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CIN - L29100JH1991PLC004465

A Trailer's First Choice

August 14, 2025

To  
The General Manager  
Department of Corporate Services,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort Mumbai – 400 001

To  
The General Manager  
Department of Corporate Services,  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051

Scrip Code: 544253

Symbol: KROSS

**Sub - Submission of Transcript of Earnings Conference Call held on August 11, 2025**

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on August 11, 2025

This is for your information and record.

Thanking You,

**For Kross Limited**

**Debolina Karmakar**  
**Company Secretary and Compliance Officer**  
**ACS 62738**

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# **“Kross Limited Q1 FY26 Post-Results Conference Call”**

**August 11, 2025**

**E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 11<sup>th</sup> August 2025 will prevail.**



**MANAGEMENT: MR. SUDHIR RAI – CHAIRMAN & MANAGING  
DIRECTOR, KROSS LIMITED  
MR. SUMEET RAI – WHOLE TIME DIRECTOR, KROSS  
LIMITED  
MR. KUNAL RAI – WHOLE TIME DIRECTOR AND  
CHIEF FINANCIAL OFFICER, KROSS LIMITED**

**MODERATOR: MR. MIHIR VORA – EQUIRUS SECURITIES PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Kross Limited Q1 FY '26 Results Conference Call hosted by Equirus Securities Private Limited.

As a reminder, all participants' 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 this 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. Mihir Vora from Equirus Securities. Thank you. And over to you, sir.

**Mihir Vora:** Thank you. Good morning, everyone. On behalf of Equirus Securities, I welcome you all to the Q1 FY '26 Results Conference Call of Kross Limited.

From the Management side, we have Mr. Sudhir Rai – Chairman and Managing Director, Mr. Sumeet Rai – Whole Time Director, and Mr. Kunal Rai – Whole Time Director and CFO.

So, without further ado, I now hand over the floor to Sudhir sir for opening remarks. Over to you, sir.

**Sudhir Rai:** Thanks, Mihir. Good morning, everyone. Thank you for joining us for this Earnings Call for Kross Limited firstQuarter ended June 2025.

Along with me, I have Mr. Sumeet Rai – Whole Time Director, and Mr. Kunal Rai – Whole Time Director and CFO, as well as other senior team members & our Investor Relation advisors, Strategic Growth Advisors.

I will begin by walking you through our performance highlights and then share updates on our key strategic initiatives and growth plan.

Now, despite the cyclical slowdown over the past 16 months - 17 months, we have managed to remain steady. While the overall environment was challenging, we maintained a healthy order book and our margins improved relatively to broader market conditions.

Our diversified product and business models, has enabled us to effectively navigate the downturn. Although the trailer and CV segment underperformed compared to the previous year's quarter, our strong growth in tractor and export segment helped us offset this decline partially, allowing us to maintain our margins. With the necessary infrastructure now in place, we are well positioned to capitalize on growth opportunities once the market stabilizes.

We began the financial year with profit after tax growing approximately by 40% to Rs. 10.7 crores, with the PAT margin improving by 245 basis points to 7.7% from 5.2% in Q1 FY '25. The revenue stood at Rs. 139.4 crores, making an approximate 5% decline compared to Q1 FY '25. However, EBITDA stood at Rs. 16.2 crores and EBITDA margins improved by 27 basis

points, up from 11.3% (Errata: Actual number to be read as 11.3%) to 13.6% (Errata: Actual number to be read as 11.6%), reflecting our continuous focus on operational efficiency and measured cost control.

Our key strategic initiatives are progressing steadily, although there has been a slight delay compared to our earlier guidelines, the machinery for our new extrusion line has successfully been delivered. Commercial production is now expected to commence from Q3 FY '26. This advanced extrusion line, the first of its kind in India, is set to significantly enhance our manufacturing capabilities. It will expand our axle manufacturing capacity from 5,000 per month to 7,500 per month, reducing cost, improving product reliability, thereby strengthening our long-term competitiveness.

Now, let me update you on our seamless tube facility, which is progressing well and remains an important milestone in our long-term growth journey. This project is a strategic move to deepen our backward integration and Kross will fulfill this infrastructure requirement of the country. Once operational, it will give us greater control over key input components, helping us to drive cost efficiency and improve product quality across the board.

I would like to add one more point on the seamless tube. The usage of seamless tube, of course, the biggest usage of seamless tube is on transporting of oil and gas. But second to that is in auto components and Kross will be the first source to have backward integration in a seamless tube for auto components. No auto component manufacturer has an in-house facility for seamless tubes.

Construction of this facility is on track and expected to be completed by December '25. The machinery for this facility is scheduled to be dispatched by March '26, after which, we will proceed with installation and commissioning. The other good news is, of course, visa regulations for having Chinese coming into India has also been sorted out. We are now targeting production to begin in Q4 FY '27 with meaningful revenue contribution expected to start thereafter.

On the operational front, we continue to strengthen our forging capabilities. In FY '26, we doubled our forging capacities with the addition of a 2,000-tonne screw press and a 1,000-tonne screw press. Both are already commissioned. Furthermore, we plan to install a 1,600-tonne press plus a 2,000-ton press in H2 FY '26. All of this will enhance our production efficiency and capacity. Please note that all these are from the proceeds of the IPO.

In our export segment, revenue contributions stood at 4% in Q1 FY '26, keeping us on track to achieve a full year export target of 5%. With our existing customers in Europe, earlier we were serving their requirements in Europe only, which has now been extended to their South American facility. The company has received schedules for the next six months to be executed. We have also secured a new export order from a leading European Tier-1 manufacturer with a production schedule to commence in Q2 FY '27. The product lines for this customer is very similar to our existing customer and the potential of generating about Rs 40 crores revenue annually in the next two years.

*Kross Limited*  
*August 11, 2025*

With the above, we aim to reach a double-digit export contribution by the end of FY '27. I would like to highlight that our export revenue exposure to the U.S. is minimum and the recent U.S. tariffs have no impact on our business.

Now, I would like to hand over the call to Mr. Sumeet Rai to update you on trailer business and the quarter ended for 30th June 2025. Sumeet?

**Sumeet Rai:**

Hi. Thank you.

In the trailer segment, there is an ongoing effort to expand our customer base and continue to strengthen our market outreach. In the last quarter, we added over 10 new customers. Regarding the new developments on the trailer front, we are getting into the business of manufacturing tipping jacks and we are going to launch our tipping jack products by the end of October 2025.

With the starting of the extrusion line in Q3, we hope to expand our customer base of our trailer axles and suspensions. Right now, our customer base is entirely domestic and with this extrusion line commencing, we aim to kickstart exports of certain trailer parts too.

We have launched our car carrier axle in this quarter and also the car carrier suspension. This product will open up our sales to a new segment in the trailer space and we hope to get orders for this in Q3 of FY '26. Our extrusion line, as I said, will be operational by end of Q2 of FY '26.

We are also launching our own landing leg or landing gear which will be manufactured in-house. Right now, this product is currently under testing with ARAI and beginning of next quarter, we will have it ready to sell to our customers. In the agriculture segment, we have expanded our offerings to a new domestic OEM with production expected to begin by Q4 of FY '26. With a sharpened focus on this segment, we aim to increase our exposure to 15% of total revenue from currently 11% over the next two years.

Looking ahead, backed by a healthy order pipeline, we remain confident in our ability to deliver sustained and consistent growth. Our strategic focus continues to be on product innovation and geographical expansion, initiatives aimed at creating long-term value for our stakeholders.

With this, I would like to hand over the call to Mr. Kunal Rai to update you all on the financial performance for the quarter ended 30th June 2025.

**Kunal Rai:**

Hi, good morning, everyone.

I would like to take you briefly through the key 'Financial Performance' for Q1 of FY '26:

On the revenue front:

Our revenue stood for the quarter at Rs. 139.4 crores, reflecting a decline of 4.8% on a year-on-year basis. The revenue softness primarily was due to the weak demand and lower sales in the CV segment. However, the shortfall was partially offset by the strong growth in the agriculture and the export segment. Our diversified business model provided resilience against the downturn. Performance remained broadly in line with our expectations.

In terms of bottom line:

EBITDA for the quarter stood at Rs. 16.2 crores and EBITDA margins were up to 11.6% from 11.3% in the same quarter last year. PAT stood at Rs. 10.7 crores as compared to Rs. 7.7 crores in Q1 FY '25, reflecting a year-on-year change of approximately 40%. The PAT margins stood at 7.7%, up from 5.2% in the same quarter last year.

In terms of our sales mix:

Revenue from our trailer axles and suspensions stood at 40% and the other component business stood at 60% for this quarter. To summarize, while the quarter witnessed some softness in the top line, improvement in profitability margins underscores the strength of our operations. We continue to make steady progress on our long-term strategic roadmap with a clear focus on execution and resilience. We are always committed to deepening our backward integration, expanding our capacities especially on the forging front and diversifying our product portfolio.

Also, to let you know, in terms of our IPO proceeds:

We have now utilized 80% of these proceeds and the balance 20% will be utilized in this financial year itself. These investments are obviously crucial enablers for the next phase of our growth. With strong fundamentals and a healthy order book, a sharp focus on margin protection, we are well positioned to navigate these short-term headwinds and deliver sustained long-term value for all our stakeholders.

We thank you again for your continued support and joining this call and we can now open the floor for further questions and answers.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Mihir Vora from Equirus Securities. Please go ahead.

**Mihir Vora:** Yes, thank you. So, sir, basically my question is on the current CV situation. How are you seeing it panning out in Q2 and what do you expect from the CV industry in the full year, like will it continue to be subdued as it was in last year or how will it go ahead? So, some colour on the CV industry.

**Sudhir Rai:** Yes, I will take this question. You see, what has been indicated by leading OEMs and Tier-1 manufacturers is that H2 will be far better than H1. Now, what happened in H1 was a regulatory mandate, which the government had given for the AC cabin, okay. So, this was supposed to be

with effect from 8th of June and the OEMs, what they did was in the month of April and May, they produced very good quantity, just in order for them to make stocks of non-AC cabins so that they can have an easy migration into AC cabins in the month of June and July. But this work and the government did not allow them to sell those vehicles, this thing and after that, they have had relaxed on this. But this was one spoil sport which took place.

As far as other indicators which they have given us, the government's spending on infrastructure has improved a lot. And so, H2 is going to be much, much better than H1 and this is what the OEMs during the vendor conferences and other, this thing have given us to understand.

**Mihir Vora:** Right. And secondly, on the trailer market also, we see that the wholesales this time were down around 5% on a year-on-year basis, despite the last year being on a low base. So, are we seeing some feedback along that what is the real issue in terms of why the trailer sales have been moderated for the last five quarters, six quarters as such?

**Sudhir Rai:** Well, you see, the Q4 of last year was okay. Q4, we had recovered this thing. Now, what happens is, if the CV sector is weak, obviously, the trailer segments, they are not going to carry two trailers per vehicle. So if the trucks come down, this industry also is affected. And as far as the monsoon season is concerned, it is the worst time for the trailer, okay. They do not want to build trailers during the monsoon season. So, these were the two, one of the two major reasons, one is the slowdown in the output of prime movers. And the second one is on the monsoons. And this time the monsoon has been relatively good.

**Mihir Vora:** Okay, so I will fall back on this.

**Sudhir Rai:** See, the migration of heavy vehicles towards prime movers, there is no shift in that, okay. There is no shift in the migration taking place between M&HCV into prime movers, that is intact. And that is most important.

**Mihir Vora:** Okay.

**Moderator:** Thank you. The next question is from the line of Sanket Kelaskar from Ashika Stock Broking Limited. Please go ahead.

**Sanket Kelaskar:** Thank you for the opportunity, sir. Sir, my first question is on our trailer segment. So, that has declined significantly somewhere by 13%. So, can you quantify how has been the industry growth for the trailer segment in Q1? And what is your current market share in this one?

**Kunal Rai:** Yes. I will take that question. Sumeet can also probably add in terms of what the exact projections are. But if you look into the entire trailer industry, Sanket, the volume drop that we see quarter of last year versus 1st Quarter of this year, that is been approximately 7% to 8%, that has been the drop year-on-year. And if you look into the entire drop which we saw in the last year, that is FY '23 versus FY '24, it was at approximately 5% to 6%.

However, last year, we were able to maintain our sales intact. We did close to Rs. 270 crores revenue, the same as we had done the previous year. In this year, if you look into our degrowth in terms of our axle & suspension, the trailer business versus Q1 of last year, it is at approximately 5% to 6%. We had done approximately Rs. 65 crores in Q1 of the previous year. And this year, we have done approximately Rs. 56 crores. So, the first two quarters have always been quite muted. But we have seen the trend over the last two years is that from when the CV volumes also do pick up, Q3 and Q4 perform better.

**Sanket Kelaskar:** Okay, so that means we have underperformed with respect to industry. So, we might have lost some market share too?

**Kunal Rai:** We have not really underperformed as compared to the industry. Again, as I mentioned, the drop in volume of trailers in Q1 FY '25 versus Q1 of FY '26 has almost been at 7% to 8%. Whereas, our drop in sales has been approximately 5% to 6%. So, we do not see any market share that we have lost. We have in fact, only added on more states. We are doing it in Chhattisgarh, in Rajasthan. We have expanded our reach to Maharashtra. So, we do not see any market share that we have lost in these last quarters.

**Sanket Kelaskar:** Okay, sir. So my second question is on a gross profit margin. So, in this Q1, despite all the uncertainties, our gross profit margins have risen to a really, very high extent. So, I want to understand, what are the reasons? And also if you can share what how is the freight cost in Q1 and with respect to last year as well?

**Kunal Rai:** How is the --?

**Sanket Kelaskar:** Freight cost with respect to revenue? Freight cost as a percentage of revenue? Yes.

**Kunal Rai:** So, the freight cost, our freight costs are approximately 3%, 3% - 3.5% of our revenue and that has been the same as what we have had over all the quarters, okay. Not to forget, our largest customers being located in Jamshedpur is approximately 15% - 16% of our revenue and our entire sales of 85% is outside. So, freight costs in that way are controlled. It is not increased from the previous quarters.

And as far as on the gross profit margins has slightly gotten better over the last quarters, we have been able to control our, we have had a lot of cost reduction activities which have been going on. Steel prices also in the last year have slightly softened. We have seen one decrease of steel prices of approximately Rs. 2,000 - Rs. 2,500 per tonne as well coming down per kg. So, we would be able to maintain this gross profit for the coming quarters as well.

**Sanket Kelaskar:** Okay, sir. So my third question is on our, as we have introduced our agricultural equipments as well in this quarter. So, I want to understand like what are the major components that we produce under this agri segment, as well as I want to understand whether the capacity is fungible between the agri and the trailer segment.



- Kunal Rai:** Just to correct you on that, we have always been in the agri business. We have been in the agri business since 2001 - 2002 in fact. So it is just that what we have done now, we have added on a new domestic OEM is what we had mentioned during our transcript. And we supply to them a variety of codes and machine parts as well as the casting parts. And for any customer whether be it agri or CV, we have got a dedicated machining facility for them. So capacities are something we have in place. The tractor industry is also quite a cyclical industry. We see very good volumes in the first eight months to nine months and during the year and it does soften out. But we have got capacities that are quite dedicated for all these customers.
- Sumeet Rai:** Yes, the capacity for the tractor segment and the capacities for the commercial vehicle OEMs are, I mean, that can be used interchangeably. But the capacities for the trailer segment are completely different because the product range is entirely different.
- Sanket Kelaskar:** Okay, sir, understood. Sir lastly, I want to ask on working capital cycle. Working capital cycle have risen in FY '25 somewhere around 86 days. So what is the timeline do we look to bring it down to a normalized level? And what has been the major issue going on with the working capital cycle? Because our cash flow from operation has also been turned into negative in FY '25.
- Kunal Rai:** See, in terms of our working capital cycle, we do see it getting better from quarter three, hopefully. And yes, for sure, quarter four, we should be able to be at where we were in the last year. We see that due to the cyclical industry, the trailer segment especially has been quite slow. And we see that the receivable days in this business, now it is almost contributing close to 45% of our revenue. So the receivable days have gone up in this business of ours. But we do not have any kind of a bad debt or anything with any of our customers. We continue to serve them and we see that recovery once the business and the overall outlook starts looking better, our working capital cycle will also, obviously, start getting better.
- Sumeet Rai:** I think there will be a definite improvement in Q3.
- Sanket Kelaskar:** Sure, sir. That is great. Thank you, sir. Wishing you the best.
- Moderator:** Thank you. The next question is from the line of Ajay Kale, who is a retail investor. Please go ahead.
- Ajay Kale:** Yes. Sir, you said your second half will be better than the first half. Can you quantify how are you looking at Q2 FY '26, second half and way forward in terms of business growth?
- Kunal Rai:** In terms of our top line, see obviously, it is not that the CV industry or the tractor industry gives us a lot of guidance. What we have been trying to do is obviously de-risk our businesses as much as we can. We have one or two good growth factors, which are coming in and one of them are exports. As compared to doing 1% exports in FY '24, last year we did 3.5%, we are now trying to grow to 5% - 6% and by the end of next year, grow to approximately 8% to 10% on our export

contribution, plus the new business in the trailer segment of tipping jacks, which is coming in H2 also for us.

So, quarter one and quarter two are muted in terms of our volumes from the CV business. Tractors are still doing well and with all our capacities now set in place, if everything goes well, we are looking at least 10% to 12% increase in the top line for this year.

**Ajay Kale:** And the margin will be proportionate?

**Kunal Rai:** The margins would be proportionate. Margins would be getting better as compared to our Q1 margins. If you look into our margins in the March quarter, EBITDA margins were approximately at 14% - 14.5%; PAT margins were around at 9%. So, we are looking at similar margins for this year as well.

**Ajay Kale:** Yes. Thanks. My second question is, you ruled out the tariff concern already on the call, but do you see any other headwind in the business?

**Kunal Rai:** You want to take that, Sumeet?

**Sumeet Rai:** Yes. Can you repeat the question? I am sorry.

**Ajay Kale:** Yes. You have ruled out the concern with respect to tariff, it is very limited or no business is happening in the U.S., is what my understanding. But do you see any headwind in the business way forward?

**Sudhir Rai:** Headwinds in the business, Europe is not doing too well right now. But in spite of that, because our exports are just 5%, we have so much growth opportunities. When we reach a figure of 15% - 20% and that time we can see that there will be a slowdown. But right now, it is just a path of growth. As far as even the U.S., it is not that it will remain like this. Everyone knows their political situations and all that. It is the time right now which is being used for a better deal. And of course, the dust is going to settle down even on the U.S. business.

Our US business is, you could say 5% of our total exports. So we are not affected on the U.S. front and on the European front, like what we just mentioned to you, our European partners have another business with them in Latin America and that is been cleared for us. So we have got the first schedule lines for the next six months of dispatches, which is approximately Rs. 7 crores. So this will increase many folds.

**Ajay Kale:** Yes, I get that. My question was not just from a point of view of export, because I understand the export percentage is limited, the opportunities are big. It is more to do with the overall headwind of the business irrespective to your export business.

**Sudhir Rai:** See, headwinds, now during the slowdown, there are headwinds. All manufacturers try to work out a better deal with the OEMs or anything. Once demand picks up, headwinds comes down.

The question has to be that the demand for M&HCV segment has to rise. And that is something which will happen, you see, if you look into what the tonnage capacity of the vehicles are, that has gone up by 20%. This is what the OEMs are saying. Percent is the increase in the tonnage capacity already.

So if there was no demand, how did this 20% take place? Right now, with the same number of vehicles that they produce, they are carrying 20% extra load. So it will take a little time. This time, the recession, not recession, we could say the slowdown, is going to be maybe a little muted. And overloading is still taking place. They have not put a cap on that also. These are factors which affect our business. Scrappage policy has not taken off. These are the true headwinds, you can say but reforms, unfortunately, are not taking place. They are on paper only as yet. But it will happen. Surely it will happen.

**Ajay Kale:** Okay, great. Thank you so much. Yes.

**Moderator:** Thank you. The next question is from the line of Ankur Poddar from Svan Investments. Please go ahead.

**Ankur Poddar:** Hi, thank you for the opportunity. My first question is regarding your tag axles. Is there an update if you have submitted samples for this CVs or will we see any SOPs in FY '26?

**Sudhir Rai:** Yes, you see, the samples can be submitted. We just told you that the equipment has come in and by end of Q2, that is by September, October, we will have our first samples being produced. Of course, an LOI has been given by leading OEMs. But the validation, all these things will take place. The OEM business will come in a little later, but nevertheless, for our own trailer application, it will have the first use.

**Ankur Poddar:** All right, understood. And my second question is regarding the tipping jack, so they will be launched in H2 of FY '26, right? So what is the contribution to the top line, which we can expect for FY '26 and then also for FY '27?

**Sudhir Rai:** FY '26, okay, Sumeet will take this.

**Sumeet Rai:** So we are hopeful to launch our products in the month of October, and we expect on the top line this new product should be bringing Rs. 10 crores to Rs. 12 crores of added revenue for H2. With what we know about the market, in FY '27, we should be able to do a turnover of upwards of Rs. 80 crores on this product line. So that is what our projections are for the tipping jack.

**Ankur Poddar:** Understood. All right, so my last question is regarding the overall guidance, so since majority of your new equipment from the extrusion plant, your tag axles and tipping jacks, the peak revenue would come in FY '27 or FY '28? And if you could also give the guidance for FY '27 revenue overall?

**Kunal Rai:** In terms of our guidance for revenues for so long, it is basically, what we are planning now, FY '26 - FY '27 is all going to be revenue in terms of our components and our new businesses. FY '28 would see revenues coming in from, hopefully, the seamless tube project as well. Okay, so it is obviously very important to see as to how the industry is performing. But with our exports, as I mentioned, what we plan to do for this year, what we plan to do for next year.

Now, the tipping jack business also, Sumeet has mentioned to you about it in the trailer segment, also extrusion line, which is going to commence. So, with things better this year, at least in H2, for this year, we are looking at a 10%, 10% or 12% increase in terms of our top line with all these new projects coming up. And next year, obviously, we will have to see more as to how the industry is performing ofcourse, Ankur.

**Ankur Poddar:** All right. Okay, thank you. That is all from my side.

**Moderator:** Thank you. The next question is from the line of Ashish Raut from DC Security. Please go ahead.

**Ashish Raut:** Okay. So, my first question is on trailer axle contribution has now come down sequentially. And what is the mix you see this year between trailer axle and component business?

**Kunal Rai:** Okay, it is not come down considerably. We have been at around 40% to 45% in terms of our trailer axle revenue contribution, trailer business contribution to our revenue. We always see that in the first two quarters, it is at approximately the same percentage, which will grow to approximately 45% for the year ending. We do not see any substantial change in this percentage, even with all the facilities that we are adding in the trailer business, line for axles and suspensions, especially the extrusion, our other component business, especially our exports and agri is also growing. So, we do not forecast any major shift in terms of this percentage.

**Ashish Raut:** Okay. And my second question is on extruded axles. The capacity will increase from 5,000 units to 7,500 units per month. So, when do you expect it to ramp up to its peak utilization?

**Kunal Rai:** See, with this extrusion facility coming in, it will increase from 5,000 units to 7,500 units per month. We obviously have to wait for the industry to get better. In Q4 of last year, we were doing approximately 4,000 axles per month. In this year, it has softened in Q1 because of lower demand. And also in this business, there is going to be a contribution from the tag axle business also, which will come in from the next year. So, if things get better in Q3 and Q4, at least we have all the capacities available to make those many.

**Ashish Raut:** Okay. Thanks for the answer, sir.

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

**Maitri:** Yes, firstly, on the 5,000 units to 7,500 units per month capacity increase, what sort of capacity utilization are we expecting for the whole year?

- Kunal Rai:** I could not understand the question.
- Maitri:** So, the axles beam, the capacity increase from 5,000 units to 7,500 units per month, what sort of capacity utilization are we expecting for the entire year FY '26?
- Kunal Rai:** We are looking at a utilization of approximately 60% - 65%, not more than that.
- Maitri:** And my second question on the seamless tube facility, what sort of peak revenue can we expect from that facility?
- Kunal Rai:** You want to take that, Sumeet?
- Sudhir Rai:** See, the purpose of setting up this seamless tube is to be backward integrated . We did not want to be another seamless tube manufacturer in the country. That was not the whole purpose. The purpose is to be utilizing, taking the seamless tube and value adding on it. So, about 25% - 30% of the requirements will go for our own in-house consumption. Okay, that is the trailer axle. So, instead of importing these seamless tubes, we will be making it ourselves. That is one part.
- The other part is the opportunities we will have in producing components from seamless tubes. There are a large number of components which are being made right now, but now we will have our own seamless tube plant, like certain sleeves which we have got inquiries from our existing customers. We will be open to those also once we have our own seamless tube. Then the tipping jacks also require seamless tubes. The tipping jack cylinder is a seamless tube of various sizes. There, again, we will have our in-house consumption.
- So, these are some of the major reasons. We expect that our in-house requirement in the next two years will grow to about 45% - 55%. The rest of it, we will look into revenues coming in from the oil and gas transportation system. How much that will contribute is an area, I mean, if you look into the math part of it, we are talking about 120,000 tons is the overall capacity. So, 60,000 tons is the capacity for which we will have for sale of tubes for the oil and gas transportation.
- If you multiply that by about, I think we are talking about Rs. 600 crores in the next two -three years coming in. That is using 50% for our own in-house consumption and using 50% for our sale of seamless tubes.
- Maitri:** Okay. Just one clarification, so, the 50% will contribute Rs. 600 crores and the rest 50% will be used for backward integration. So, what sort of margin improvement do we see from the backward integration happening?
- Sudhir Rai:** You see, everything is not based on margins. Today, if you have to buy large size seamless tubes, you have to rely on imports. The government does not favor imports. We should not be reliant on imports when more than 55% of our sales is using tubes. So, even if it costs the same, I do

not think it should be a risk that is to be taken and it is better to be self-reliant than to work on imports. So, everything is not just done on margins. It is done on sustainability also.

**Maitri:** Yes, that makes sense. And the last clarification, I just wanted for the guidance of FY '26, we are looking at an overall growth of 10% to 12% for the whole year or just for the second half?

**Sudhir Rai:** No, no. It is, of course, everything is done on a yearly basis. So, 10% to 12%, let us say, hopefully for 15% even. We will have new product lines also, that is the tipping jacks is going to contribute, Sumeet just mentioned about Rs. 8 crores to Rs. 10 crores for this H2 time, H2 is going to be at least 25% better. We are hopeful that between 10%, 12% and 15%, we should do better than last financial year.

**Maitri:** And we are looking at the margin trajectory to reach 14% - 14.5% by the end of the year. Is that correct?

**Sudhir Rai:** Margins, you mean EBITDA margins.

**Maitri:** Yes, EBITDA margins.

**Sudhir Rai:** Yes, so we were at 13.5%, it will climb to 14%, in that same bracket, 13.5% to 14%.

**Maitri:** Certainly enough. Okay. That is it. Thank you.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

**Sudhir Rai:** Kunal?

**Kunal Rai:** Yes, we thank everybody to join in for this call. We appreciate your participation in our earnings call today and we trust that we have addressed the queries of the investors. And obviously, should you have any further questions, please feel free to reach out to Strategic Growth Advisors, who are our Investor Relation Advisors. Thank you.

**Sudhir Rai:** Thank you.

**Moderator:** On behalf of Equirus Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.