SAMBHV
STEEL PIPES & TUBES | सब संभव है

February 04, 2026

To,	**To,**
Listing Compliance Department	**Listing Compliance Department**
National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, Bandra Kurla Complex,	**P J Towers, Dalal Street,**
Bandra (East), Mumbai– 400051	**Mumbai - 400 001**
Symbol: SAMBHV	**Scrip Code: 544430**

Dear Sir / Madam,

Sub: Transcript of the Conference Call held on February 02, 2026

This is with reference to our intimation dated **January 28, 2026** regarding Conference Call with investors and analysts on **February 02, 2026 (Monday) 04:00 PM IST** to discuss the Unaudited Financial Results of the Company for the quarter and nine months ended **December 31, 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
Digitally signed by NIRAJ SHRIVASTAVA
Date: 2026.02.04 18:06:51 +05'30'

Niraj Shrivastava

(Company Secretary and Compliance Officer)

Membership No. F8459

"Sambhv Steel Tubes Limited

Q3 & 9 Months FY '26 Earnings Conference Call"

February 2, 2026

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 – ASSISTANT VICE PRESIDENT - CHIEF EXECUTIVE OFFICER'S OFFICE & INVESTOR RELATIONS – SAMBHV STEEL TUBES LIMITED

MODERATOR: **MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Sambhv Steel Tubes Limited Q3 FY '26 Earnings Conference Call hosted by Monarch Networth Capital Limited. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Sahil Sanghvi: Thank you, Palak. Good evening, everyone and welcome to Sambhv Steel Tubes Limited's Earnings Call to discuss Q3 and 9-Month FY '26 performance. Before we begin, we would like to remind you that today's discussion may include certain forward-looking statements which should be considered in the light of the risks and uncertainties outlined by the company.

Joining us on the call today are Mr. Vikas Kumar Goyal, Managing Director and CEO, Ms. Anu Garg, Chief Financial Officer, Mr. Bikash Agrawal, Chief Strategy Officer and Mr. Mayank Agarwal, AVP CEO's Office and Investor Relations.

I now invite Mr. Vikas Goyal to take us through the business outlook and key financial highlights following which we will open the floor for questions. Thank you and over to you, Vikas ji.

Vikas Kumar Goyal: Thank you, Sahil. Good evening, everyone. Thank you for joining us for Sambhv's Quarter 3, 9-Month Financial Year 26 Earnings Call. I hope you have had an opportunity to go through our financial disclosures available on the exchanges.

I will walk you through the key strategic updates, operational progress and the financial performance followed by the question-and-answer session. I am pleased to share that Sambhv has delivered its strongest ever 9-month performance with total sales volume, revenue, EBITDA and PAT growing by 34%, 70%, 73% and 110%, respectively, reflecting robust operational and financial progress.

Before delving into the performance details, I would like to highlight some key strategic updates. On the capacity expansion front, the company is developing a greenfield project at Kesda and Kuthrel Unit–II. We are pleased to inform you that environmental clearance from MOEF Delhi has been received and the project execution has commenced and within just 2 months of breaking the ground, we have achieved significant progress.

Under the Brownfield expansion, GP capacity, galvanized capacity has been increased to 1,16,000 tons per annum. Additionally, we are progressed to doubling the stainless steel CR capacity from 58,000 tons per annum to 1,16,000 per annum, for which the CTE, Consent to Establish has already been received. Also, I would like to mention that we have executed four MOUs to commence stainless steel pipes manufacturing under the co-branding and several other MOUs are in progress.

Coming to operational performance, during Quarter 3 FY '26 Sambhv has achieved its ever-highest sales volume of value-added products with strong contributions across all segments. During 9 months FY '26, Sambhv reported record high sales volume with value-added sales volume at 2.6 lakh tons, marking a growth of 60%.

The stainless steel segment has performed exceptionally well during the quarter-end also in 9 months of FY '26. As a result, EBITDA per ton remained healthy over INR6,800 in 9 months FY '26. The management continues to execute its strategic roadmap by steadily transitioning the product mix towards high-margin and value-added products.

Moving to financial performance, on a 9-month basis, Sambhv delivered its highest ever revenue EBITDA and PAT. Revenue increased to INR1,728 crores, reflecting a 70% increase year-on-year supported by better operational efficiency and higher production and sales volume. EBITDA grew 73% year-on-year to INR184 crores and PAT is more than doubled to INR88 crores.

Looking at the quarterly numbers, we have achieved revenue and EBITDA of INR589 crores and INR51 crores, reflecting the robust growth of 60% and 34%, respectively. PAT has more than doubled to INR24 crores on a year-on-year basis. I would like also to highlight that financial costs declined significantly driven by the repayment of long-term borrowings.

In conclusion, Sambhv remains well-positioned to sustainable value-added growth supported on ongoing capacity expansion, improving market penetration and strong distributor and customer networks that enhance product reach. Our continued focus on value-added products, operational efficiency and brand building is strengthening our competitiveness and resilience.

With the strategically located, integrated plant, efficient captive power system and expanding OEM and dealer relationships, the company is well placed to benefit from the growing demand in India's steel pipes and tubes and stainless steel market. Supported by healthy balance sheet, experienced leadership, strong stakeholder confidence, Sambhv continues to progress steadily towards its long-term growth objectives.

As we always say, Sambhv hai toh sab Sambhv hai. That's all from me. I would now request to open the floor for Q&A. Thank you.

Moderator: Thank you very much. The first question is from the line of Hardik Gandhi from HPMG. Please go ahead.

Hardik Gandhi: Hello, sir. Congratulations on a good set of numbers. Hope I am audible.

Vikas Kumar Goyal: Thank you.

Moderator: Yes, sir.

Hardik Gandhi: Just I was following this trend in your company where quarter-on-quarter the EBITDA per ton is reducing. Where we understood, our value-added products were supposed to increase the

EBITDA per ton. If we see on quarter 2 versus quarter 3, our EBITDA per ton fell from 6,100 to 5,200. And there's a significant pressure on our EBITDA margin. So can you just help us understand that?

Vikas Kumar Goyal: For example, our Q1 was very good. A safeguard duty was imposed at that time. Coil prices increased very well. And we thought it would continue throughout the year. But in the second quarter, as we said, there's a dull season for the rainy season. So our margins were down a little.

So you can say that every year in the second quarter, because of the rainy season, our raw materials like coal, iron, and a little moisture content, so there's a difference of 1% somewhere. But in Q3, our EBITDA margin decreased, which we thought should be good. But there were several reasons for this.

The first reason was that the government opened the window of stainless steel imports for 3 months. Earlier, they announced in June that the coils used without BIS billets will not be able to be imported in India. For that, some importers said that our goods are stuck, our payments are stuck. So, the government opened a window of 3 months for goods to come to India from October to December.

So, there was a slight impact of 2%-3% in the pricing of stainless steel. Secondly, the prices of HR coils fell by 6% in comparison to Q2. So, that was also a reason that the prices of our raw materials also fell comparatively. But that fell in November. And the goods that were delivered to us in November and December, we started using them in January. So, the benefits of the prices of raw materials that fell will be available to you in Q4.

But due to the price of HR coil falling, the price of pipe and tube fell. That came into effect immediately. So, our sales realisation decreased a little. Due to this, the impact of HR coil also fell. Thirdly, we increased the capacity of our galvanising product. Earlier it was 1 lakh ton, we increased it to 1,16,000. For that, we commissioned an additional wider width CR coil mill, coal rolling mill. Because of that, we had to take maintenance and a shut-down period of 15 days.

So, we thought that we will do some more improvements in Q3. But we couldn't do that. So, these were the three reasons for which you got to see a cumulative impact. But all the benefits that we see here, we will get all the benefits in Q4. We will get the benefit of the low price of raw materials. The price appreciation came in January. About INR4,000 have been increased in HR coil.

Similarly, the price of our pipe has also increased. In February, a new increment has been made. So, the price that we have launched since 1st of this month, we have also increased it. So, in Q4, we will get all the benefits.

Hardik Gandhi: Sir, on a going forward basis, what should we expect from a healthy EBITDA margin? Earlier, in the previous concourse, we spoke that we will be reaching a higher EBITDA per ton. Because of the value-added products by the end of the year. On the contrary, this is reducing. What would be a healthy number per ton?

And second thing, there has been a drop in volume as well. Where the total production volume has decreased from 3,30,000 to 3,20,000. So although we are doing a significant expansion, the capacity utilization should be increasing and volume should be increasing. So there is a bit of a contrary view here?

Vikas Kumar Goyal: Let me clear this for you Firstly, there is a slight difference in the sales volume. The sales volume of value-added products has increased in Q3. In terms of Q2 and Q1 also. But the quantity of intermediate products that we were selling has decreased. In terms of production, as I told you, due to galvanising, we had to reduce some production. So, we were able to reduce production.

Thirdly, the price is decreasing per ton. So, we are at the stage where if I look at the 9-month period, all together we have INR6,800 as our EBITDA per ton. If we look good in Q4, we will achieve INR7,500 this year.

Hardik Gandhi: So indirectly you are saying that the jump in the next Q4's EBITDA would be enough to raise the overall year's per ton EBITDA. So you should have an EBITDA of approximately INR9,000 per ton if that is supposed to happen. Is that understanding, correct?

Bikash Agrawal: No, a bit of correction on the understanding. First is, overall FY26 EBITDA per ton, we are expecting at around INR7,000 per ton. And INR7,500 per ton is expected for Q4 overall. So currently we have achieved in Q3, in terms of number of EBITDA is INR5,500 plus. And overall for the financial year 2026, we will be achieving INR7,000 plus overall. And for Q4 we are expecting INR7,500 per ton in Q4 number.

Hardik Gandhi: Right. So just to understand, where is the confidence coming where we will be able to jump INR1,800 EBITDA per ton in just Q4? I know there have been price increases, but is the visibility there?

Bikash Agrawal: Yes, sir. The three problems that CEO sir has stated in Q3 is actually getting reversed in Q4. That is first, coil price has increased by approximately 10% from Q3 in Q4. We are already procuring raw material at very low cost in Q3 which we are going to utilize in Q4. So that margin expansion will be there from carbon black steel side.

Secondly, our GP production capacity is already being enhanced and commissioned. That benefit also we will be getting in Q4. Plus stainless steel, if you have seen, China export duty of 9% approximately, they have implemented that. That's why the price of stainless steel across the board has been increased. So benefit of that we also accrue in Q4. Overall, if we see, the confidence of incremental EBITDA per ton is coming from all these three factors.

Hardik Gandhi: Understood, understood. That's it from my end. I'll join back in the queue for any more questions. All the very best.

Vikas Kumar Goyal: Thank you.

Moderator: Thank you, sir. The next question is from the line of Devesh Lakhotia from IKIGAI Asset Manager. Please go ahead.

Devesh Lakhotia: Yes. Hi sir. Good afternoon. Congrats on the performance.

Vikas Kumar Goyal: Thank you so much.

Devesh Lakhotia: I have a couple of questions.

Vikas Kumar Goyal: Yes, yes.

Devesh Lakhotia: One, I think in your opening remark you mentioned about some MOUs being signed. Could you just elaborate on that? And second, on the stainless steel pricing as you highlighted, withdrawal of rebates on China side, is it applicable on stainless as well? And what is the kind of improvement in pricing that you have already seen on the stainless side? And this would be more on the 200 series grade where we are predominantly kind of looking at it, right?

Vikas Kumar Goyal: First, your question is that the MOUs that we have done, we have already had four which we are supplying In which, in co-branding, our stainless steel pipes are being sold. Like, our big brand does the same. So, we have one in Raipur, in Gwalior, in Sambalpur, and in Jamshedpur. And now, we have four more in January. So, in the next quarter, you will get better numbers.

So, our idea is that our quantity, which we are selling about 5000 tons per month coil sales, we will execute about 50% of it through MOU holders. In which, you will get our Sambhv brand pipe in the market. Right now, we have MOUs of about 700 to 1,000 tons. Going forward, we will take it up to 2,500 tons. This is our target in the first phase. And second, when you talked about China, Bikash will talk about that.

Bikash Agrawal: So, Devesh, China, you know, they have already tightened the export regime for stainless steel specifically, with effect from 1st January 2026. They have done it purposefully to curb underpricing of stainless steel product export and illegal trade which is happening through Dubai, Indonesia and Vietnam route because their domestic consumption for stainless steel has increased drastically, first.

Secondly, the price of stainless steel across 200, 300, 400 series has been increased with effect from 29th January 2026 by INR2,000 to INR3,000 depending on which year we are talking about. Overall, if you see the stainless steel market itself at least for the domestic manufacturer perspective in India seems to be very robust currently because somewhere China is tightening their export to India and secondly Indian stainless steel production itself is not enough to meet the current demand of Indian consumer.

Devesh Lakhotia: Got it sir. Sir, just one follow-up on the first question. So, these MOUs how are the -- how does the economics work between us and our partners? Do we sacrifice anything on the margin side? Or is it more just volume related?

Vikas Kumar Goyal: We are just making the marketing aspects for their market so that the fabricators and the users can also do marketing and put up hoardings and boards. So, our marketing expenditure per MOU holder will increase. And we have to sell our brand products there which is important for us as well.

So, this is one of our components that we have to do marketing and conduct fabricators meet regularly so that our brand's sales and their sales become stronger. We don't have any compromise with them and we don't get any profit from their sales nor do we give them any extra benefit.

Devesh Lakhotia: Got it, got it. And right now, what would be the average selling price on a per ton basis for pipes for us?

Vikas Kumar Goyal: For the Q3 or right now?

Devesh Lakhotia: Both Q3 and current position.

Management: For Q3, the HR pipe average realisation is INR46,100 around. And for the value-added products GP stood at INR59,200 and SS coil 200 series is around INR1,24,000 and 300 series is much more that is around INR1,80,000.

Devesh Lakhotia: And similarly, what would be right now for these products?

Vikas Kumar Goyal: The black pipe right now is INR52,000 per ton and galvanized product is INR66,000 per ton and stainless steel is 126, I think.

Devesh Lakhotia: Got it sir. Got it. Thanks a lot.

Vikas Kumar Goyal: This black pipe's price is our ex-plant. So it can be comparatively less for competitors because it is around INR3,000 and the rest of the people who sell FOR, galvanized product is our FOR price so INR59,000 is delivered to the customer and INR66,000 is delivered to the customer.

Devesh Lakhotia: Got it sir. Got it. Thanks a lot.

Vikas Kumar Goyal: Thank you Devesh.

Moderator: The next question is from the line of Vikram Sharma from Niveshaay. Please go ahead.

Vikram Sharma: Hello. Hi sir. First question is regarding can you explain, like, the capacity, new capacity commissioned during this quarter and also new capacity coming on stream over the next few quarters? Like we were doing deep bottlenecking in stainless steel side and new plant side. So if you can explain about the overall capacity added and new capacity coming?

Vikas Kumar Goyal: Like we said in Q3, we enhanced the production capacity from 1,00,000 ton to 1,16,000 ton in galvanized product. We also got the sales benefit in the last month. So we will get the benefit in this entire quarter. Secondly, we are doing from 58,000 ton to 1,16,000 ton in stainless steel. We will implement this till the end of March. And we will get the benefit in Q1 next year. So these two are our brownfield expansion

Thirdly, greenfield, as we have said, we are going to make 3,50,000 tons of stainless steel from Kesda in the first phase. And if we talk about stainless steel and the new product that we are seeing, so we are in a research base that how can we enter in a seamless pipe. So we are trying to do the tie-ups of its market survey and its production technology. We will try to do this as soon as possible.

Vikram Sharma: And after this, our greenfield expansion capacity will come?

Bikash Agrawal: Yes, so we are expecting that capacity to be commissioned? by Q4 2027. And all the brownfield expansion that we are currently undertaking is going live. For GP, it's already gone live. For stainless steel, it is going live by March 26.

Vikram Sharma: And in the last quarter, we shared that we have started selling in 300 series. So what initial feedback are we getting from the market? What was the mix of 200 and 300 in the stainless steel side in the first quarter?

Bikash Agrawal: if you see in Q3 we have sold around 1,200 to 1,300 ton of stainless steel of 300 series. We have got good feedback about it. We are in this particular quarter also we are ramping up the production of 300 series. If you see currently the mix is -- if you see for the stainless steel 300 and 200 series it is mostly 30-70 currently, but we try to achieve 50-50 mix in Q4.

Vikram Sharma: So average realization will increase to 1.4 lakh-1.5 lakh in Q4?

Vikas Kumar Goyal: So, as Mr. Bikash said, we are trying to reach 304 and 316. So if we take it from 30% to 50%, then our realization will increase from 1,40,000 lakh to 1,50,000 per ton.

Vikram Sharma: Okay. And one thing, in our Sarora plant, we generally try to get power from in-house. But you have shared in your PPT that you will have 40%-45% dependence on grid power. So are we trying to reduce the external power dependence there?

Bikash Agrawal: Yes. If you see, Vikram ji, the cost of power is increasing day by day and year by year. Every state government is focused on increasing it. So that their own discom or distribution arms, which are usually loss-making, should be less. If we look at it that way, and we have a view that since the carbon steel market of India, for the domestic market, is at a maturity stage, then the future will be on a cost-competitive basis. The carbon steel market will operate.

For that, we think a 25-30 megawatt power plant will be required to compensate for 45% of our electricity requirement, which we are currently drawing from external grid. If we plan that, which is currently under planning stage, then there will be a capex requirement of approximately INR125 crores-INR150 crores. And we can achieve upward of around INR50 crores in terms of electricity bill from that particular power plant.

Right now, we are going for its approval. We are at the very initial stage. And we are also trying to acquire land for it. So we have to be self-sufficient in terms of power for Sarora plant and we are actively working on that side.

Vikram Sharma: Okay. And sir, one last question. You had given a disclosure about fraud allegations in our subsidiary company. You had invested INR11 crores-INR12 crores there. Can you clarify what that was?

Bikash Agrawal: Yes. We have a lot of projects under consideration. For future land banking, we did a land transaction for which advance payment of INR11.5 crores was given. During our due diligence process, we have found out that the land is already being mortgaged to a certain financial institution, which was not disclosed to us during the deal-making process.

Once we found out, we demanded for either refund or get an NOC from the existing lender. So the land owner could not come with a NOC at a particular time period. So for that, he has given us a INR9-crores refund out of approximately INR11.5 crores. We are actively following up for the balance of INR2.5 crores for the refund.

So, since we as an intent, as a listed entity, we do not want to showcase ourselves as an entity which is procuring a mortgage land without having consent of the borrower. So, we have gone ahead to file a case against the seller of the land. But current strategy, we have amicably got the money of INR9 crores from the party and balance amount is under refund process.

Vikram Sharma: Okay, sir. Thank you.

Vikas Kumar Goyal: Thank you, Vikram.

Moderator: Thank you, sir. The next question is from the line of Miraj from CHEMNINE LLP. Please go ahead.

Miraj: Thank you for the opportunity, sir. So sir, first question which was mine you have answered it for some time, but I would still like to just touch upon it once. Regarding the gross profit that we have seen, sir. Like we have seen the GP per ton or gross margins. So, gross margins, this time quarter-on-quarter and Y-o-Y both have declined.

So, one reason for this is that our realizations were falling. But, sir, the prices of ERW pipes were also falling. And the cost of iron ore has not moved anywhere. So, if you can just explain, why did our GP, why did the gross profit margins come down this quarter?

Vikas Kumar Goyal: Sir, GP is all connected with the pipes and tubes.

Miraj: No, this is not galvanized pipes. I am saying gross profit, not galvanized pipes. Yes, gross margin. Sorry, gross margin, yes.

Management: Because of increase in raw material cost, which the CEO, sir, has explained earlier in the call, that raw material prices for HR coil has decreased. But sale price has not been, sale price has also been decreased. But raw material as in iron ore and sponge has not been decreased in comparison with the HR prices. And the benefit of decreased iron ore cost and sponge iron cost will showcase in Q4.

Miraj: So, ma'am, if I am not wrong, you are trying to say inventory loss was there in Q3?

Vikas Kumar Goyal: No, there was no inventory loss.

Miraj: Okay, okay. Got it.

Vikas Kumar Goyal: iron ore is a commodity product like this which was procured in November it started working in the end of December. So we will get the benefit later. Whenever the price of raw material will come down or increase, so I will get the impact later. So it will always be with us that if the price of raw material decreases or increases so the impact will be there for a quarter of the time.

Miraj: Understood. So sir if I am not wrong NMDC had recently revised their prices somewhere in Jan, so what was the change over there in pricing in iron ore?

Vikas Kumar Goyal: INR150 per ton.

Miraj: They have increased by INR150?

Vikas Kumar Goyal: Increased, yes.

Miraj: Okay, but our increase in ERW pipe prices have been much more than that I think you were explaining on the call 10%. So almost INR4,000, INR5,000 as we have seen an increase?

Vikas Kumar Goyal: Yes.

Miraj: Okay. Understood and secondly sir you were mentioning future products I think you were just mentioning that you are looking at -- did you mention seamless pipes or stainless pipes?

Vikas Kumar Goyal: Stainless steel seamless tubes.

Miraj: Seamless tubes in stainless steel. So if you can sir just touch upon our client what will be the time, what is the opportunity that we are seeing, can you just give us some highlights over here as well?

Vikas Kumar Goyal: So sir it is now on research so maybe it is possible we will give you good news soon.

Management: So just to elaborate if you see our trajectory as a Group, we achieved scale and profitability in carbon steel after that in stainless steel with a small quantity we achieved good capacity utilization and market acceptability we have just increased our capacity by 6-fold for stainless steel market. So in that process going forward the growth will only come from value added and special stainless steel products where a company can achieve good amount of profit or higher margin.

So from that point of view logical extension after our two successful implementation of business model for carbon and stainless steel. So investing in high value product and high technology oriented product is a logical extension. So that is why seamless as a market comes into play. If you see the budget government has created lot of investment opportunity for manufacturing sector and given lot of incentive and package and everything whenever this kind of budget comes steel market supports and back parties seamless is something which is the use of that product in the defense in the marine, in the nuclear power wherever you can see the usage is going to grow exponentially, which is not there in India.

Everywhere we are using minimum quantity in India. So we feel that seamless as a product is natural extension to what we are doing currently that is why we are planning we are studying the product, studying the market, studying the competitors and studying the technology and it may happen that we come up with a technological partner in that and we execute this project in a joint venture manner.

Secondly from stainless steel I would like to give you good news that today only we have received approval for our PLI scheme 2.0 in which our product had two application files and we have got approval for both. Details to be worked out during MOU process which will start in second week of February. Currently we are happy that at least we get another bazooka in our hand in terms of PLI scheme approval for our future stainless steel product expansion.

Miraj: Understood. That is great to hear that we have received the PLI approval. Sir, for quantum can you just clarify or you will still in works that how much you are going to receive?

Management: As I said, we have not received the entire MOU or the draft that we supposed to be executed with the government of India that will be expected by second week of February. Upon that MOU in our hand we can give you some number on that. I will release detailed note on that once I execute that MOU with the government.

Miraj: Understood. And sir on seamless part just one more thing over here in seamless, the raw material required is billets then how are we going to make billets over there even if you are doing stainless seamless?

Vikas Kumar Goyal: According to our study till now we have secured rounds if we will start then after that our basic subject is that we have to work with full integration going forward we will do that, but that will be time-bearing. In first phase, we will take rounds and make it then we will make the rounds and move ahead.

Miraj: Understood. I will get back in the queue thank you and all the best for the future sir.

Management: Thank you, Miraj.

Moderator: Thank you, sir. The next question is from the line of Aryan Bhatia from InVed Research. Please go ahead.

Aryan Bhatia: Thanks for the opportunity. My question is regarding the stainless steel capacity. So I just wanted to know like in the first phase of expansion we were bringing about something 3,60,000 tons that will be in the first phase and we are doing a Brownfield expansion from 58,000 to 1,00,000, so these are separate capacity am I right. Just wanted a clarification on this? Can you give the total capacity which will come by FY27 for stainless steel?

Management: It will be approximately 4,70,000 tons of annual capacity.

Aryan Bhatia: 4,70,000. Okay, great. And my second question is, like, we are [inaudible 0:36:38] stainless steel. So if I look at some players so when they do stainless steel their raw material for the working capital is expanded due to the higher inventory days. So do you expect when we will also expand our stainless steel capacity by 6x, so our working capital cycle is going to remain the same or we will have some expansion?

Management: Yes, stainless steel product portfolio mix once it is increased there will be impact on our working capital days, it will increase definitely because this market operates vis-a-vis carbon pipe market in a very different manner. So our working capital is expected to be increased once we go live with our 3,50,000 tons of Greenfield expansion for stainless steel.

Aryan Bhatia: What should be the expected increase in working capital days you have calculated or are expecting from our current 20 days, 30 days of working capital?

Management: On a higher side 20 days is more conservative or very conservative. I would say 10 days to 15 days is at max I think we will have initial days of increment in working capital days. Once our product gets accepted into the market I think that will be stable at around 10 days.

Aryan Bhatia: Okay and sir my last question is like in the next year FY27 the major growth will be coming from our stainless steel Brownfield expansion because all our capacity is going to be utilized in this year only, am I right?

Vikas Kumar Goyal: Yes, sir.

Aryan Bhatia: And our total capacity for FY27 will be 3,60,000 for ERW GI and GP will be 1,12,000 and stainless steel will be also 1,00,000?

Vikas Kumar Goyal: Yes, correct.

Aryan Bhatia: Okay. Thank you and best of luck.

Moderator: Thank you, sir. The next question is from the line of Abhinav Shetty from Elios Financial Services. Please go ahead.

Abhinav Shetty: Congratulations for a good set of numbers. Sir I had a few questions. Sir firstly if you could give me the breakup of EBITDA per ton for the different products that we sold this quarter?

Vikas Kumar Goyal: This quarter only for the stainless steel EBITDA is like 13,000 ton and in black the inside coils that we do in house is 5,600 the outside we procured is 1,500 and in the galvanized product the inhouse coil is 6,200 and the outside coil we procured is 2,000. If I do the cumulative, I got 5,400 all the products.

Abhinav Shetty: Okay, sir. So sir combined 5,200 stainless steel we increased the production and the sales volume?

Vikas Kumar Goyal: Yes, if we talk about stainless steel, we sold 13,400 tons in which I got INR13,000 per ton I got EBITDA. In black pipe we sold 42,000 in house coils in which I got 5,600 EBITDA. In black we sold 15,000 tons by doing production in which I got 1,500 I got EBITDA. And in galvanized product 7,600 tons at the rate 6,200 from in house coil and 12,400 from outside coil in which we gained INR2,000 we gained EBITDA.

So actually the prices of HR coils went down and our product prices get impacted. So the old coils if I see the stock that we have to sell it goes from high price to low price and if you see in October, November, December. So in December the gain which we got when we announced that we will increase the price of HR coils. So in January our pricing went up so our low price of HR coils went up and it was sold at a good price in January. So all the profits you will see in our Q4. If I tell you our total of 9 months 6,800 you will get above 7,000 and if we talk about Q4 you will see 7,500.

Abhinav Shetty: Okay, sir. And I had one more question many bigger players are shifting towards DFT technology for larger diameter pipes. So do you have any plans to adopt DFT and enter the larger diameter pipe segment, now you are in small and medium tubes?

Vikas Kumar Goyal: Yes, definitely we have a plan like we are increasing production on stainless steel vis-à-vis we have to increase production on carbon steel pipes. So for that we are in a planning like the sizes above 7 inches to 14 inches in the market we are not able to fulfill, 20% of the market we are not able to serve the pipe market. So we are in a planning stage to install a 2 lakh ton pipe and tube DFT.

Now we are in a planning stage there is no freeze, but we are in a planning stage and we will increase the margins. So I am showing you that from outside coils I have reduced margins and my competitors can do more. So after the installation of this DFT I will get an age to increase margins from outside coils.

Abhinav Shetty: Okay, sir. So next year FY27 or FY28 it can come?

Vikas Kumar Goyal: We will announce it soon, but now we are in a planning stage.

Management: Abhinav just to highlight this is also in terms of very value added -- it will add a lot of value to my purchasing power of coil. Currently if I see 1 lakh ton coil I am purchasing from outside market upon DFT I will have the requirement of let's say around 2 lakh to 2.5 lakh ton, 3 lakh ton of coil requirement annually and with that kind of procurement I will have a cost advantage or bargaining power from the coil manufacturer.

Overall my coil procurement will add a lot of value plus it will increase my EBITDA. Secondly if we see DFT's market it is an approval based high margin business and when SKU completes the 7 inch to 14 inch product. So when a party is supplying in a project then one particular brand to deliver in one place it is easy to give and from a plant it becomes easy to offtaking because every product he is getting at the same place. So your velocity and sales off taking also increases.

Abhinav Shetty: Okay, sir. And we also make coils so why did you have to increase it from outside?

Vikas Kumar Goyal: Sir, the coil's capacity is to a certain level that only we can only make this, that's why we have planned for Kesda, that in DST we will make the products from outside coil margins are low and with our coil we can easily take INR7 to INR8 thousand margin so going forward when Kesda's production comes we will make 80% to 90% of our product from our coil the 10 inch or 8 inch sizes we will still have to make from coil.

Abhinav Shetty: Okay.

Vikas Kumar Goyal: We have a width restriction, so we make the width 470mm, going forward we will make 650mm the size of the coil above 650mm we will have to procure the coils.

Abhinav Shetty: Okay we will have to procure it. Okay sir. Thank you, sir and all the best.

Vikas Kumar Goyal: Thank you.

Moderator: The next question is from the line of Ruchita from TJW Investment Management Ltd. Please go ahead.

Ruchita: Hello, sir. Good afternoon.

Management: Good afternoon mam.

Ruchita: This is just EBITDA that we have just mentioned. So, accordingly, what I have got that in pre-galvanized, we have made around 4000 per ton, is that right?

Management: Pardon me. Can you repeat the question, please?

Ruchita: Sir, on the pre-galvanized oil and pie, or the segment, our EBITDA per ton for the quarter comes to around 4000 per ton, is that right? Whatever we procure from outside and those that we make in house plus the new capacity

Management: On weighted average basis, yes, the number is correct.

Ruchita: So the number is correct, right? But on the regular basis like if you don't know all these thing, how much will be from pre-galvanized just to understand?

Management: So we have to see it on a two factor basis. First is what will be my EBITDA on a regular basis from my own coil and what will be EBITDA from the coil that I procure from the market. Regular market wise, Q3 is an exception in terms of EBITDA number for us. So approximately 8000 will be our EBITDA margin from GP pipe which will be produced from our internal coil manufacturing and from external coil which we are procuring from NMDC or other players. If I make a pipe of then my EBITDA margin will approximately above 4000 plus.

Ruchita: Okay and current what is the contribution like is it 50-50 and how do we see that going ahead?

Management: 40 from in house coil. So currently galvanization is done approximately 40% of the sale from internal coil and 60 % from the outside coil.

Ruchita: Okay and going forward do we want to maintain that ratio or we will slightly go towards in house?

Management: It will be maintained at 60-40 level only.

Ruchita: Okay. so around 6000, I think in September we had done around 7000 EBITDA per ton. So that was kind of a one-off. So we can see around 6000 EBITDA per ton in pre-galvanized for instance.

Management: 5000 to 6000 in between.

Ruchita: Okay, 6000. And on the ERW sir, ERW currently is 4500 because obviously the prices were down. But earlier, when we used to look at your company, when it was only ERW, that time it was around 7,000 per ton EBTIDA, which has now gone down to 5,000, 4,000, 5,000, it's going down only. So where do we expect that on a regular basis?

Management: Correct. So the one reason behind the EBTIDA margin getting down as we already explained it, it was the HR coil prices. But as you mentioned earlier, when we used to manufacture just HR pipes. Then the EBITDA used to be much higher. That was because, we started GP, we started Stainless Steel also, so the quantum of outside purchase coil got increased because of the GP production that we have started.

So in my ERW black pipe segment if you see, currently the ratio is around 75%-25%. 75% I manufacture from my in-house coil and 25 % currently we are getting through outside coil. So a blended of that, as you rightly mentioned in Q3 it was around 4500.

But on a sustainable on a full year basis, we are expecting that this should be above INR6200 to INR6500 rupees on a blended level.

Ruchita: Okay, so normalize this INT6200 to INR6500.

Management: Yes, on a blended level and if you consider separate EBITDA pattern for these two segments. So from in-house pipe, you can consider around INR7500 rupees and from outside coil you can consider around INR2200-2500 on a normal level.

Ruchita: Okay. And CR Coils INR15000 is what we are looking at, right?

Management: Yes. SSCR Coils

Ruchita: And for HR would be lower around INR9000-INR10,000.

Management: HR Coils we don't sell in the market.

Ruchita: But in FY’28 we would, right? Because that capacity would be higher than our CR coil.

Management: So you are talking about HRAP coil of stainless steel. So yes, definitely. We have this 3.5 lakh ton of Greenfield Phase 1 project go live. We plan to sell around 50 % of our capacity in HRAP form and 50 % of our capacity in a cold-roll form.

Ruchita: Right. Right.

Management: In HRAP you can expect the EBITDA margin of around 10,000 and in CR bright handled coil you can expect the margin of around 15,000 plus. And just to add to your last question wherein we were discussing the EBITDA pattern on the black pipe segment. So as I mentioned that from the outside coil around INR2000 to INR2500 rupees but once we once and if we set up DFT then those margins will also increase and it will go up to around INR3500 to INR4000 rupees also. And in the higher diameter segment.

Ruchita: Okay. And you were saying 3,50,000 the capacity is going to come. So HR coil is going to be from 60,000, it will go to around 4,10,000, is it?

Management: 4,70,000 actually. It will be 4,70,000 because stainless steel is fully integrated.

Ruchita: HR coil is currently 60,000, right? Okay, which will become 1,16,000 in June 20.

Management: 1,16,000 tons. If you are having 580,000 ton capacity which we are increasing which we are increasing which will be commissioned in March 2026 to 1,16,000 ton. And on top of 1,16,000 tons of SS coil, we are adding 3,50,000 tons of stainless steel coil. So in total it will be approximately 4,17,000 tons of installed capacity of stainless steel coil manufacturing.

Ruchita: 4,20,000 tons.

Management: 4,70,000 tons.

Ruchita: Okay.

Management: Out of all my production will be in the range of 3,20,000 tons to 3,40,000 tons. Depends on what kind of thickness I manufacturing

Ruchita: Okay. 3,40,000 can be your CR coil production, right?

Management: Not CR, ma'am. It is HR plus CR both because in phase one of Greenfield expansion, we will sell approximately 50% in HR form and approximately 50 % of bar coil in CR form.

Ruchita: Right, right. But in terms of capacity, I'm asking. Right now…

Management: Capacity, it be 3,20,000 tons. Okay, so in other way for HRAP coil will be 1,20,000 approximately and rest 2,20,000 will be CR coil.

Ruchita: Exactly that was my question. So 3,20,000 will be HRP.

Management: This is from the perspective of selling.

Ruchita: Right, right, right. 3,20,000. Okay, understood. Yes, thank you so much.

Management: Thank you.

Moderator: The next question is from the line of Chandresh Malpani from Niveshaay Investment Advisory. Please go ahead.

Chandresh Malpani: Sir, thank you for the opportunity. Sir, the first question is that you said that we did brownfield expansion in galvanized side. So, about 15 days, there was some plant maintenance and shutdown. Similarly, when we are doing stainless steel side expansion in Q4, are you seeing any impact on the current volumes that we are doing?

Management: No, no. Actually, in my CR complex, the new commission that I did was just next to it. And in that also, we had to exchange the width of the pickling line. Because I had put a wider width CR coil mill, cold rolling mill. So, that's why the pickling line is switched off and the maintenance is going on. But in stainless steel, there is no such thing. So, the production will increase parallelly. There will be no problem with any product in which this production is taking place.

Chandresh Malpani: Okay, sir. And sir, in this line, the stainless steel work that we are measuring with Greenfield expansion, sir, what do you think about a ramp-up risk where the government has been delaying the duty part in stainless steel coil for a long time. And now, when the window has been opened, basically, we had a capacity of 60,000 metric tons. We did a good ramp-up in a year. But we want to do a major capex capacity from here to 6x capacity. So, what is the risk of ramp-up there? How will you be able to sell these coils in the market when we ramp-up the sales?

Management: Look, there are 2-3 things in this. Like you said about ramp-up and vis-a-vis competition or import. So, if you look at Chinese import or European trade which is free now. Because you are saying that the government is not serving us in terms of stainless steel. So, if you look at both these countries, now EU will also start sending their stainless steel products. Predominantly, above 400 series only they will be playing and duplex series of stainless steel where they are mastered.

So, these 2 big countries, European Bloc and Chinese, they are having technological advantage, sale advantage and their own local government support. Similarly, if you look at India, like we just said that we are eligible in PLI scheme. Entire expansion that we are doing is now eligible under PLI scheme.

So, a government support in direct way to counter any import is already being there. Secondly, scale advantage once my brownfield goes live of 1,16,000 tons stainless steel coil. Apart from that, if my greenfield of stainless steel goes live of 3,50,000 tons, then I will also have that scale advantage vis-a-vis any other international player.

Predominantly, my product is of 200 or 300 series. Usually, if you see European bloc will not be sending that product here because they are already into very high technology product of stainless steel. So, even if government is not safeguarding us, in natural form, through PLI scheme, we will get our own scale advantage because of which we will be able to launch good summer products in the market.

Secondly, when we are starting Greenfield project, we have 1 to 1.5 years' time, let's say. So, we are already on the field and our sales team and marketing team is being hired there for the job to create a market for that additional capacity that we are coming up with. So, the time in Q4 when I will be there for ready for production, so my market will already be created.

Management: Brand building has a huge space in stainless steel. As you have seen, APL did not do it. Jindal was very old in black, but he did not do much branding. By the way, today we feel that there is a huge market blank of branding in stainless steel. So, we are working on branding. Secondly, the different products, like our width is very limited.

So, we focus more on pipe segment. After that, our kitchen segment will start. Water bottle segment will start. So, in this way, we will be able to supply different quantum in different segments. And our market is very thoroughly studied. And in every market, we are slowly establishing that we know all the people in the market. We know all the consumers.

Chandresh Malpani: Got it sir. So, one last question on what was the debt position as on 31st December end?

Management: So the total debt for as on 31st December end was INR210 crores. Out of which INR40 crores in term loans. And INR170 crores in working capital loans.

Chandresh Malpani: Okay, got it. Thank you so much and all the best.

Management: Thank you.

Moderator: Thank you, sir. The next question is from the line of Pushpender Jindal, an Individual Investor. Please go ahead.

Pushpender Jindal: Thanks for the opportunity, sir. What is our guidance for Q4 and FY'26? Because we are already like two quarters. Even if we do 7500 or 6800 blended. The goods that are sold in Q1 to Q3 that is already sold at that price, right? So, what is the guidance that we are looking for this year and maybe next year after all of your expansions? At least the expansion plan for this year.

Management: If we talk about Q4, then the weighted average that I am expecting. 7500 EBITDA on a blended basis. And overall, if I talk about 2026, then we are confident that we will be achieving upward of INR260 crores of operating EBITDA On an enterprise level. And weighted average wise, 7000 EBITDA per ton on a blended basis. We are comfortable achieving that number.

Pushpender Jindal: So, that means your volume will be very high in Q4. Is there any guidance for Q4?

Management: Volume, it may be approximately 1 lakh. Blended. 1.5 lakh or 1 lakh in between.

Pushpender Jindal: That's a blended volume, right? So, I won't go for your... Okay, sir. Thanks. This was my only question. Because we just were putting up some numbers together for the FY'26. But I think that's actually lacking by quite a lot of difference. So, we are trying to model the business with the guidance that you have been giving us for the last few quarters.

Management: Right.

Pushpender Jindal: Okay, sir. Thank you. All the best.

Management: Thank you.

Moderator: The next question is from the line of Hardik Gandhi from HPMG. Please go ahead.

Hardik Gandhi: Hi, sir. Thank you for taking the question again. Just wanted to know. So, right now our term loan is INR40 crores. Right. So, how are we funding the new capex completely? Because we just reduced our term loan debt in the last quarter, I think. So, in this new capex, what is the individual capex of Stage 1, Stage 2, Stage 3 approx?

Management: So, if you see, if we talk about the financial closure, phase 1 is already being planned and we already have the financial closure for that. If we talk about the project cost, INR930 to INR940 crores is approximately the cost that we are going to incur for stage 1. Out of which INR250 crores as of December is already being incurred.

So, the balance is approximately INR700 crores capex to be done in the next 12 months. Out of which we are looking at raising INR600 and INR650 crores from the long-term debt and balance will be from the internal accrual. So, if you see, the overall project will be INR650 crores from the external debt and NR300 crores approximately will be from our internal accrual.

Hardik Gandhi: Right. And, sir, the timelines are up now. We are expecting commercialization by Q4, right? Or Q4 next year and the numbers should start reflecting in Q1 FY'28.

Management: Yes, definitely.

Hardik Gandhi: Right. And then, just to understand more on our brand awareness and marketing side, what are the steps being taken overall? Are we expanding into other geographies? What is the strategy on that front?

Management: If I talk about carbon steel, pipe and tubes, our focus today is on the demand from the West, Central and North. So, our marketing strategy is that we are regularly meeting the customers or the fabricators or retailers on an on-ground level. Every month, we are meeting a distributor dealer in a state and discussing about tea.

So, we are doing such events so that we can educate the fabricator about our goods and we can improve our demand from there. We can bring the demand from there. So, we are not focusing on any ad or brand ambassador right now. We are marketing on stainless steel all over the world.

We are marketing on stainless steel in such a way that once people get to know us on the ground level that this is a similar product to the highest brand of India. So, establishing that, showing the product to the people, explaining it to all the fabricators, and developing a pipe manufacturer in our co-branding. This is our target for marketing right now. Going forward, when this is executed, when our second and first phase is executed, then we will move ahead in our soft branding.

Hardik Gandhi: Sir, the government mentioned Northeast and North is going to be their key focus for development. So, maybe any proactive steps to expand there? And second thing is to understand more on the price differential between your product and the topmost player like maybe APL Apollo or someone with a bigger brand name. What is the cost differential just to understand more? How much can we grow?

Management: In stainless steel, there is a difference of 1%-2% between the top brands. Similarly, in carbon steel pipes, there is a price difference of 2%-3% or a maximum of 4%. This is because we don't have complete SQs.

Today, we are dealing with 7-inch pipes. We have achieved this very successfully in the market. If you look at the competition, we are able to get good prices. But overall, the price competitiveness is 3%-4% less.

Hardik Gandhi: Understood. And just a last question from my end. Going forward, when you mentioned that you are planning to do something on the seamless pipe side, maybe a JV or something like that, will there be a separate capex for that?

Or is it already included in the planning of stage 2 and 3? As well as to understand more from other seamless companies, like Jindal Saw and Maharashtra Seamless, these are the 2-3 players that are kind of struggling with their top line and bottom line. Why are we falling into that? And what is keeping us confident that there will be significant demand?

Management: We are going on the stainless steel seamless, not the carbon steel seamless, first of all. And in the stainless steel seamless, the demand is not being catered. Vikas, what do you have to say?

Vikas Kumar Goyal: The first question was about capex. If we do capex, apart from what capex we have already announced, it is a separate capex that will be announced. Secondly, as we told you, we are studying the seamless product, market and technology.

Like you said, Maharashtra Seamless and Jindal Saw, I think they are in a carbon seamless market, not in a stainless steel seamless market. The stainless steel seamless market is still very good in terms of growth. It is a high margin product even today. And a lot of SKUs are not made in India. I mean, if you look at it, even today, a seamless over 6 inches is imported. So we are targeting the same gap.

Hardik Gandhi: You are developing import substitution for the higher diameter.

Vikas Kumar Goyal: These are all the strategies that we are adopting. But Yes, in a way, you have answered me actually.

Hardik Gandhi: Okay. I understood, sir. Thank you. That's it from my end. All the best, sir.

Management: Thank you, Hardik.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to management for closing comments.

Management: 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 our Investor Relationship team at GoIndia Advisors. Once again, we extend our gratitude to all the participants for joining us today. Thank you. Have a great day.

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