

July 29, 2025

To,
Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400051
Symbol: SAMBHV

To,
Listing Compliance Department
BSE Limited
P J Towers, Dalal Street,
Mumbai - 400 001
Scrip Code: 544430

Dear Sir / Madam,

Sub: Transcript of the Conference Call held on July 25, 2025

This is with reference to our intimation dated **July 22, 2025** regarding Conference Call with investors and analysts on **July 25, 2025 (Friday) 03:30 PM IST** to discuss the Unaudited Financial Results of the Company for the quarter ended **June 30, 2025**.

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

This above information is also available on the website of the Company.

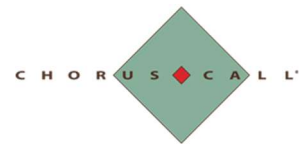
Thanking you,

For, Sambhv Steel Tubes Limited

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



**“Sambhv Steel Tubes Limited
Q1 FY26 Earnings Conference Call”
July 25, 2025**



MANAGEMENT: **MR. VIKAS KUMAR GOYAL – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – SAMBHV STEEL
TUBES LIMITED**
**MS. ANU GARG – CHIEF FINANCIAL OFFICER –
SAMBHV STEEL TUBES LIMITED**
**MR. BIKASH AGRAWAL – CHIEF STRATEGY OFFICER –
SAMBHV STEEL TUBES LIMITED**
**MR. MAYANK AGRAWAL – AVP INVESTOR
RELATIONS – SAMBHV STEEL TUBES LIMITED**

MODERATOR: **MS. SANA KAPOOR – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the Sambhv Steel Tubes Limited Q1 FY26 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Sana Kapoor from Go India Advisors. Thank you and over to you ma'am.

Sana Kapoor: Thank you Steve. Good afternoon everyone and welcome to Sambhv Steel Tubes Limited maiden Earnings Call to discuss Q1 FY26 performance. The financial results and investor presentation has been uploaded on the exchanges. Hope you have all got the chance to review the same.

We have on the call Mr. Vikas Kumar Goyal, MD and CEO, Ms. Anu Garg, Chief Financial Officer, Mr. Bikash Agrawal, Chief Strategy Officer and Mr. Mayank Agrawal, AVP Investor Relations. We must remind you that the discussion on today's call may include certain forward-looking statements and therefore must be viewed in conjunction with the risks that the company faces.

May I now request Mr. Vikas Kumar Goyal to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you and over to you sir.

Vikas Kumar Goyal: Thank you Sana. Good afternoon everyone. I am truly delighted to connect with you all following our successful IPO listing, making a significant milestone. Sambhv Steel is now listed on India's premier stock exchanges. These achievements reflect the trust and confidence our investors have placed in us and we are deeply grateful for your support. As we embark on this exciting new chapter, we look forward to growing together and reaching new heights.

Since this is our maiden call, I would like to take this opportunity to talk a little about Sambhv Steel Tubes Limited. Sambhv is a single location backward integration, structural pipes and tubes manufacturer with a diversified product portfolio and presents across a value chain. Our product range includes intermediate products like sponge iron, bloom slabs, narrow-width HR coils and value-added products like ERW black pipes and tubes, GI pipes, steel door frames, pre-galvanized GP coils and pipes and stainless steel coils.

We are producing HR coils through a secondary manufacturing route. Briefing about our competitive advantages, I want to highlight that we have strategically located plant in Chhattisgarh. We close proximity to our raw materials. Our captive power system includes 16 megawatt waste heat recovery boiler and 9 megawatt AFBC boiler. Both utilize by-products to generate sustainable energy, reduce waste and enhance resource efficiency.

Backed by 43 distributors and over 700 dealers, we also supply to OEMs across sectors. With Indian steel demand projected to grow at CAGR of 7% to 8% and pipe and tube demand expected to rise from 12.3 million tons in 2024 and 18.5 million tons in 2029. Sambhv is well positioned to capitalize on this growth opportunity.

I am pleased to report that Sambhv has had a remarkable start to the year, achieving its highest ever quarterly revenue, EBITDA and PAT. Before diving into operational and financial highlights, I would like to throw some lights on key strategic updates. Sambhv Steel Tubes Limited made a strong debut on the stock exchanges on 2nd July 2025, reflecting robust investors confidence and making a successful transaction to the public markets.

Sambhv successfully raised INR440 crores through an IPO and proceeds are used to repayment of debt, meeting working capital needs and supporting expansion plans and general corporate purpose. Sambhv commissioned its Kuthrel facility in financial 25, focusing on GP coils, GP pipes, stainless steel HRAP coils and CR coils.

The facility has also exceed land, which can be used for future expansion. Additionally, a Greenfield project is underway at Kesda under subsidiary Sambhv Steel Tubes Limited, Private Limited, targeting three phases capacity addition of 1.2 million tons of finished products, with Phase 1 is expected to be commissioned end of financial year 2027.

NOC from Kesda Gram Panchayat and TOR from the MOEF and CC has been obtained. Public hearing of EC has been successfully conducted by CECB. The HR mill has been procured and being imported and the land has been acquired. Sambhv also has a scope of established power plant to become self-reliant on power needs and reduce dependency on external power.

The consent of establishment received for enhancing the capacity of GP coils and stainless steel coils from 58,000 metric tons per annum to 1,16,000 metric tons per annum each. The company has received consent to establish for enhancing the capacity of GP coils, stainless steel CR coils from 58,000 metric tons per annum to 1,16,000 metric tons per annum each.

Coming to the Q1-26 operational performance, Sambhv has achieved the highest-ever quarterly total sales volume of 50% year-on-year growth. Capacity utilization of pre-galvanized and stainless steel coils division has improved significantly. The EBITDA per ton also has significantly improved to the INR7,800 per ton.

Moving to financial results of Q1 FY26, revenue from operation has increased to INR559 crores up 69% and 13% on year-on-year and quarter-on-quarter basis. EBITDA increased by 58% and 51% on year-on-year and quarter-on-quarter basis. INR73 crores at Q1 FY2026 EBITDA margins stood strong at 13%. PAT increased to INR33 crores up 35% and 103% on year-on-year and quarter-on-quarter basis.

Q1 FY26 PAT margins stood strong at 6%. In conclusion, Sambhv is firmly focused on sustainable growth through strategic capacity expansion, wider geographic reach and stronger distributor network to enhance product availability. By emphasizing on value-added products, customization, cost efficiency and brand development, we are building a resilient and future-

ready business, supported by strategically located plants, process innovation and robust distribution framework.

We are well positioned to meet rising demand across India with a solid financial season and leadership. Strong stakeholder backing, Sambhv is set to emerge as a frontrunner in the rapidly expanding steel pipes and tube industries. At the very end, I would want to say that everything is possible if Sambhv is there then everything is possible. That's all from me. I would now request to open the floor for question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Aditya Welekar from Axis Securities. Please go ahead.

Aditya Welekar: Thank you for this opportunity, sir. Sir, if you just can explain in detail about this capacity expansion up to 1.2 million ton finished products. So by ERW and GI pipes, GP pipes and stainless steel pipes from current capacity, how this will move once we have complete 1.2 million ton addition. So the split by individual finished product category I want?

Management: Thank you, Aditya. This 1.2 million ton capacity will be executed in three phases. Currently, we have planned for phase one, which will be commissioned by end of financial year 2027. We have currently acquired the land as our MD sir has pointed out and majority of the approval like Gram Panchayat, TOR from MOEF and public hearing by CECB has already been conducted.

Post the approval, we will be executing this project. Majority of the design work is under the finalization stage and certain advances for capital good where my yield period of delivery is higher is already being given. So that my project execution will be faster. Coming to the split of the product itself.

End product in first phase will be 1,80,000 of pipes and tubes fully integrated backward and forward. And 1,80,000 ton of stainless steel production capacity fully backward integrated and forward integrated. So that is what our current plan is currently. For unit three, phase one expansion, which is of around 1.2 million ton capacity.

Aditya Welekar: Okay, understood. And directionally, if you can throw some color on our EBITDA per ton targets. Once this capacity comes online phase wise. So how our value means EBITDA per ton will grow from the current level?

Management: In terms of revenue split, if I emphasize. Currently my stainless steel is currently contributing around 20% of my revenue. Going forward after adding 1,80,000 ton of stainless steel production. My revenue split will look like 50% of stainless steel and 50% of ERW pipe and galvanized product.

So in terms of EBITDA margin, I would give a guidance in terms of 12% if I say. Then my EBITDA will be upward of INR8,000. After this phase 1 of unit three or this particular expansion we are talking about has been commissioned. So that's what will be in terms of my number.

- Aditya Welekar:** Yes, that's helpful. And anything on capex phasing each year?
- Management:** So we are currently in execution phase. Around 18 months time is still there for me to execute this particular project. Usually my capex is backward integrated. I mean it is back-ended actually. So certain advances as I said is already being given. We do not expect majority of expenses. Let's say if I split the expenses. Then let's say around 30% to 40% expenses will be for the total capex will be done in FY26.
- And majority of the expenses that is around 60% to 65% will be done in FY27. So I will project in that way.
- Aditya Welekar:** Got it sir. Yes. Thanks. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Umang from Systematix Group. Please go ahead.
- Umang:** Yes. Hi. Congratulations on the great set of numbers. So my first question is in relation to the segment wise volume guidance for FY26. So what will be the split and the expected production?
- Vikas Kumar Goyal:** Now we are in the first quarter 3,50,000 ton capacity of steel pipes and tubes. 58,000 ton capacity of stainless steel. And 1,00,000 ton capacity of galvanized pipes. Pre-galvanized pipes, GP pipes what we call. We are increasing our capacity in stainless steel and some capacity in galvanized coils.
- So now in the first quarter and second quarter, this number is 5,10,000 ton of capacity. And increased capacity is 5,86,000 ton. We are commissioned at Q4, I think. Of FY26.
- Umang:** Okay. Thanks a lot, sir. And, sir, my second question is that the share of value added products are increasing in your product portfolio. Then why EBITDA per ton is showing a declining trend on an annual basis?
- Vikas Kumar Goyal:** Actually, if you're seeing the EBITDA percentage, the EBITDA percentage 12% or 13% from the last four years. But the last year it was declined because the last year is very sluggish year for the steel making and the pipe and tube also. All our industry gets EBITDA down so that we have also achieved this. But this year we get the quarter one 13% and we are trying to maintain this percentage.
- Umang:** Okay. So, sir, the sustainable margin, I can assume that for coming years it will be between 12% to 13%?
- Management:** Yes, of course.
- Umang:** And, sir, the last question. So, for the new capacity coming up, what is going to be the total capex for all three phases? So, how much total amount we are expecting from the capex front total for all the...

- Vikas Kumar Goyal:** Actually, we have designed our entire plan. Our finished product, which is going to be made of stainless steel, we have not been able to complete our planning. So, I am not able to give you the total numbers as to how much total we are going to spend.
- In the coming month, we will definitely give it to you. We have also made advances in our long lead items, the turbines that we are going to order or the ACCs that we are going to order. But I will not be able to give you the total amount on this call. But next month, of course, I will definitely give it to you. You will get the complete details.
- Umang:** Okay. And, sir, just last clarification in relation to that, that the expected total completion is going to be like between 2030-2031 of all three phases of this project?
- Vikas Kumar Goyal:** We will start it completely by 2030. Our finished product will start within 1.2 million, is our planning.
- Moderator:** Thank you. The next question is from the line of Mayank Bhandari from Asian Market Securities. Please go ahead.
- Mayank Bhandari:** Yes, sir. In the presentation, you have given a number of 92,706 as the sales volume for 1Q FY '26. What is the comparable number in 1Q FY '25?
- Management:** So, it was around 62,000 metric tons in 1Q FY '25.
- Mayank Bhandari:** 62,000 metric tons. And this, what about the category-wise number could you provide?
- Management:** So, at that time, we have not commissioned our galvanized products unit and stainless steel unit. So, primarily, there were only two segments. One was structural pipes and tubes and other was intermediate products. So, pipes and tubes was around 54,000 metric tons and around 7,500 metric tons was intermediate products.
- Mayank Bhandari:** So, it means pipes and tubes have declined in this Y1 as compared to Y1.
- Management:** If you virtually see it, yes, it has declined. But if you see the entire product mix of Q1 FY '26, the share of galvanized products has increased. So, basically, since we got the opportunity to sell galvanized products much in the market and it was a high margin product, so some of the production that got diverted to galvanized products as well.
- Mayank Bhandari:** Okay. So, you are saying the capacity utilization in structural pipe is peaked or massive?
- Management:** Absolutely. And I would like to mention one more point that apart from GP pipes, we also have sold GP coils. So, there were some opportunities that we found in the market which were beneficial to us.
- Mayank Bhandari:** Okay. But is there any structural weakness in the ERW pipe that you would like to comment upon?
- Management:** No. There is no challenges as such. There was just a business opportunity. I mean, you can say that we got and the margins that we were able to earn on galvanized products were better than

the ERW segment and that is the flexibility that we get from the integration, right. So, that is something that we try to look where the margins are highest. We try to change our product mix according to that.

Mayank Bhandari: Okay. And what was the ERW pipe number on the Q4 FY '25?

Management: So, it was around 54,700 metric tons only.

Mayank Bhandari: So, basically, we are not actually seeing the uptake there even sequentially on a comparable basis Y-o-Y?

Management: Yes.

Management: Q-o-Q also, if you see, you may see a decline, but I would say it is a seasonality first and secondly, if you see the inventory stocking expecting the safeguarded to come. So, there are a lot of distributors who place their order in advance and they stock the material in their godowns. So, because of that, because of the stocking and the seasonality, my Q-o-Q number is a little bit flattish.

Mayank Bhandari: Okay. So, this, okay. And with respect to this margin of 7,843 EBITDA per ton for 1Q, could you give the margin of different segment for 1Q?

Management: In our accounting, we do not have that liberty to account the margin for different segment and different product. So, in a blended level, it is 7,800. But if I exclude the sponge iron part, my EBITDA per ton is around 8,600.

So, having said that, if I choose not to sell the sponge iron, which was like upgrade or degrade or whatever, the defective product, I would say in the simpler term, then if I would not sell that, then my EBITDA margin looks upward of 8,500 currently.

Management: It is a blended EBITDA.

Management: Yes.

Moderator: Thank you. The next question is from the line of Sunil Jain from Nirmal Bang.

Sunil Jain: Yes, congratulations on good numbers, sir. Sir, can you -- in the today morning interview, you had said that you are expanding some capacity in the year itself. Can you explain that? Which one is the starting capacity in the current year?

Management: Now we have the capacity of 5,10,000 tons in total in the steel tubes and pipes, 3,50,000 tons, 58,000 tons of stainless steel and 1,00,000 tons of GP coils. Now in this year-end, we are expanding our stainless steel capacity to 1,16,000 tons and also the GP coil capacity to the 1,16,000 tons per annum. So in this year-end, our total capacity will be 5,86,000 tons. So 76,000 tons our capacity is increasing and this capacity utilization you may get at the next year.

Sunil Jain: So this will come somewhere in the Q4.

Management: Yes.

Sunil Jain: And what will be the capex for this additional capacity?

Management: So we are doing some technical changes in the system or in the process manufacturing. So because of that, we are getting this boost of production capacity. So I don't think there is much of an expense or capex to be done for particular changes. It's just certain systematic changes in the technical we have to do.

Sunil Jain: So what I see that stainless steel you had started just last year and now you are doubling also and even in the next expansion, you are increasing that substantially. Any specific reason why you are, because stainless steel you will be selling HR coil only?

Management: Yes.

Sunil Jain: Or it will pipe?

Management: We are selling the cold roll and dried unlinked coils for the pipe making and the utensils. And we are selling to the B2B manufacturers, pipe manufacturers and utensil manufacturers.

Sunil Jain: This SS pipe? SS coil?

Management: SS coil. SSCR, dried unlinked coils.

Sunil Jain: So any specific reason why you are so focused on this new product which you started just last year?

Management: So the product in the market looks started last year, but we have been working for this particular product for last three to four years. If you see the stainless steel market itself, there is not much of a producer or supplier there in the market. We are among the few players who are actually manufacturing the flat stainless steel product in the market first.

Secondly, the demand growth of the stainless steel is upward of around 20% as per the government statistics. So to meet that particular demand, there is no supplier addition is there in the Indian market. So India is completely relying on the import market, which also being now targeted by the government of India.

Now the government of India wanted to restrict the import and giving first to the make in India. So we are seeing a good demand or I would say a lot of unmet demand is being there in the stainless steel segment. So currently our product is restricted to 200 series.

With this 200 series also, we are able to enhance our capacity utilization. So we are seeing once we start adding newer series of stainless steel that is 300, so then there will be another round of demand for that particular product itself. So because of that, we are a little bullish in this product.

And in Unit 3 of Phase 1, we may, you know, apart from the cold roll, bright end coil, we may add certain other products to, you know, cater to the industry demand. So that's why we are adding 1,80,000 ton of capacity in Unit 3 of Phase 1.

Sunil Jain: So if I am not wrong, here the production will be from scrap?

Management: Yes.

Sunil Jain: And it will not be like starting from sponge iron and going up to that?

Anu Garg: No. It is not from the virgin root. It is from the scrap root only.

Vikas Kumar Goyal: This is the only root to make the SS. Worldwide, this SS making is from the scrap only. The scrap portion is 70%, 30% is alloy mix in this manufacturing process. And the alloy is, in our range, in Odisha and Chhattisgarh, we have supplier, a lot of supplier of this ferromanganese and ferrochrome. So that we are able to make it at very cost competitive.

And one more thing I would like to tell you is that the standards of BIS, to stop import, the government has also taken a new step that the BIS of the raw material or slabs will be able to export the same stainless steel coils in India. So we have also got one more thing from that that we should increase our product and fulfill the growing demand of India. And we are getting good margins in this.

Sunil Jain: Sir, I am not able to get, why there is no competition in this, in stainless steel? Means, if Jindal Steel -- Jindal Stainless, does it not come in your competition in this product?

Vikas Kumar Goyal: Of course, it comes sir, they are our leaders in this market. Of course, it comes. And we are working with them on thinner gauges more. There was a blank market on stainless steel, the name you took, they produce more than 1 mm of material. And our thinner gauges, like we have made 0.26 mm of material and supplied it to the market. We will be the first in India to make 0.26 mm of stainless steel coils with integration and supply it to the market.

Sunil Jain: But apart from this big company, there are no other small players who can compete with you in this line?

Vikas Kumar Goyal: There are two more players.

Sunil Jain: Okay. Indian players?

Vikas Kumar Goyal: Yes. Indian players. Yes. Of course.

Sunil Jain: Okay. No foreign players are working here?

Vikas Kumar Goyal: Import happens in India, use to happen import in India and now also there is still a lot of import. The demand for stainless steel in India is growing very fast and the production is not increasing that much. We are increasing production. Other people are increasing production. So, India has tried to stop import. But of course, we will get good margins and we will also get the benefit of growing demand.

- Sunil Jain:** So you are saying that the dump that was happening before Indonesia, is not happening because of BIS certificate?
- Vikas Kumar Goyal:** Yes.
- Sunil Jain:** Okay. And your pricing in SS, is it above Jindalist or stainless steel or do you have to give a discount?
- Vikas Kumar Goyal:** If you say about discount, it is around 1% our discount is going on.
- Sunil Jain:** Okay. Okay.
- Moderator:** The next question is from the line of Sneha Talreja from Nuvama.
- Sneha Talreja:** Hi. Good evening, sir. And congratulations on a great set of numbers. Just a couple of questions from my end. Firstly, just speaking about the demand. How do you see the current demand scenario? I don't know if it's really strong and we are seeing many capacity additions coming in. Along with your capacity addition, how confident are we to ramp up this capacity? I think both these questions together.
- Vikas Kumar Goyal:** So, hi, Sneha. So in terms of demand, maybe there is temporary bleep in few quarters or maybe for some period of time. But we believe long-term story of India is still intact. Our product range, which is around up to 7 inches of ERW pipe and tube steel, we find a lot of bias is there and a lot of demand is there because there is still structurally rural demand is coming.
- Our capacity is not as for the market so high. So we are not facing any in term of capacity utilization challenge or maybe selling challenge from our side. And we believe our distribution network, what you can see from the numbers, is day-by-day it's increasing. So we are very much optimistic about selling whatever capacity we are adding in ERW pipe.
- Coming to the galvanized, we are into galvanizing coil and gal -- pre-galvanized pipe manufacturing with a capacity of -- current capacity which will be of around 5,000 tons per month and we are easily, I mean, achieving the sales target what we have -- that we have set for ourselves.
- And third is stainless steel. We already explained that the market unmet demand is there, import restrictions are there. And few players in stainless steel flat products are operating. So we are getting a wider market to operate currently and wider demand to cater to. So in terms of capacity expansion, in terms of utilization also, we do not find any challenges for specifically stainless steel coil segment.
- Sneha Talreja:** Understood. Understood. Secondly, of course, I can see that you have given your EBITDA per ton to be INR7,843 and without sponge iron, it's about INR8,600. Can we get to understand what you would be making at this point of time specifically in stainless steel and pre-galvanized?
- Vikas Kumar Goyal:** So as I said, I'll just explain it again. So we do not have an accounting practice to segregate our EBITDA segment wise. On a blended level, excluding the sponge iron, we believe INR8,500

is the number what we aspire to achieve currently for this financial year. In and around, if market supports, it may go up also. And if market doesn't support, it may go down also.

Sneha Talreja: Understood.

Moderator: The next question is from the line of Aashish from InvesQ PMS.

Aashish: Yes. So this is the first call. You explained very well the genesis of your company that you graduated from sponge iron manufacturing to forward integration in ERW pipes and then stainless steel. So I just wanted to understand in ERW pipes, what is your -- what is working for you, I mean, in the market because there are many players, including one large player.

And how -- why are you -- why would you be getting such success and where are we going in the next four years or five years in -- as a company overall in SS and ERW pipes? It would be better if you could elaborate on that.

Vikas Kumar Goyal: So I will start with the integration process. So our strength vis-à-vis other players is single location backward integrated facility. So I am mostly controlling the entire value chain. Because of value chain control, I managed to customize the product for my end user very rapidly. So the TAT for the conversion or the particular demand requirement, I can achieve in a very low lead period of time. So that is the first element.

Point number one is time of delivery through customization is very, very low. Secondly, my location where my two raw materials, that is coal and iron ore, is in the vicinity of 200 kilometers to 250 kilometers. So logistically, I am in a very sweet spot in terms of location where I can procure the lead period to procure the raw material and convert into the end product is also very low.

Third, the process in which we are manufacturing our coil is through secondary route which no other player, particularly India, is able to achieve at particularly this scale. So this is basically the process innovation that we have achieved. So we are in a way a little different from other players in the market who are manufacturing or providing the pipe in other industry or some industry. So we believe these all three or four points segregate us from other players.

Aashish: Okay. Sir, I mean, if I look at it from the customer's angle, so what you said that your cost efficiency, your proximity and your TAT, turnaround time, these are probably the things that are working for you. But these efficiencies, once we get to a size, and probably, we gradually move out of our area, so how will we capture the distributors?

Because when we track APL Apollo, so we know their turnaround times and the way the brand has been created and the quality of the product, the number of SKUs, all these things work very well for them. So we want to understand that, Sambhv, if we want to become a sizable player in this, if we are a 2% player of the overall market, then how will we capture it? Why will -- I mean, the customer at the end and the distributor in the middle, why will he keep our product and give us much higher volumes? If you tell us in detail, it will be very good.

Vikas Kumar Goyal:

I will give you some clarity in this. As Mr. Vikasji just said, the tailor-made product, like you will see in pipes and tubes, there are a lot of variety of SKUs of different sizes. There are around 8,000 sizes and around 800 sizes are regular sizes.

And whatever name you have taken, it is in multiple locations, there is a lot of production, so they are able to successfully supply it in the market. At the same level, we have also done that we have installed multiple pipe mills in one location. So every size is always available with us, up to 7 inches.

Because you can say that 85% of the market is market share. And we have one thing, like any building design, it has different sizes, different thicknesses. So we are able to provide goods on that thickness, on that size, because we are able to manufacture HR coils of that range immediately.

So we are able to deliver goods within 5 to 6 days. So this is a very big advantage that we get from the market, that whatever order comes to us, whatever size comes, whatever thickness comes, we deliver it on time. And whoever delivers it on time, will always be a winner in the pipe market.

Whatever you said, that is also the reason why we have moved forward, that they caught on-time delivery. Because on-time delivery is very important in this. Secondly, at the same line, because we have a backward, so the galvanizing products that we are making, and that too we are making today's advanced technology, which is known as technology, in which there are no pores, there are no oxygen pores.

We heat the coil at 450 degrees in our furnaces. We have the India's second longest furnace for the non-wash technology. So in that we stress-free the goods, and when we heat it at 450 degrees and dip it in zinc, so the oxygen pores get over, black spots don't come, so the durability of our goods increases.

So you will see that in the market, within 3 or 4 months, we have brought our price range just like the market leader. If we give a good quality product, if we give a good size range, if we make a tailor-made product and deliver it on-time, then the customer is attracted to us, and we will be able to attract them in the future as well. And we believe that the one we started working with, the one we worked with we don't leave him quickly.

So for 20 years, we have been in the market somewhere, we used to sell structured steel first, the long products. So the experience of those people has been good for us. So our distributors also want to work with us a lot, and they get an advantage from us. So this can be an advantage of ours, which comes because of our background.

Aashish:

Sir, the second part of my question, the opportunities and challenges that we see in both the segments, where do we see them in 4-5 years? A broader question, because this is a limited time call. So if you can comment on that, it will be good for us.

- Vikas Kumar Goyal:** If we talk about the first phase, after the first phase, we will share 4% to 5% of the market, in both stainless steel and pipes and tubes. And going forward, our target is to do it up to 10%. So gradually, you will find us here in a few years.
- Aashish:** Yes, sir. If we want to meet you, we will come to meet you. And we will try to understand more about your business.
- Moderator:** The next question is from the line of Shlok from Svan Investments.
- Shlok:** Sir, I just wanted to confirm. You said that you are putting -- in the first phase, you will be doing 180,000 tons of ERW and 180,000 tons of stainless steel. So, this phase one wouldn't include any GP pipe expansion?
- Management:** Currently, it is not planned. But in case we plan that, that will be -- I mean, we will be intimating to you. But currently, we are not planning any galvanized production expansion currently with the phase one.
- Shlok:** So, the phase one will be including this stainless steel and ERW. So, it will be around 360 million tons of capacity attrition, right?
- Management:** Finished product, yes.
- Shlok:** And what will be the capex for this first phase? Total capex?
- Management:** We already informed you, I mean, in terms of the previous question, that the estimation is in the final stage. So, we will be just, you know, intimating in the coming months. Maybe in the next -- we'll be discussing in the entirety.
- Moderator:** The next question is from the line of Jehan Bhadha from Nirmal Bang. Please go ahead.
- Jehan Bhadha:** Yes. Sir, my question is on the working capital. So, we have seen that FY '25, it has come down, mainly on the back of increase in payable days. So, what was the reason that payable days suddenly increased? And going forward for next couple of years, what is your outlook on working capital cycle?
- Vikas Kumar Goyal:** Anu, please.
- Anu Garg:** So, yes, Jehan. So, the working capital days for FY '25 was 18 days and the trade payable days has been increased. We are analyzing and using different products of the bank, like purchasable discounting and LC, that has been included in the trade payable days. And the trade payable days has been increased to 78 days. And going forward, we are planning -- we have been achieving to maintain the working capital days at 20 to 25 days.
- Jehan Bhadha:** Okay. And can you provide the split between B2B sales and B2C with regards to ERW pipes? So how much we sell to dealers and how much we sell to company's OEMs?

- Anu Garg:** So, in ERW pipe section, we are selling through the distributor channel only. If anyone directly contacts to the OEM seller, directly contacts to the company, we route it to the distributors only. So, in ERW section, we are currently selling through B2B model.
- Jehan Bhadha:** Okay. And in terms of industry exposure, like automobiles or infrastructure, can you provide a break-up?
- Vikas Kumar Goyal:** So, if you see, we are completely selling through our distributors. So, we do not have any statistic to split ourselves in terms of different industries.
- Moderator:** The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.
- Rakesh Roy:** My first question regarding your stainless steel capacity. Currently, we have 58,000 in effect and we are going to add another 50,000.
- Vikas Kumar Goyal:** Yes.
- Rakesh Roy:** Okay. And, sir, in Phase 1, we will add 1.8. 1.8 plus 1.2, so we have 3 lakhs. We have excess capacity, right?
- Vikas Kumar Goyal:** Yes. So, approximately, after adding 1,80,000 tons in Phase 1 of Unit 3, we will be having around 3 lakh tons of stainless steel production capacity.
- Rakesh Roy:** Okay. My next question is the same. Sir, you are just making a Series 200, sir. But, in general, in Series 200, we have very less margin, sir, and very high import from China and other countries, sir. So, can we maintain our margin target of 13% after making the SS, this one, Series 200?
- Vikas Kumar Goyal:** We are now producing 200 series to capture it. And we have started this month with 304 and 316. So, till the time we get new production, we will develop all kinds of markets. We will also do our brand making. Today, we have one and a half year for the new production for Phase 1. Till then, we will also do our brand building.
- And, secondly, as far as imports are concerned, imports are always a threat to us from China, as far as stainless steel is concerned. But, today, our government's focus on make in India, because of that, they have implemented BIS standards on every importer, on every producer, whether it is China or anywhere in the world, that they will be able to make a coil only if they have BIS for slabs. And BIS for slabs is available in very few industries worldwide.
- So, it has a benefit that the import is very less from it or you will see in the coming weeks that it has decreased. So, we will get that benefit. And the demand for stainless steel is continuously increasing in India.
- Rakesh Roy:** Exactly. Sir, my concern is only, sir, if 200 to 300, 300 is a high margin business. There is no doubt, sir. In 200, we have very less margin compared to 300 or 400. So, for example, if Jindal is still making the same 200 series, and they are exporting, for example, they are not exporting or they are dumping in the market. And, other players also, like Shyam Metalics is also, they

are expanding their asset series. So, in that sense, how do you manage the competition of pricing in the market?

Management:

Sir, you have asked two questions. First is maintainability of the margin in stainless steel. So, I would like to highlight, we are into cold rolling and bright annealing. And, with the gauge below, where our market is currently not offering that product. So, because of the thinner gauge product which we have currently, the acceptability of our product is there. Plus, we are getting a bit higher margin or we are getting a bit higher realization in particularly thinner gauge stainless steel coil. Point number one.

Point number two is, you have asked, Shyam Metalics is being there for the market in terms of margin. So, in terms of competition, we want people to come. So, basically, whenever the competition will come, it will replace the import, not the particular market share of any existing player or any existing domestic player. So, coming of a new player will enhance the market base. Demand is already there, which is growing around, let's say, 15% to 20% per year in India.

So we believe, and currently, there is not more than four players. So, adding another player, we give market a better competition. Plus, it will give -- it will widen the scope of market demand also.

Rakesh Roy:

Right, sir. Right, sir. Any plan to add new product in SS in the near future?

Management:

Currently, it is under consideration, sir, definitely. Maybe in the next few quarters, we will be giving you clarity on that. Currently, we will not be able to disclose that product or things which we have currently.

Moderator:

The next question is from the line of Aryan from Inved Research.

Aryan:

Hello, sir. Am I audible?

Management:

Yes, sir.

Aryan:

Okay. I want to understand the narrow-width HR quality. What is the difference between the narrow-width HR quality? And, what type of pipes you are making -- narrow-width HR quality pipes you are making?

Vikas Kumar Goyal:

Narrow-width HR coil is the HR coil which is narrow only.

Aryan:

Okay. And what about other HR coil??

Vikas Kumar Goyal:

The wider, yes, the wider range of coils that big steel manufacturers are making today, the same quality, the same product we are making in narrow-width. Today, we are able to supply to all the OEMs or infrastructure where HR pipe can be installed, we are able to supply everywhere and we are able to get the same price which HR coil manufacturers are getting today. Like, all the established brands in India.

Now, if you talk about thin one, so thin one is a substandard quality you can say, in which there is thickness variation, which is made of lower thickness material and the size the range maximum range is only up to 3 inches. So, these small sheds or thin in standees, in boardings, this is used there.

In infrastructures, this is not used because this 4 mm, 5 mm, 6 mm material is not made in thin. So, that is our range, we have everywhere -- thin is a quality, substandard quality material and non-BI standard material. So, it is very different from our material.

Aryan: Sir, what -- up to what 5 mm you are making, like 5 to what mm?

Vikas Kumar Goyal: We are making up to 6 mm pipes and size range of 7 inches.

Aryan: Okay. And sir, my last question is like, why are we expanding into stainless steel coils and not into more thickness of ERW pipes? And that is only up to series 200.

Vikas Kumar Goyal: We are expanding in ERW also and we are expanding in stainless steel also.

Aryan: But, sir, only in series we are making stainless steel coils only for series, up to series 200 and then not into going into series 300 or 400.

Vikas Kumar Goyal: Sir, we are making 300 series. This month we are producing 300 series material and we also capture the market of this segment.

Moderator: The next question is from the line of Vedant Sarda from Nirmal Bang. Please go ahead.

Vedant Sarda: Thank you for the opportunity, sir. Can I know what is your sales volume segmental guidance for the full year?

Vikas Kumar Goyal: Sales volume?

Vedant Sarda: Yes.

Vikas Kumar Goyal: So, if we go by the percentage utilization or the optimal utilization, we will be approximately we believe we will be at around 3,50,000 tons including all three segments.

Vedant Sarda: Can you give us segmental breakups of that?

Vikas Kumar Goyal: It will be a guidance, but it will be not a precise number, but around let's say 2,20,000, 2,30,000 tons of ERW pipe. Let's say around 50,000 to 55,000 tons of galvanized pipe and coil and in a in the similar range with stainless steel coil will be send.

Moderator: The next question is from the line of Prabhakar Venkataraman, an Individual Investor. Please go ahead.

Prabhakar Venkataraman: Yes, sir. Congratulations for a good sort of numbers.

Vikas Kumar Goyal: Thank you.

Prabhakar Venkataraman: This EBITDA percent excluding profit from sale of sponge iron is higher compared to the other -- including sponge iron. So how do you plan to reduce that. And second one, debt to EBITDA will be at the high level on this going forward expansion. How do you plan to reduce it? How do you bring the production volume in intermediate product, stainless steel, pre-galvanized is much higher compared to the sales volume in the first quarter.

Of course you will be selling it, but I find the bigger gap in stainless steel and pre-galvanized, I mean, two products. And fourth, one more question. Your security is placed under ASM Stage 1 in BSE. What is it? I'm unable to understand that. Thank you.

Vikas Kumar Goyal: Fourth question I didn't understand.

Prabhakar Venkataraman: Sorry, sir?

Vikas Kumar Goyal: Fourth question I didn't understand.

Prabhakar Venkataraman: That ASM Stage 1, your security is placed under surveillance in the BSE exchange.

Prabhakar Venkataraman: Hello.

Vikas Kumar Goyal: Okay, so I'll give you -- so you have asked four questions basically. So first question was how to reduce sponge iron sale, which can give boost or thrust in terms of higher EBITDA. So first of all, in production process, there is always a probability and chances of getting B grade, which is like non-usable sponge iron that we compulsorily have to sell. So, yes, definitely we have practices in place, our CEO and our directors are already working on that. We will try to minimize it, but it cannot be a complete zero. So I hope I answered your question.

Secondly, currently our term loan, we are virtually debt-free in terms of the term loan. We will be having around 200 CR of working capital loan, which we will be utilizing throughout this financial year and maybe next financial year. So in terms of debt to EBITDA, we will be comfortably below 1 and we will always try to achieve this number only. So even if we have to raise money in terms of the, for the capacity expansion, we will try to be, our debt to equity ratio will try to be below 1. So that is our aspiration.

Third, in terms of ASM ST1 stage which is currently being played by BSE and NSE, that is basically a surveillance mechanism that has been played by NSE and we do not know how they do it, but we believe it is very sort of phenomena and we will be coming out of it and something it is third-party. So we cannot comment on whether we will be, I mean, what kind of mechanism is there to come out of that.

Prabhakar Venkataraman: Yes. I understand.

Moderator: The next question is from the line of Anish, an Individual Investor. Please go ahead. Mr. Anish, your line has been unmuted. Please go ahead with your question. As there is no response, we will move on to the next question.

It is from the line of Krishna, an Individual Investor. Please go ahead.

- Krishna:** Sir, what will be our margin profile from hereafter in upcoming quarters? will maintain the 13% EBITDA margin or is it going to come down in the future?
- Management:** Sir, we definitely aspire to achieve the current Q1 EBITDA number and margin. And looking forward to, and our management will be hell bent on trying to achieve that number, sir. Rest up to the market and, other factors.
- Krishna:** Recently some capacity came live in the month of November and December, right? So as we are moving forward, as we are increasing the capacity utilization, can we expect the margin profile is going to increase from hereafter and across, maybe 0.5% or something like that, 0.5% or 1% like that?
- Management:** Sir, if you see for the different product category, even if my capacity utilization increases, there is no proportionate increase in EBITDA numbers or EBITDA margin. So even if my capacity expansion or with the capacity utilization becoming higher, I don't see there is a margin expansion because of that. That will be coming through into the number.
- Krishna:** Okay, sir. Got it. So overall the year will be like a 13% EBITDA and you will maintain this by FY '26?
- Management:** Right.
- Krishna:** Okay. Thank you, sir.
- Moderator:** Thank you. The last question comes from the line of Mr. Vedant Sarda from Nirmal Bang. Please go ahead.
- Vedant Sarda:** I want to know that is there any impact of monsoon on us and what kind of sales volume we can expect in quarter 2?
- Management:** Definitely there will be an impact of monsoon because we get seasonality, in particular monsoon seasonality is there in our demand. Quantifying that demand or sales in terms of volume will be very difficult. But we as a management trying to achieve the flattish number or maybe we will be achieving the Q1 number, then we will be thankful to God.
- Vedant Sarda:** Around Q1 numbers we can expect?
- Management:** Yes, definitely.
- Vedant Sarda:** The last question is in FY '25 we have seen that the production volume was around 9,54,000 tons and the sales volume was 2,90,000. So how to interpret this? Like we have to maintain a high level of inventory or what?
- Management:** Since we are integrated, we also added sponge adder, slabs and billets and our HR Coil manufacturing into this particular total volume. So since we are not selling it, we are using it and consuming it in our forward integrated product manufacturing. But still we have added it and it is showing the higher number and it is consumed internally.

Vedant Sarda: Okay sir, understood. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Vikas Kumar Goyal: Thank you everyone for participating in this call. We trust that we have addressed all your queries during the session. However, if there are any remaining questions, please feel free to reach out to our Investor Relations team at Go India Advisors.

Once again, we extend our gratitude to all the participants for joining us today. Thank you and have a great day.

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