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RATNAMANI®
METALS & TUBES LTD.

RMTL/SEC/POST-TRANS.CON-CALL/Q4/2025-26 May 21, 2025

BSE Ltd. Corporate Relationship Department 1st Floor, New Trading Ring, Rotunda Building, P. J. Tower, Dalal Street, Fort, Mumbai – 400 001 Company Code : 520111	**National Stock Exchange of India Ltd.** "Exchange Plaza", 5th Floor, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051 Company Code : RATNAMANI

Subject: <u>Transcript of the Investor Conference Call post Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended on March 31, 2025</u>

Dear Sir/Madam,

We, vide our letter dated May 10, 2025, had intimated to the Stock Exchanges about the schedule of the Investor Conference Call on Monday, May 19, 2025 post Audited Financial Results (Standalone and Consolidated) of the Company for the fourth quarter and year ended on March 31, 2025 and future outlook of the Company's business.

The Conference Call recordings have already been uploaded on the website of the Company and a link was provided vide our letter dated May 19, 2025.

We, now enclose a copy of the Transcript of the Investor Conference Call which took place as scheduled. The said transcript is also being uploaded on the Company's website at www.ratnamani.com.

The Company has referred to publicly available documents / information for discussions during the interaction in the Conference Call and no Unpublished Price Sensitive Information were intended to share during the Conference Call.

Kindly take the above on your record.

Thanking you,

Yours faithfully,
For, RATNAMANI METALS & TUBES LIMITED

Maloo Anil
Digitally signed by Maloo Anil
Date: 2025.05.21 17:13:45 +05'30'

ANIL MALOO
COMPANY SECRETARY & COMPLIANCE OFFICER

Encl.: As above

“Ratnamani Metals & Tubes Limited Q4 FY-25 Earnings Conference Call”

May 19, 2025

MANAGEMENT:	**MR. MANOJ SANGHVI – CHIEF EXECUTIVE OFFICER, RATNAMANI METALS & TUBES LIMITED** **MR. VIMAL KATTA – CHIEF FINANCIAL OFFICER, RATNAMANI METALS & TUBES LIMITED**
MODERATOR:	**MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Ratnamani Metals & Tubes Limited Q4 and FY25 Earnings Conference Call hosted by Monarch Networth Capital Limited.

As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sahil Sanghvi. Thank you and over to you sir.

Sahil Sanghvi: Thank you, Saisha. Good evening to everyone. On behalf of Monarch Network Capital, we welcome you all to the 4Q and FY25 Earnings Call of Ratnamani Metals & Tubes.

We are delighted to host the management of Ratnamani and from their side we have Mr. Manoj Sanghvi – Chief Executive Officer and Mr. Vimal Katta – Chief Financial Officer. So, without taking much time, I will hand over the call to Mr. Manoj Sanghvi for the opening remarks.

Thank you and over to you, Manoj Sir.

Manoj Sanghvi: Thank you, Sahil. Good evening, everyone. I welcome you all and thank you for joining us for the company's performance update for the Quarter 4 and the full Financial Year '24-25.

I am pleased to report that our performance for both Q4 and the full year has been strong. We recorded our highest ever sales during the quarter as well as for the entire fiscal year.

On a standalone basis, our sales accounted for Rs. 1,575 crores for the quarter reflecting an increase of 11% over the same quarter last year. This Q4 growth was driven by an increased contribution from high value-added products which also enhanced our profitability. Throughout the first nine months, sales were relatively muted due to soft metal prices and delays in certain projects and customer offtake. However, the strong performance in Q4 helped us recover the decline experienced earlier, resulting in an overall annual growth of 1% over the previous year in spite of lower commodity prices and water application orders contributing higher to the carbon steel line pipe business, where realizations are typically much lower compared to oil and gas application.

With a greater focus on value added products and these contributing higher to the top line, we saw our gross profit and EBITDA margin improve by 3% and 2% respectively over the corresponding quarter last year. On a full year basis, we maintained a healthy gross profit margin of 34% though our EBITDA declined marginally by 1%. Our financial position has also strengthened considerably this year. On a standalone basis, we generated Rs. 521 crores from operations and closed the year with zero debt. Considering the robust performance for the year the board has approved a dividend of Rs. 14 per share that is 700% which is subject to approval of the AGM.

Now let me share some updates on the subsidiary performance:

Ravi Technoforge, our ball bearing ring manufacturing business achieved sales growth of 12% in Q4 and 11% for the full year. We maintained profitability margins in line with previous year. Our expansion projects are progressing on schedule. Over the next 2 years we will enhance our capacity supported by increased automation and precision equipment. These upgrades will also help us step into new customer segments.

Turning to Ratnamani Finow Spooling Solutions:

Manufacturing spools and hangers and supports for nuclear power sector right now. The business gained strong momentum and reported a turnover of Rs. 56 crores. Importantly, it now holds a robust order book exceeding Rs. 600 crores. To support this growth, we are setting up a new plant that will triple our production capacity. Including the performance of our subsidiaries we have achieved a consolidated turnover of Rs. 1,715 crores in Quarter 4 and Rs. 5,186 crores for the full year which again is the highest ever sales on consolidated basis.

We are also excited to announce our joint venture with SESCO in Saudi Arabia. We are in the process of establishing a stainless-steel manufacturing facility in the region. This strategic move will strengthen our local presence, enhance our brand visibility and allow us to better serve customers across Saudi Arabia and GCC region. With multiple expansion projects underway and positive industry outlook, we are confident in our ability to continue scaling our performance in the years to come.

That's it from my end. Thank you and I am happy to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vikas Singh from PhillipCapital. Please go ahead.

Vikas Singh: Good afternoon, sir and thank you for the opportunity. Sir, just wanted a little bit more color on order book which has declined sequentially. So, can you just explain that it seems largely in India and while your commentary talks about the positive outlook, what are the green shoots we are looking at? How should we look at our order books and the revenue growth guidance for FY26?

Manoj Sanghvi: So, our order book as on 31st March was close to Rs. 2,100 crores. Roughly 55% odd export and 45% domestic. At the moment as we speak a lot of jobs are under bidding both for stainless steel as well as carbon steel. And for the current year we can say that roughly 5% to 10% growth on volumes is what we can consider.

Vikas Singh: In terms of our CAPEX plan if you could give me a little bit more idea about what kind of expenditure we are going to incur geography wise and what kind of capacity we are looking in order to enhance?

Manoj Sanghvi: So, at the moment for Ratnamani, we had two projects which were ongoing. One was a spiral welded plant in Odisha wherein the Phase-I for the Odisha project is already commissioned and Phase-II will subsequently happen. So, by the end of this calendar year Phase-II will also be into commercial production. And then we had the stainless-steel cold finishing capacities that also the production has started. However, the ramp up will take another 3 to 6 months. So, this is for Ratnamani standalone basis. For our subsidiaries Ratnamani Finow we are increasing the capacity. So there by end of this calendar year or first quarter of the next calendar year, we will have the expansion which is Rs. 250 odd crores in place. So thereby increasing our capacity three folds. And for Ravi Technoforge, we are going to expand, we are increasing one automatic line. So there 18 months from now that will come into production.

Vikas Singh: And how much are we spending on these individual projects?

Manoj Sanghvi: Odisha and stainless-steel cold finishing facilities, I would say commercial production has started Phase-I for Odisha and stainless-steel cold finishing facilities is already started. And for RTL and Ratnamani Finow between Rs. 200 to 250 crores each.

Vikas Singh: Understood. Over the next 1.5 years?

Manoj Sanghvi: Yes, Ratnamani Finow in next 1 year and RTL in next 18 months.

Vikas Singh: Understood. And so just a little bit more color on the Saudi JV, what kind of capacities are we looking to set up there and how we are funding this in terms of JV our share of CAPEX?

Manoj Sanghvi: Saudi joint venture is 75-25 JV wherein Ratnamani holds 75% and we have a local partner who holds 25%. We are at the process of applying for company registration and processes. The funding shall be in the ratio of JV partnership. At the moment, we have not decided whether it will be debt, equity. So those structure and all going forward in this quarter we will finalize.

Vikas Singh: That's all from my side. I will come in the queue for further follow up.

Manoj Sanghvi: Thank you.

Moderator: Thank you very much. The next question is from the line of Radha from B&K Securities. Please go ahead.

Radha: Hello sir. Thank you for the opportunity and congratulations for all time high performance. My first question was, many stainless-steel players in India are talking about this high margin SS boiler tubes product for supply to thermal power plant. I wanted to understand whether Ratnamani is supplying these tubes and if yes, then out of the total SS pipe order of Rs. 790 crores, how much is contribution from this boiler tube?

Manoj Sanghvi: We have some orders for boiler tubes at the moment. However, I don't have the exact number what is the quantum for boiler tubes. There are some in the bidding and yes, we are one of the suppliers for boiler tubes for NTPC projects.

Radha: Secondly sir, how difficult is it to get the customer approvals in this product? And is it a fair understanding that this is a new opportunity for the industry considering earlier it was fully imported in India? And do you see this as a big opportunity going forward, what kind of margins can be made in this product?

Manoj Sanghvi: No. So this particular product, boiler tubes earlier only extruded pipes were permitted. Currently NTPC as well as the power ministry has allowed the pierced product as acceptable for boiler tubes. So, considering that the competitive scenario for this product has become intense. So yes, since there is 80,000 megawatts to be implemented in the power sector the demand is going to be there. However, the competitive scenario for this particular product being pierced product accepted by the government, we feel that the margins for the boiler products will not remain as it was in the past.

Radha: But still 17%-18% margins can be made in this similar to other SS products?

Manoj Sanghvi: Yes, possible.

Radha: Okay. Thank you. And secondly, with respect to the stainless steel I wanted to understand. So currently we have around 50,000 metric tons of capacity for stainless steel. So, what would be the total power cost as per your assumption if we utilize this stainless-steel plant at full utilization and any rough idea of what kind of power units are required to run this plant at full utilization?

Manoj Sanghvi: I don't have those figures offhand. But if you want to send an email, I can look at it and then revert back.

Radha: Okay sir. Yes. So, in stainless steel pipes, like you rightly said, a lot of players are also adding capacity. So, are you witnessing any pressure on margins because of this? And if yes, how are we planning to mitigate the risk?

Manoj Sanghvi: Not at the moment. But yes, going forward considering so many players coming in and that too with the pierced product wherein we are not sure of the quality of the product. However, the competitive scenario for stainless steel seamless pipes is increasing. We are planning to establish ourselves in grades which are not possible through pierced route. So that's how we plan to save our margins.

Radha: A bit color on what kind of the grades would be and in which industries would that go to?

Manoj Sanghvi: Those kind of information we would not like to divulge.

Radha: Okay and so the CAPEX plan that you have announced, how much do you plan to spend in FY26 and how much in FY27?

Manoj Sanghvi: Say for Saudi about, the total roadmap is that we will be operational by December 2026. So, 60% odd this year and 40% next year.

Radha: Okay, and so last question is in the MENA region. So, you are setting up this SS pipe facility, what are the key projects that are driving this demand and has there been any MoU signed with any customer regarding long term supply from this plant?

Manoj Sanghvi: No, there is no MoU with any of the customers. However, at the moment we will be the only player who will have stainless steel cold finishing facilities in the region. And this product is being imported. So, we are quite hopeful that we will be able to utilize the capacity is what we are planning.

Radha: Currently out of the 50% exports of stainless steel, how much are we supplying to MENA?

Manoj Sanghvi: All products put together of the 50% I think substantial portion is for Middle East 25% to 30%.

Radha: Okay, so if we set up a plant and start supplying from there, is it fair to assume that the logistics cost would improve substantially and that could drive the margins from the MENA region to above 18%.

Manoj Sanghvi: No, when I say 25% to 30% is exports, it is the whole product portfolio that we have and what we are setting up in MENA is only stainless-steel cold finishing tube making facility where the freight cost is not a big element.

Radha: Okay sir understood, thanks and all the best.

Manoj Sanghvi: Thank you.

Moderator: Thank you very much. The next question is from the line of Pranav Mehta from Equirus Securities. Please go ahead.

Pranav Mehta: Thank you for taking a question. Sir, I wanted to understand on how soon are you expecting the domestic market to start seeing the order inflows coming in and how is the order inflow coming from let's say apart from MENA, your EU and US markets as well, if you can throw some light, where are we seeing the next leg of orders coming from?

Manoj Sanghvi: So domestic as such, if we see stainless steel and the carbon steel process pipe products where there is no problem with the demand, the demand especially for line pipes is quite muted and that too for the oil and gas segment. Water segment we are seeing some demand in Gujarat, Rajasthan, Maharashtra, Madhya Pradesh. But for oil and gas line pipes the demand is quite muted at the moment. And to answer your second question, both Middle-east as well as US for LNG projects for stainless steel we are seeing quite a healthy order inflow as well as in the MENA region because a lot of oil and gas projects are going on in Abu Dhabi as well as Saudi and Qatar.

Pranav Mehta: Okay, what about EU?

Manoj Sanghvi: EU is slow at the moment. However, for stainless steel we still manage to have the same order inflow.

Pranav Mehta: Okay. So, it's safe to assume that you will start seeing the bulk of the order inflow coming in from second half of FY26 or is it the right way to look at it?

Manoj Sanghvi: Yes, if you see currently our order book is close to Rs. 2,100 odd crores which is good for say 4 to 5 months. So, by that time there are certain projects already in the bidding and normally during the monsoon most of the water projects are bid. And post monsoon the execution happens. So yes, from the middle of the second quarter we will see the uptake in line pipes segment at least.

Pranav Mehta: Okay, that's it for myself. Thank you.

Manoj Sanghvi: Thank you.

Moderator: Thank you very much. The next question is from the line of Sahil Sanghvi from Monarch Networth Capital Limited. Please go ahead sir.

Sahil Sanghvi: Congratulations for amazing last quarter and also a very good margin. My first question was just to clarify, 25% to 30%, when you said from MENA region is that 25 of your total exports or your total revenue?

Manoj Sanghvi: Exact number Sahil, I would not have. It is a rough estimate that of the 50%, say approximately one third would be MENA region.

Sahil Sanghvi: Okay, got it, sir. And what would be the Europe and US exposure?

Manoj Sanghvi: US would be 15% to 20% and similar would be Europe.

Sahil Sanghvi: Okay. And would you be able to give the absolute like total CAPEX number that you target to spend say in FY26 and 27?

Manoj Sanghvi: Including the subsidiaries or just on --

Sahil Sanghvi: Yes.

Manoj Sanghvi: Subsidiaries. We will have a different percentage, right depending on the shareholding. So that number we still have not worked out. But for standalone we have only one project of course Phase-II of Odisha and one this Saudi project. So, 60% of the total CAPEX planned for Saudi, we plan to spend.

Sahil Sanghvi: And what will be pending for the Odisha one?

Manoj Sanghvi: Odisha Phase-II about Rs. 40-50 odd crores.

Sahil Sanghvi: Okay. Thirdly sir if you can throw some light on Ravi Technoforge. I mean on the margin front we were quite flattish. So, what are the obstacles over there? And how do you see the levers for margin expansion at Ravi going ahead, also on the demand side how do you see that?

Manoj Sanghvi: No demand this year, we are quite optimistic for Ravi. We have a sales plan of almost Rs. (+350) crores for this year. So, with all the fixed cost and more or less whatever automation and all we have done, remaining same, we feel that the margins should be closer to 14% at EBITDA levels.

Sahil Sanghvi: Right. And lastly on the spooling side, there was some delay in the receivable. So are we fairly confident of executing in FY26?

Manoj Sanghvi: For RFSS we have.

Sahil Sanghvi: Spooling.

Manoj Sanghvi: Yes.

Manoj Sanghvi: For Ratnamani Finow, yes, we have plans that too Rs. 350 plus crores. So yes, we are quite hopeful that we will achieve that number. Orders are already in hand; capacities are available for Rs. (+350) crores.

Sahil Sanghvi: Okay fine. Thank you, sir.

Manoj Sanghvi: Thank you.

Moderator: Thank you very much. The next question is from the line of Dhiraj Dave from Samvad Finance. Please go ahead.

Dhiraj Dave: Thanks a lot, and congratulations on good set of numbers. My one question on Consolidated financial. When we look into segment wide result, we see a good amount of volatility in pipe spools and auxiliary support. And so, for December Quarter '24 the sales it appears at Rs. 74 lakh and segment result shows profit of Rs. 5 crores. So, is some typo or something?

Vimal Katta: Basically, in case of Finow that last year was the first year of full operations and lot of inventory, means the stock was lying on the shop floor in various stages of production. So, the expenses were loaded on that WIP which resulted into profit turnover being low then also. So it will equalize over a period of time because in current financial year we are expecting it should give a turnover of anything above Rs. 300 to 350 Cr. So, then things will be normal because capacities and everything was created and dispatches were on the lower side.

Dhiraj Dave: Okay. And how do you see basically say 3-5 years down the line, we started with stainless steel and then we went into ancillary supporting segments and we announced. And now we are trying to develop two new segments with bearing rings and spools and also internationally we are going ahead. So how do you see basically what is the management thought about, where do you see your business going particularly segment wise? What is the potential, if I may put the question, particularly for the new products or acquisition which we have done for Ravi Technoforge and kind of it. What is aspiration? If everything goes well, what we aspire to be after 3 years, what can be the peak sales one can assume?

Manoj Sanghvi: We will break down each, for example, say we see Ratnamani as a standalone basis. We have two expansions, Odisha and Saudi which will bring in the additional revenue plus 1200 tons of cold finishing capacity expansions what we have done in the existing plant. So, all these put together and plus some capacity expansion in the welded segment, we will be able to achieve a growth of say 10% year-on-year until and unless we plan something bigger. And then for RTL we have already told you that this year we have plans of Rs. (+350) crores that is what the visibility is. And for Ratnamani Finow Spooling Solutions, there this year again Rs. 350 crores and with the expansion in place we will have the capacity to do anywhere between Rs. 600 to 650 crores in next 2 to 3 years.

Dhiraj Dave: How do you see basically competition intensity? So, because we have wonderful years with on top line and we did record sales, but we do not see margins are moving. So, is there any products? Broadly is it because of the product and because we see that raw material price also declined, metal price because in your opening remark you did say that metal price was soft vis-à-vis last year. Then despite that we achieve phenomenal revenue. But when we look at bottom line, we do not find that corresponding operating leverage which should have been translated. So is it that the product mix was more in favor of low margin and that's resulted a kind of.

Manoj Sanghvi: No. If we see the last quarter the margins were quite good. So, margin is actually we have lot of products, all carbon steel, stainless steel put together. So, quarter-on-quarter for us to compare maybe one quarter is close to 16 and another quarter where…

Dhiraj Dave: So, let me rephrase the question. If I look at the FY24 consolidated number, I am just looking at PBT. So that is simple. We have Rs. 827 crores kind of profit and which has declined to Rs. 340 crores approximately during this year FY25. So, while the sales have increased, volume has increased and despite that we see profit declining in 12 months period. So, if I just take FY24 as base and FY25 if I need to understand the numbers, what was contributing the pressure on margin despite a good amount of operating leverage?

Manoj Sanghvi: No. So, one major shift between '24 and '25 is majority of the orders in '24 were for the oil and gas segment in line pipes and in '25, it was say 50% of line by business was from water. That is one major event, another that until and unless you grow at above 5% of course your costs keep on increasing. Right. And the product mix as a whole. Because oil and gas if it is muted, it is muted for of course for line pipes the volumes is quite high. But even for stainless steel and even for carbon steel other products overall and then we have some competition intensity in other stainless-steel products also.

Dhiraj Dave: Okay, so all those factors. Just one more if I may squeeze out, in oil and gas sector basically how much is the sales in India and how much is export? If you can just give us a broad idea and which actually segments slow down during FY25?

Manoj Sanghvi: Currently I do not have the breakup of what is the oil and gas India. But roughly say out of Rs. 2,100 crores whatever outside India is mostly for oil and gas.

Dhiraj Dave: Okay. And that you expect you to see green shoots of improvement there or it's still lackluster?

Manoj Sanghvi: No, the current order book we have good amount of exports order. Actually, the domestic order book is muted. But however, the export order book is quite strong considering the demand from Middle-east, US and the Europe.

Dhiraj Dave: Thanks a lot for giving me opportunity and wish you all the luck. I will again connect next year with the record performance on both.

Manoj Sanghvi: Yes, thank you.

Moderator: Thank you very much. The next question is from the line of Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: Hi sir. Thank you for the opportunity. I have a few bookkeeping questions in terms of utilization for stainless steel pipes and tubes and carbon steel pipes and tubes for the year FY25. What was the utilization?

Manoj Sanghvi: So, on an average say stainless steel about 60% and for carbon steel spiral and ERW 55% and LSAW close to 50%.

Parth Bhavsar: This for FY25, right?

Manoj Sanghvi: Yes.

Parth Bhavsar: Perfect, wanted to know that this Rs. 2,100 crores of order book that we have, that is executable in how many like months or years?

Manoj Sanghvi: It can be executed in 4 to 5 months. However, some deliveries would be delayed, delayed meaning that the agreed delivery between the customer and us would be for a longer period.

Parth Bhavsar: Okay, fair enough. And sir, I wanted to understand that your working capital cycle in FY25 it went up like it went up over FY24. And this was largely mainly I believe because of the inventory that was built up for spooling business. So how do you see this normalizing in FY26 and by how many days? I think it the cash conversion cycle is 163 days for FY25, how do you see this improving in FY26?

Manoj Sanghvi: So, working capital cycle may be because of the product mix. As I informed earlier on the call that a lot of orders from the water sector were executed where normally the working capital cycle is a little higher than the other products.

Parth Bhavsar: Okay, so sir, like roughly in our revenue mix, what would be the share of water like our revenues from water segment?

Manoj Sanghvi: Of the total revenue, roughly between 15% to 18% odd.

Parth Bhavsar: So how much was this earlier roughly in FY24 or even like the last 5 year average or something like that? Just to understand like how much was changed.

Manoj Sanghvi: '24 was not much. A lot of it was for oil and gas. Maybe it would be 5%-7%.

Parth Bhavsar: And so over the next 2-3 years, where do you see, which sector do you see that there would be some green shoots and we would be able to achieve good 10%-15% volume growth on all of our products? Is there a specific sector that you can see would come up?

Manoj Sanghvi: No particular sector. But yes, for the oil and gas like petrochemical plants, refineries, that is one sector which India is planning, maybe two greenfield refinery which might come and then there is a lot of petrochemical plants coming in and the expansion plus the LNG. So, oil and gas is a sector which we see going forward which will again give that push.

Parth Bhavsar: All right, thank you sir. Those are my questions.

Manoj Sanghvi: Thank you.

Moderator: Thank you very much. The Next question is from the line of Radha from B&K Securities. Please go ahead.

Radha: Hi sir. Thank you again for the opportunity. I wanted to understand what would be the non-oil and gas mix for the SS pipe division of the order book currently and in terms of that, do you see nuclear, aviation as the key growth drivers for the SS pipe division in terms of the quantum of orders going forward?

Manoj Sanghvi: Yes, majority of the revenue both for stainless steel as well as carbon steel is from the oil and gas segment. However, our product portfolio or the customer segmentation in stainless steel is quite varied. Yes, nuclear is picking up and will pick up. We are supplying to the Defense and aero industry that also going forward will pick up. But to what extent and to what size, it is very difficult at the moment because these are on long run and long lead time projects.

Radha: Do we have approvals to supply to all these user industries and how difficult would it be for?

Manoj Sanghvi: Yes. We are supplying to the nuclear power industry as well as to the aero industry. Yes, so the approvals are in place.

Radha: How difficult do you think it is to get approvals for competitors in this segment?

Manoj Sanghvi: It is quite difficult and even once we are approved it is difficult further to maintain it also.

Radha: It would take more than 1 year to get approved, is that the right understanding?

Manoj Sanghvi: Yes, definitely more than a year.

Radha: Just one last question and pardon me for my ignorance. So, we are one of the largest and the oldest company in stainless-steel pipes. I wanted your thoughts on what do you think about or have you ever thought about is it viable for a stainless-steel pipe player to backward integrate into bars and if it's viable, some thoughts on that if not, some thoughts on that would be really helpful?

Manoj Sanghvi: Okay, we are also thinking of maybe going backward, whether it is viable or not, that study is going on. However difficult to say at the moment because the capacity for manufacturing pipes is quite less than what a steel plant would be viable at. So standalone, only for supplying to your pipe manufacturing may be not viable, but we have to see the whole picture because certain grades, if you want to develop it is only possible with the steel plant, all the major players around the world, major stainless-steel tube and pipe manufacturers, they have their own steel plant. So, dependence on availability of raw material, timely availability plus the grades, what they can develop. So, in long run, yes it helps. But standalone, just to support your pipeline may be not viable, it has to be supported by sales to the other industry.

Radha: Okay, so you are talking about only stainless steel or carbon steel for the backward integration?

Manoj Sanghvi: It can be a mix of stainless steel and alloy steel.

Radha: Okay, and what are the global stainless-steel tube and pipe manufacturers that you think the product portfolio is very good and you would want to lead our company to their level in terms of product portfolio, in terms of new product launches, etc.?

Manoj Sanghvi: There is one in Japan, there is 2 or 3 based out of Europe, a few couple of them in the US. Mostly European companies who are manufacturing units in the US. So, if we name the one in Japan it is Nippon Sumitomo, then in Europe there's Tubacex, there is Alleima, these are the two manufacturers. And then we have some good manufacturers in China who manufacture tubes through extrusion route. So, these are 4 or 5 players whom we look up to and definitely some grades what they manufacture we want to reach there as soon as possible.

Radha: The Tubacex India would not have backward integration in India, Is it correct?

Manoj Sanghvi: Tubacex India manufactures pierced product, so in that category we don't manufacture pierced pipes, of course we compete with them. But then for that low margin or high competitive intensity product, our focus is not so much.

Radha: You mentioned that some of the players in the industry.

Moderator: Ma' am, sorry to interrupt. Can you please rejoin the queue for a follow up?

Radha: Yes, yes. I just wanted to thank you sir for explaining everything in detail. It's really helpful.

Manoj Sanghvi: Thank you.

Moderator: Thank you so much. The next question is from the line of Deepak from Sundaram Mutual Fund. Please go ahead.

Deepak: Sir I had just one question. If we assume that stainless steel price is at current level, what kind of revenue growth number are we looking at in FY26? Given that our order book has been weaker since last 2-3 years in comparison, what kind of revenue growth are we looking at? And what is the sustainable EBITDA margin for FY26 for our standalone pipe business?

Manoj Sanghvi: So, this year the growth can be anywhere between 5% to 10% in terms of volume or maybe if the steel price remains at the same level, yes, then on the revenue numbers also. And on your second question, which was EBITDA margins; EBITDA margins, again depending on the product mix, anywhere between 16% to 18%.

Deepak: Okay. Because last year means, I went to say FY25, we have seen a bit of negative operating leverage where we were able to rake in some gross profit but due to higher employee and other expenses our EBITDA has actually de-grew in the pipe business. From that prospect also, I was asking.

Manoj Sanghvi: Yes, I agree on that. However, our focus still remains on growth in the sectors where there is less competition, and high margin. So, we thrive to do that. However, it depends on the projects to come at the same time.

Deepak: Okay. Thank you, sir.

Manoj Sanghvi: Thank you.

Moderator: Thank you very much. The next question is to the line of Samyak Jain from Marcellus. Please go ahead.

Samyak Jain: Thank you for the opportunity. Just one question from my side. In the spooling business on a steady state basis what kind of margins can we expect for F26 and going forward?

Manoj Sanghvi: So, what we have targeted this year is revenue of Rs. (+350) crores with an EBITDA margin of roughly 20%.

Samyak Jain: Got it. Any particular reason for the negative margins in the Quarter 4, in the latest quarter?

Manoj Sanghvi: Latest quarter negative in comparison to?

Samyak Jain: No. It is (-20%) margin like we made a loss in spooling business in Quarter 4.

Manoj Sanghvi: You are saying on a consolidated basis?

Samyak Jain: Right, yes.

Manoj Sanghvi: Okay. Consol basis, see RFSS we could not dispatch what was planned. Plus, there was some foreign exchange fluctuation loss. However, if you see on a standalone basis, the last quarter was the best quarter for the previous financial year.

Samyak Jain: Understood. Got it. Thank you.

Manoj Sanghvi: Thank you.

Moderator: Thank you so much. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Hi sir. Thanks for the opportunity. Sir, my first question was on backward integration. Just trying to understand what is the motivation over here. Is it the availability of grades alloys, but in the lead time is more and that's the reason why we are going into it?

Manoj Sanghvi: Yes. Security of the raw material grades, timely delivery and development of newer grades.

Ritesh Shah: Okay. So are we looking to put on electric arc furnace, induction furnace, how should one read into this?

Manoj Sanghvi: We have not decided on it yet. Once we decide, we'll give you furthermore details of this. We are still working on it.

Ritesh Shah: Correct. But sir, fair to assume basically we will go into backward integration to the level wherein we make alloy on our own, correct?

Manoj Sanghvi: Yes, we make stainless steel as well as alloy steel on our own.

Ritesh Shah: Okay, that's great. Sir, my second question is on approvals. The company has been there since quite some time. We have most of the approvals in place. But when we look at Defense, aerospace, nuclear, are there any approvals that which is not there in our kitty and that we are looking to secure say over next 6 months, 12 months and are there any variables that we have started to actually get to these approvals?

Manoj Sanghvi: So, within India we are approved everywhere. Maybe outside for aerospace or other applications we are still in the process of getting approved.

Ritesh Shah: But do you think like this is a limiting factor, a constraining factor to our growth or is it not a problem at this point in time?

Manoj Sanghvi: Not a problem at this point in time. But as we increase our cold finishing capacities, yes, we are looking forward to getting approved in other geographies also.

Ritesh Shah: Sure, and sir just last question. We have always been very focused on profitable growth and profitability, shied away from, as you indicated in the prior question, high volume, low margin businesses. Possible for you to quantify what is the minimum margin and the ROC threshold that we look at, if we had to commit anything incremental on capital allocation, be downstream or upstream?

Manoj Sanghvi: Difficult to comment anything on that because see when we talk about steel plant, maybe the dynamics will change. It's more of a need than all these parameters still very difficult to say right now for the steel plant.

Ritesh Shah: And sir for downstream, if it's a seamless or a welded facility, then what is the threshold that we would look at for margins and ROCE?

Manoj Sanghvi: Downstream depending on the product. But more or less for stainless steel if it is seamless, we see (+18%) of EBITDA margins.

Ritesh Shah: Sure. And ROCE post-tax?

Manoj Sanghvi: About closer to 20 or higher.

Ritesh Shah: Sure. This is very helpful, sir. Thank you so much. All the very best.

Manoj Sanghvi: Thank you.

Moderator: As there are no further questions from the participants, I now hand the conference over to Sahil Sanghvi for closing comments.

Sahil Sanghvi: Just want to thank the management for very elaborately answering all the questions and also thank the participants for joining the call. Manoj sir, would you like to give any closing comments please?

Manoj Sanghvi: No, I would just like to thank everybody. Thank you for being patient and listening to me. If there are any particular questions with respect to our operations both in stainless steel, carbon steel or any of our subsidiaries, we would be happy to answer them. You can always send by e-mail. Thank you very much.

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