

Date: 13/11/2025

To, The Manager, Listing & Compliance, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	To, Listing Department, National Stock Exchange of India Limited, C-1, G-Block, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051
<u>Ref: Scrip Code - 540393</u>	<u>Ref: Scrip Symbol - SMLT</u>

Sub: Transcript of Earnings Call for Q2 FY 2025-26.

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find attached herewith the transcript of the Earnings Call on Un-Audited Financial Results of the Company for the quarter and Half Year ended September 30, 2025, held on 13th November, 2025 (Thursday) at 04:00 P.M. (IST).

The transcript is uploaded on company's website as well on below link:

<http://sarthakmetals.com/investors-earningscall.aspx?mpgid=24>

The above is for your information and dissemination.

**Thanking You,
Yours faithfully,
For, Sarthak Metals Limited**



Pratik Jain

Company Secretary & Compliance Officer

Encl. as above.

Sarthak Metals Limited

Q2 FY2026 Earnings Conference Call Transcript

Event Date /Time – 13/11/2025, 4:00 PM

Event Duration: 23:23 mins

Management Representation by:

1) Mr. Sagar Shah – Vice President and member of the Promoter Group.

Q & A Participants

1) Vikas Kumar – Horseshoe investments

2) Aman Baxi – Individual Investor

0:42

Am I audible sagar?

0:44

Yes.

0:46

OK, good afternoon, everyone.

0:49

Ladies and gentlemen, thank you for joining the Q2 FI 26 earnings call of Sarthak Metals Limited.

0:58

I am Muthukumar representing Wisdom IR.

1:02

It is my pleasure to introduce a key member of the company's leadership team, Mr.

1:07

Sagar Shah, Vice President and a valued member of the promoter group.

1:14

Before we proceed, Please note that this call is being recorded.

1:19

The audio visual recording will be made available on the Company's website shortly and a full transcript of today's discussion will also be published thereafter.

1:30

For the duration of the presentation, all participants will be in listen only mode.

1:35

Once the management has concluded their remarks, we will open the floor for Q&A session.

1:42

A brief note of caution.

1:44

Some statements made today may be forward-looking in nature and subject to risk and uncertainties.

1:51

Actual results could differ materially from those expressed or implied.

1:56

With that, I now hand over the proceedings to Mr.

2:00

Sagar Shah of Sarthak Metals Limited.

2:02

Over to you, Mr.

2:03

Sagar.

2:05

Yeah, thank you, Muthu.

2:07

Good afternoon and a warm welcome to all our investors, partners and well wishers.

2:13

Thank you for joining us today as we review our performance for the second quarter of FY26 and more importantly, discuss the path we are charting for the future of Sarthak Metals.

2:27

My name is Sagar Shah and I represent the second generation of promoters steering this company forward.

2:34

Two years ago, in a similar forum, I spoke about transformation.

2:40

I outlined our conscious strategic decision to diversify beyond our core to build a business that is not just strong, but also resilient and future ready.

2:54

Today, I am here to report on our progress on that journey.

2:58

The results are tangible, Our vision is taking shape, and while the external environment remains challenging, our internal transformation is providing us with the stability and the optimism we had envisioned.

3:14

Let's begin with the broader landscape.

3:18

The Indian steel industry today presents a paradox.

3:22

On one hand, the demand fundamentals are incredibly strong.

3:27

Infrastructure projects from highways to bridges, from airports to New cities are being launched at an unprecedented pace.

3:37

The government's continued focus on Make in India and national infrastructure pipelines is creating a resilient economic bedrock driving steel consumption.

3:49

However, this robust domestic demand is being met with a significant challenge, a surge of low cost imports.

3:58

As you must have seen in recent news, global steel prices, especially from certain Asian nations are near a 5-year low.

4:08

With slowing growth in other parts of the world, India has become a target market for these exports.

4:15

This is putting immense pressure on domestic manufacturers, squeezing their margins and casting a shadow of uncertainty over future capital expenditure for the entire sector.

4:28

The government's role has never been more critical.

4:32

We are hopeful and optimistic that decisive action on import Duties, stringent quality controls and supportive policies will soon level the playing field.

4:44

The long, long term growth story of Indian Steel targeting 500 million tons by 2047 remains intact, but the short term requires navigation and resilience.

4:59

Our core business, the traditional code wire business Q2 volumes declined by 14% year on year.

5:06

While this may seem poor, it's important to view this in context.

5:11

In a market facing intense price pressure, holding our ground is a testament to our technological strength and the deep trust we have built over decades.

5:23

You will also recall our strategic and difficult decision to temporarily step back from the aluminium flipping coil segment.

5:31

I am pleased to report that this discipline has been the right call.

5:36

The quarter remained subdued due to persistent varied unethical competition.

5:42

By consciously staying out, we have protected our profitability.

5:47

We are watching the market closely and are prepared to resume full capacity operations the moment conditions stabilize and become rational.

5:58

Now let me let me turn to the most exciting part of our story.

6:01

The new growth engines we have been building.

6:04

Our welding division has become a star performer.

6:08

We have sustained a strong momentum achieving average monthly volumes of more than 100 tons in the September quarter.

6:17

An aggressive push through our dealer network coupled with robust demand from fabrication and construction industry has driven the success.

6:26

A key milestone we are proud of is the BIS and RDSO approval for our products.

6:33

For those in the know, this is the gold standard for quality in the railway sector.

6:39

These approvals are not just a certificate, it is a powerful endorsement that reinforces market confidence and opens up significant new avenues for growth.

6:51

Our dealer network today has grown to more than 10 dealers spread across more than five states with dealers showing immense confidence with repeated orders.

7:04

Another big story, the one that represents our strategic leap is our foray into biotechnology.

7:11

This initiative is no longer just a plan on paper, it is actively gaining traction.

7:17

We are currently in advanced discussions with leading ethanol distilleries to integrate our technology solutions.

7:26

The market opportunity is huge and relatively new as massive CapEx in the industry is just going live.

7:35

For context, the bio consumables required in the industry holds a value of approximately ₹1.00 per litre of ethanol produced.

7:45

There was a recent tender by OMCS for ₹ 1050 crore which went overbid due to overcapacity in the industry which leaves us with a market size of more than ₹ 1,000 crores.

8:04

Why is this so timely?

8:05

The governments aggressive fuel blending program and the strong policy push for biofuels have created a massive opportunity to position ourselves not just as a supplier but as a technology partner in this green revolution.

8:23

So what does all this mean?

8:24

Our long term vision, which we articulated 2 years ago, was to evolve from a single sector player into a diversified company.

8:33

Today that vision is our operating reality.

8:37

We have three strong pillars, one, our core business which is of cored wires and aluminium wires.

8:43

Second, the welding consumables a high growth quality driven engine.

8:48

And third, the biotechnology division a high margin future facing frontier.

8:54

This diversified portfolio is a shield against cyclicity.

9:00

While our core business is tied to investment- led economic cycles, our new ventures like biotechnology are linked to consumption-driven trends.

9:10

By leveraging both aspects of the Indian economy, we have strategically derisked our business model.

9:18

Our financial strategy remains one of the most disciplined prudence.

9:23

As we shared last year, our balance sheet is strong and we are virtually debt free.

9:29

This gives us the financial firepower and the flexibility to invest in these new growth areas without straining our resources.

9:40

We are funding our future from a position of strength.

9:44

Looking ahead, we cannot ignore the global shift towards sustainability.

9:49

Regulations like the EU's carbon border adjustment mechanism are no longer distinct concepts.

9:57

They are imminent realities.

9:59

The Indian steel industry must adapt and it must go green.

10:04

We at Sarthak Metals are committed to being part of the solution.

10:09

Our use of recycled aluminium scrap and our 400 kilowatt solar power plant are early steps.

10:17

As we grow, our commitment to integrating sustainable and green practices across all our divisions, old and new, will only deepen.

10:28

In conclusion, the story of Sarthak Metals in quarter 2 FY 26 is not defined by the challenges of the steel sector, but by our proactive response to them.

10:40

We are controlling what we can control, our product quality, our strategic direction, our financial discipline and our commitment to innovate.

10:50

We are optimistic not because the external winds are always favourable, but because we have built a stronger, more versatile ship.

11:00

We are no longer at the mercy of a single tide.

11:03

We are navigating multiple currents and we are confidently sailing towards a future of sustainable growth and long term value creation for all our stakeholders.

11:14

Thank you for your continued trust and support.

11:17

I'm now happy to answer any questions you may have.

11:20

Muthu you can open the floor for question and answers.

11:26

Thank you, Sagar.

11:26

Am I audible now?

11:28

Yeah, you are.

11:29

Yeah.

11:29

We will now begin with our question and answer session.

11:32

Now for those participants who wish to ask a question directly, please use the raise hand functionality.

11:40

Once you are unmuted, introduce yourself and directly ask the question to the management.

11:46

Our request is to restrict it to two questions, after which you could join the queue and give opportunity for others to ask.

11:53

Additionally, you can also post your questions directly on the chat box.

11:58

With this, we now open the floor for Q&A session.

12:06

I can see a couple of questions by Vikas Kumar.

12:10

Yeah, just one second.

12:11

Yeah, Yes.

12:15

Can you read out them to me?

12:17

Yes, yes, yes.

12:18

Just one second.

12:18

I'm audible now.

12:19

I'm audible.

12:20

Yeah, you are.

12:21

OK.

12:21

Oh.

12:21

The first question from Vikas Kumar is, is CapEx in the Steel sector happening as scheduled?

12:29

Is steel price drop delaying orders for Sarthak Metals OK?

12:34

Yeah.

12:34

So the steel sector had seen massive CapEx cycles and honestly, it has slowed down the big steel plants like JSPL JSW, all of their CapEx plants are ongoing, still ongoing.

12:49

But the urge to finish them as soon as possible, I can't see them.

12:54

I can't see that urge to finish it as soon as possible.

12:57

So that's one red flag.

12:59

And the second part of the question was a steel price drop delaying orders for Sarthak Metals.

13:03

Definitely since the steel, steel prices are at, a five year low, the demand for steel and the urge to manufacture as much as they want to is not happening and which is why the demand for our product is also subdued.

13:24

OK.

13:25

There's a question from Aman Baxi, which is about the welding business.

13:32

He says the growth in the welding business is impressive.

13:36

Are you being conservative with the ₹ 25 crore sales plan in the next two years?

13:43

So ₹ 25 crore sales revenue in two years by this growth trajectory that we've seen in the last one year, we're very confident of achieving that sales figure.

13:58

Apart from that, this market again is a little cyclical.

14:03

Demand is robust as of now the order books at the fabrication houses and construction houses are filled.

14:10

So we are very optimistic.

14:12

And once we establish our brand in the market, we will see another surge of requirement of our product, so we can raise our target in the near future.

14:25

OK.

14:25

So one more follow up question from Aman is what is the EBITDA you expect at that level of sales, probably talking about the ₹ 25 crore.

14:34

Yeah, yeah, yeah, good.

14:36

So EBITDA in this current splurge of sales and us being aggressive to push our material in the environment and to establish our brand, the EBITDA margins are a little low.

14:51

But once we are able to establish our brand in the market, once we are able to prove our quality in the market, we will be able to improve our EBITDA margins.

15:01

And once we reach a sale figure of around ₹ 25 crore or plus, I feel that we'll be an established player by then and we could see an increase in our EBITDA margins approximately high single digit or low double digit margins.

15:18

Yes, 9 to 10%, 9 to 10%.

15:24

OK.

15:24

So what is another part of the question was also how many SKU's are you currently selling currently in this business?

15:31

Would you be launching some more in the next 12 to 24 months?

15:35

Definitely.

15:36

We are currently working in approximately 5 SKU's currently and we have a plan to take it up to 10.

15:49

OK.

15:51

So there's one more question from Vikas, Vikas Kumar Ji.

15:55

His question is on the biotech.

15:57

When will biotech revenue start?

16:00

It should show.

16:01

It should start very soon.

16:03

In fact, we've been having very lucrative meetings with a lot of distillery companies and we're seeing a lot of positive response from there.

16:15

So the revenue should start very soon and we'll keep our investors informed about it.

16:25

OK.

16:26

So, so couple of questions I'm taking from the e-mail that has come up.

16:32

So this is on regarding to the cored wide business.

16:35

So Q2 volumes in the cored wide segment declined 14% year on year after a steady growth trend earlier.

16:43

What drove this reversal I would give Major contribution for a muted quarter because of the monsoon and also some part of it due to intensified competition.

17:03

The competition is really got an intense here and there are some bad practices that we are dealing with currently.

17:13

So that's the case why our volumes declined a bit.

17:19

OK.

17:19

So what's your strategy to regain market share or strengthen customer stickiness particularly among large steel clients?

17:28

Our strategy is really simple.

17:30

The orders that we have in our hand, we, we try to execute them in a in a very ethical manner, in a very professional approach with, with the service oriented approach to have that trust regained with our customer that which proves us, us being a stable player in this industry since the past two decades.

17:58

So it is not our job to well educate, educate our customers what's happening in the industry.

18:05

But as in when they, when they do get educated, they tend to come back to the stable players.

18:12

So we're seeing a positive silver lining here.

18:20

OK.

18:21

OK.

18:23

OK.

18:23

So there's one more question, just one second.

18:31

So the welding business, so can you just give us a little bit detail about the welding business, What percentage of welding revenues now come from the institutional clients versus dealer retail; it is majorly from dealers.

18:48

I would say we're selling directly to institutes might be only 10 percent, 90% comes from dealers.

18:56

And that is the approach that should be because if we want to establish us ourselves as a brand in the industry, dealers are the way to go through.

19:07

OK, OK.

19:09

So now, now for those participants who wish to ask a question directly, please use the raise hand functionality.

19:16

Once you're unmuted, introduce yourself and directly ask the question to the management.

19:21

Additionally, you can also post your questions directly on the chat box.

19:30

Aman Baxi has a follow up question on the chat box.

19:34

I think just one.

19:35

Yeah, yes.

19:42

What kind of EBITDA profile one can expect in FY28?

19:46

Is it possible all the three businesses contribute at least 25% towards total EBITDA in FY28?

19:53

28?

19:57

Should I repeat no, no foresight of FY28 will be a little difficult to calibrate but once biotech revenue start, biotech should see.

20:12

Healthy double digit margins then our welding division should also once our brand established and by FY28 of course we're aiming to establish a brand that should also be a comfortable double digit margin.

20:26

I wouldn't say 25%, but 10 to 15 is highly possible.

20:37

OK.

20:37

So, so there's one more question.

20:39

That last question from the on the e-mail is on the biotech.

20:44

Is Sarthak considering external partnerships grants or government incentives under India's biofuel mission?

20:54

I wouldn't look at grants or government incentives as of now because our, our sole approach is to establish that, that pillar in our company as a, as a business model.

21:09

So external partnerships, definitely Sarthak is actively looking at established players in that industry and who we can partner with to share technologies.

21:25

OK, OK.

21:27

So we'll wait for another 2 minutes for investors to ask any questions.

21:33

Sure, if you are approaching the end of the session.

21:47

Repeating once more, so those participants who wants to ask a question, you can use the raise hand functionality once you're unmuted, introduce yourself and directly ask the question to the management.

21:59

Or you can directly post your questions from the chat box.

22:29

Since there are no questions, further questions, I would like to hand over to Sagar for the concluding address to the investors today.

22:41

OK.

22:41

Thank you for the continued trust in the company.

22:46

The journey I had looks bumpy but very exciting.

22:49

We have like rightfully established 2 more pillars to the company as we had envisioned back in 2023.

22:58

Its \looking like a huge opportunity.

23:03

Everything in India currently looks like an opportunity if you work rightly towards it.

23:09

That's it.

23:10

I'm always accessible.

23:11

Reach out if you have any questions.

23:14

Thank you so much.

23:16

See you next time.

23:19

Thank you, Sagar.

23:20

Have a very good evening.

23:22

Thank you.

23:23

Bye.