Manaksia Coated Metals & Industries Limited
Corporate Identity Number : L27100WB2010PLC144409

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Sec/Coat/037/FY 2024-25

Dated : 22.08.2024

The Secretary
BSE Limited
New Trading Wing,
Rotunda Building,
PJ Tower, Dalal Street,
Mumbai- 400001
Scrip Code: 539046

The Manager
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block "G"
5th floor, Bandra Kurla Complex,
Bandra East,
Mumbai- 400051
Symbol: MANAKCOAT

Dear Madam/Sir,

Sub : Transcript of the Earnings Conference Call on Un-Audited Financial Results of the Company for the first quarter ended June 30, 2024

In continuation to our Letter dated August 08, 2024 and pursuant to Regulation 30(6) and Regulation 46(2)(oa) read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Conference Call on Un-Audited Financial Results (Consolidated and Standalone) of the Company for the first quarter ended June 30, 2024, is available on the website of the Company at *www.manaksiacoatedmetals.com.*

We request you to take the same on record.

This is for your information and for public at large.

Thanking you,
Yours faithfully,
For Manaksia Coated Metals & Industries Limited

SHRUTI AGARWAL
Digitally signed by SHRUTI AGARWAL
Date: 2024.08.22 16:40:26 +05'30'

Shruti Agarwal
Company Secretary & Compliance Officer
Membership No. : F12124

“Manaksia Coated Metals & Industries Limited

Q1 FY 25 Earnings Conference Call”

August 20, 2024

MANAGEMENT:	**MR. KARAN AGRAWAL – WHOLE-TIME DIRECTOR – MANAKSIA COATED METALS & INDUSTRIES LIMITED** **MR. TUSHAR AGRAWAL – VICE-PRESIDENT – MANAKSIA COATED METALS & INDUSTRIES LIMITED** **MR. MAHENDRA BANG – CHIEF FINANCIAL OFFICER – MANAKSIA COATED METALS & INDUSTRIES LIMITED** **MS. SHRUTI AGARWAL – COMPANY SECRETARY – MANAKSIA COATED METALS & INDUSTRIES LIMITED**
MODERATOR:	**MS. PREETI BHARADWAJ – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Manaksia Coated Metals and Industries Limited Q1 FY '25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Preeti Bharadwaj from Kirin Advisors. Thank you and over to you, ma'am.

Preeti Bharadwaj: Good afternoon. Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Manaksia Coated Metals and Industries Limited. From the management team, we have Mr. Karan Agrawal, Whole-Time Director, Mr. Tushar Agrawal, Vice-President, Mr. Mahendra Bang, Chief Financial Officer and Ms. Shruti Agarwal, Company Secretary. Over to you, sir. Mr. Karan, sir, over to you.

Karan Agrawal: Thank you. Thank you very much. Good afternoon, everyone. Welcome to the conference call for Manaksia Coated Metals and Industries Limited. Before we dive into the details of our Q1 FY '25 performance, I would like to provide a brief overview of our company. Manaksia Coated Metals and Industries Limited is one of the leading producer and exporter of coated metal products, boasting over 15 years of industry experience.

We specialize in pre-painted galvanized steel and plain galvanized steel available in both coil and sheet forms. Our operations are supported by two advanced manufacturing units, four branch offices and five strategically located stockyards and service centers, which ensure efficient production, distribution and customer service. Our product range includes pre-painted metal sheets and coils and galvanized steel sheets and coils.

Pre-painted steel accounts for 78% of our revenue with a capacity utilization of 87%, while galvanized steel makes up 22% of our revenue with a capacity utilization of 76%. In Q1 FY '25, domestic sales accounted for 18,888 metric tons, which represents 74% of the total sales volume, while export sales made up 25.93% with 5,754 tons. The sales quantity for pre-painted steel reached 18,643 tons, showing strong performance in this category, and galvanized steel contributed 5,999 tons.

The breakdown highlights of the company's strong performance and market focus and significant focus in both pre-painted and galvanized steel coils. In Q1 of FY '25, we achieved significant milestones, including an upgrade to a three-star export house certification and an upgrade in our external credit ratings. Recognized by the Ministry of Commerce and Industry, Government of India, as a three-star export house, our company has advanced from its previous one-star status.

This prestigious recognition underscores our leadership in manufacturing and exporting coated steel products, such as pre-painted and galvanized steel. The three-star export house status is valid for five years, and it reflects our excellence in international trade and positions us for greater market expansion and opportunities. Our external credit rating has also been upgraded.

The long-term rating has now been upgraded to A- from previously held BBB+, indicating enhanced creditworthiness for long-term obligations. The short-term borrowing ratings, too, have been upgraded to A2+, from previously held A2, signifying continued high credit quality and short-term commitments. These rating upgrades highlight our strengthened financial position, supported by increased operational scale, a strong order book and a solid capital structure due to capital infusion.

Enhanced debt protection metrics and the absence of debt-funded capital expenditure plans further contribute to our financial stability. The financial highlights of Quarter 1 in FY '25. Our company delivered strong financial performance on a consolidated basis, showcasing both growth and efficiency.

Total income for the quarter was INR195.38 crores, reflecting a year-on-year increase of 11.04%. Our EBITDA rose significantly by 26.04%, amounting to INR14.80 crores, with an EBITDA margin expansion of 90 basis points, now standing at 7.57%. The net profit witnessed a substantial surge, reaching INR2.98 crores, a remarkable increase of 2,320.37% from the previous year.

The net profit margin also improved considerably, increasing by 146 basis points, now standing at 1.53%. Furthermore, our Earnings per share, EPS, soared by an impressive 1,900%, now standing at INR0.4 per share. In Q1 of FY '25, our standalone financial performance was also significant. Total income for the quarter was INR195.36 crores, reflecting a year-on-year growth of 11.04%. EBITDA increased by 26.08%, to INR14.77 crores, with the EBITDA margin expanding by 90 basis points, to 7.56%.

The PAT surged by 1,518.55%, to 3.04 crores, resulting in a PAT margin of 1.56%, which is up by 146 basis points. Additionally, the Earnings per share, EPS, grew significantly by 1,266.67%, to INR0.41 per share. In Q1 of FY '25, the company contributed INR143.53 crores from domestic sales, which made up 74.07% of total revenue. Export sales contributed to INR50.25 crores, or 25.93%.

The majority of revenue came from pre-painted steel, generating INR151.17 crores, while galvanized steel brought in INR41.66 crores. Other products added INR0.95 crores. This shows the company's strong focus on the domestic market and its key products, especially value-added products like pre-painted and galvanized steel.

I would like to now hand over the discussion to Mr. Tushar Agrawal, Vice President, to talk about the way forward for the company. Thank you.

Tushar Agrawal: Thank you. Good afternoon, everyone. Our company is undertaking strategic expansion initiatives to strengthen our position in the steel industry. We've significantly increased our capacity in the color-coded steel segment, growing from 40,000 metric tons per annum in 2006 to now 86,000 tons per annum in FY '22. We also have plans to expand this capacity to 1,90,000 tons per annum by FY '26.

Our galvanized steel capacity has also grown, rising from 1,08,000 tons per annum in FY '18 to 1,32,000 tons per annum in FY '22. With further upgrades planned to reach 1,80,000 metric tons by FY '25. This upgrade is planned to be implemented by Q3 in FY '25. Additionally, we are entering the cold-rolled steel market, targeting a capacity of 3 lakh metric tons by FY '27.

These expansions reflect our commitment to adapting to market demands, enhancing our product offerings, and driving sustained growth. Our Phase 1 expansion schedule for Q3 FY '25 represents a key milestone as we transition from galvanized steel to aluminium zinc alloy coating. This upgrade will provide superior properties, including 3x the corrosion resistance of traditional zinc-coated steel, even with a 40% lower coating weight.

This increasing demand for aluminium zinc-coated steel, driven by its enhanced performance and higher market acceptance, positions us well. This product combines a premium price and we expect an additional EBITDA growth compared to the previous year. Improved product quality will also enhance margins and profitability in the coming years.

Additionally, we are investing in finishing lines like coil slitting lines to improve customization and product quality, particularly for OEMs and the white goods and automotive sectors. This will ensure that our product meets the specific requirements of these industries, offering tailored solutions and superior performance.

In the second phase of our expansion, we plan to introduce an important cold rolling mill with a capacity of 3,00,000 metric ton per annum and establish a color coating line with a capacity of 1,20,000 metric ton per annum. As part of our sustainability efforts, we are installing a 6-megawatt solar power plant to reduce our carbon footprint and energy costs.

This investment highlights our commitment to renewable energy and operational efficiency. We are also implementing zero-discharge infrastructure and enhancing waste management with an effluent treatment plant, which has successfully reduced our total effective power costs by 10% to 12%. These initiatives demonstrate our dedication to a greener future while improving operational efficiency.

In conclusion, the company has shown impressive progress in Q1 FY '25 with strong financial performance and strategic expansion initiatives. Our investments in new technologies and sustainability efforts position us well for continued growth. We remain committed to enhancing product quality, expanding capacity, and driving sustainable development.

As we move forward, the company is well positioned to benefit from union budgets focused on infrastructure development and positive steel industry growth projections. Our commitment to sustainability, innovation and operational excellence supports our continued leadership and success. We aim to capitalize on these opportunities, enhance our product offering, and deliver sustained value, setting a strong foundation for future growth.

Now I request to open the floor for questions and answers. Thank you once again for your presence and continued support.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Jairaj Jain from PSV Capital. Please go ahead.

Jairaj Jain: Congratulations to the company for a good set of numbers. So my first question is like what contributed to your bottom line growth for 200% plus when EBITDA growth is just 26%?

Management: Well, thank you for the question. The main reason for the bottom line growth is the improvement in the price realization. And I think also the interest levels, the interest outgo from the company has been controlled and more efficiently managed by the company. Both these reasons have contributed to a surge in the drastic growth impact.

Jairaj Jain: Okay. So can you give me some guidance on EBITDA margin for next couple of years?

Management: Well, so for the next year the main change in the company would be the commissioning of our technology upgrade project, which we are going to conduct in Q4 of FY '25 will be on stream. And for FY '26, we will get the results of this technology upgrade, where we will be producing aluminum zinc-alloy coated steel product called Galvalume. And this product inherently commands a better price premium in the market along with lower cost of production. With this kind of setup for FY '26, we can definitely expect a growth in EBITDA by roughly 3% or over and above what we are doing today.

Jairaj Jain: Okay. So can you give me a segment contribution revenue and profit from your two main pre-painted metals and galvanized metals and EBITDA margin also on both the products?

Management: The segment revenue like I have already mentioned during my statement was close to 76%, 74%, sorry, from domestic sales and 26% from export sales. And in terms of pre-painted versus galvanized for Q1 out of a total sales of 24,642 tons, 18,643 tons was pre-painted, which amounts to about 76% again contribution in terms of the quantitative performance and the balance 25% was galvanized. In terms of EBITDA, the EBITDA displayed by the company is a combined EBITDA of pre-painted steel and galvanized steel.

However, it will be fair to say that pre-painted steel commands a better EBITDA, which would be close to 8% and galvanized steel commands a lower EBITDA, which will be around 5%. Therefore, our focus is to improve and increase the production and sales of the higher value added product, which is pre-painted steel. It is also being seen in our performance.

Jairaj Jain: Okay, sir. Thank you for answering my questions.

Moderator: Thank you. Next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Thank you very much for the opportunity, sir. Sir, when you say that your EBITDA will grow by 3% because of the new product that you are adding, do you mean 300 basis point better EBITDA margin? Like if you are doing 6%-7% today or 8% today, will it go to 9%-11%? Is that what you mean by 3%?

Management: That's what I mean. Yes.

Agastya Dave: Okay. And that we will see actually as better gross margins, right? Your value addition over raw materials will be much higher in this product.

Management: Correct.

Agastya Dave: Okay. Thanks for the clarification, sir. And sir, when will we see actual commercial production happening for this new product?

Management: During Q4 of FY '25 of this financial year.

Agastya Dave: Sir, you have expanded your capacity and in the presentation there are multiple plans of like multiple phases in which you are doing so. So, I was just wondering, sir, would we be seeing like a 20% plus volume growth for the foreseeable future?

Management: I think the volume growth will be much higher than that. For during this technology upgrade that we are doing in Q4, we are simultaneously also enhancing our capacity of production on the Aluzinc product, the new product. So, from an existing capacity of 1,32,000 tons per annum, it will grow to 1,80,000 tons per annum on the capacity front. And in terms of utilization we would definitely want to utilize at least 75% to 80% capacity. So, I think overall volume growth should be close to anywhere between 35% to 40% in FY26 over FY25 on the minimum side.

Agastya Dave: Because you still have not fully utilized your existing capacity. So, in FY25 itself will we see a 20% volume growth?

Management: Yes, I think close to between 17% to 20% volume growth.

Agastya Dave: Excellent. Sir, one observation and kindly help me understand this variation. Sir, obviously there is margin improvement which is happening for a variety of reasons. But I am not very familiar with the seasonality of your business from quarter-to-quarter. So, if I compare it with last year your EBITDA excluding other income has jumped substantially from INR7.5 crores to INR13 crores, but if I look at -- if I compare Q1 with Q4 of FY24, EBITDA margins have fallen. EBITDA margins really jumped in Q4.

They crossed 8%, but now they are slightly below 7%. So, can you give some qualitative commentary as to what happens during the quarters? What are the heavy phases during the year when demand is high and you command for better margins? What exactly happened between Q3 and Q4 and then Q4 and Q1?

Management: Well, there are two types of factors that impact our business. One is for the domestic market and one is for the export market. Inherently, export business commands a better margin, gross margin, net margin both when we carry out exports. It's a more profitable business for us. So, wherever you see exports being higher, those quarters would definitely or logically should have better profitability EBITDA and net profit wise as well. That is point number one.

And what happened in Q4 was that our exports were much higher than Q1 of FY25. Secondly, as far as domestic market goes, I think it would be fair to say that Q2 of the financial year is typically, let's say, a non-seasonal month because of the most heavy monsoon period being prevalent throughout the country which restricts the construction sector to carry out their own steel consumption activities.

So, apart from Q2, I would say Q3 is also, I would say, let's say, ranked number three in terms of the quarter wise performance or demand wise because of major festivals falling in Q3 right from Pongal to Diwali to Dussehra and I think that is one factor that impacts Q3. Q1 and Q4 are typically best in terms of demand and quantities that we usually see.

Agastya Dave: But if I exclude the variation in product mix because of exports, I mean the percentage of exports that you did in Q4, margins have not changed then quarter-on-quarter. It is just a whatever variation we are seeing, it is because of the changes in the product mix with respect to exports. Is that assessment correct, sir?

Management: Correct absolutely. We exported more of the value added product, which is prepainted steel and that is what was the major factor behind the better profits. Whenever we do higher galvanized steel, the EBITA contribution is lesser. So, going forward as well, you can expect that we would be doing higher tonnages or higher volumes of pre-painted steel rather than galvanized steel.

Agastya Dave: So, thank you very much for answering all the questions with such clarity and improving my understanding of the company. So, thank you very much, sir. All the best, sir.

Karan Agrawal: My pleasure.

Moderator: Thank you. Next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: Yes, good evening and thank you for taking the question. So, my first question is regarding our raw material pass-ons. So, do we instantly pass on the raw material increase, raw material price increase or is there a lag between the pass-ons?

Karan Agrawal: The business model that we follow is typically a back-to-back model for at least 70% of our sales. So, I would say that the raw material procurement is followed by the order booking. So, naturally, the impact of price of raw material is already captured in the pricing to the customer.

For the balance, 25% to 30% of the business, which is not back-to-back, the pricing mechanism of the product to our customers is a monthly mechanism. So, there could be a lag of probably 10 days or 2 weeks maximum, not more than that because we have a continuous flow of orders, which keep getting replenished every week 10 days. So, I hope that answers your question.

Pradeep Rawat: Yes, understood. Thank you for answering that. And my next questions are regarding to our capex. So, can you give the amount that we are spending on each of the capex, all the three?

Karan Agrawal: Sure. The first capex is the Technology Upgrade and Capacity Enhancement Project, which we are undertaking in Q4. That project is having a capex lined up of INR40 crores and the financial tie-up is already completed. We are expecting the project to get commissioned on time.

The second project is with respect to the solar power plant for reducing our electricity cost. This would be anywhere in the range of INR30 to INR35 crores of capex. And also, the funding tie-up for the project has been lined up. So far, these are the two immediate capex plans of the company and the funding tie-up is already in place.

Pradeep Rawat: And with respect to the color-coated capex and cold rolled steel plant, so we don't have funding for this as of now?

Karan Agrawal: Well, the projects are not immediate. The projects would be, the first project which you said, the second color-coating line is a project that we are going to undertake in FY26 and probably, most probably, in the second half of FY26. So, we have, I would say, sufficient time on our hands to work on the financial tie-up.

Before the financial tie-up itself, there are many more steps that we need to complete in terms of finalizing all the technical aspects of the investment or the specifications and the dynamics of what kind of line we are ordering, capacities and all of those things. So, I think there is a good amount of time on our hands to complete the technical decisions as well as the financial obligations that we need to tie-up. And the cold rolling project also is going to be undertaken after the second color-coding line project. So, again, more time on our hands for that as well.

Pradeep Rawat: Yes, understood that. So, I was just wondering how much funding would be required. So, can you provide a ballpark number?

Karan Agrawal: Sure. For the second color-coating line, the capex would be about INR50 crores. And for the cold rolling complex that we want to set up in FY26/FY27 would be about INR125 crores.

Pradeep Rawat: INR125 crores. Okay. Okay. And what kind of ROC are we targeting for these capexes? So, any kind of number that we have in mind?

Management: Well, ROC, if you talk about the return on the gross block as well as on the working capital both, then it should be anywhere in the range of 28% to 32%.

Pradeep Rawat: Okay. Understood. Thank you for answering the question. I will join back the queue.

Moderator: Thank you. Next question is from the line of Aditi Roy, an Individual Investor. Please go ahead.

Aditi Roy: Congratulations, sir. And thank you for giving the opportunity. My question is, what are our plans to reduce debt? What is current rate of interest?

Management: Well, the plans to reduce debt is, I mean, right now, our long term debt is actually close to nil before we take on these capex projects. So, the only avenue left to reduce debt is on the working capital side, where we are continuously working on both sides, which is reducing the interest rate for the company as well as trying to make our working capital management better, which will allow us to utilize working capital resources more efficiently and reduce the finance cost in the whole year.

The current borrowing cost of the company for the bank debt is anywhere in the range of 9 point, let's say from between 9% to 9.5% in that range, considering that there are multiple banks.

Aditi Roy: I have another question. What is management vision for next 5 years?

Management: I can't hear you clearly, please.

Aditi Roy: What is management vision for next 5 years?

Management: You said vision?

Aditi Roy: Yes, sir.

Management: Okay. As per the blueprint of the expansions and the investments that are being made by us, we foresee that by FY '28 or FY '29, we should become a prominent and well-established player in the domestic and international landscape of value-added steel products by having a capacity of over 3 lakh tons per annum, which is a significant number.

And definitely our goal to have better returns to our investors and stakeholders, make it a more attractive company for all stakeholders, whether it's customers or investors or banking partners, etc. And also to work on being a more sustainable and green company in general by using renewable energy sources as well as reducing our carbon footprint from other initiatives.

Aditi Roy: Okay, sir. I have one last question. How average price moment for one MT of galvanized and pre-painted coated metal sheet?

Management: Please, your voice is not too clear, ma'am. Please speak a little slowly.

Aditi Roy: Okay, sir. Sorry, sir. How average price moment for one MT of galvanized and pre-painted coated metal sheet?

Management: The average sales price for galvanized steel as on date is roughly INR70,000 per metric ton. And the average sales price for pre-painted steel today is roughly INR87,000 per metric ton.

Aditi Roy: Okay, sir. Thank you, sir.

Moderator: Thank you. Next question is from the line of Yashvanti from Kojin Finvest. Please go ahead.

Yashvanti: Thank you, sir, for the opportunity. Just wanted to congratulate you for the best numbers which you had seen it. I have joined little late with the network issue. So, in case if you had already answered, just pardon me for that. My first question was what has contributed to your bottom line growth which goes to around 2000 plus when EBITDA was just 26%?

Management: Well, okay actually I did answer it before, but again to give you a short summary that we have had the performance in Q1 which mainly involved a higher production and sales of the value-added product which is prepainted steel and also our efforts to reduce our finance cost have helped. These are the two main reasons for improvement in EBITDA and the overall bottom line.

Yashvanti: Okay. And sir any new countries have been added to our portfolio in the recent times?

Management: Sorry?

Yashvanti: Any new countries have been added to our portfolio in the recent times?

Management: I am just not able to understand what you are saying.

Yashvanti: Any new countries we could add to our portfolio for our exports?

Management: You mean export countries?

Yashvanti: Yes.

Management: So, traditionally, our exports are done to European continent. And we have been most active in the Mediterranean belt and the Eastern European belt. Within these two belts, we have added some new countries. For example, in Mediterranean belt, we have added Greece as a new export destination where we started exports probably only maybe four or five months back.

And in the Eastern European market, we have started business with two new countries which is Slovakia and Hungary. Again, most recent additions in the last three months. So, these are the three new markets that I can say that we have entered.

Yashvanti: And sir, we talked about in the opening about your new product that is aluminium zinc coated steel. Have you identified any new customers for this product or we have started manufacturing this product because there has been an inquiry that has come from some companies?

Management: So, the product which is aluminium zinc alloy or in short, we call it Aluzinc. Aluzinc product need not have a separate or a new customer base which needs to be developed. It can be sold and consumed by the same or similar customer base that we have because the end applications are very similar.

Yashvanti: And what kind of a zinc metal why you particularly need this Aluzinc coated steel? What benefit it accrue to the product? How would you like to..

Management: There are two sided benefits. One side benefit is for the user or the customer where they get better corrosion resistance and life and performance from the product for end users like roofing or cold storage or warehousing, etc. And the second benefit is for the seller or the producer where the producer and seller needs to incur a lower cost of production to produce Aluzinc because zinc is more expensive than aluminium. So, the addition of aluminium makes it a cheaper product to produce. The raw material cost reduces.

Yashvanti: And comparatively, does it add to the lower weight also because aluminium is comparatively that's what my understanding is?

Management: Absolutely, I think you have a fair understanding of the dynamics of various metals and you are absolutely right. When you say that aluminium is lighter than steel or zinc and it does contribute to making the overall product lighter per square meter or per square feet which reduces the overall cost for an end user for maybe covering a roof or making a warehouse or a cold storage or whatever it is. So, you are absolutely right on that part.

Yashvanti: Thank you, sir. And one more question if I may ask. Do we supply to the OEM directly or we are suppliers to the Tier 1 and Tier 2 suppliers of this steel manufacturing OEMs?

Management: Well, we have both actually. We are supplying to direct OEMs as well and we are supplying to Tier 1 and Tier 2 vendors of OEMs. For example, in the Metal False Ceiling space, we are supplying to multinational companies who are directly OEMs like your Saint-Gobain which is the French multinational giant. We are supplying to NOF which is a German multinational giant for Metal False Ceiling.

We are supplying to another German multinational giant called Durlum and similarly, we have other multinational companies who are buying our product for metallic doors, metallic windows, etc. And when we talk about Tier 1 and Tier 2 manufacturers, we are supplying to vendors of Eicher Motors who make bus bodies. We are supplying to vendors of satellite dish antennas who supply to Tata Sky. We are supplying to vendors of the cold store refrigeration OEMs who supply to Blue Star, so on and so forth.

Yashvanti: Okay. I am taking one more question. We are investing in a new coil sliding line to improve the customization and product quality that you particularly mentioned and that is specifically for the OEMs. So, one thing is like what kind of this thing adds to customers and secondly, what kind of investment we are looking into?

Management: So, the coil finishing lines that we are adding, we are adding currently only one coil finishing line which is called a slitting line. Many OEMs want steel coils in a slit form with narrow widths because their end application demands the product to have a narrow width. For example, a Metal False Ceiling.

If you notice any international airport or a corporate office building the ceiling is a metal ceiling and it has thin strips which form the white color ceiling that you typically see. So, those are thin strips and for that the customers are demanding the coils, the steel coils in slit condition. So, this is one of the ways to meet those service expectations of the customers, product expectations of the customers by supplying it in slit form.

We can meet the customer's expectation and enhance the value or the price per ton that we are going to command and it will also open doors for us to supply to many such OEMs other than the Metal False Ceiling industry who also need similar kind of product for multiple end users, for elevator door for so many other things that the steel coil would need to be in slit condition.

Yashvanti: So, I believe that will also help then a reduction in the product, out the improvement in the production process. So, that may be one benefit.

Management: Correct. It will lead to a reduction in their production timelines and the process efficiency as well.

Yashvanti: And what kind of investment we are looking for this particular line?

Management: This would be a minor investment in the range of between INR4 crores to INR5 crores.

Yashvanti: Okay. Thank you so much, sir. I wish you the best for the coming year.

Moderator: Thank you. Next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: Yes. Thank you for the follow-up. So, my question is regarding the Aluzinc capex. So, the new facility would be fully used for Aluzinc coil or it would be a mix of galvanized steel and Aluzinc?

Management: The new facility or the technology upgrade that we are doing would completely change our product to an Aluzinc product and the entire capacity would be converted to Aluzinc.

Pradeep Rawat: Okay. And what would be the incremental revenue potential from this facility?

Management: Well, there are two ways to look at it. One is the obvious increase in revenue because of the capacity enhancement where we are doing from 1,32,000 metric tons capacity to 1,80,000 tons. And in terms of utilization in FY '24, we did 90,000 metric tons. In FY '26, after the capacity is fully commissioned, we are looking at doing between 1,40,000 to 1,50,000 metric tons. So, the revenue growth would definitely be upwards of 50% to 60%. That is one aspect to it.

And the second aspect is that Aluzinc itself as a product commands a better price realization which would result in an improvement of let us say between 5% to 6% even if we maintain similar capacity.

Pradeep Rawat: So, our margins would be in the range of 11% to 12%, right?

Karan Agrawal: Our margins can be in the range of between 9% to 11% which is a growth of between 3% to 5% from the existing level.

Pradeep Rawat: Okay. And my next question is regarding our customer concentration. So, can you throw some light on that?

Karan Agrawal: We have a very diverse range of customers. We are not depending on a few bunch of customers for majority of our sales. So, in the domestic market, we would have more than probably three dozen customers at any point of time in any particular month and in the export business, we have at least a dozen customers in any given month.

Pradeep Rawat: Okay. And with regard to our current facility, so can you guide around the current replacement cost of our facility?

Karan Agrawal: I mean, the current replacement cost of our facility if it needs to be a greenfield project from scratch would be anywhere close to about INR250 crores minimum.

Pradeep Rawat: Okay, understood. And my next question is regarding our export. So, for this quarter, we have an export of 25% of our top line. So, going forward, what should we expect this number to grow towards?

Karan Agrawal: I think for the full year of FY25, we can expect to close at a number similar to last year, which is 35%. However, the denominator will be a larger number. So, in terms of tonnage, it will be higher than last year. But in terms of percentage, it will be similar to last year.

Pradeep Rawat: And my last question is regarding our preferential issue. So, is the proceed fully taken in or is there anything left over?

Karan Agrawal: 50% of the preferential issue was fully subscribed in the last financial year and the balance 50% will be completed within H1 of FY25.

Pradeep Rawat: Okay, understood. Thank you for answering all the questions and all the best.

Moderator: Thank you. The next question is from the line of Vinod Gupta, an individual investor. Please go ahead. Hello, sir.

Vinod Gupta: Thank you for giving me this opportunity. And my question is, any new country we have added to our regional presence?

Karan Agrawal: I answered this to the last caller. We have added three new countries, which is Greece, Hungary, and Slovakia as the export markets in the last two quarters.

Vinod Gupta: Okay, sir. And my other question is, industry-wise, which industry contributed largely to our revenue?

Karan Agrawal: End-use-wise, I think metal roofing and insulated sandwich panels were the largest segments by revenue in terms of end-use.

Vinod Gupta: Okay, sir. Thank you.

Moderator: The next question is from the line of Yash Rane, an individual investor. Please go ahead.

Yash Rane: Good evening, sir. My first question was, who are our end consumers for aluminium-zinc-coated steel?

Karan Agrawal: The end-users of aluminium-zinc-coated steel or Aluzinc would be in the space of pre-engineered building manufacturers, such as Kirby, Zamil Steel, Tiger Steel, Interarch, and there are so many others also in the pre-engineered building space, followed by the insulated sandwich panel business, where there are multiple companies such as Kingspan Jindal, Metecno, ISO LLYOD Group, etc. So, these would be the largest end-users in the user segments.

Yash Rane: And my second question is, do we supply to OEMs or the Tier 1 and Tier 2 suppliers of OEMs?

Karan Agrawal: We supply to both. We supply to OEMs as well as Tier 1 and Tier 2 suppliers of OEMs. Okay.

Yash Rane: And my last question is, what is the progress on solar power plant and when we can see its usage bringing saving to convention power sources? And what will be the overall cost?

Karan Agrawal: The solar power plant project is having a timeline of roughly 6 to 8 months to commission from the date of start of the project. So, we feel that we can start off with the project sometime during October and we can hope that we can get the power plant commissioned by April of next calendar year. And it would be fully in use for the next financial year. The entire project is going to cost us anywhere between INR30 to INR35 crores.

Yash Rane: Okay, sir. Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Ms. Preeti Bhardwaj from Kirin Advisors for the closing comments.

Preeti Bhardwaj: Thank you everyone for joining the conference call of Manaksia Coated Metals & Industries Limited. If you have any queries, you can write us at research@kirinadvisors.com. Once again, thank you everyone for joining the conference call.

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