization at best we can achieve, and then 60%-65% of capacity utilization that we can target for FY30.

Ashray Sheth: So as a business as a whole, so we had targeted 60% utilization. So that target would be stay put, right, with the current expansion also?

Bikash Agrawaal: Yes.

Ashray Sheth: Okay. And secondly, sir, we have been also targeting in-house power. So we are adding some captive power production also. So can you give us an idea of how much EBITDA spread are we saving --utilizing our in-house power plant? So we are targeting, I think, 7,000 EBITDA per ton to 8,000 EBITDA per ton. So how much EBITDA spread are we saving by doing so?

Bikash Agrawaal: So in terms of percentage, I would say 1% to 1.5% if I will have 100% or, let's say, more than 90% of our electricity through our captive power plant, then there is an incremental EBITDA that we can target for around 1.5%. In terms of EBITDA per ton, if you see, it will be approximately INR1,000 to INR1,500, somewhere in between, in terms of power saving cost

that I will be getting from my internal or captive power plant that I am going to have. So this is the two numbers that I would like to have.

Apart from that, we are also in the phase of studying or maybe doing some capex in Phase 2, Phase 3 where we will be having our own syngas plant, we will have our own acid regeneration and oxygen and nitrogen plant, which will save the cost to the tune of, let's say, in terms of monthly I would say INR3 crores to INR4 crores, having 2 million ton of production that point of time.

And so in a way that will also give a 1% of margin attrition to me. So with our internal cost initiatives, cost rationalization initiative, I would say our cost reduction strategies that we are implementing in terms of captive power plant and other cost optimizing initiatives, approximately 2.5% to 3% of margin, EBITDA-level margin accretion that we are targeting by 2030.

Ashray Sheth: So that's great. That's great. So I wish you for continued success. Thank you.

Moderator: Thank you. The next question is from the line of Yash Desai from DB PMS. Please go ahead.

Yash Desai: Hi, sir, and congratulations on a great set of numbers. My first question is on the outlook for H2. So I think if I look at your H1 numbers, your top line has grown by about 38% and your volumes have also gone up by about 20%. So -- and you guided around the 10% to 15% growth in both. So do you plan on revising that number for the rest of the year or are you still sticking to that range?

Bikash Agrawaal: Sir, let's say, we aspire to achieve around 4,10,000 ton to 4,25,000 ton of total value-added product sales, where approximately more than 2,40,000 ton will be from MS pipes and tubes, and approximately 1,10,000 ton to 1,20,000 ton for galvanized coated product, and around 50,000 ton to 60,000 ton of stainless steel coil product that we would like to sell. So this is in terms of volume.

In terms of EBITDA, yes, I would like to increase or maybe revise upward for my target or bracket of EBITDA margin per ton. That is I think around 8,000 to 8,500 is the bracket that we would like to give for full year of FY27, which is, looking at the current scenario, is quite optimistically achievable now.

Yash Desai: Okay. So that's helpful. And sir secondly, what was your series split between 200 and 300? And the follow-up on this industry question, I think, post this QCO relaxation, do you see that INR12,000 to INR13,000 margin sustainable into Q3 and Q4?

Bikash Agrawaal: Yes, sir. So Q2 impact was very bad in terms of-- because a lot of shipments arrived in lot of ports. So that started -- so traders started distributing that. So because of that, vis-a-vis Q1 -- my Q2 EBITDA per ton in terms of stainless steel is hovering somewhere around INR12,000 per to INR13,000. So with the import already there, already the products are already there in the market, still I'm I think getting INR12,000 per ton to INR13,000 per ton EBITDA margin. So I think in Q3 and Q4 also it is quite sustainable.

Yash Desai: And, sir, what was your mix between 200 and 300, if you can just say that, if possible?

Bikash Agrawaal: 90% is around 200 series that we are selling, and around 10% is, what, 300 series product that we are selling currently. So this is the current mix that we are having currently, and also we are going forward. So will be that mix only.

Yash Desai: Sure. That's helpful, sir. And if I can just squeeze in one last question. In your PPT you mentioned your H1 debt-to-EBITDA is around 1.04x, and by end of year, do you still see it being at that same level, or do you sort of have a range of what you want to keep it?

Bikash Agrawaal: So on a net debt basis, yes. In terms of the ratio, we would like to have this ratio intact for a full year by, let's say, end of Q4 FY27.

Yash Desai: Okay, okay. Sure, sir. That's helpful. That's it from me.

Bikash Agrawaal: In terms of, since we have-- we are in the capex cycle and our Kesda unit is going to be live, so I think this will increase a little bit to approximately somewhere in the range of 1.4x to 1.5x on a net debt basis to operating EBITDA level.

Yash Desai: Okay. Sure, sir. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Pranav Jain: from Ageless Capital and Finance. Please go ahead.

Pranav Jain: Hi, sir. I hope I'm audible. Thank you for the opportunity. Sir, my question was on the stainless steel side of things. So we're coming up with a big expansion here. We have 3.6 lakh tons coming up. Just to that, sir, your largest peer on his call, he said that the market -- he's been unable to grow volume-wise because of the QCO exemption and the Chinese dumping of the 200 Series, which is a relatively higher portion of our stainless steel deliveries.

So I just want to understand how confident are we considering we already had additional capacity this quarter, but stainless steel as a segment didn't grow? So out of 3.6 lakh tons that's coming additionally, how should we look at it?

Bikash Agrawaal: So, we are operating somewhere below 1 mm thickness of cold rolling coil, which the larger peer or the market leader is not operating at that. Secondly, we are having support of PLI scheme where we will be getting around 10% of our revenue in terms of sales as an incentive from Government of India for this particular stainless steel manufacturing plant they're coming up with. And we will be manufacturing 0.1 mm to 0.4 mm of coil.

The current facility is, we are able to manufacture 0.4 mm to 0.9 mm. But in the future, I mean, we will be having -- the width size will be approximately 600 mm, and my thickness will get reduced to 0.1 mm to 0.4 mm, which is completely imported from outside market to India. So this will be a complete import substitution. So I think that is where we feel, along with the PLI, along with the larger widths and along with the lower thickness, we will have a win-win situation.

Secondly, in terms of import also, there is a-- so let's analyze how import is working. So see, currently in India there are a lot of products that Indian manufacturers are not producing. In fact, there are 3 manufacturers in India who are manufacturing stainless steel coil through integration. So there is a lot of-- there is no, you know, a full spectrum of product that is get manufactured in India.

So for a downstream product manufacturer, let's say utensils, water bottle, decorative items, so what they are dependent on? They are dependent on import items, okay? So imported coils. So they have to give advance to the trader. They have to wait for 2 or 3 months to get the product in their manufacturing plant.

When we will come up, we will be having instant delivery facility, or maybe the delivery time will be squeezed to 15 days, and there will be certain payment facility to them. So their working cycle will also increase, so their profitability income will increase. So in, in the supply chain side, if you see, the Indian downstream manufacturers are actually in a win-win situation where Indian manufacturer is going to give them what import is happening, or the import substitute, they do the import substitution.

So if you see their representation to Government of India, all these SME players who are into utensils, water bottle, decorative item, or maybe certain pipe manufacturers, they are giving only one logic to Government of India, is that they are not getting the product or the supply from Indian manufacturers what is required for their downstream productions.

So once we will be coming up with 300, above 300 mm width of coil with below 4.4 mm of thickness, with some payment facility and with some clarity on the delivery Then I think that is where, uh, I think we will win the market or we will be able to sell our product.

Pranav Jain: Understood, sir. Thank you so much for such a detailed answer. Sir secondly, can you please tell me the expected utilization level that you all are discussing internally for FY27 and FY28 for stainless steel?

Bikash Agrawaal: So stainless steel, if you see, since we are mostly manufacturing below 0. 9 mm to 0.4 mm thickness of coil. So with the capacity also, we are operating somewhere around 60% currently, which is optimally, if you see global level, all integrated stainless steel coil manufacturer operates around 60%-65%, and lower your thickness is, lower your utilization are.

So currently we are -- our plant capacity utilization is at an optimal level. Going forward, once my 3.6 lakh ton of Kesda unit come up, let's say, by March 27th, then in the first year, I feel, with the ramp-up, we will have around 30% to 35% of capacity utilization, and by FY29, it will be around 60%-65%.

Pranav Jain: All right. And it is on track, sir, the new expansion to come up by March 27th?

Bikash Agrawaal: Yes, sir, it is on track.

Pranav Jain: Good, sir. Thank you, sir, and all the best.

Moderator: Thank you. The next question is from the line of Masood from Genesis Research. Please go ahead.

Masood: Yeah. So first of all, congratulations for such a great set of results. So I just wanted to understand that once the Kesda facility, which is going to be operational from March 2027, what would be the potential future revenue target for Sambhv Steel Tubes?

Bikash Agrawaal: So for future, I mean, FY28, I would say?

Masood: Yes, yes. FY28.

Bikash Agrawaal: From the stainless steel, let's say I aspire to add another 1 lakh ton of steel from stainless steel, 1 lakh tone to, let's say, 1.2 lakh ton . So if I do 1 lakh ton with 50-50 of 200 series and 300 series, then approximately I think we'll be around -- we will be adding around INR2,000 crores of sales in FY28 from stainless steel.

And we will be having another 50,000 ton sales from MS DFT Mill -- MS pipe from DFT Mill. So that will be adding around INR300 crores of sales, so which in turn approximately INR2,300 crores to INR2,400 crores of sales additionally from this existing capex cycle that is going on, which will be done in FY28.

Masood: Okay. Thank you so much for the answer. That's all and all the best.

Moderator: Thank you. The next question is from the line of Mehul Panjuani from 40 Cents. Please go ahead.

Mehul Panjuani: Hello sir, namaskar.

Bikash Agrawaal: Namaste, sir.

Mehul Panjuani: Sir, in the last quarter, I joined your call and you were quite positive for the whole year. And today, I could not check your results and I joined the call a little while ago. So, I can understand a little bit of the question being answered that your results are very good. So, what has been good and what could have been better in your Q2 performance? And did we miss anything?

Bikash Agrawaal: Nothing could have been better, to be very honest. Because everyone is aligned. Like India's largest steel manufacturer has good numbers, we also have good numbers, our market leader also has good numbers. So, everyone's numbers are good. Ours is also the same. One thing could have been better that the QCO norms would have been relaxed.

So, my EBITDA of stainless steel could have been around 16-17, which is approximately, you can see. In turn, if I multiply it in terms of tonnage, then my EBITDA of around 6 crores-7 crores from the stainless steel division is a little less, which could have been more than my Q1.

Mehul Panjuani: Sir, which regulation did you talk about?

Bikash Agrawaal: Only the Government of India will have to take action. Only then it can happen, sir. That is nothing that we can count.

Mehul Panjuani: Okay, sir. Sir, the geopolitical scenario from the last 3 months, I mean, it was before Q1, but it has become very volatile in the last 3 months as well. So, according to that, whatever we planned in Q2, have we been able to do it or are we facing any problems? I mean, have we faced any problems in the last 3 months?

Bikash Agrawaal: Sir, there are no problems as of now in terms of geopolitical situation. In fact, if you look at it, steel and food items are the only things that people go back to the basic and have been performed well in terms of commodity. If we look at the war situation, it would have prolonged the upward cycle of commodity, which we are seeing now.

And the way the Government's Vision 2047 has come, according to that, we feel that the thought process is in terms of 500 million tons-600 million tons by 2047. So, we are moving in the right direction, sir. And due to the war situation, the awareness also increases in terms of, like if you look at the Government's policy, then alloy steel and stainless steel have been focused more in the Vision 2047 National Steel Policy.

So, the Government is now understanding that if the geopolitical situation arises like this, then the Government feels that India should always be self-sufficient in terms of all the kinds of steel that we can manufacture, which we are currently not manufacturing.

Mehul Panjuani: Okay. Sir, can we say that the performance of Q1 and Q2 can continue in Q3 and Q4?

Bikash Agrawaal: If this situation remains geopolitical, then yes, sir, it can continue subject to geopolitical situation, sir.

Mehul Panjuani: Yes, obviously, if something worse happens than this, that is, what is going on now, if something else goes wrong in the scenario, then it is a different matter. But if this situation is…

Bikash Agrawaal: It is very good for the steel cycle that there is a ramp of demand in the cycle, people are not able to import goods from outside, so which is good. And the Government is also working on a raw material cycle that coal availability, iron ore availability is also going to increase a lot. So, for people like us who are completely, doing value addition through integration, it is a very good situation for us, sir.

Mehul Panjuani: Okay, okay. Sir, last question. So, whatever plan we had told in Q1, are we progressing on time or are there any delays or has anything changed in that?

Bikash Agrawaal: To this point of time, as on date, yes, we are in on track, sir. There is no delay that I need to emphasize on.

Mehul Panjuani: Okay, sir. Thank you so much. Thank you.

Bikash Agrawaal: Thank you, Mehul.

Moderator: Thank you. Next we have a follow-up question from Shubham from 3A Financial Services. Please go ahead.

Shubham: Hello, sir. Thank you for the opportunity again. I had a couple of more questions. Firstly, what would be the working capital that will be required for the SS expansion, seamless expansion?

Bikash Agrawaal: In FY28, it will be in the range of INR150 crores to INR200 crores at max.

Shubham: This would be the working capital required?

Bikash Agrawaal: No, I'm talking about -- you asked about seamless?

Shubham: Yeah. SS seamless for the FY28. What sort of working capital do we target?

Bikash Agrawaal: In FY29, for a production of let's say 3,000 ton to 4,000 ton, we think INR50 crores to INR60 crores is at max we require in terms of working capital.

Shubham: And at -- when do you-- when do we expect to reach our targets of 10,000 metric tons? In what year?

Bikash Agrawaal: FY 2030.

Shubham: FY30. Okay.

Bikash Agrawaal: The second year of operation.

Shubham: Okay. And one more question would be, what sort of go-to-market strategy would we implement to enter the market, to penetrate the market? Would we sell below? Because I think it's -- I think the imports are cheaper than what the domestic players are selling, at least INR3-INR4 cheaper. So do we also expect to cut our realizations to enter the market, or what would we be looking at?

Bikash Agrawaal: Okay, I will tell you 2-3 things in this. First, we have a PLI scheme. So, for me, 10% PLI is an incentive. So, I am undercutting the price a little bit. If you are talking about Chinese players imports, then I can also do it. That's the first thing.

The second thing is that the peers say that their margin is still 18%. So, I don't know how they are saying that there is no margin. Secondly, the go-to-market is that the replacement demand, the commercial market is very big in India. People are not able to cater in India. See, by exporting, you get a premium of 10%-15%. So, many of the manufacturers in India who are above 2000 tons per annum, their production capacity, they are focusing on export. So, the domestic player does not get that.

Third, there is a market for us that is already making products for OEMs, but I do not directly need the approval of OEMs. And the product that is being made, I can go to them and give my product, whose approval is not very difficult, but it requires to be a tested market. That is, they will test my product in-house.

If the product passes, they will accept my product and make their onward product and then sell it to OEMs. So, I also have that player who is coming to me, or we are having a conversation that we will take your pipe because we need approval to supply the pipe directly. But if I am a

parts manufacturer or if I am a supplier of any other component for the OEM or the manufacturer of larger engineering goods, then I do not need to take the approval of engineering goods for that. I will sell the product to the player in between.

So, we are currently targeting this market. And the basic approval will come to me in the next 3-6 months. Our licensing team is strong on the MS side and we have also started building up on the SS side.

Shubham: Okay, sir. And one more question was that you are targeting 17%-18% gross for this project or is it not worth of 20%-22%?

Bikash Agrawaal: For me, see, it's like 2 years down the line. But I think on a normal basis 15% is what I think is a normal EBITDA that I am aspiring. If I achieve more, then it is a very good thing. Because in the first year of starting, my operational cost will be a little more and production utilization will be less. And I will also be in a learning phase in terms of seamless pipe per se. The rest of the learning phase is very good for us. So, according to that, I think 15% is what we can...

Shubham: Sir, I am talking about return ratios. Return on capital employed.

Bikash Agrawaal: See, if I...

Shubham: You are targeting 18%?

Bikash Agrawaal: Maximum utilization of 50%-70%. See, I am thinking of a EBITDA of INR60 crores-INR70 crores. It will come to me easily. I am doing a capex of INR150 crores. Now, if you understand the capex of INR150 crores in such a way that in this, many of my things will also be will also be futuristic. I will acquire all the common infrastructure and land for the future. So, according to that, if I look at the investment of INR150 crores, then the number quite stack up well in terms of my return ratio, which I feel...

Shubham: Sir, your working capital will also come in this, right? Around INR170 crores?

Bikash Agrawaal: No, no. Working capital will come in INR60 crores. Where will INR170 crores come from?

Shubham: Sir, you said INR60 crores for 3,000 tons, right?

Bikash Agrawaal: No, no. My INR60 crores will come in 3,000 tons-4,000 tons. But you are talking about the initial extrapolation. I feel that yes, if I look at it that way, then in that time, that is, in 10,000 tons, my working capital will not increase that much. Because I will have to maintain the starting. I will have to do approvals. So, I know.

Later, the maximum that I have estimated for FY30 is approximately INR80 crores-INR90 crores. INR80 crores- INR90 crores is the maximum working capital that we require. Because if your product is approved, then you will also be able to do product planning that what product I have to make instant and what product I have to make and keep.

Shubham: Right, right sir.

Bikash Agrawaal: So, your sourcing of round bars will also be done just in time. That you get a cycle that at what time my order comes, at what time the goods come, what happens. The planning that has already been done, then according to that, I am seeing that INR80 crores-INR90 crores is my working capital Utilization of 9,000-10,000 tons per annum in FY30. This is my max working capital limit that I am seeing, sir.

Shubham: Okay. sir. Thank you so much for a detailed answer.

Bikash Agrawaal: 250 is what I can say, 240-250 is maximum which is my deployment of current working capital and capex. That will be there by combining both. Now, if you see above that, around 70 crores, so still I am hovering more than 2% per month of my number that we aspire to get in terms of ROCE. More than 24%, 25%.

Shubham: Right, sir. Thank you so much for your detailed answer. I wish you the very best.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Bikash Agrawaal: So, yeah, thank you everyone for participating in this call. I hope that we have addressed all your queries. Please feel free to reach out to our Investor Relationship team at Go India Advisors. We're happy to answer all your questions in future, whenever it arises. And thank you once again and have a great day.

Moderator: Thank you. On behalf of Monarch Networth Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.