

May 31, 2023

To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	To, National Stock Exchange of India Ltd Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051
---	--

Scrip Code: 543528

ISIN No: INEOJA001018

Symbol: VENUSPIPES

Subject: Intimation pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Earnings Call

Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Call held on May 25, 2023, post announcement of financial results of the Company for the quarter and year ended as on March 31, 2023. The audio recording of the Earnings call along with the Transcript has been uploaded on the Company's website <https://www.venuspipes.com>.

This is for your information and record.

Thanking you,
Yours faithfully,

For VENUS PIPES & TUBES LIMITED

CS Pavan Kumar Jain
Company Secretary and Compliance Officer
Membership No. A66752



“Venus Pipes & Tubes Limited Q4 & FY23 Earnings Conference Call”

May 25, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25th May 2023 will prevail.



MANAGEMENT: **MR. ARUN KOTHARI – MANAGING DIRECTOR & CFO,
VENUS PIPES & TUBES LIMITED**
**MR. DHRUV M PATEL – WHOLE TIME DIRECTOR,
VENUS PIPES & TUBES LIMITED**
**MR. KUNAL BUBNA – PRESIDENT, FINANCE &
ACCOUNTS, VENUS PIPES & TUBES LIMITED**

MODERATOR: **MR. PALLAV AGARWAL – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day and welcome to Venus Pipes and Tubes Limited Q4 and FY23 Earnings Conference Call hosted by Antique stock Broking.

This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements do not guarantee the future performance of the Company and may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode. 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 ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pallav Agarwal from Antique Stock Broking. Thank you and over to you Mr. Agarwal.

Pallav Agarwal: Thank you, Tanvi, and good afternoon, everyone. On behalf of Antique Broking, I welcome you all to the Q4 FY23 Earnings Conference Call of Venus Pipes and Tubes Limited.

Today, we are pleased to have with us the Management Team represented by Mr. Arun Kothari – the Managing Director and the CFO, Mr. Dhruv Patel – the Whole Time Director and Mr. Kunal Bubna – the President (Finance & Accounts) for Venus Pipes and Tubes Limited.

We will have “Opening Remarks” from the Management followed by a question and answer session. So, I would now like to hand over to Arun sir for your opening remarks.

Arun Kothari: Good afternoon and a warm welcome to everyone on the Q4 and FY23 Earnings Call for Venus Pipes and Tubes Limited.

Today, I have been joined by Mr. Dhruv Patel – our Whole Time Director, Mr. Kunal Bubna – President for Finance and Strategic Growth Advisor, our Investor Relationship Advisor.

We have uploaded our Q4 and FY23 “Investor Presentation” on Stock Exchanges and Company’s website and I hope you had an opportunity to go through the same.

Firstly, yesterday we completed our one year of listing. On this front, I would like to share my heartfelt gratitude to all our stakeholders, suppliers, customers, team of directors, bankers and employees to share this journey along with us. With your continued support, we are confident we will be able to achieve greater heights.

We are happy to announce that we have commenced commercial production of seamless pipes and tubes of 3600 MTA and including our existing capacity of our total capacity will be seamless pipes and tubes will be 7200 MTA for Q1 FY24. Higher-Dia welded pipe tubes of the 8400

MTA and Mother Hollow Pipe, which is backward integration of our raw material requirement in seamless region of 9600 MTA. further, our LSAW pipe manufacturing of 7200 MTA and seamless pipes and tubes of 2400 MTA will be expected to start in the coming month. With this for Q1 FY24, our welded pipe capacity will be 15,600 MTA and seamless pipes and tubes of 7200 MTA and backward integration of our raw material requirements in seamless pipe division of 9600 MTA. With all this capacity being operational in coming months, we will have a total capacity of 9600 MTA of seamless pipe, 24,000 MTA for welded pipes and 9600 MTA capacity of manufacture of Mother Hollow pipe as a strategic plan of backward integration.

Manufacturing of Mother Hollow pipes in seamless division will reduce our dependency on outsourced raw materials and will be able to serve our customers with high quality products on timely basis. With this capability become operation, we have doors unlock to expand into multiple industry as well as into major geography with expanded product portfolio and to cater to the increasing demand of the industry.

Speaking on the Financial Performance, we are happy to report that we have been able to achieve our highest ever revenue and profitability for Q4 FY23 and for full year FY23. Our revenue for Q4 has increased by 60% for Q4 FY23 and 43% for FY23 on year-on-year basis.

On volume front, we have witnessed a volume increase of 74% for our high margin seamless pipe in FY23. Total volume for FY23 is stood at 13,127 MT as compared to 11,585 MT in FY22. We are also very happy to inform you that without any material increase in volume due to capacity constraints, we were able to grow our full year revenue by 43% over FY22. This was well studied decision because we wanted to gain market share and also establish our customer base before our capacity expansion. This led to some impact on margin because we have to get job work done on incremental volume. But now we have demand in place for the expanded capacity. More jump in revenue growth also led to higher demand for working capital. With our focused effort on containing working capital requirement, we are very happy to inform you that our OCF has turned positive in FY23. We intend to grow in future through our internal accruals and not either dilute or take long term borrowing from banks until and unless opportunities are very lucrative.

We have been able to penetrate deeper into our existing territories and making roads into the new territory. Our revenue from Maharashtra has increased by 100% for Q4 FY23. With the quality of our products and brand value created for Venus, we have been able to expand our reach across customers on a Pan India basis and are confident of adding more value share from our existing customers and add new customer going forward. Export service for FY23 has declined by 9%. For Q4 FY23, the primary reason for declining export was on account of the acceptance of the product made by imported raw material by few customers in the global market. However, we have successfully started our commercial production for Mother Hollow Pipe, which is a raw material to manufacture the end product. And this will reduce our dependency on the imported raw material giving boost to our export revenue. We have also participated in

multiple fairs and exhibitions across the globe. We could display our wide range of products and our manufacturing capability. We have been receiving positive response and accordingly giving us confidence to improve our penetration in the export geography as well.

With our consistent supply of the high quality product on timely basis, we have been able to increase by share of sales to direct domestic customer to 65% as compared to 46% in FY22. Our share of sale to direct domestic customer has increased by 90% in Q4 FY23 and by 102% in FY23 on year-on-year basis. This is testimony of our product quality, trust in the brand Venus by our customers. Overall we entered in FY23 with a high head and continue to grow our market share and increase our market presence with our new capacity and diversify across products, client and geography with high speed.

Now, I will take you all through the economy and industry outlook, after which we will share the operational and financial highlights for the quarter and year ended March 2023. Post this, we will open the floor for a question and answer. Despite formidable challenges across the globe, Indian economy stand resilient and it is emerging as a bright spot on the world map. India's economy has emerged as the fastest growing economy, a reflection of the strong demand across industry. India is potentially poised to be the manufacturing hub for the world with various manufacturing base shifting its focus to India. Multiple initiatives by the government in terms of PLI for manufacturing for manifestation of India to be suppliers of the world. As per industry report, Indian GDP is expected to grow at a rate of 6.5% for FY24 and we expect to outperform all major economies of the world. This growth will led by high spending on the infrastructure, favorable government policy and inclusive participation of the private player boosting the economy.

On the industry front, 2023 turned out to be fruitful year for the stainless steel industry. Increasing spending on the infrastructure amplification across the country has benefited the Indian industry. India's per capita steel consumption is low. It's just around 2.5 kg compared to global average of the 6 kg per capita, indicating miles to grow ahead. This year was a major focus on reforms in respect to the Stainless-Steel pipe segment. The Indian government imposed antidumping duty on import of the stainless steel seamless tubes and pipes and hollow pipes from China. The compulsion of use of BIS certified product and **duty** on the export done by China led to the further incremental opportunity for the industry. This industry expansion fueled by private capital expenditure, which was headed by government order and infrastructure push. With the CAPEX cycle revising, we will have access to a variety of opportunities across industry.

Now, I will hand over the call to Mr. Kunal Bubna – President (Finance & Account) to take you through the operational and financial highlights of the quarter.

Kunal Bubna:

Good afternoon, everyone and a very warm welcome to our Earnings Conference Call. I'm proud to announce that our Company has reported the highest ever quarterly and annual revenue,

EBITDA and profit after tax. We have also reported positive net operating cash flow from operation for the year ended FY23.

On revenue front, revenue from operation for Q4 FY23 stood at 176.3 crores as compared to 110.2 crores in Q4 FY22, a growth of 60% Y-on-Y basis. Revenue from operation for FY23 stood at Rs. 552.4 crores as compared to Rs. 387 crores during the year FY22, achieving a growth of 43%. Revenue bifurcation for the quarter was 31% from welded, 55% from seamless and 14% from other sales. Growth in the seamless segment was 182% and in the welded segment registered a degrowth of 9% for Q4 FY23. The growth in seamless was backed by higher realization.

Our direct domestic sale to brands are up 90% Y-on-Y in Q4 FY23 and 102% Y-on-Y in FY23. Just to brief you on gross profit, gross profit for Q4 FY23 stood at Rs. 32.7 crore as compared to 21.6 crore in Q4 FY22, a growth of 51%. Gross profit for FY23 grew by 50% on Y-on-Y basis and stood at Rs. 108 crores. Gross margin for FY23 stood at 19.5% as compared to 18.6% in FY22, a growth of 90 basis point. EBITDA is Rs. 69.1 crore for FY23 as against 49.2 in FY22, a growth of 40% with a margin at 12.5%. EBITDA for Q4 FY23 is Rs. 21.6 crore as against 13.7 crore in Q4 FY22 and 17.5 crore in Q3 FY23, it is a Y-on-Y growth of 57.3% and Q-on-Q growth of 23.1%. PAT for FY23 is Rs. 44.2 crore versus Rs. 31.7 crore in FY22, a growth of 40%. The margin for the year was 8% as compared to 8.2 in FY22. PAT for the quarter stand at Rs. 13.4 crore as compared to Rs. 8.1 crore in Q4 FY22 and Rs. 11.3 crore in Q3 FY23, a growth of 66.4% Y-on-Y and 19.1% on Q-on-Q basis. Further, the demand scenario going forward to robust, we are targeting new sectors, new geographies and are aiming that our products has more utility within our existing supply sectors.

With this, I would like to open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: Congratulations for the commencement of the capacity. I was confused on your capacity expansion number which you mentioned. So, now with the expanded capacity, you will be about 9,600 tons of seamless with backward integration and 15,600 tons of welded. Is that the number?

Arun Kothari: No Priteshji, it is not, this is for Q1 FY24. Our total seamless pipe capacity will be after full expansion will be now 9,600 MTA. Out of 9,600 MTA, our backward integration of the 9,600 MTA is in full operation. Now whereas seamless pipe, this finished pipes capacity right now operation is at 7,200 MTA, which will be remaining 2,400 MTA capacity will be operational in coming months or regarding same in welded pipe segment, we have the existing capacity of the 700 MTA per month. Now, we are in the operation of high-Dia tube mill which is having capacity of 600 MTA. So, in totality almost 1,300 MTA per month will be operational for Q1 FY24. Remaining capacity will be operation in LSAW division, almost 700 MTA which will be

operational by end of the. June. So, I would like to say for the Q1 FY24, our welded pipe capacity will be 15,600 MTA and seamless pipe and tube capacity will be 7,200 MTA and backward integration of the Mother Hollow pipes will be 9,600 MTA.

Pritesh Chheda: So, your total expanded capacity eventually will be 24,000 tonnes welded and 9,600 tonnes seamless. Out of which, 7,200 seamless is operational and 15,600 welded is operational, right?

Arun Kothari: Right.

Pritesh Chheda: My second question is sir, why was there no volume growth in welded in FY23 and if you could tell us what is the EBITDA per kg in welded and seamless that you experienced in quarter 4 and FY23?

Kunal Bubna: The EBITDA for the entire year for the FY23 for seamless was around Rs. 63 per kg and for welded, it was around Rs. 37 per kg.

Pritesh Chheda: And any difference in quarter 4?

Kunal Bubna: The fourth quarter was also near to this number.

Pritesh Chheda: Why was there no volume growth in welded in FY23?

Kunal Bubna: Yes, as such definitely there has been no volume growth, but with this whole capacity and all coming into more of the expansion, the capacity incremental was towards seamless side. But we believe we had an order with this 700 tonne of 20 inch Dia welded pipe being started, we believe this will be taken up from coming quarters to come.

Pritesh Chheda: No, sir, I couldn't understand why there was no volume growth in welded?

Arun Kothari: Priteshji, what was our focus in the last year in FY23 for the welded pipe segment, in welded pipe segment a smaller Dia pipe. Right now, we have the manufacturing capacity up to 8-inch Dia size of the pipe. In the last year, 8-inch Dia size of the pipe, some of the pipes are in India, imported from the Vietnam. Now that price was very competitive in the market. So, last year whatever we have achieved in the welded pipe segment, that was almost to end users because sell to stockist was not a wise decision because margin was not that much available. So, that's why we have not much focus in the smaller Dia size of the pipe because EBITDA margin was very less to sell to stockist. So, in last year almost in welded pipe segment we had achieved our sales growth. Whatever volume we have achieved, almost 80% volume in the welded pipe segment is coming by way of the end users.

Pritesh Chheda: And in seamless, sir, your capacity was 3,600, but you seem to have done a larger volume, what happened here?

- Kunal Bubna:** Basically, we did a job work from outside party and so that as and when we come with our capacity, we are there in the market. So, that's why jump in the seamless side section.
- Moderator:** Thank you. The next question is from the line of Nirav Shah from GeeCee Investments. Please go ahead.
- Nirav Shah:** Firstly, congrats on a very decent set of numbers plus commissioning of new facilities and especially how our balance sheet has shaped up from September 22 to March 23. So, that was impressive. So, a few questions. First question is now that we've commissioned part of the capacities, how do we see the ramp up of these new capacities going forward say in Q2, Q3 and Q4. And the related question is now that our hollow pipe capacity, piercing capacity is being up and running, will we completely stop rolling on hollow pipe purchase from second quarter onwards or there will be a time lag in between. I mean the ramp up of hollow pipes plus the production of seamless pipes. So, that's the first question and any challenges we see in ramping up our capacities?
- Kunal Bubna:** Just to brief you, the ramping of capacity will be incremental every quarter. Quarter 2 will witness a larger quantity as compared to quarter one. Quarter three would be having more quantity and quarter four will be the highest we believe. So, there will be a ramping of the capacity each quarter and we believe on the total capacity of 33,600 metric tonnes, we should have an annual capacity volume of at least 60% of this on the annual basis for FY24.
- Nirav Shah:** And I mean, we will completely stop relying on the imports.
- Kunal Bubna:** Definitely, those will be reduced to bare minimum, but it can be spillover to July or August. But post that, I think it would be very negligible.
- Nirav Shah:** So, that will take some time. And any challenges that we see in ramping up our operations?
- Kunal Bubna:** See, that's why we did this job work for seamless and all so that we can establish as a brand in the market. So, I believe definitely few challenges are always there when you come up with new capacities, you won't face any challenges it is not true. It won't be a true statement, but see the job work and also, we have been doing job work in welded side also. I believe those will help us to increase this incremental capacity.
- Nirav Shah:** Got it, makes sense and that was a good strategy. And second question is now that our capacities will be started and reliance on Chinese import will be minimal till at least July, August. How do we see the exports shaping up in FY24? I mean how much can they contribute to the total percentage volumes in this current year?

Kunal Bubna: Definitely, first quarter won't be much export volume would be there, but post these quarters, I think volumes from export would be there. We are targeting at least 15% of our total volume from export for this FY24 and we'll try for even more if it is possible.

Moderator: We'll move to the next question from the line of Kunal Kothari from Centrum Broking. Please go ahead.

Kunal Kothari: So, my question is that with expanded capacity, we have also expanded our product portfolio. So, first would like to know the new product that we have increase in our product portfolio, what is its market, is it additional to your existing market size of 3 lakh tonnes in India as well, and with that, what is our market opportunity for the new product and also to understand its usage in the market and overall growth going forward?

Arun Kothari: Kunalji, regarding right now previously till that our capacity in welded pipe segment was up to 8-inch Dia size of the pipe. So, right now in the yesterday mill we have begun, the tube mill, which will be able to make up to 20-inch Dia size of the pipe. So, in India, a very few players we can say in the world, very few players who is having this facility. So, right now, whatever expansion Venus had in last one year is the in welded pipe segment, we have increased our product basket. Previously, we were able to manufacture up to 8-inch Dia size of the pipe. Right now, we are able to manufacture up to 20-inch Dia size of the pipe from 8 to 20-inch or after our LSAW expansion happen in the coming month will be able to make the pipe up to 48-inch Dia size of the pipe. In welded pipe segment, we are completely increasing our product basket wherein seamless pipe segment, our capacity will be to manufacture up to a 6 Dia size of the seamless pipe or with the backward integration of the facility. Backward integration will help in the timely supply to our finished goods to our customers, which will improve our quality, which was major drawback for the Venus Pipes since last 2 years. There was a lot of restriction you know like antidumping duty put in place for very few players in India who is having this mother hollow of the seamless pipe manufacturing capacity. So, in the seamless pipe division, the backward integration will help Venus to expand their presence in the entire market as well as in export market.

Kunal Kothari: So, the market size will remain same or it will also expand or which will remain same basically?

Arun Kothari: No, market size will also increase. Right now, after this expansion, Venus will be having almost, I mean in the pipe SS segment, almost 80% variety of the pipe quality of sizes or we can say up to Dia. So, definitely right now we will be having capacity in welded pipe segment up to 8-inch size. Now we will be having up to 48-inch size Dia of the pipe. So, definitely our market share will also increase since our capacity is increasing.

Kunal Bubna: Basically what we mean to say the total market size, what you said would be that only, but we were forming part of pie of up to 8-inch only. But we will able to form a part of a larger market size up to 48-inch out of that size what we were referring.

- Kunal Kothari:** And so if you can just more elaborate on the margin side like till today we having up to for example 8-inch diameter in welded and also in seamless up to small diameter and which we will be expanding with the new capacity. So, the margins currently that we are earning on these products and the margins that we will earn with the new capacity and higher diameter and both with LSAW with higher diameter up to 20-inch diameter and for the seamless as well. So, what will be the difference in margins for all such products?
- Kunal Bubna:** From the side of welded, definitely some margin would be there for LSAW where you can manufacture to 48-inch wherein the country there are only 2-3 manufacturers who can manufacture, so the competition gets substantially reduced when we manufacture higher Dia size of welded. And similarly for seamless, the sizes what we will be manufacturing up to 6-inch, there won't be much margin increase, but definitely when you make a smaller dia of seamless pipe like tubes and all, we definitely have a higher margin playing around there, but definitely in that case you have a lower volume being generated when you manufacture those small sizes of tubes.
- Moderator:** We'll move to the next question from the line of Harsh Mulchandani from KRIIS Portfolio. Please go ahead.
- Harsh Mulchandani:** Wanted to get a sense on a couple of things. One, I really appreciate the job work strategy which you've implemented. Could you just give me some more color as to what exactly you've done to make sure that you have a market built for the additional capacity like the entire process is job worked or some part...?
- Kunal Bubna:** Basically what we do is we send hollow pipe for job work and it's being converted into seamless pipe. Then few of the work like pickling and annealing that work are done by us internally in our facility only. But the major production part is also which are being monitored by our quality teams and post that this annealing and pickling part is done by at our end for majority of the cases.
- Harsh Mulchandani:** So, is it fair to say that you used an unorganized player to use their capacities and to throw your product in the market so that you have a market being built?
- Kunal Bubna:** To an extent, yes. And this annealing and this pickling being done at our end and customer can witness those at our facility and the quality also.
- Harsh Mulchandani:** And on the export side, just wanted to understand what margins, I'm expecting this year we'll have a better share of exports post the expansion. So, do we expect any margin incremental coming from the exports like is there a variation like do you get more money in terms of export versus the domestic market and also will get 1% extra realization due to the benefit. So, combined, do we see margin expansion from exports?

- Kunal Bubna:** Yes, definitely. If you see my past history, the margin from export has been parallel what I have been supplying to the direct end customer in India, because the volume has not been very high there. But I think with this increase in the incremental quantity in the export side, the margin will definitely have a higher clip. And as you said, there are a RoDTEP benefit of 1% on export also. I think there should be 2% at least incremental margin when we export.
- Moderator:** The next question is from the line of Sneha Talreja from Nuvama. Please go ahead.
- Sneha Talreja:** So, just a couple of questions from my end. Just first thing you said in the results there was some impact on the margins also because you've been outsourcing just to make sure that once you're back with the capacity that's being taken care of. Also, once we actually move completely to our own manufacturing, what is the kind of impact that you see that can create in terms of margin expansion just from moving from outsourcing to our own bit?
- Kunal Bubna:** Definitely, the margin push would be there. There are reasons for that being our backward integration facility we will take care of that. Secondly, as we said that there is an antidumping being regulated on seamless pipe, so we believe it's a quite substantial margin which can go up to 40% to 50% from here on the seamless side.
- Sneha Talreja:** Secondly, I also wanted to know we are going in for the huge expansion. One way we are very confident is that we have some bit of outsourcing which we can convert to get incremental capacity, I mean to cover up incremental capacity that we have added. Other thing what I wanted to understand is the demand perspective, which are the areas where you are seeing higher demand? Which are the sectors? Have you started adding new customers? Any good order book visibility, something on that end if you can highlight?
- Kunal Bubna:** You must have seen this in the right number of sector and if you see, there has been growth in all the sectors, be in chemical, be in engineering, be in paper, be in pharmaceutical. So, these are the sectors; chemical, engineering, pharma, oil and gas where we see a good demand coming up going forward also. And similarly the order booking is also placed in that way. From this perspective, we believe the challenge would be there, but we believe getting to 10-12 number of sector we will be able to take with these challenges.
- Sneha Talreja:** Any substantial order book number that you have?
- Kunal Bubna:** As on date, you can say it's around 180-185 crores.
- Sneha Talreja:** Which can be catered in next 2 to 3 months or the period would be large?
- Kunal Bubna:** Yes, 3 months. Target is 3 months.
- Moderator:** Thank you. The next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.

- Sahil Sanghvi:** My first question is, like you've mentioned that you are targeting a 60% utilization level in FY24 on your 33,600 capacity. Can you give us also guidance on the split of seamless and welded as in what kind of utilization levels are you targeting for the whole year?
- Kunal Bubna:** Breakup of seamless and welded you mean to say?
- Sahil Sanghvi:** No. So, 9600 will be the revised capacity of seamless post all the expansions. So, what is the utilization level you're targeting on that in FY24?
- Kunal Bubna:** Yes, for seamless would be around 65% to 70%.
- Sahil Sanghvi:** And similarly on the 24,000 capacity of welded, what could be the target utilization?
- Kunal Bubna:** 60%.
- Sahil Sanghvi:** And secondly, realizations are showing what trend right now. I mean, what kind of correction can we expect in FY24 basis whatever you know talks we have had with our customers or whatever pressure is coming from the fall in raw material prices?
- Kunal Bubna:** See what we have seen that the prices of seamless seems to be stable what it was we achieved in last financial year. But at the welded side, we have been seeing a bit down 7% to 10% of downward side in the price. So, I believe the welded would decrease by 8%-10% and seamless should stay at this level.
- Moderator:** Thank you. The next question is from the line of Keshav from RakSan Investors. Please go ahead.
- Keshav:** Last quarter we had given some data on round bar to hollow pipe spreads which had gone up by 3% to 4% since imposition of antidumping duty. So, how is that now and if it's holding up or getting better?
- Kunal Bubna:** Like more or less same post antidumping, it has improved definitely, but so basically these are yet to stay on what it used to be in the last quarter but it has improved post antidumping.
- Keshav:** So, these are expected to sustainably stay high till ADD is there, right?
- Kunal Bubna:** It should be there because there would be many small suppliers who were earlier importing these materials and making the finished seamless pipe. So, it will become very difficult for all of them to bring this material in such a hefty antidumping. So, I think we believe it will sustain going ahead also.
- Moderator:** Thank you. The next question is from the line of Shikhar Mundra from Vivog Commercial Limited. Please go ahead.

- Shikhar Mundra:** Sir I want to understand the industry structure like how big is the market and how much of it is organized versus how much of it is unorganized for both the seamless and welded pipes?
- Kunal Bubna:** It is not that we have, there are many, as you said, there are many unorganized players in this industry. So, we don't have any quoted data for this industry but the internal estimates, basically our internal accrual estimate, so we found that these SS pipes and tube is 3 lakh tonnes industry basically. Out of that, we believe see 30% of this should be an imported one, 30% to 35% and the balance 65%-70% is the Indian made goods which is done in India and this 3 lakh tonnes is basically split between seamless and welded in the range of 65 to 70 for welded and 30 to 35 for seamless, is our internal assumption on this. And out of that, if you see, there are very few key players like 2-3 important players are there who might be having a capacity of 8 to 10,000 metric tonnes a month taken together and balance is left to this unorganized sector. So, there is a huge volume of unorganized sector in this space also.
- Shikhar Mundra:** What is, I missed the EBITDA per tonne we get for seamless and EBITDA per tonne for welded?
- Kunal Bubna:** Near to 63 for seamless and 37 for welded per kg.
- Shikhar Mundra:** And for seamless, what do you expect this 63 to go going forward since you're doing backward integration and also in industry, I mean the prices are also supportive.
- Kunal Bubna:** Yes, antidumping and those effects would be there and large-scale production affect benefit procurement of raw material and it will be entirely Indian made raw material. So, those benefits will flow to us. We believe at least we should be more than 40% from here.
- Shikhar Mundra:** And if I'm running the numbers like EBITDA was 69 crores for the whole year, last FY23. But I think what was the total volume on a blended basis seamless plus welded?
- Kunal Bubna:** Total volume you said?
- Shikhar Mundra:** Yes.
- Kunal Bubna:** Total volume was 13,000 tonne around, for seamless and welded taken together.
- Shikhar Mundra:** But then I believe the EBITDA per tonne is coming out to be higher for?
- Kunal Bubna:** No, there are some sales from others like fittings and all. There also, we have an EBITDA of around 5 to 6 crores.
- Moderator:** Thank you. The next question is from the line of Kunal Kothari from Centrum Broking. Please go ahead.

- Kunal Kothari:** So, my question is, have we added new customers to our overall clientele and how many new customer approvals in pipeline for FY24 after we expanded our capacity?
- Kunal Bubna:** See, we had a privilege to add feather in our cap in FY23 by acquiring clients from various sector. It was from chemical, paper, food processing, engineering, oil and gas, pharmaceutical. We also added aerospace and fertilizer. There are many customers from these all sectors what I mentioned you like, we gave you a few names. From chemical, we added Prasol chemical ltd ,**PCBL in** Chemicals ,for food processing we added Adani Wilmar. For oil and gas, we added GAIL. For pharma, we have added Divi's Lab and Dishman Carbogen. So, there are many clients we added. We also get approvals from like turnkey contractor, we get approval from engineering project like BGR Energies, Ion Exchange there are many approvals we got in the last FY23 and we keep on working on this for FY24. We are working on many of the projects, many of the turnkey contractor, many of the clients, the numbers won't be easy to give you in a way, the exact number, but we are working on that.
- Kunal Kothari:** And any big approvals in pipelines for FY24 that we are confident that we will receive in, in this fiscal year.
- Kunal Bubna:** Being a slightly competitive industry, it will be better when we get those approvals to announce.
- Moderator:** Thank you. The next question is from the line of Pankaj Agarwal, individual investor. Please go ahead.
- Pankaj Agarwal:** I just have one question regarding the gross profit margin. They have declined from 19.6% on year-on-year basis to 18.6%. So, what was the major reason behind it? It is that outsourcing or some other reason and if any guidance can be provided on FY24 margins?
- Kunal Bubna:** Yes, to an extent, it was the outsourcing one only.
- Pankaj Agarwal:** So, any kind of guidance can be provided for next year margins like due to this seamless integration, expansion, will margin will increase next year?
- Kunal Bubna:** Yes, definitely there should be an increase in margin as we said, it is the backward integration, antidumping and also higher sizes of welded, there are few in the country manufactured. Apart from that, our strategy to reduce the stockist portion will also help us in increasing our margin. So, we believe we should be at least 300 basis points more than that.
- Pankaj Agarwal:** And my second question is regarding any revenue growth for next year, we are targeting due to this capacity expansion. Any guidance can be provided on that front also?
- Kunal Bubna:** Basically, as I said the prices keeps fluctuating for this industry wherein we operate. But as I said, we have given volume guidance on the overall volume of 60%-65% so that can help you to drive those value figure also.

- Moderator:** Thank you. The next question is from the line of Radha from B&K Securities. Please go ahead.
- Radha:** Sir, could you give us what could be the global capacity for seamless steel and welded pipe?
- Kunal Bubna:** It is not much available on a global basis, and importantly, the breakup between seamless and welded, but as I said, what we gathered for internal for India is 3 lakh tons split between 65% to 70% for welded and 30% to 35% for seamless.
- Radha:** Then could you tell me the total global capacity for seamless plus welded globally?
- Kunal Bubna:** We can't directly have those figures because the industry wherein we operate, there are many other furniture grades and other grades of pipes also being manufactured. So, we don't have that exact for our industry.
- Radha:** So, just one second question. Is there a difference between the user industry when we compare the stainless steel welded versus the stainless-steel seamless pipe?
- Kunal Bubna:** See our customer and the sector wherein we supplied is mixed bag every sector, take welded and every sector, take seamless pipe also. But again, while they process if they require high pressures, they opt for seamless wherein they require low pressures, they opt for welded pipe. That will be there. So, it's basically depend on the pressure in their process depend on what type of pipes they would be choosing for.
- Moderator:** Thank you. The next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.
- Pallav Agarwal:** So, just wanted to know, you know with the softening in the input cost, so will we see some benefit of working capital coming from that. Obviously, our capacities and volumes would go up, so working capital requirements would go up, but because of the softening in input prices, will part of that will be offset by this?
- Kunal Bubna:** Definitely if it continues to be decreasing, so definitely there will be some softening on the working capital side.
- Pallav Agarwal:** And we don't carry too much of inventory, so we will not have any major impact of any inventory losses because of these price movements?
- Kunal Bubna:** Our strategy is we booked the inventory; we also have a parallel order book for that inventory. So, those increase or decrease in pipes neither it give benefit nor it generally give losses in our financial, so we are not that much affected by that.
- Moderator:** Thank you. The next question is from the line of Hardik Shah, an individual investor, please go ahead.

- Hardik Shah:** Congratulations on the commencement and one year of IPO. Sir, my question was what were the volumes in Q4 FY23 in tonnes for seamless and welded?
- Kunal Bubna:** Basically, the volume we don't give on quarterly numbers sitting in this industry. We give on annual basis only.
- Moderator:** Thank you. The next question is from the line of Rahul, an individual investor. Please go ahead.
- Rahul:** Just on the competitive scenario, so you mentioned Vietnam was an issue last quarter. How are you seeing that in this quarter, any follow up for the full year?
- Arun Kothari:** Now for Vietnam, there was an issue up to 8-inch Dia size of the pipe in welded pipe segment only. In the seamless pipe, there is no issue. We have the three variety of pipe, mostly in Venus Pipes, one is the seamless side division where there is no issue of the import. Then, we have the existing capacity of the welded pipe segment up to 8-inch Dia size of the pipe. In that segment, there is an issue from the import of the Vietnam, but that material is not 100% accepted by all the end users. Some of the end users accept the imported material, but most of the end user prefer that it should be manufactured from the India manufacturers where they can witness the quality of the production and they can witness the quality of the product, or they can do their own testing everything. If the product is imported, we saw supply through the stockist which they are not very sure about the quality of the product. So, that product use has very limited purpose. Previously, Vietnam issue is only affected to, you know, due to we stopped the sell to stockists where we don't get the margin. Otherwise, most of the Indian customers prefer it should be manufactured in India.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand the conference over to management for closing comments.
- Arun Kothari:** I take this opportunity to thank everyone for joining the call. We will keep updating the investor community on a regular basis for incremental updates on your Company. I hope we have been able to address all our queries. For any further information, kindly contact the Strategic Growth Advisor, the Investor Relations Advisor for your Company. Thank you once again.
- Moderator:** Thank you. On behalf of Antique Stock Broking that concludes this conference. Thank you for joining us and you may now disconnect your lines.