SCODA
TUBES LIMITED
Mfg. & Exptr. Of S.S. Tubes, Pipes, U-Tubes

Date: June 28, 2025

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra East, Mumbai – 400051
Symbol: "SCODATUBES"

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
BSE SCRIP Code – "544411"

Dear Sir / Madam,

Sub.: Transcript of Q4FY25 Earnings Call on Wednesday, June 25, 2025

Pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the **Transcript of Q4 FY25 Earnings Call** held between the Company and Investors on Wednesday, June 25, 2025 on the Audited Financial Results of the Company for the quarter and Financial Year ended on March 31, 2025 and future outlook of the Company's Business.

The aforesaid transcript is also being hosted on the website of the Company, www.scodatubes.com in accordance with the Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

You are requested to take the same on your record.

Thanking You

For, SCODA TUBES LIMITED

JAGRUTKUMAR RAMESHBHAI PATEL

Digitally signed by JAGRUTKUMAR RAMESHBHAI PATEL
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SCODA TUBES LTD.
RAJPUR

Jagrutkumar Rameshbhai Patel
Managing Director
DIN: 06785595

"Scoda Tubes Limited
Q4 FY '25 Earnings Conference Call"
June 25, 2025

MONARCH NETWORTH CAPITAL

CHORUS CALL

MANAGEMENT:	**MR. SAMARTH PATEL – CHAIRMAN AND EXECUTIVE DIRECTOR – SCODA TUBES LIMITED**
	MR. RAVI PATEL – CHIEF FINANCIAL OFFICER – SCODA TUBES LIMITED
	MR. JAGRUT PATEL – MANAGING DIRECTOR – SCODA TUBES LIMITED
	MR. SAURABH PATEL – NON-EXECUTIVE DIRECTOR – SCODA TUBES LIMITED
	MR. VIPUL PATEL – PRESIDENT – SCODA TUBES LIMITED
	MR. RUTUL SHAH – CAPITAL BRIDGE ADVISORS
	MR. RAJ SHAH – CAPITAL BRIDGE ADVISORS
	INVESTOR RELATIONS CONSULTANT
MODERATOR:	**MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good morning, and welcome to the Scoda Tubes Limited Q4 FY '25 Earnings Conference Call, hosted by Monarch Networth Capital Limited. 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 are not the guarantee of future performance of the company and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

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

Sahil Sanghvi: Thank you, Ryan. Good morning to everyone. On behalf of Monarch Networth Capital, we welcome you all to the 4Q and FY '25 earnings call of Scoda Tubes Limited. We are delighted to host the management of Scoda Tubes and from their side, we have Mr. Samarth Patel, Chairman and Executive Director; and Mr. Ravi Patel, who is the Chief Financial Officer.

So, without taking much time, I'll hand over the call to the management for the opening remarks. Thank you, and over to the management.

Samarth Patel: Hi, everyone. Good morning, everyone, and thank you for joining us for the maiden earnings call of Scoda Tubes Limited. I hope all of you have had a chance to go through our financial results and investor presentation, which are available on our website and the stock exchanges.

Joining me today on this call are Mr. Jagrut Patel, Managing Director; Mr. Saurabh Patel, Non-Executive Director; Mr. Ravi Patel, Chief Financial Officer; and Mr. Vipul Patel, President of the company; Mr. Rutul Shah and Mr. Raj Shah from Capital Bridge Advisors; our Investor Relations Consultant.

Before we begin with the key highlights of FY '25, I would like to briefly introduce the company incorporated in 2008. Scoda Tubes Limited is a fully integrated stainless-steel tubes and pipes manufacturer, catering to customers across multiple industries and geographies.

Our product portfolio includes stainless steel seamless and welded pipes, stainless steel seamless and welded tubes, stainless steel seamless and welded U-tubes and stainless-steel instrumentation tubes. Our sole manufacturing facility spreads across 21,199 square meters plot. It's strategically located just 360 kilometers from Mundra Port and 23 kilometers from Inland Container Depot.

This proximity enhances our connectivity to international markets and aids us in optimizing our logistic cost. We supply to both private and government clients across sectors such as oil and gas, chemicals, fertilizers, energy, automotive, pharmaceuticals and transportation. Our products are exported to 14 countries across Europe, America and the Middle East, Africa and Australia.

The diversification across clients and geographies hedge our business operations against any sector or geography-specific risk. Let me now walk you through the key highlight for FY '25. We are happy to share that we delivered strong performance in FY '25 with consolidated revenue, EBITDA and net earnings growing by 21%, 33% and 73%, respectively.

FY '25 has been a healthy year for Scoda Tubes Limited in terms of performance. The strong performance was largely driven by strong domestic and global demand and price stabilization. Starting with capacity expansion and capital expenditure, as we enter FY '26, the management is focused on expanding the company's existing capacity across both seamless and welded product segments.

We plan to increase our seamless production capacity from the current 10,068 metric tons per annum to 20,068 metric tons per annum. Our welded production capacity is expected to rise significantly from existing 1,020 metric tons per annum to 13,150 metric tons per annum. Following our expansion, our finished goods capacity will increase to 33,128 metric tons per annum from 11,088 metric tons per annum.

This excludes our mother hollow capacity of 20,000 metric tons per annum which was set in 2022 to aid captive consumption and enable vertical backward integration of our operations. We intend to invest INR100 crores in capital expenditure to support this growth. Out of this, INR55 crores will be allocated towards expanding our seamless production capacity and INR45 crores towards increasing our welded production capacity.

In addition to the planned expansion, the management plans to focus on increasing international customer base and customer diversification, expanding our welded tubes and pipe business and launching new products in welded segment, increasing operational efficiency with enhanced value addition through backward integration.

Moving on to IPO proceeds utilization. The company had earmarked INR105 crores towards expanding production capacity of seamless and welded tubes and pipes and INR110 crores for working capital requirement. We continue to deploy these funds in a capital efficient manner thereby creating value for our all stakeholders.

I will now hand over the call to Ravi bhai to walk you through the financial metrics.

Ravi Patel: Good morning, everyone. Coming to financial metrics, revenue from operations grew by 21% year-on-year to INR484.9 crores in FY '25. In Q4 FY '25, the revenue was broadly flat at INR123.7 crores. Revenue breakup across segments for FY '25 is as follows. Seamless 94.6%, welded 0.6% and remaining others is 4.8%.

For Q4 FY '25, revenue breakup across segments is as follows. Seamless 93.2%, welded 0.8% and the remaining is 6%. Export revenue of total stood at 27% and 24% in FY '25 and Q4 FY '25, respectively. Revenue breakup across geographies for FY '25 is as follows. India 73%, Europe 22%, America 4%, MENA and Oceanic 1%.

EBITDA grew by 33% year-on-year to INR78.1 crores in FY '25. EBITDA margins stood at 16.1% versus 14.7% last year, up 139 basis points on a year-on-year basis. In Q4 FY '25, EBITDA grew by 6% year-on-year to INR17.4 crores. EBITDA margins stood at 14.1% versus 13.2% last year, up 91 basis points on a year-on-year basis.

PAT grew by 73% year-on-year to INR31.7 crores in FY '25. PAT margins stood at 6.5% versus 4.6% last year, up 197 basis points on a year-on-year basis. In Q4 FY '25, PAT grew by 130% year-on-year to INR6.8 crores. PAT margins stood at 5.5% versus 2.4% last year, up 316 basis points on a year-on-year basis.

In FY '25, the company had incurred INR39.9 crores in capex. Net block as on March '25 stood at INR80.9 crores and capital work in progress as on March '25 stood at INR22.5 crores. In closing, we are optimistic about the road ahead as we enter the next chapter of Scoda Tubes Limited's growth journey. With prudent investments in capacity expansion and an unvarying focus on operational excellence, we are confident in our ability to drive sustainable and profitable growth for the company.

We will now open the floor for Q&A.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Vineet Gala from Xylem PMS. Please go ahead.

Vineet Gala: Hi, thanks for the opportunity. Sir, to start with, can you help me with the production volumes for seamless and mother hollow, both for FY '25 and Q4? Hello.

Management: Due to competitive reasons, we can't share volumes numbers.

Vineet Gala: Okay. But sir, broadly, I mean, if you could help us with the mix, so we have the 9M numbers in the DRHP. So, I just wanted to understand, so like our gross margins have come down sharply from say like 35% to by around 9 odd percent. So, if you could articulate more on this, like what, how should we see gross margins for coming quarters and you know, our sales largely should be very seamless heavy. So, how should we see the gross margins?

Ravi Patel: So, the decline in gross margins was primarily due to a higher proportion of mother hollow sales in Q4, which carry lower margins than finished seamless tubes. So, that was the reason the gross margin decreased, as well as EBITDA margin also decreased.

Samarth Patel: But there was no drop in volumes during Q4. The main reason was the sales of mother hollow was largely focused in Q4.

Vineet Gala: Correct. So, like so precisely, I mean, if I see the 9-month data, I mean, we've done around 8,000 tons of seamless sales in 9 months itself and our nameplate capacity is around 10,000 odd tons. So, and we have maintained the top line broadly. So, it is -- so I just wanted to understand the mix of mother hollow sales in the Q4 sales.

Samarth Patel: So, broadly, just to give you the guidance, first of all, because of the competitive reason, we'll not be disclosing the volumes. But just for the guidance reason, as you already mentioned that we were flat in terms of the top line, we have already utilised 8,000 tons of seamless capacities in 9 months. So, for the last quarter, the sales was majorly focused on mother hollows until and unless a new setup, which we are going to do for seamless, which we have already started from the proceeds of pre-IPO, which we did in September. That is the reason that largely, we focused on sales of mother hollow, as our seamless capacity utilization had approached optimal levels.

Vineet Gala: Fair enough. Fair enough, sir. So, I mean, for Q1 onwards, what is the nameplate capacity that we have for seamless and what kind of production volumes? So, if you could give us some guidance on the production volumes for our next 4 quarters, and also for next 2, 3 years in the context, like we have got our pre-IPO money in last September. So, there would be a couple of lines added. So, what kind of volumes can we expect in next 3 to 4 quarters and also for next 2, 3 years?

Samarth Patel: So, we aim to grow at 2.5 to 3x the industry growth in terms of volumes. That said, our FY '26 growth will be back ended as an additional capacity comes on stream only in H2, financial year '26. That is only in H2. Given the competitive landscape, we will be unable to share specific volume growth guidance at this stage and at this moment.

Vineet Gala: Fair enough, sir. Fair enough. That's it from my side, sir. Thank you.

Samarth Patel: Thank you.

Moderator: Thank you. The next question comes from the line of Rishi Kothari from Pi Square Investments. Please go ahead.

Rishi Kothari: Yes, hello. Thank you so much for the opportunity and congratulations on good set of numbers. I just wanted to know a quick update what exactly has been trend for raw material for last 1 year or so and what exactly trend we are looking at for next 1 to 2 years for our raw material cost?

Management: So, if we talk about the raw material prices, they have declined about 5% to 10%, but that is over the past 24 months. If we just talk about last year, then largely it has been stable. So, we expect raw material prices to remain largely stable, barring any major market disruptions, as it is trading at the base minimum level, which we can call.

Rishi Kothari: Okay. Got it. Got it. And in terms of the new capex that you are looking at, what exactly is the outlook for that particular capex?

Management: Can you repeat the question, sir? We are not able to hear you properly.

Rishi Kothari: Am I audible properly now. Hello.

Management: Yes.

Rishi Kothari: Yes. I am saying the new capex that we have done for the new capacity addition, what exactly outlook we are looking at from the industry terms?

Management: Sir, I think line is not clear. We are not able to hear properly.

Rishi Kothari: I'll join back in the queue.

Moderator: Thank you. We take the next question from the line of Sahil Sanghvi from Monarch Networth Capital Limited. Please go ahead.

Sahil Sanghvi: Yes. Good morning. And first of all, congratulations for a very good set of FY '25 numbers, the way we have grown and the way the profitability has increased. The first question that I would want to understand is where do we classify the revenue for hollow tubes in the presentation? I mean, and if you can just help me with the revenue number for hollow tubes in FY '25?

Samarth Patel: So, specifically, we don't disclose the numbers for mother hollows for FY '25. If you can see in the presentation, we have some part which is called others, which includes the, I mean, which includes the sales of scrap. But whatever you consider that as a seamless, it includes both seamless pipes as finished goods and mother hollows. Because basically, mother hollows are part of seamless product itself. So, we haven't disclosed it on a differentiative categories.

Sahil Sanghvi: Sure, sure. Secondly, if you can help us understand how will the sales of hollow tube move ahead? As in, when do we expect this to be totally eliminated, as in totally converted into finished products by what time period?

Samarth Patel: So, we can assume that by Q1 next financial year, we'll be seeing that all of the mother hollows will be used only for captive production. In H2, we are setting up the mill for seamless production, but what we expect is 100% utilization of the mother hollows can be done in next financial year.

Sahil Sanghvi: Okay. Secondly, if you can help us understand on the approval side also and on the product side, which are the few new products that we are trying to capture in the next 2-3 years? What kind of approvals are we trying to get and just want to understand the growth trajectory for the next 2-3 years?

Samarth Patel: So, if we talk about the approvals and the sectors which we expect to grow or which we target to enter or explore, basically on the green energy side, even in the energy and power sector as well. And some of the approvals which are already under process, which includes the marine sector, that is shipbuilding industry. Some of the products can be used and what we target is in the defence sector as well. So, these are the new sectors in upcoming 2 to 3 years, where our sales team and the approval team would be working on.

Sahil Sanghvi: Okay. Okay. This is good enough. I will come back in the queue. Thank you so much and all the best.

Samarth Patel: Thank you.

Moderator: Thank you. We take the next question from the line of Smit Shah from Monarch Networth Capital Limited. Please go ahead.

Smit Shah: Yes. Congratulations on the number.

Sahil Sanghvi: Thank you.

Smit Shah: I have a couple of questions. The first is about the market share. What is Scoda's market share in the Seamless segment?

Samarth Patel: So, if you talk about only on the seamless side, then it was around between 3% to 4% for the last financial year.

Smit Shah: Okay. Okay. And what will be the focus area in terms of growth? Will it be new product addition, new geographies? And what would be its impact on the margins?

Samarth Patel: So, product portfolio will remain the same. What we will be focusing in the addition of new product that is welded pipes, which we are bringing in after the IPO proceeds as a part of new capex & including those products and focusing on the new geographies. Obviously, we will be focusing on overseas sales where we can reach at the optimum, where we can further strengthen our global market presence.

Smit Shah: Okay. Okay. That's great. Sir, and just last question continuing on the previous participant. Just want to know what existing approvals do we have in those sectors that you mentioned? Or are we -- that is in pipeline?

Samarth Patel: Oh, some of the approvals we are in the pipeline. For example, which I told you green energy, power sector, energy sector, we are into pipeline.

Smit Shah: Okay. Okay. Got it. Thank you. Thank you for taking my question.

Samarth Patel: Thank you.

Moderator: Thank you. The next question comes from the line of Prerak Shah from Shah Family Office. Please go ahead.

Prerak Shah: Congratulations for the good set of numbers. Two questions from me. First, I see …

Samarth Patel: Prerak, I would request to use your handset.

Prerak Shah: Yes. What was the reason for a sharp reduction to other expense?

Samarth Patel: So, the decline in other expense was due to lower consumable cost this quarter. As we reach a certain scale, the incremental cost of consumable decreases and enabling operational efficiency as operating leverage kicks in. So basically, whenever we do a new capex, we buy the tools and the dyes and the minerals for the machine at that time. So basically, at that time part of the year or that specific quarter, the consumable cost is higher. But we are already into production once, so that incremental cost of consumables decreases.

Prerak Shah: Okay. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Ashutosh Nemani from JM Financial Family Office. Please go ahead.

Ashutosh Nemani: Yes. Thanks for the opportunity. My question is regarding the welded pipes. In a prospect of 60 CC, the production has been consistently declining from 463 megatons to 39 megatons by '24 and 9 months is 86. So, I wanted to understand regarding that.

Samarth Patel: Yes, sure. So, first of all, I would like to clarify that the product which we have currently in welded, they are not pipes, they are welded tubes. Basically tubes, the demand of welded tubes is very much lower.

Since we have seen the shift since the past 3 to 5 years, that the demand of welded tubes has been decreasing, and people and the customers and the end user sectors are shifting to seamless tubes. Currently, we only manufacture welded tubes, which serve niche heat exchanger applications. New capex is aimed at welded pipe manufacturing, which caters to broader commercial demand. So that is the only reason you are seeing the decline in the utilization of the welded capacity.

But the setup which we are doing from the IPO process, the new capex we are bringing in that is specifically for welded pipes, we are not increasing the capacity for welded tubes. And welded pipes are more on the commercial side, which comes in a package with the seamless pipes.

Take it any EPC contractor or end user or any kind of sector who wants to do a new capex, they buy both seamless as well as welded pipes. But welded tubes, we have seen the decline in the demand because of its life expectancy. Tubes are used in very critical applications, such as heat exchanger, boilers, LPHP heaters or coolers, basically where temperature and pressure control are very important.

So, in those kinds of environments, what end users and the customers and on the global level, what they have seen is they want to shift to more reliable products with a longer life expectancy, that is seamless tubes. And that is the reason we have seen the decline in welded utilization.

Ashutosh Nemani: Understood. Thanks a lot, sir.

Samarth Patel: Thank you.

Moderator: Thank you. We take the next question from the line of Keshav from Vitta AMC. Please go ahead.

Keshav: Thank you for the opportunity. I wanted to take a moment and appreciate the level of detail in the presentation. And both the way, the PPT and the way the management has connected this call has been excellent, like very clarity and effort put into PPT is a really needed appreciation. So, I wanted to thank you for that.

Samarth Patel: Thank you.

Keshav: Coming to the question, I have a couple of questions. Starting with, you mentioned that we have a business in 14 countries. So -- and the demand for SS tubes and pipes are growing globally. So how do you plan to penetrate further in the export market, since we have only 28% if I'm not wrong, the revenue from export market, but in which geographies you prioritize for next few years? Yes.

Samarth Patel: So, moving forward in the future, what we target is obviously that we'll want to push our sales more towards on the export side, because we get a smaller base, but in a volumetric section, volumetric geography, where we are able to make a little bit more in terms of realization.

So, what we focus is, Europe has consistently remained a key export market for us. While we won't comment on macroeconomic conditions of specific region, we plan to establish direct offices in Europe to strengthen customer interface and manage logistics locally, enabling improved penetration and service in export markets, which are currently outsourced to local agents. Our broader goal is to expand export presence across sectors and geographies.

And even America is a very good market for welded products. So, once we are at optimum level, where we are able to supply both seamless and welded in a package, then we'll have more exposure to America in terms of percentage, in terms of the involvement of the sales across the geographies.

Keshav: Fair enough, fair enough. Last question I have is regarding this Q4 FY '24 revenue. We see a dip, a very marginal dip, despite the full year growth. So, I wanted to know about, is it because of taxation? And if you could share the tax rate, which has been followed for this quarter and full year.

Ravi Patel: So, as I talked earlier, the revenue decline was primarily due to a higher sale of mother hollows this quarter. That was the reason of the drop in revenue, as well as gross margins, as well as EBITDA margins. Coming to your next question about the tax expenses. So, during the year, the company opted to exercise the option under Section 115BAA(4) of the Income Tax Act, 1961, shifting from the old regime to the new regime, reducing the tax rate from 29.8% to 25%. So going forward, the applicable tax rate will be 25%.

Keshav: Understood, understood. Thanks. Thank you very much, sir. And we expect you to continue the same format of presentation. It was a very well-presented PPT. Thanks, sir.

Ravi Patel: Thank you. Sure, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Gaurav Nigam from Tunga Investments. Please go ahead.

Gaurav Nigam: Thank you, sir, for taking my question. So, first question, in answer to our earlier participant, you mentioned about 2.5x to 3x of the underlying industry growth. Just wondering, what is the underlying baseline industry growth that you are assuming? And which industry growth you are talking about? Like stainless steel, seamless growth, like what exactly?

Samarth Patel: So, the industry growth, which we are talking about is on the two sides. That is the demands on the stainless-steel pipes and tubes, which includes both seamless as well as welded. So, if you had gone through the presentation, we have a slide regarding the demands within India. That is in FY24, it was around 3,22,000, which is expected to grow by 6% to 8% by FY29, that is in the next five years. Basically, we are talking about that kind of growth in the industry.

Gaurav Nigam: Understood, understood, got it. And this 2.5x to 3x, is that the guidance for FY26 also? Or I mean, is there a different way of looking at it?

Samarth Patel: So, this kind of guidance, you can tell that you can assume that going forward until and unless we reach at the optimum utilization of both seamless as well as welded production.

Gaurav Nigam: So, this is not for FY26?

Samarth Patel: Not specifically.

Gaurav Nigam: Got it. And sir, any guidance on the margins for FY26?

Ravi Patel: So, margins are expected to remain in the range of around 15% to 16%. So, in H2, the operations will be there for seamless finished products. So broadly, we can assume 15% to 16% margins, as well as if even the welded comes online, it will remain the same.

Samarth Patel: So seamless products typically has 16% to 18% margins, while welded delivers 12% to 13%. So, resulting in a blended margin of profile of between 15% to 16%, which is achievable.

Gaurav Nigam: Got it. And sir, in our calculation, just to clarify, are we assuming similar steel prices going forward or what is the outlook on the underlying raw material?

Samarth Patel: So, assuming -- as I mentioned in an earlier answer, assuming the prices of the raw material remain same, which is on the baseline, you can say the nickel is trading around USD16,000. So, between USD16,000 to USD17,000, probably this will remain the same.

Gaurav Nigam: Understood, sir. Thank you. Thank you.

Moderator: The next question comes from the line of Gaurav Agrawal from Nine One Capital. Please go ahead.

Gaurav Agrawal: Hi, sir. Thank you for the opportunity. I'm sorry, I joined a bit late. So, if I repeat any questions, please ignore and I'll go to the transcript. Sir, have you disclosed your volume data for the full year FY25?

Samarth Patel: No, sir, for the quarter, we haven't done it because of the competitive reasons.

Gaurav Agrawal: Okay. But, sir, let's say in seamless, for the full year, can you help us what was the utilization for the full year, not for Q4? For the full year, I'm asking FY25.

Samarth Patel: So broadly, as you may have seen in the RHP that for the nine months, it was around 8,000 tons of utilization out of 10,000 in seamless. So going forward, the maximum what we were able to achieve historically was almost 100% capacity.

Gaurav Agrawal: Okay. And in welded, sir, you know, I think it was a low utilization in FY24. I guess it has been stepped in FY25.

Samarth Patel: Yes, it has been declining since last past three years. So, I have already answered about this. It was a very in-detail explanation. I'll go through it.

Gaurav Agrawal: Yes, yes. Perfect. Sir, just to understand a bit more about your business on the seamless pipe side, this is the same product which Ratnamani also makes, right, which is the leader in this space.

Samarth Patel: Yes, very true.

Gaurav Agrawal: Okay. Okay. And, sir, coming to the growth side, now that, you know, we are expanding our capacity in a very big way. So, most of the incremental capacity you plan to utilize for your export market or for the domestic market?

Samarth Patel: It has to be for both, sir. Obviously, the focus will be on balancing both the markets and equalizing our share in both markets.

Gaurav Agrawal: But, sir, if I may ask, what is our value proposition as compared to the largest player on the domestic market? If you could help us understand where is the gap for which we are trying to fill and the incremental capacity which we are putting up? How do we plan to utilize it in a faster way?

Samarth Patel: So, as you may have seen in the presentation, there's a slide about the demand in Indian market. In FY24, it was around 3,22,000, which includes both seamless as well as welded. We don't have the exact figures from the industry report for seamless as well as welded. But if you can just do the research by yourself, there is a shortfall in the demand of seamless pipes and tubes within India as well as on the global side.

So, we don't see it as a challenge somewhere after putting up and setting up this kind of capacities. Still, we see that the demand will grow and there will be a shortfall continuing on next coming 5 to 10 years.

Gaurav Agrawal: The reason, sir, why I'm asking is because Ratnamani FY25 results, I'm not sure how much was it because of the price decline. But the growth was hardly 2%-3% on the full year basis.

Samarth Patel: If you focus on the numbers of competition, they have a product mix more than stainless steel, seamless pipes and tubes. So hardly their sales, the revenue and the sales of seamless comes around between 30% to 35% from stainless steel seamless pipes. Rest all is welded as well as carbon steel pipes.

They are also involved in producing nickel alloy, that is super alloy grades, that is the expensive side and the expensive material from the stainless-steel family, that is Inconel, Monel, Cupro alloy, nickel alloy and those kinds of grades. So, they have a specific set of products, which is from the stainless-steel family, but on the higher side. I think that kind of comparison from the total point of view of competition will be difficult with Scoda.

Gaurav Agrawal: Sir, any other competitor in the listed space you guys can refer to, whom we should track to understand the industry dynamics better?

Samarth Patel: We would not like to comment.

Gaurav Agrawal: Okay, thank you.

Moderator: Thank you. We take the next question from the line of Sameer from Vama International. Please go ahead.

Sameer: Yes, just wanted to understand, in earlier I think DHRP or something the seamless pipe sales of FY24 were INR313 crores, whereas in the PPT it is INR371 crores. Is there a change or something which has happened?

Ravi Patel: So, that was a difference of audited versus unaudited numbers.

Sameer: Okay, so after audited numbers, this becomes 371 for last year, correct?

Ravi Patel: Yes, correct.

Sameer: And full year sales was 6862 tons. Does that remain the same or that changes?

Samarth Patel: So, you are talking about the volume.

Sameer: Volume, yes, volume for seamless pipe.

Samarth Patel: Which we have disclosed in the DRHP. Yes, that remains the same.

Sameer: Yes, that remains the same. Okay, just the amount changes over here?

Samarth Patel: Yes.

Sameer: Okay. Yes, that's it there is no other question. Thank you.

Moderator: Thank you. The next question comes from the line of Rahil Patel from Caterpillar Investment. Please go ahead.

Rahil Patel: Yes, sir. Congratulations on a very successful listing and great set of numbers. Two questions from my end. Sir, there are a lot of new players like Man Industries with hot extrusion plant. Is there enough demand and which are the main industries and companies which are issuing large tenders and orders?

Samarth Patel: So, we'll not be disclosing the name of the customers, but we can give you a brief about the sectors. Demand side, I have already discussed on the call with two more people, two other people. But, for example, which you said competition is coming up with a new hot extrusion plant.

So, as I mentioned earlier, there is still a shortfall in the demand against the production capacities in India and even at the global level. On the global level and within India is because even now all of the countries all over the world are going anti-China. For example, in Europe, they have imposed the anti-dumping duty since 2010.

Even in America, Chinese goods had the import duty, which was around more than 70% on the Chinese goods. So, where China is not able to supply, where the doors for India has already opened. And that is the reason India has now started setting up the backward integration mill, which earlier five, seven years ago was not that much in the scope. Very few companies used to have the hot extrusion and the hot piercing mill.

Another thing is, even if we talk about the end users and the sectors, they are also somewhere going anti-China. For example, there are a lot of companies across Middle East, there are a lot of refineries across the European countries, a lot of refineries across America, where earlier Chinese goods used to be supplied, but now they have also banned the Chinese goods, where somewhere Indian goods are allowed.

So, that is where we are getting the chance to supply our goods and to fulfil that kind of shortage, that kind of demand, which was created by banning the Chinese goods.

Rahil Patel: Okay, that's helpful. And so, which industries are kind of issuing large orders as of now?

Samarth Patel: So, for example, if we talk about India, there are a lot of new sectors coming in, for example, power sector. There is a lot of capex going on with power sector. There are a lot of capex going on in private industries, which are associated with oil and gas industries and refining sector.They are also doing a lot of capex.

Power sector, which I am talking about is basically PSU sector, where for next four to five years there is a lot of new capex going on. Recently, our peers have also received orders from them and still the procurement goes on for almost next three to five years.

So, there we are seeing a huge demand, where hot piercing mills are also allowed with the hot extrusion mills. So, there is no kind of differentiation happening in the procurement of those kinds of goods. So, that is where we see that we can fulfil this demand. Even coming in with the new capex, other companies or other peers coming in with new capex won't be a challenge for Scoda.

Rahil Patel: Sure, that's helpful. So, one more question from my end. Do we expect the new capacities to create an oversupply in the SS pipe market?

Samarth Patel: Sorry, can you repeat?

Rahil Patel: Do we expect the new capacities to create an oversupply in the SS pipe market?

Samarth Patel: No, sir. We do not see that kind of capacities coming in the future.

Rahil Patel: Okay, sir. Thank you so much and all the best.

Samarth Patel: Thank you.

Moderator: Thank you. We take the next question from the line of Pranay from JNJ Holdings. Please go ahead.

Pranay: Hi, sir. Good morning. Thank you for the opportunity. I am wishing you all the very best for your maiden call. Sir, I have just a few questions. Basically, I wanted to understand for seamless as well as welded, our capacity for pipes and tubes are fungible, right?

Samarth Patel: Yes.

Pranay: So, how do we see the capacity ramp up over a period of next year as well as your targets for utilization also, broadly?

Samarth Patel: Sorry?

Pranay: How do we see the capacity ramp up going forward in the next two years?

Samarth Patel: Okay, yes. So, the new welded pipes and tubes capacity is expected to be operational by Q1 FY27. Seamless pipes and tubes capacity is expected to be operational in H2 FY26 where we are still trying to start the production of seamless by probably August or September. So, well, if we are able to do that, if we are successful in getting two more months, then it will help us ramp up in the capacity as well as in the revenue.

Pranay: So, this is not coming phase-wise, like seamless from 10 to 20, it will happen in H2?

Samarth Patel: H2 FY26 I am talking about seamless pipes and tubes capacity.

Pranay: Yes, seamless. Okay. And how do you see the ramp up in the H2 of this year?

Samarth Patel: You are talking about in terms of volumes?

Pranay: Utilization, yes.

Ravi Patel: So, we can expect 2.5 times industry growth in terms of volume which will be back ended.

Pranay: Okay. Thank you, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Nayan Bhodia from Xylem PMS. Please go ahead.

Nayan Bhodia: Yes, sir. So, I wanted to ask about two things. First is about the finance cost. Are we looking forward for debt repayment?

Management: No, not at present.

Nayan Bhodia: Okay and about the other expense part, how much is it going to be as a percentage of sales going forward?

Management: Just a minute.

Management: Going forward, it'll be more or less in the same lines.

Nayan Bhodia: Okay. Thank you.

Moderator: Thank you. We take the next question from the line of Jignesh from Jiva Capital. Please go ahead.

Jignesh: So, listening to your commentary, I find it very optimistic. However, if we see some other industry players, they were kind of pessimistic saying that in FY25, they have seen a very low growth in volumes on the domestic front. So, do you see that improving in FY '26 on the domestic front?

Samarth Patel: So, first of all, we really do not want to dwell much on the competition. But I would just like to comment on this that whoever the peers are and whatever they are commenting, they have a little bit of different product mix. And they are talking about the overall demand of all their products. Where in Scoda, currently what we see is only growth in seamless as well as welded pipes.

Jignesh: Okay. So, another question, considering our new approvals in power and renewables and related to shipping, suppose that gets delayed, so we will be able to see 20% volume growth even if that new approvals get delayed by a quarter or two?

Samarth Patel: No, sir. We will not see any kind of decline in the volumes even if the approval process gets delayed. Because as you know, basically those kinds of approvals usually take time. We are not really dependent on those approvals for our day-to-day operations.

Jignesh: Right. Okay. Thank you.

Samarth Patel: Thank you.

Moderator: Thank you. The next question comes from the line of Deep Shah, an Investor. Please go ahead.

Deep Shah: Firstly, sir, congratulations on your made-in-public offer and stellar listing. So, I wanted to ask that I guess we have some around 1000 tons capacity in the welded pipe space. What could be the possible reasons for lower volumes?

Samarth Patel: Sir, we have already discussed this and I have explained in very detail earlier with another question. But I would just explain you in a brief. First of all, we do not have welded pipes capacity. The capacity which we have is for welded tubes. Basically, tubes and pipes are both different products. Manufacturing process is a little bit different and even the applications are little bit different.

The decline in welded tubes you are seeing is because the market is shifting to seamless tubes instead of welded tubes. Because these tubes are used in very critical applications like production of heat exchangers, boilers, LPHP heaters & coolers, where temperature and pressure controls are the most important aspects.

So, to get a reliable product, a durable product and life expectancy to be longer, the market is shifting from welded tubes to seamless tubes where the maintenance costs are lower and the life expectancy is more.

That is why we are seeing the decline in the welded utilization since last 3 years. And the new product which we are bringing in by doing the capex from IPO process is specifically for welded pipes, which is again on the commercial side. Welded pipes have the same kind of demand which we are seeing in seamless pipes.

Deep Shah: And so, what sort of customers are we targeting in this space?

Samarth Patel: So, we will not be specifically talking about the customers, but I can outline the industry and sectors for you. For example, oil and gas sector, then comes the process industry, the renewable energy, the power sector, automotive sector, this kind of sectors we target to explore more. Currently, we are already involved in these sectors. We will just be increasing our share there.

Deep Shah: Okay. Some previous questions you had mentioned that you are targeting some capacity expansion by H2 and in the near future. So, what would be the optimum level and when are we expecting to reach that level?

Samarth Patel: So, for both, for example, what I mentioned earlier, the seamless capacity we expect to start in H2 this current financial year and welded Q1 next financial year. But to reach at the optimum level in terms of utilization, we are expecting to do it by between FY '28 and FY '29.

Deep Shah: Okay. Understood. That is helpful. So, what would be the optimum utilization levels? Will it be around 70%, 80% or something higher?

Samarth Patel: You can consider it between 80%, 85%, which will be a blend of both seamless as well as welded goods.

Deep Shah: Okay, sir. Those were my questions. That is helpful and thank you and all the best for your future.

Samarth Patel: Thank you.

Deep Shah: Thanks.

Moderator: Thank you. The next question comes from the line of K Udaya Kumar, an Investor. Please go ahead.

K Udaya Kumar: My first question is what is the current order book level you are having? What is the cycle time for execution of order book, sir?

Samarth Patel: So, current order book standard INR130 crores out of which INR80 crores is from exports and the rest is from domestic market.

K Udaya Kumar: But the cycle time for closing of this order book is how much period, sir? Maybe 3 to 6 months?

Samarth Patel: It is between 3 to 4 months.

K Udaya Kumar: So, the new capacity which is coming for seamless production for FY'26 H2, what is the capacity, sir, in terms of metric tons, the new line?

Samarth Patel: So, the capacity which we are bringing in is 10,000 metric tons for seamless and 12,130 metric tons for welded.

K Udaya Kumar: You have said welded will come for operation in the next financial year. Am I correct, sir?

Samarth Patel: In next, yes, Q1 FY '27.

K Udaya Kumar: Okay. Are you going for any super 30432 to stainless steel grade manufacturing, sir, for Inconel or super 30432?

Samarth Patel: Not right now.

K Udaya Kumar: Okay, sir. Thank you, sir.

Samarth Patel: Thank you.

Moderator: Thank you. The next question comes from the line of Jay Ketan Shah from HDFC Securities. Please go ahead.

Jay Ketan Shah: Yes. I just wanted to know about the volume growth for FY '25 and FY '26 expected. So, any of your peers do quote the volume growth for seamless pipes and tubes. So, what should be expected for FY '26 and FY '25 as well?

Samarth Patel: So, we have already answered this. So, I will repeat again that we aim to grow at 2.5x to 3x the industry growth in terms of volume.

Jay Ketan Shah: Okay. And what would be the volume for FY '25?

Samarth Patel: FY '25, last year, 9 months was we did around 8000 tons. Right. But in Q4 due to competitive reasons, we will not be able to disclose those volumes.

Jay Ketan Shah: Yes. 9 months we are aware of. Just wanted to know about Q4 as well so that we can get the full picture?

Samarth Patel: But sir, I already mentioned 2.5x to 3x industry growth. I mean, we already have the slide regarding the industry growth in the presentation if you have gone through.

Jay Ketan Shah: Okay. Thank you.

Samarth Patel: Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now hand the conference over to Mr. Sahil Sanghvi for his closing comments.

Sahil Sanghvi: Yes. Just want to thank all the participants for joining the call. Also, want to thank the management of Scoda Tubes, for patiently and elaborately answering all the questions. Samarth sir, would you want to give any closing comments?

Samarth Patel: Yes, sure. Thank you everyone for joining today's call. Please feel free to reach out to Capital Bridge Advisors in case of any queries. Have a great day.

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