



SURYA ROSHNI LIMITED

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SRL/25-26/08

May 21, 2025

The Secretary
The Stock Exchange, Mumbai
New Trading Ring, 14th Floor,
Rotunda Building, P.J.Towers,
Dalal Street, Fort,
MUMBAI - 400 001
Scrip Code: 500336

The Manager (Listing Department)
The National stock Exchange of India Ltd
Exchange Plaza, 5th floor
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
NSE Symbol: SURYAROSNI

Sub: Transcript of Earnings Call (Group Meet) for the Quarter and year ended 31st March, 2025.

Dear Sir,

This is with reference to the Company intimation dated 9th May, 2025 filed with the stock exchanges in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the earning conference call (Group meet) to discuss the Audited financial results and operational performance for the quarter and year ended 31st March, 2025 scheduled for Wednesday, 14th May, 2025 at 4:00 P.M (IST).

Further to the audio recording filed with the stock exchanges already on 14th May, 2025, we are enclosing the Transcript of the said Earnings Call (Group Meet).

The same is also being uploaded on the website of the Company at www.surya.co.in under Financials in the Investor section.

This is for your information and records.

Thanking you,

Yours faithfully
For Surya Roshni Limited

B B SINGAL
CFO & COMPANY SECRETARY

Enclosed: as above.

SURYA

“Surya Roshni Limited

Q4 & FY '25 Earnings Conference Call”

May 14, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th May 2025 will prevail.

SURYA



MANAGEMENT: **MR. RAJU BISTA – MANAGING DIRECTOR**
MR. NARESH SINGHAL – ED, STEEL OPERATION
MR. JITENDRA AGRAWAL – CEO, LIGHTING &
CONSUMER DURABLES
MR. GAURAV JAIN – ED AND COO, STEEL
OPERATIONS
MR. B. B. SINGAL – CHIEF FINANCIAL OFFICER AND
COMPANY SECRETARY

MR. VASU MITRA PANDEY -- COO, LIGHTING &
CONSUMER DURABLES

Moderator: Ladies and gentlemen, good day, and welcome to the Surya Roshni Limited Q4 & FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raju Bista, Managing Director of Surya Roshni Limited. Thank you, and over to you, sir.

Raju Bista: Thank you, and good evening, everyone. On behalf of Surya Roshni Limited, I extend a very warm welcome to everyone for joining us today. On this call, we are joined by Mr. B. B. Singal, CFO and Company Secretary; Mr. Naresh Singhal, Executive Director, Steel Division; Mr. Jitendra Agrawal, CEO, Lighting and Consumer Durables; Mr. Gaurav Jain, Executive Director and COO for the Steel Operations; Mr. Vasu Mitra Pandey, COO, Lighting and Consumer Durables; and SGA, our Investor Relations Advisor.

Quickly moving on to the overall financial performance highlights. We are pleased to present our performance highlights, which demonstrate our company's resilience and operational strength in a challenging market environment. For Q4 FY '25, our consolidated revenue grew by 3% year-on-year to ₹2,146 crores and EBITDA registered a strong growth of 22% year-on-year to ₹211 crores. The EBITDA margin expanded by 155 basis points to 9.85%, and profit before tax increased by 26% to ₹175 crores, while profit after tax increased by 25% to ₹130 crores.

For the full year FY '25, revenue stood at ₹7,436 crores, down 5% from the previous year. Despite this revenue slightly decline mainly on account of HR coil, EBITDA improved by 4% to ₹609 crores. EBITDA margin expanded by 68 basis points in full year to 8.19% and PBT grew by 5% to ₹465 crores and PAT increased by 5% to ₹347 crores.

The strong performance this quarter and year reflects the efficiencies of our strategy. Despite a 5% decline in the revenue for the full year, which was due to the average reduction in HR coil price, we have demonstrated our ability to enhance profitability through operational efficiencies across both business segments, better product mix and focus on value-added products, improved realization in our Steel Pipes division, consistent growth in our Lighting & Consumer Durables segments and effective cost reduction measures and improved overall operating leverage.

Now we are zero debt company with a net cash surplus of ₹342 crores as on March 31, 2025. We have also declared a final dividend of ₹3 per share, demonstrating our ongoing commitment to delivering shareholder value. And this is in addition to the interim dividend of ₹2.5 per share pre-bonus capital already distributed. So total is 170% in FY '25.

Now coming to Lighting & Consumer Durables. Our Lighting & Consumer Durables business has delivered a healthy performance despite significant industry challenges including continuously price erosion, currency fluctuation and input cost pressures. Our strategic agility, product innovation and operational discipline have enabled us to achieve consistent growth while safeguarding our profitability.

Throughout the year, we implemented proactive cost control measures, executing value engineering initiatives, conducted frequent negotiations with our suppliers and improved productivity in our plants. These efforts help mitigate impacts beyond our control, such as dollar fluctuation, commodity price, etc.

On the market side, we enhanced our focus on semi-urban market, which grew faster than urban markets. We incentivized our sales team and channel partners to promote our premium product as well.

We are also entering now to the domestic wiring cable market, driven by a very strong demand from our channel partners. We had planned investment of ₹25 crores, and we are targeting approximately ₹100 crores in FY '26 itself, and about ₹500 crores of revenue in next 3 years, leveraging our strong presence in our 3 lakh electrical retail outlets across the country, and our robust electrician engagement program conducted quarterly.

Looking ahead, we are targeting double-digit revenue growth for the Lighting & Consumer Durables in FY '26. We remain confident in our ability to deliver sustainable and profitable growth leveraging our strong brand presence, extensive distribution network and innovative product portfolio.

Now coming to the Steel Pipes segment: In Q4 FY '25, our Steel Pipes and Strips segment achieved a historical quarterly sales volume which was about 2.60 lakh tons, representing a robust 9% year-on-year growth in terms of volume. And for the full year '25, our total volume reached to 8.8 lakh tons, marking the highest annual volume in the company's history. This exceptional performance underscores a strong market demand, particularly in the latter half of the year.

Revenue for Q4 FY '25 stood at ₹1,688 crores, about 1% increase compared to Q4 FY '24, and a significant 19% increase on quarter-on-quarter basis. For the full year FY '25, revenue was ₹5,749 crores compared to ₹6,242 crores in FY '24, reflecting an 8% decrease primarily due to lower HR coil prices during the earlier part of the year.

Our EBITDA of Q4 FY '25 reached ₹164 crores in Steel division, showing a substantial 28% year-on-year growth and an impressive 48% increase on a quarter-on-quarter basis. The EBITDA per ton Q4 of FY '25 stood at ₹6,708, a 14% improvement compared to ₹5,877 per ton in the same quarter last year, and a remarkable 30% increase from ₹5,163 in Q3 FY '25.

And for the full year of FY '25, EBITDA was ₹446 crores, a 2% increase over FY '24, with EBITDA per ton at ₹5,400 broadly stable compared to FY '24. This remarkable growth in profitability, especially in Q4 was driven by a favorable product mix with higher contribution

from value-added products, operational efficiencies, and increased production volume leading to the lower per unit cost by leveraging fixed expenses.

Value-added products, including API, spiral and galvanizing pipes constitute of about 44% of our total revenue in both Q4 FY '25 and the full fiscal year. This product mix has significantly contributed to our improved margins.

In the export market, a significant opportunities lies in the U.S. market for the API oil and gas 5CT pipes, which also known as a casing and tubing pipe for oil exploration, where the favorable duty at reduced rate from approximately 19% to 2.3% will be applicable on the company. So we are targeting about 20,000 metric tons of quantity from this year itself.

Our spiral production facility in Gwalior commenced operation in February '25 with a significant ramp-up expected by early June '25. Additionally, production has started to our cold rolling project in Bahadurgarh as well with full ramp-up expected by the end of this month, May '25 itself.

Looking at our future capital expenditure plan, we are outlined ₹500 crores capex plan over the next 2 years with approximately ₹250 crores allocated for our upcoming greenfield projects, ₹125 crores to Hindupur facility with commissioning expected by the end of FY '26, and the remaining for the DFT plant in Gujarat and other strategic initiatives.

Looking ahead for FY '25, we are targeting to cross at least 1.1 million tons in sales volume. We expect our EBITDA per ton to improve further, targeting ₹5,800 to ₹6,000 in FY '26.

Now I will request B. B. Singal, Group CFO, to share his thoughts on the numbers.

B. B. Singal:

Thank you, respected MD, sir, and very good afternoon to all the participants on the call.

For the quarter, the revenue was ₹2,146 crores as compared to ₹2,080 crores, at a growth of 3% year-on-year basis. EBITDA and PAT stood at ₹211 crores and ₹130 crores as compared to ₹173 crores and ₹104 crores, a growth of 22% and 25%, respectively. For FY '25, the revenue was ₹7,436 crores as compared to ₹7,809 crores. EBITDA and PAT stood at ₹609 crores and ₹347 crores as compared to ₹586 crores and ₹329 crores, respectively.

In Lighting & Consumer Durables for the quarter, the revenue stood at ₹458 crores as against ₹418 crores, a growth of 10% year-on-year basis. EBITDA and PBT stood at ₹47 crores and ₹37 crores, a growth of 6% and 3%, respectively. For FY '25, the revenue stood at ₹1,690 crores as against ₹1,572 crores, a growth of 8% year-on-year basis. EBITDA and PBT stood at ₹162 crores and ₹125 crores, a growth of 8% and 4%, respectively.

In the Steel Pipes and Strips, during quarter 4 FY '25, the revenue was ₹1,688 crores as compared to ₹1,665 crores. Similarly, EBITDA per metric ton stood at ₹6,708 compared to ₹5,877, a growth of 14% year-on-year basis. EBITDA and PBT stood at ₹164 crores and ₹138 crores, a growth of 28% and 34%, respectively. For FY '25, the revenue was ₹5,749 crores as compared to ₹6,242 crores. Similarly, EBITDA per metric ton stood at ₹5,392 compared to ₹5,401. EBITDA and PBT stood at ₹446 crores and ₹341 crores, a growth of 2% and 5%, respectively.

Improved capacity utilization, working capital optimization and cost rationalization enabled us to become a zero debt company, and having cash surplus fund of ₹342 crores in FY '25. As of March 31, 2025, our net working capital cycle was 55 days with a return on capital employed, (ROCE) of 20.96% and a return on equity (ROE) of 14.97%.

With this, I conclude the presentation, and we can now open the floor for further questions and answers.

Moderator: We have our first question from the line of Jatin Damania from SVAN Investments.

Jatin Damania: Sir, first of all congrats on a good set of numbers, and thank you for increasing the dividend payout. Sir, one thing I wanted to understand, now when we are guiding a volume of 1.1 million tons for next year. So, once our Hindupur facility will come in operation, what type of cost saving one can assume on the overall number?

Raju Bista: Okay. So, only one question.

Jatin Damania: Sir, once we commence our Hindupur facility, because last year we indicated that probably in second half of FY26, our Hindupur facility will come in operation with a substantial amount of cost saving that we will get it. So, annualized cost savings once the Hindupur facility comes in operation?

Raju Bista: So, overall, Jatin ji, we have planned an investment of ₹500 crores in total. Out of this we are utilizing ₹250 crores for capacity enhancement in the existing facilities. So, overall, that will help in improving our EBITDA margins, because our fixed cost is the same. So the fixed cost will reduced automatically because of that, we will get an advantage. So, in the existing facility, we will see an improvement of ₹250 per ton to ₹300 per ton in terms of numbers.

Jatin Damania: And sir, our capacity there is coming in the capacity of approximately 1 lakh ton?

Raju Bista: Overall we have a capacity of 1.2 million tons. In the next three years, we will have a capacity of almost 2 million tons. So, in that, 50% capacity is in the existing plant of which 50% capacity will come by the end of this year and balance 50% will come next year. Then after that, the balance will come. So, overall, in Hindupur we will have an annual capacity of 1.5 lakh ton, after this capex.

Jatin Damania: Sir, if you say that the capacity will double, will you give a break-up as to which facility is coming and where are we putting the Greenfields project?

Raju Bista: In our existing facility of Bahadurgarh, our annual capacity will enhance by approximately 1.36 lakh ton of which 1 lakh ton will be pipe and 36,000 ton will be in cold rolling. This capacity enhancement is coming.

Secondly, in Gwalior facility we have installed a spiral plant, which has already been commissioned. In that, there is an enhancement of 60,000 ton in annual capacity.

And in Bhuj we are installing a DFT, which is already in process. The plant machinery has already been ordered and imported. So, in that, the capacity will get enhanced by approximately 60,000 ton. By the end of this year, the commercial production will start.

And in Hindupur, we are installing a new DFT and in total we are installing five new plants.

And we are planning for a Greenfield project. We are working on two, three locations. We have already purchased additional plants in Hindupur. So, in Bombay and Vizag, our discussion on the Greenfield project is still on.

Jatin Damania: So, approximately, we will have new facility of 2.5 lakh ton and 1.5 lakh in Hindupur. So, approximately 4 lakh, 4.5 lakh ton capacity will be added?

Raju Bista: The Greenfield project will have a capacity of 3 lakh ton.

Jatin Damania: So, approximately, our capacity will be of 2 million ton by the end of 2027.

Raju Bista: Yes.

Jatin Damania: Sir, we have given a guidance of 1.1 million tons and we are saying that we will export 20,000 ton in the US. So, how confident are we in terms of achieving this number?

Raju Bista: In the existing facility we have around 85% capacity utilization. In fact, in the new plants, the spiral plant or the DFT plant is already operating at around 85% capacity utilization.

And what happened in America because the casing and tubing, which is called the 5CT line, which is mainly used for distribution, we had an anti-dumping duty of 19% in that. And originally, we had put a special mill in Bhuj for 5CT purpose only. But by the time the mill got commissioned, we were brought under anti-dumping. So, we won that case and it was in our favour. In that 2.3% duty will remain in that. So, it is a very big market of several million ton in terms of number. So, additionally, it will add.

So, overall, the capacity which we are saying of 1.1 million tons can be easily achieved with this America market. In fact, even in trade and cold rolling, we have increased our capacity by 15%. So, overall we are expecting growth of around 20% in terms of volume this year.

Jatin Damania: Sir, how much capex will we do next year?

Raju Bista: This year, our capex will be about ₹125 to ₹150 crores.

Jatin Damania: ₹125 crores to ₹150 crores. So, it is a big capex for Hindupur.

Raju Bista: Yes. And for Gwalior and Bahadurgarh most of the capex has finished.

Jatin Damania: Sir, if we talk about lighting, you are saying that you will do double digit revenue growth. So, we can expect a revenue of around ₹1,890 crores. But this wiring cable market, how confident we are that we will do a revenue of ₹100 crores in the first year itself and how much profitability will remain in it?

Raju Bista: ₹100 crores is when we are beginning operations in June. So, ₹100 crores revenue is in 8 months. And this market, there is a plus point with Surya that among our existing electrical outlets, more than 60% already deal in this product category. So, for the last 2 years, 3 years there has been a demand from our channel partners - that we have to deal with other companies and there is a loss in turnover discount. So, if they can deal with one company, they will have an advantage. This was what Channel Partners told us. And this is a domestic wire. There is no issue of replacement in this and production process is also very easy. We already make plastic and PVC pipes. Here there are little issues on the purchase side. Otherwise, it is very easy. There are not very technical products. And in this, we have thought of doing ₹100 crores this year. And overall, its market size is bigger than lighting. So, ₹500 crores in 3 years is easily achievable. And in lighting, more or less in the market what you are seeing, the players who are left, there is no much talk on the matter of price, there is more emphasis on network is reach. Accordingly, the lighting industry has stabilized.

Jatin Damania: So, you mean in the lighting industry...

Raju Bista: In regard to the margin you asked about, it is about 6% of EBITDA, so for the whole year, let's assume that in lighting, our top line will be around ₹1,960 crores. And EBITDA margin would be around 10.5%, which is around ₹185 crores, ₹190 crores.

Jatin Damania: Thank you for answering. Sir, last question is a bookkeeping question. We are saying that we have sold about 8.8 lakh tons of goods this year. But if we do rework calculations, like your EBITDA of the steel business is ₹446 crores in the whole year. And we have made a return of ₹5,400 on EBITDA per ton. So, if we do backward calculations, we are getting a volume of around 8.20 lakh tons. Sir, where is the difference?

Raju Bista: No, it is according to fresh and gross pipe. EBITDA calculation is done on fresh pipe. That's why.

Jatin Damania: Okay.

Raju Bista: Because there is a rejection also.

Jatin Damania: Okay, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Viraj Mehta from Enigma Capital. Please go ahead.

Viraj Mehta: Sir, my first question is regarding the volume growth. Earlier this year, you said that we will do more this year. But we were able to do 8.8 lakh tons, because you said there was a problem on account of the election. But sir, the volume growth you are talking about from 8.8 lakhs to 1.1 million tons. Historically, our growth has not been this much. So, from where do you get this confidence that we will do this much growth?

Raju Bista: No, there are two, three things. We are doing capex for the volume. Secondly, in the export market two, three more countries have been added. And as I just said, the U.S. market is a very big market. It has opened up for us this year. And in many places, there was a bottleneck. We

have undertaken de-bottlenecking in all the units. And we feel that we will easily do a volume growth of 20%.

And that improvement has started reflecting from the fourth quarter itself. And we have come out from the atmosphere of the general election - that is also a plus point. And the government is also doing their projects. Because in the last 2 years, there were not many orders for API. It took some time to get the spiral facility to come for commissioned. So, the AMRUT scheme and Har Ghar Jal scheme will also be kept running by the government till 2028. And in next 3 years, 4 years, there will be good growth in API. So, there is a lot of demand in the market. We were a little selective because of capacity and capex constraints.

Viraj Mehta: You are saying that we had a problem. Our supplies were a problem. There was a demand in the market?

Raju Bista: No, both the things are there. Last year, the demand was also a little less. And in the API segment, the demand was a little less since 2 years. Demand is also visible in the market. And we have solved our bottlenecks.

Viraj Mehta: Sir, my second question is that in this quarter, how much will be the inventory gain in steel division?

Raju Bista: In our case, as I told you earlier, we have a lot of orders on month-on-month basis. So, still, in this quarter, we have gained around ₹30 crores, ₹35 crores on account of HR coil.

Viraj Mehta: So, I am asking that what we are saying ₹6,800 of EBITDA per ton of this quarter. So, if I minus ₹30 crores, then our stable EBITDA per ton is ₹5,500, ₹5,600 in this quarter. Is that the right understanding?

Raju Bista: Absolutely correct. There are some factors in every quarter.

Viraj Mehta: No, I understand. We also did the loss in Q2 on account of inventory only, I understand that.

Raju Bista: Overall, to make our profit, if you go to peers, you have to do three times the volume or 3.5 times the volume. So, there are some factors in every quarter. You are rightly mentioning. And that is why we are assuming that this year also, our EBITDA per ton will be around ₹5,800 crores to ₹6,000. You will see that in the 20% growth that I am talking. about 10%, 12% growth will be constituted by those products whose EBITDA per ton is around ₹9,000 to ₹10,000.

Viraj Mehta: API, basically.

Raju Bista: API and Spiral as well as Exports.

Viraj Mehta: Both. Okay. Sir, my next question is that please correct me if I am wrong. But you said 1.2 million. Sorry. But even if we take 1.1 million and at ₹5,800 crores, then our EBITDA will be about ₹630 crores from piping division. And you said we will have EBITDA of ₹200 crores from lighting division. So, should our EBITDA for next year be between ₹800 crores and ₹850 crores according to you?

- Raju Bista:** So, the EBITDA for next year will be around ₹780 crores to ₹800 crores. You can also see it this way. If we look at the FY '24, there was a sharp decline in HR Coil prices in Q2. And I said in the last two concalls, we will try to maintain our FY '24 EBITDA of ₹580 crores in FY25 too. Everyone were in doubt as to whether that was possible, because Q2 and Q3 went a little bad.
- If Q2 had gone in the same line, then we would have crossed EBITDA of ₹700 crores. So, let's assume that our EBITDA will be of be around ₹780 crores to ₹800 crores for next year.
- Viraj Mehta:** Sir, my only question is that we have ₹350 crores in cash. And we are talking about an EBITDA of ₹800 crores next year. And our capex is ₹250 crores for full year. So, what will you do with the rest of the cash? Will you increase the dividend significantly? Because the company doesn't even need the cash?
- Raju Bista:** No, the thing is that we will do the capex and we will give shareholders the rest of the money.
- Viraj Mehta:** Yes, because this year, we were hoping because we had become debt-free. And I can only request this, as a minority shareholder that we are debt-free. We have ₹350 crores in cash. And the company will earn an EBITDA of ₹800 crores, ₹850 crores next year. So, our hope is that you increase the dividend payout. Because if you do a consistent policy on dividend payout, then it will have a different impact, is what our understanding is. I can only request this.
- Raju Bista:** We have also told the Board that there should be a 100% growth in dividend payout annually. And if you look at our track record, in the last 5 years, we started at 20% and have reached 170%. So, I am saying this with responsibility - because we have not opened a bank to do FD. So, we are a pipe manufacturer. That is why, for the past 2 years, we have been sitting on cash. And in the coming time, whatever cash will be left, apart from capex, apart from the emergency funds, all that will be for our shareholders only. Now, in which form they will give, that time will tell.
- Viraj Mehta:** Thank you, sir. And best of luck.
- Moderator:** Thank you. We have a next question from the line of Farokh Pandole from Avestha Fund Management. Please go ahead.
- Farokh Pandole:** Hi, Raju ji. Congratulations on very strong numbers. We wanted to know one thing that what is our capacity today and what is the value-add component? And after 2 years, when this capex will be done, what will happen?
- Raju Bista:** Okay. Thank you very much. So, overall existing capacity is around 1.2 million. And in terms of value-added product, we are continuously doing 44% from the last 2 years. And our capacity is increasing by 7 lakh tons over the next 2 to 2.5 years. In this, about 50% to 60% capex is for value-added products. So, let's assume that the share of value-added product of total revenue will be between 55% to 60 in the next 3 years.
- Farokh Pandole:** Great. Thank you, Raju ji. All the best.

Moderator: Thank you. We have our next question from the line of Anand Mundra from Soar Wealth. Please go ahead.

Anand Mundra: Good evening, sir. Congratulations on good results. Sir, I wanted to understand what will be the impact of tariff on exports?

Raju Bista: As far as tariff war is concerned, and I can't disclose it - but as much as input we have, the impact of the tariff war will be positive on India. And I think in the coming times, there will be some announcements by India, US on trade policy. And this dialogue was going on. However, on account of what happened with Pakistan over the last 10, 15 days-that has led to some delay.

And secondly, the particular product we deal with, we already had such a big tariff. So, the tariff rate announcement that was made, our product was getting entry in that as well. And now we are seeing that because of the tariff war, entire Europe, Germany and US, in these markets, where we could never deal with lighting products because of China - now even in lighting, there is a growth of 50% in exports. Although it is very nominal. We only make ₹40 crores, ₹50 crores in a year. But from the likes of GE to other well-known lighting companies, there is a regular inquiry and they are ready to sign the agreement. And we are moving forward. And similarly in steel pipes, we were getting entry in that tariff rate as well.

And particularly, if we look at the US market, making section pipes in India and delivering it there is not viable nor it has significant margin. And it also does not suit them, because it takes a long time logistically. So in the US, this API-pipe market is big and has good margins as well. So instead of 19%, we will enjoy the 2.3% rate as per the final hearing. So because of this, a very large market size opens up for us. Now how much we can leverage that is on us, because the dynamics of these products are a little different. So we have to be a little careful. But overall, I believe that for the whole of India, this tariff war will ultimately benefit India across all product categories.

Anand Mundra: So currently, how much tariff is there in the API? 2.3%?

Raju Bista: Yes, it is 2.3% on us because earlier it was 19%. So we fought against it. Ultimately, after 2 years of hearing, we got 2.3%, because our past track record proves that we do not sell cheap. So, it was equal for everyone. So we tasted victory in the same.

Anand Mundra: So sir, post this new tariff, whatever the agreement happens, between India and US, if the tariff is 10%, will we be able to pass on that tariff?

Raju Bista: No, in general, it will not be applicable on this.

Anand Mundra: It will not be applicable on your product, sir?

Raju Bista: It will be common. It is apart from this. Whatever it is, it will be common for everyone. It will only be 2.3% for us.

Anand Mundra: No, no, sir. If India and America's trade agreement happens and has 10% tariff on products, so it will be 10% on your products too, right?

- Raju Bista:** Suppose 10% tariff comes, it will be for everyone. But in this product category, when 10% comes, it will still be 2.3% for us. And for the rest, the one who did not fight, they will have to bear 19%. When 10% comes, they will have to pay 19%.
- Anand Mundra:** Okay. Sir, how many companies have this 2.3% special rate?
- Raju Bista:** I can't say about the rest, but there are a lot of companies. I won't name them on this call, but there are a lot of companies.
- Anand Mundra:** Okay, understood. Sir, one more question on the lighting business. You had said that you are going to start a pump. What is the update in that business, sir?
- Raju Bista:** We started it. We started it late this year. In spite of that, we have done sales of ₹8 crores. In the next 3 years, we plan to have a 5% market share. This year we will do ₹25 crores, because it is only a domestic pump. It is a small product. We will sell ₹55 crores in the next 2 years. We will have a 5% market share. This year we have sales of ₹8 crores.
- Anand Mundra:** Okay. And sir, in wires and cables, the ones we are launching, will they be domestic wires?
- Raju Bista:** It is a domestic wire. In cable business, deals happen on project basis. Once the size of the domestic wire segment will be ₹400 crores. ₹500 crores, then we will look at that cable business. Generally, that is what we do. We started Luminar, Today we have a sale of ₹500 crores. We started fan appliances. We now have a business of ₹400 crores. Whatever we do, it should be a sizable business. After that only, we think of the next step. Now we will deal only with domestic wire. It has a market of ₹10,000 crores.
- Anand Mundra:** Will the manufacturing be outsourced?
- Raju Bista:** No. We will do 100% in-house manufacturing. There is a margin of only 6%, 7%. If we outsource it, there will be no viability. We are using imported technology. We will benchmark our product against all the available products and deliver the best.
- Anand Mundra:** How much capex have you allocated for this?
- Raju Bista:** ₹25 crores. We have already invested ₹15 crores and for capacity enhancement, we need ₹10 crores more. There is not much capex. In our existing plant facility, we had sheds where we have already started the work.
- Anand Mundra:** Sir I have joined the call late, I have one last question that how much inventory gain was there in this quarter from steel products?
- Raju Bista:** ₹30 crores we have made inventory gains in this quarter.
- Anand Mundra:** There is a lot of hope for a demerger. I don't know when it will happen. Do you have any thoughts on that?

- Raju Bista:** I always say that both businesses have become sizable now. I think this is the right time. We are doing our part and pursuing the board. I think the board will take decisions at the right time. We strongly recommend that it is every shareholder's wish to unlock value, we have demerge. When we compare with our peers and other companies, we feel that our value is locked and we think demerger is the only way to unlock it.
- Anand Mundra:** Thanks a lot.
- Raju Bista:** Hopefully. I will try to give you a good news soon.
- Anand Mundra:** Thank you, sir. Thanks a lot.
- Moderator:** Thank you. Our next question is from the line of Adityapal from MSA. Please go ahead.
- Adityapal:** Sir, many congratulations for such a good performance. One question is that you have given guidance that you will do 1.06 million tons in FY26, but you have done monthly volume of 1 lakh tons in March itself. So, I just want to know, if you are giving very conservative guidance because you have the capacity and there is a new capacity which has come in Gwalior - because of which the company should be able to do 11 lakh tons to 11.5 lakh tons.
- Raju Bista:** Sir, I am a member of parliament, as you know. You are a shareholder. If I tell you more, and then if it comes less - you will become an SP. So, I believe that you should keep a conservative number only. Ultimately, it has to come to the books of accounts. But still, what happens is that it is not the same environment all the time. See, Pakistan came suddenly. Nobody had any expectation. So in such a big country, something or the other keeps on happening. But keeping the trend of the market and our capability in mind, I know that today we can sell 1.25 lakh tons every month. But if I sell extra 25,000 tons in which my cost hardly gets recovered, then what is the use of increasing unnecessary increasing the business activity? We want work to be done in which margins are also made. So, according to that, I feel that 1.1 million is a bit conservative and we will achieve it. And around ₹780 crores to ₹800 crores of EBITDA which can also be called conservative and we will achieve it.
- Adityapal:** Okay, sir. There is a question on the bookkeeping. In FY25, what is our gross margin in steel and pipe segment and what is in lighting and consumer?
- Raju Bista:** For margins?
- Adityapal:** Gross margins, not EBITDA margin?
- Raju Bista:** Gross margin overall how much it has come.
- Adityapal:** Overall sir is 24.2%?
- Raju Bista:** Yes it is 24.2%. And EBITDA margin, is for steel pipe division and lighting division together. But steel pipe has very less gross margin. If we compare it with peers, you will discover that in EBITDA margin also we have made an improvement.
- Adityapal:** Sir, I want to ask what is your gross margin in both?

- Raju Bista:** Gross margin?
- Adityapal:** Yes, sir.
- Raju Bista:** In lighting division, gross margin is 38%. So, it remains in the range of 38% to 40%. And in steel division, it is 21%.
- Adityapal:** Okay, sir. Sir, this year, what was our power and fuel expenses?
- Raju Bista:** Power and fuel expenses?
- Adityapal:** Yes, sir.
- Raju Bista:** One minute.
- Adityapal:** Yes, sir.
- Raju Bista:** ₹128 crores.
- Adityapal:** Okay, sir. And below the gross profit, expenses have increased drastically. It has increased very steeply.
- Raju Bista:** This is manpower cost and substantially it has not increased much. ₹750 crores Other expenses has increased to ₹786 crores. Against ₹752 crores, it has increased to ₹786 crores. It has not increased substantially. And our policy is such, that whenever we give increment, we get it written by the plant and marketing that it is increasing. You have to tell us the cost reduction plan. And depending on the quantum of cost reduction plan, we give the same increment.
- Adityapal:** Okay, sir. In our working capital days, if I look at the company level, not talking about divisions, if I look at the company level, our DSO has increased by 6 days. Is there some strategy, that in order to sell more goods, we are giving more credit?
- Raju Bista:** Overall, our net working capital had decreased from 65 days to 55 days. And the inventory is 38 days against 48 days. The debtor is 78 days against 73 days. The creditor were at 22 days, which are now at 21 days.
- Adityapal:** Okay, sir.
- Raju Bista:** The debtor days increase in the month of March. And I think the bank was on holiday for last 1-2 days of March. So, overall, in the working capital, the inventory & debtor has improved.
- Adityapal:** Understood. Okay, sir. Thank you so much and wishing you all the very best.
- Moderator:** Thank you. We have our next question from the line of Mohd Sheikh Sahil from IDBI Capital Markets. Please go ahead.
- Mohd Sheikh Sahil:** Congratulations on a good set of numbers. Sir, you have a capex plan to reach 2 million tons over the next 2 years. So, sir, what will be its revenue potential?

- Raju Bista:** Just a minute. Additional?
- Mohd Sheikh Sahil:** Yes, sir, additional.
- Raju Bista:** Are you saying additional or total?
- Mohd Sheikh Sahil:** Sir, additional.
- Raju Bista:** It will be around ₹3,500 crores to ₹4,000 crores.
- Mohd Sheikh Sahil:** Okay, sir. And in this, sir, your...
- Raju Bista:** In this, 50%, 60% will be high-value product. So, in terms of revenue, it will be around ₹3500 crores to ₹4000 crores.
- Mohd Sheikh Sahil:** And, sir, in this, how will be the overall EBITDA per ton movement in the next 2 years? What is the target, sir?
- Raju Bista:** If you see, gradually we have kept on increasing from ₹4000 to reach ₹5400 now. Annually around ₹200 to ₹400 per ton improvement is seen in the market. And, also as stability comes around the steel pipe. Earlier, people used to deal with Patra and all those kind of products, which are gradually getting out of the market. As people are shifting towards standard products, and gradually, because of this too we are witnessing improvement in the margins. But, year-by-year, it also depends on which product category you have dealt in. But, still annually, you see an improvement of ₹200, ₹300 per ton.
- Mohd Sheikh Sahil:** Sir, is there any specific product category which we will keep in more focus, where we deal with a higher margin? Is there any such plan?
- Raju Bista:** The spare capacity of Galvanized is still around 25% to 30%. That is our ongoing process. Apart from that, our large-diameter pipe, which is used in infrastructure, which is used in big projects, whether it is PSU or airport, I mean, the pipe which we make with DFT, large-diameter project pipe, Galvanized pipe, API pipe for export, and apart from all these, the Spiral pipes- these are our 4, 5 products which are high-value added, high-value margin products, and our focus is also there.
- And, in this, not everyone can compete. There are only 5, 6 selected players who deal in it. And I feel that if this tariff war with China goes a little here and there, then after that, I mean, it could become a good story for India.
- Mohd Sheikh Sahil:** Sir, lastly, what is your outlook on demand in structural pipes in the domestic market?
- Raju Bista:** In structural pipes, the annual growth is around 20%. And in Galvanized, it 4%, 5% and depends a lot on monsoon. In export, there was a slight sludge over the last 2 years, but I feel that in the last 3, 4 months, there has been an increase in the order bank. And API is such a segment, in which there is still a lot of work to be done in oil and gas sector in India. So, I feel that the next 3 years will be good. So, overall, if we look at the volume outlook for overall pipe business, there will be a growth of around 12% to 15%.

- Mohd Sheikh Sahil:** Okay, sir. That's it from my side. Thank you very much.
- Raju Bista:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, this would be the last question for today. And I now hand the contents over to the management for closing comments.
- B.B Singal:** Thank you, everyone, for joining us today on this earnings call. We appreciate your interest in Surya Roshni Limited. I sincerely, once again, thank our MDs and CEOs and other Executives for sparing their valuable time and addressing queries raised by participants who attended the call.
- For any further queries, if any, contact SGA, our Investor Relations Advisor. Thanks and good evening.
- Moderator:** Thank you. On behalf of Surya Roshni Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.