Date: 12/02/2025

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National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 NSE Scrip Symbol: INTERARCH	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 BSE Scrip Code 544232

Subject: Transcript of the earnings call on the Un-audited Financial Results for the Q3FY25 Earnings Conference Call" February 05, 2025

Dear Sir/Ma'am,

Pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the transcript of Earning Call held on 05th February 2025, to discuss the un-audited financial results for the quarter ended December'2025 is available on the Company's website.

We are enclosing herewith the transcript of the Earnings Call held on 05th February 2025 in respect of the un-audited financial results of the Company for the third quarter (Q3) ended December'2025.

The above information is being made available on the website of the Company at www.interarchbuildings.com

Discussions were based on publicly available information. No unpublished price sensitive information (UPSI) was discussed during the interactions.

We request you to take the above on record and the same be treated as compliance under the applicable Regulations of SEBI LODR.

This is for your information and record.

Thanking You,

For INTERARCH BUILDING PRODUCTS LIMITED

ARVIND NANDA Digitally signed by ARVIND NANDA Date: 2025.02.12 11:25:46 +05'30'

ARVIND NANDA
MANAGING DIRECTOR
DIN: 00149426

"Interarch Building Products Limited Q3FY25 Earnings Conference Call"

February 05, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 05th February 2025 will prevail.

MANAGEMENT: **MR. ARVIND NANDA – MANAGING DIRECTOR, INTERARCH BUILDING PRODUCTS LIMITED**
MR. MANISH GARG – CHIEF EXECUTIVE OFFICER, INTERARCH BUILDING PRODUCTS LIMITED
MR. PUSHPENDRA KUMAR BANSAL – CHIEF FINANCIAL OFFICER, INTERARCH BUILDING PRODUCTS LIMITED
MR. ANIL CHANDANI – PRESIDENT, CORPORATE FINANCE & STRATEGY, INTERARCH BUILDING PRODUCTS LIMITED

MODERATOR: **MR. DHRUV JAIN – AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Interarch Building Products Q3FY25 Earnings Conference Call hosted by Ambit Capital Private Limited.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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. Dhruv Jain from Ambit Capital. Thank you and over to you, sir.

Dhruv Jain: Hello, everyone. Welcome to Q3FY25 Earnings Call of Interarch Building Products.

From the Management side, today we have with us Mr. Arvind Nanda - Managing Director; Mr. Manish Kumar Garg - Chief Executive Officer; Mr. Pushpendra Kumar Bansal - Chief Financial Officer, and Mr. Anil Chandani - President, Corporate Finance & Strategy.

Thank you and over to you, sir, for your "Opening Remarks."

Arvind Nanda: Thank you, Dhruv. Thank you everybody for joining this call and taking your time out. I am Arvind Nanda - MD of Interarch Building Products limited

So, before we get to the other things, I will again try and explain our business because a lot of investors are new and a lot of investors are coming in for the first time, I just wanted to take 2 minutes to explain what the pre-engineered building industry is all about and where Interarch fits in. So, pre-engineered building it is basically a building made out of steel, but we are not classified as a fabricator or a steel structure company or a contractor, etc.

The pre-engineered building, the principle basically behind pre-engineered building is that the customer will come to us with his total requirement of whatever he wants. It could be a manufacturing plant, it could be a high-rise building, it could be a warehouse, it could be a data center, he comes to us with his requirement on a technical basis that this is what I need. So, the first stage that the pre-engineered building company gets involved in, like Interarch is the design and engineering of that building. So, we must have excellent capabilities in-house of design, engineer, and technical software and the senior engineering team to be able to convert their requirement into a design which is not only acceptable as per the codal requirement, but also a great value add because the customer doesn't tell us to give a rate on a per kilo basis or a per square foot basis. It is a lump sum building quotation that we give him. Therefore, it is very important for us to design and engineer these buildings very well and that is the key to our pre-engineered building. If a pre-engineered building company has good engineers and design, so you design the whole building very well, consequently, your costing is good, and your execution and production is better.

So, we design engineers the whole building. Then, according to that, whatever steel requirements are there, we primarily use three different kind of steels. One is the HR plate, so we use a flat plate. We do not buy any ready-made sections for the building. We make everything out of that plate as far as columns and beams are concerned. Then, we have secondary which comes to us in coil, galvanized coils or sometimes even pipes and rods etc., and those we then roll form into the secondaries which hold the columns and beams together when the building is erected.

The third part is the roof and wall cladding, which is the final skin of the building, which again comes in pre-decided material means it could be what kind of colors, what kind of coating, what thicknesses, etc., but we buy it in coils and the full roofing, cladding, etc., is manufactured by us. So, the full building is actually manufactured by us in our plant from basic raw material like plate, oil, and whatever little bit of accessories we need. So, the first part is design engineering and that design engineering team decides how much material of each type do we need, then they decide what is going to be the manufacturing cost.

Each building is very unique. We have no standard items. We have no standardized products to make. Every building is uniquely designed and manufactured in-house. So, then what does it take to manufacture that, what is the costing of that manufacturing of that building, we take that, then freighting it to site and at site the whole building is assembled in a nut and bolt assembly form. No work is done at site as far as the building is concerned in terms of welding, cutting, drilling or painting even, painting also done in the factory. So, everything goes readymade in pieces, in transportable pieces to the site and there it is just assembled like a nut and bolt assembly. No other work at the site is required if you have nut and bolt assembly, including the roof and wall cladding. So, the costing of this whole thing is taken at the time of quotation, and we give it to the customer as a lump sum price with the fixed schedule. We tell them, look, we will take 3 months, 4 months, 5 months depending on the building and the complexity to execute this whole project from beginning to the end and he will get his complete building at the end of the day. He doesn't have to look at any other vendor, any other supplier, buying any material, etc. He orders a building on us like a product.

So, everything from design engineering to putting it up at site is the responsibility of the pre-engineered building company. So, that is the major difference between us and any other contractor or fabricator or steel building supplier because they just do part of the work. We do the complete building like our product. So, therefore we become a one-stop shop for the company. They deal with us, the design engineering, production, defect or execution delays etc., is all put on one company. They don't have to run around in circles trying to get this work done, so it is very similar to buying a car today or ready-made furniture or even ready-made apartments and office blocks as we buy. We buy it depending on the reputation of the company, the sizes that we want, the location that we need, and we decide to order it and he will get that fixed price for the full term of the building. Therefore, he doesn't have to worry about any cost escalations or any delays. That is all our area of work. So, consequently over a period of time, due to the complexity of the building, due to the size of the building, we would also say complexity of the client because most of our clients are highly sophisticated and world class companies which are very concerned about safety standards, quality standards, design, your execution dates, your supply dates scheduling. We are very concerned about that. So, we have actually become like a capital goods partner with these companies.

We do not consider ourselves, neither do they consider us as a vendor supplying some steel fabricated item, but as first capital goods that they need for their product because if we cannot do the building according to their requirement, today's requirements of production or even building of warehousing are highly complex. These buildings are built at various different levels. Some of the building we have done, industrial building, go up to the height of 70 meters, which is like building 20-25 story building with different weights of machinery, levels of machinery being installed at different level, heavy cranes, mezzanines, conveyor systems, all these are a part of the building. We have to take consideration of all these items that they will be installing in that building as a part of the process of production.

So, whether it is conveyor system, whether it is solar system installed on the building, we have to take consideration of those weights, etc. So, we are very closely working with these companies. So, their value was greatly and they go with the company like Interarch because of the value that we add to them. It is not an L1 process. It is not the cheapest company will get the order or they just open tender and everybody quotes, but the client will first select the vendor or the partner that he wants, he feels are capable and able to do the work that he wants. So, like in capital good, the ability and capability is far more critical like in machinery and other capital goods, the company has to also design engineer, produce it, and make sure that the product functions as the customer wants. And not only function but keeps giving him that output and keeps giving him that durability over many decades to come. So, that is why we feel that we are a capital goods company with the multinationals and large Indian concern.

Two-three other things that happened with pre-engineered building and with Interarch is that we are also pretty much industry agnostic. The way we have built up our engineering and design department and execution and our production line, we are very much industry agnostic. We can work with any industry, we have worked with automobile, with oil and gas, with data centers, with semiconductor industries today, with lithium battery, with your “A” grade warehousing, with all manufacturing industry, there is nothing whether it is a Coca-Cola plant, whether it is a Pepsi, the concentrate plant, whether it is machinery manufacturers like SMS, there is no company in India that is existing here that we have not worked for, I would say. So, starting from Reliance to the L&T, to ONGC, to Rail Coach Factories, to the Terminal 3 Airport that is made in Delhi and we have done variety of building, right from Fortis Hospital building in Bangalore, to malls, to stadiums, to schools, colleges, hospitals, homes.

We are very much industry agnostic, we are very much building agnostic. It doesn't matter to us what kind of building you want. We can do very wide building, meaning no central support up to 100-120 meters. Very high building, we have done already 70-80 meter high buildings with very heavy loadings, with very heavy cranes on it. We have done schools, hospitals, add on to additional floors, homes, hill homes, farm houses, so we are very much building agnostic also. And at Interarch, we have also built ourselves to be very much geographically agnostic as well. We have done projects all over India, so it is not that we are limited to certain territories or certain states, but we have done work in the North East. The recently announced project of Tata Microchip Semiconductors in Assam is what we are doing. We have done work for Berger and for HUL, very big projects in the North East earlier. And there is no state in India that we have not worked in, whether it is in Jammu Kashmir, whether it is in South, whether Orissa, Bihar, Jharkhand, everywhere. So, we are building agnostic. We are industry agnostic and we are very much geography agnostic. That is how we are trying to build up this company.

And our whole basis is how to build up a good relationship and good partnership with the world's best companies which are working in India, whether they are Indian companies, whether they are Indian consultants, whether they are foreign consultants and whether they are foreign companies which are coming into India, we want to be their first preference and top of their mind preference because that is how these projects get decided, like I was saying it doesn't matter what your price is, it is your capability and your ability to do.

So, the history of Interarch has been where we have worked with all the top companies. We have done nearly every kind of building that can be done. So, we become very much a part of the preference of customers because when they look at our history of the last 25 years in pre-engineered building and last 40 years in this field, they feel that we are the right company for them to do the job because we have already done something very similar and very close to their requirements earlier. So, that is a position of Interarch and that is what pre-engineered building is all about. So, I will not go much further in that. I will pass it on to Manish. He will give you some idea further up and then we will go for question and answers.

Manish Garg: Thank you. Good afternoon, everyone. Taking it further from where Mr. Nanda left. We are today the fastest growing company in the organized pre-engineered building sector in India. And we currently rank 2 in the overall scheme of things. Between FY15 and FY24, we successfully executed and completed over 600 projects that demonstrate our extensive expertise and strong market presence.

And in terms of PEB turnover, we have secured the third position among integrated PEB player. We specialize in high quality pre-engineered roofing and cladding systems tailored to meet diverse customer requirements. Interarch operates 5 state-of-the-art manufacturing plant and 4 fully integrated pre-engineered building facilities located in Sriperumbudur, Tamil Nadu, where we have two facilities and then two in Pantnagar, Uttarakhand followed by Athivaram, Andhra

Pradesh and Kichha, Uttarakhand where the new facilities have come up. Our facilities have a combined installed capacity as of today as 1,61,000 metric tons per annum and given that the utilizable capacity in our business typically ranges between 80%-85%, this translates to an effective 1,35,000 metric ton per annum of utilizable capacity.

To support future growth, we are currently expanding our facilities in Andhra Pradesh, Athivaram, which we call the Athivaram Phase-2 and Kichha Line-3. Once completed sometime in Q1 FY26, this expansion will add about 40,000 more metric tons to the installed capacity, bringing our total installed capacity to 200,000 metric tons per annum adjusted to about 80%-85% as utilizable capacity. Some of the recent developments at Interarch include our R&D work done in Engineering Department where we are trying to automate a lot of manual tasks to increase efficiency and productivity in the Engineering Department. Also logistics being a very important part because you heard Mr. Nanda saying we operate pan India, we are trying to add a lot of platforms which automate our logistic operational management and also the logistic partners who have their own fleet because we believe that that is going to be critical going forward to support our growth and we also are looking at capacity building through inducting the fresh talent into our engineering projects and design and we are also actively participating in upgradation of Indian codes to cater to pre-engineered building specifically.

As of today, our total order book stands at Rs. 1,305 crores, which reflects a very strong pipeline and sustained demand. And we take pride in our diverse customer base wherein our repeat order percentage remains more than 70%. Some of the major orders that we procured in the past quarter and in past few years already, Mr. Nanda explained, they are from the new age industries as well. We expect to continue growing at the pace that we have demonstrated. Looking ahead, we are focused on expanding our footprint and diversifying our solutions to tap into emerging growth opportunities including expanding our operations of manufacturing in Gujarat going forward to support our future growth wherein we already have secured a land which is registered in Kheda, so that is to support the manufacturing set up for future. We also have already diversified into future sectors like EV infrastructure, renewables, data centers, multi-story and a tie-up with JSPL is making it far more possible for us to handle these kind of specialized sectors, particularly the high rise and the heavy steel sector.

Now, I will come to the financial highlights for the quarter. And coming to them, Q3 FY25 highlights are, very pleased to report the revenue for the quarter stood at Rs. 364 crores with a growth of 15% on a year-on-year basis. The business mix of end user industry was industrial and manufacturing predominantly at 86% and infrastructure including logistics at about 12% and other building at 2%. Our EBITDA for the quarter stood at Rs. 35 crores, which is a growth of 28% on a year-on-year basis. Our EBITDA margins also saw an improvement and stood at 9.7%. Profit after tax for the quarter came at Rs. 28 crores with a growth of 28% on a year-on-year basis and our total order book as explained today stands at the unexecuted order book at Rs. 1,305 crores.

In terms of YTD, 9 months FY25 highlights, our revenue stood at Rs. 990 crores with a growth of 9% on a year-on-year basis. Business mix, I have already explained to you on a year-on-year basis, it stands at 75% from manufacturing and 23% from infrastructure followed by 2% from other building types. Our EBITDA for the period came at Rs. 88 crores with a growth of 20% on a year-on-year basis and our EBITDA margins for 9M FY25 came at 8.9%. Our profit after tax is Rs. 69 crores for the period with a growth of 23% on a year-on-year basis.

With this, I would like to conclude the presentation and open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask questions may press "*" and "1" on their touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. To ask questions, please press "*" and "1". The first question is from Yashovardhan Banka from Tiger Assets. Please go ahead.

Yashovardhan Banka: Thank you, sir, and congratulations on a fantastic execution. I just wanted to understand what is the attrition rate of our designers for this year?

Arvind Nanda: Our attrition rates are pretty low generally in the company. For design, I don't know whether we have an exact figure. Manish, would you have an exact figure? But I think personally I feel it is very low.

Manish Garg: I don't also have the exact figure, but I can say that for the recent period, it is about 10% for engineering in particular.

Yashovardhan Banka: So, that includes our designer, right?

Arvind Nanda: That is correct, sir.

Yashovardhan Banka: And sir, as I see, I think secured around Rs. 405 crores in the last 3 months of orders. So, sir, any major client or as in a big client where we can see sustainable repeat orders moving on?

Arvind Nanda: In the fall, next 3 months.

Yashovardhan Banka: No, sir, the order that we secured in the last 3 months.

Arvind Nanda: There were three or four major orders that we did get in this last 3 months. Two we had announced recently also, one from Tata Projects for their Tata Agratas, which is a lithium battery plant to be set up in Gujarat and a Tata Electronics project in Assam, which they are going to make these semiconductor chips, which also made a lot of news otherwise. So, these two, then

I think recently we have also got a couple of more projects, one from, I think Birla Copper for their plant and another one we are getting, I think there are about four major orders. I think Manish, which was the one that we got last.

Manish Garg: So, Hindalco was the one that we got and that is what is called Birla Copper.

Arvind Nanda: And one more, we got recently, I think that is from which we just finalized from the solar company, Vikram Solar I think.

Manish Garg: Yes, that is not taken in this figure, sir.

Arvind Nanda: Yes. So, that I think probably might have come after 31st Jan. So, the bigger orders are coming from this renewable line. Our normal orders of warehousing and from the manufacturing industry are continuing, but these renewable sectors and these new age sector like semiconductors and all, they require very large building. And so therefore the value of the orders is also little, larger and we are concentrating a lot of energy onto these sectors now.

Yashovardhan Banka: Got it. Sir, just a follow up to this, this Rs. 1,300 odd crore order book, what is the approximate execution timeline for this?

Arvind Nanda: I think Manish mentioned, normally the order lines are getting shorter and shorter. Now, normally people would have expected the large order to be finished between 8-10 months, but now I think it has become 7-9 months for this. So, I think the Rs. 1,300 crores we have to finish in next 8-9 months. That is why we are little restricted also in taking more order because we have to judge our capacity and our ability to execute as per customer's requirement. So, once we ramp up more capacity, I think we should be in a position to take more orders, but these have to finish in next 8-9 months.

Yashovardhan Banka: Got it, sir. Thank you very much and all the very best.

Arvind Nanda: Thank you.

Moderator: Thank you. Next question is from Ashish from EverFlow Partners. Please go ahead.

Ashish: Thank you for taking my question. So, my first question had to do with, I wanted to understand what kind of an opportunity does the management see in the export business?

Arvind Nanda: See, we have exported in the past, but not too much. I would say on an average, maybe we were doing about one building every quarter, now we are doing about maybe one building every month. See the opportunity on export basically is how much concentration we pay on to exports. So, since last year we have created a special export wing and concentrating a lot more on the export orders and we feel that the opportunity coming up from the Western countries and the neighboring countries, Western countries more so because they were earlier importing a lot of these kind of buildings from China. They want to now have an alternative source for their requirements and then a lot of requirements were coming even to US and Canada from Mexico or Canada. So, we see a very good opportunity and we feel that we are now in a good position to exploit it. The figures might not be very relevant in terms of the total turnover in the next year or so, but I think next one year of our effort will show to us how much business we can get. But the kind of business pre-engineered building is it is very difficult to get a very large chunk of your business from export because of the design engineering and then you need a local partner who will have the name and the trust of the client to get the building and then to be able to execute that thing, so that we cannot do. But I think the requirements are coming up Africa, neighboring countries, we are trying Sri Lanka, we have done a lot of buildings in Nepal. So, I think the scope is there, but for the first time since last year, we are actually concentrating on it. I can't name any figure, but I think maybe after another year, we will have a more definitive idea, but we are certainly concentrating on it.

Ashish: Sir, my second question had to do with in the domestic business for the large projects, how many people do you see bidding on these tenders and what is the competitive intensity of like, how is it affecting your margins?

Arvind Nanda: See, in the larger space, normally the customers would go by like I said, ability and capability of the company to do it and history, how many projects like that you have done in the past similar because their timelines are very critical. Somebody wanted to make a semiconductor or a data center or making a battery or solar cell, timelines are very critical for them to be ranked pretty high in that capability and ability preference of mind of the customer. In these projects, normally there are not more than two or three companies, maximum sometimes four. If the project is very large, they will divide it, buildings can go to a third or fourth player. The most important competitor for us in this line is normally Kirby, which is Kuwaiti company based in India, which is the number one company in India. Most of the orders would either go to them or to us, or we share them for the larger ones, but we have seen other lower players, players who are less than our size or do not have the ability to do complex building, taking a share of the simpler building in this project because each project like this could have 7-8 buildings, 2-3 could be very relevant, very large and very critical, and 4-5 could be smaller like warehousing for storage of materials, storage of finished goods, etc., going to other players. So, competition is there. There is no doubt that competition is very severe, but I think the history that we have built up and the ability that we have shown in the past and the relationships we have built up. Because we have done work for these companies and these sectors like Tata Projects and Tata Group, we have worked with maybe 15-20 of their companies in the past. So, whether it is Pepsi or a Coke or Reliance, we are doing Reliance Solar. We have been working with the Reliance Group for last 40 years, in their various projects, doing various things. So, that has helped us in the thing, but yes, I think a lot of the margins we will have to create and make some internal working to make it better, to make it more efficient, to utilize our present resources for getting more orders so that the operational leverage also kicks in. We will have to learn to make more and more margins from inside, which we are very good at, increase our productivity, increase the output of our sales and project teams and production. Otherwise, I don't think that we are going to have to rely on better margin from customers. A competitive environment is there, but certainly we will be able to hold and increase our margins going forward.

Ashish: Thank you. That clears my question.

Arvind Nanda: Thank you.

Moderator: Thank you. Next question is from Tushar Raghatate from KamayaKya Wealth Management. Please go ahead.

Tushar Raghatate: Good afternoon, sir. Thank you for the opportunity. Sir, the 40,000 tons Capex lined up for Q1 FY26? Just wanted to know when are you seeing that Capex to get fully operational and also the Gujarat Capex which is in pipeline, what tonnage would be for that CAPEX?

Arvind Nanda: This Capex will come into play by the 1st Quarter of FY26. It is already in production, the building is coming up, the machinery is ordered, so that the two lines coming up in Andhra Phase-2 and in Kichha Phase-3 will be operational in the 1st Quarter. The Gujarat one, we have the land and we start from development. Depending on the order intake, if the order intake carries on as it is today and the pipeline looks good, our plan is to start it after the monsoon this year to go forward to the Gujarat plant, but for production facilities also, I would like to inform everybody that we are also tying up. There are a lot of good companies which are doing production because they have set up very good PEB plants by lot of these companies, I can't name them, they couldn't do the PEB business as such, but they have good plant. So, we have tied up with 2-3 of them to give us the production facilities of their which are world class to work according to our system. So, we are also tying up that, in case you want to do the intake of orders faster and we are getting more orders, so we don't lose them. So, that also we are doing as an outsourcing kind of a model, so we are working on that also, but our own Capex will be these two which we are doing in the 1st Quarter will be operational fully and Gujarat should start in the third quarter of this year of the next financial year.

Tushar Raghatate: I couldn't get the answer. Basically, what I am trying to understand you mentioned in the past like 40,000 tonnage capacity has revenue potential of Rs. 500 crores. My question is like when do you see that Q1 FY26 CAPEX to get fully utilized? That was my question actually?

Arvind Nanda: I think it will get utilized up to about maybe 75% in the next financial year. So, that Rs. 500 crores for adding for this because the 1st Quarter will be a little bit of trial production etc., so 75% in the next financial and 100% in the following financial.

Tushar Raghatate: Next question is on the competitive intensity. So, like as per the material capacity I am considering. So, the Kirby capacity is near to 2,12,000 MTPA and the second competitor comes the EPACK Prefab which has a 1,13,000 MTPA. So, like our capacity will be 2,00,000 MTPA post the CAPEX, so just wanted to know like all have a good revenues and margin more or less similar. But in the case of Kirby, in the working capital, they are working capital negative with Rs. 400 crore of cash. I just wanted to know our headroom to improve our working capital, what are plans into our working capital going forward?

Arvind Nanda: So, our working capital requirements generally have been in the range of 20-25 days. So, it is reasonably good and that is what we have managed to maintain in spite of doing very large projects where the working capital cycle goes a little haywire because of the milestones that these large companies put for payments. We always tend to controlling stock, we do get reasonable credit from even the steel companies by opening LCs or open credit. So, I think that we will be able to hold our working capital cycle to 20-21 days and I don't think that working capital cycle if I am not mistaken doesn't include our cash reserve. I think it is debtors, the customer, advances, suppliers and the stocks. So, that is how we calculate the working capital. So, that is pretty good. And we have cash reserves of even now of nearly Rs. 300 crores. I don't think we take that into the working capital cycle.

Tushar Raghatate: Got it, sir. So, I just wanted to know the recent collaboration with JSW. So, what is the benefit of that? Any discounts we are getting in terms of large chunk orders or what sort of benefit are you seeing due to this collaboration?

Arvind Nanda: The collaboration with Jindal only, but the Naveen Jindal Group. So, it is nothing to do with the steel procurement. JSPL has a separate unit in which they do fabrication of heavy structures, the structure that you see in high rise buildings or data centers or even in the girders, in the metro and the road. So, they have very good facilities to do fabrication, which they had originally set up for their own purposes, to set up their own steel plant, but now, they don't need it fully. We have tied up with them that there was a lot of heavy like pre-engineered building structure even though the buildings can be very large and heavy in terms of weight, but each piece is light. So, therefore what we have done with them is that we have tied up with them that when we get contract like microchip plant or a data center or even one of the lithium battery plants, these have requirements for 20%-30% of their requirements can be what we call heavy structure. So, we are going to use them for the heavier structure production and joint marketing of other building like high rise buildings and data centers and commercial building, malls. There we are going to do joint marketing, joint bidding and our engineering and design strength their production and they also have a good history with their work on a lot of these projects. So, the collaboration is primarily for building, which we are not doing too much today, but we can do because more and more people are shifting to steel buildings for other usages, non-industrial usages. So, that is a tie up with JSPL.

Tushar Raghatate: What would be your average advance which you take from the customer for any big size project which you execute?

Arvind Nanda: Normally, for the bigger project we would take at least 20%. The small medium one can be anything between 10% and 20%. After the advance they have to pay in full before we deliver the material to them, and in the larger projects, the balance steel supply payment would come in on a milestone we would supply, raise the bill and within 15-30 days we would get our payment for the supply of steel. The **s**upply of steel would be fully covered by the time we finish our supplies, advances being 10%-20%.

Tushar Raghatate: All prices are fixed, right?

Arvind Nanda: Sorry.

Tushar Rashatate: So, prices are fixed, right?

Arvind Nanda: Yes, most of the prices are fixed. When there is a longer-term project, we do take variable pricing. So, I think today would be maybe 30%-40% of our projects would have variable pricing if the project stretches over 8-10 months, but since the prices have been stable, more and more clients are insisting that we do not get into the variable pricing, which means a lot of calculations every month to order. And we are also accepting since the steel prices are not really moved too much in the last 8-10 months, but yes, otherwise a lot of our orders today are fixed

Tushar Raghatate: Thank you. That was really helpful. All the best.

Arvind Nanda: Thank you very much.

Moderator: Thank you. Before we take the next question, a reminder to participants that you may press "*" and "1" to join the question queue. The next question is from Rohit Chaberwal from Niveshaay. Please go ahead.

Rohit Chaberwal: Hello, sir. Thank you for taking my question. So, my first question is on export side. So, you said you are building one building per month in the export market. So, I was wondering what kind of margins are we getting from this?

Arvind Nanda: Yes. Well, you see, the margins are not that much different in exports to the local market. But they are a little higher and the payment terms are secured and basically the advantages that it is only a supply job. Engineer design the building and you supply it. There is no further execution and then payments according to a schedule and the payments are all against LC. And also I think it is a different market that we need to get into. See, the margins are a little better than the local market, but not excellent because there is a lot of freight costs. The freight rates have gone up a lot and lot of our export is going to North America. And there the freight, it is adding a lot to the freight cost, but in spite of a little better margin in spite of freight, we are still finding it very competitive. So, we are looking at higher volume from there for simpler buildings and utilize more of our production capacity and execute those orders. But overall, I think the margin is only slightly better. I would not say it is fantastically better.

Rohit Chaberwal: Next one, sir. And sir, my second question is again on the margin side. So, currently we are doing high single digit volume. So, how do you see that in coming quarters or in coming years is 9% or 10% of general margins or are you expecting more or less from that?

Arvind Nanda: They are very sustainable. A lot of the sustainability of the margin in our case depends on the volume of business that we do. So, right now, we are looking at volumes doing well. We have done well in the past 3 quarters as you have seen, they have been rising better than last year and they are better than each past quarter. The order book is good. The pipeline is good and so we do not see any problem right now at least for the next 3-4 quarters in margin sustainability. Better margins, we are always trying. We are using a lot of better technology, making better use of people, trying to get order which have a little better margin because of volume. So, better margin is always an endeavor that I think we can do, but what we are doing presently are certainly sustainable. I don't see any problem in the next few quarters in these margins.

Rohit Chaberwal: Got it. And sir, my next question is on capacity utilization. So, it has been around 35% or so in the last year and last three quarter. So, what is your take on that? Do you see it increasing and if yes, how about how much percentage?

Arvind Nanda: I will let Manish answer that. Manish, can you take that question, please?

Manish Garg: Yes, sir. What is the percentage, sir are you talking about? Which percentage?

Rohit Chaberwal: Capacity utilization, I am talking?

Manish Garg: Capacity utilization, okay. So, I think, sir, our capacity utilization, as I said there is something which we call the installed capacity and then there is utilizable capacity. So, we have what we call the primary capacity that determines how we utilize the overall capacity. So, when we reach, so we are already at about 80% of the capacity utilization in the overall scheme of things and going forward we started adding capacity only when we reached about 80-85% because in our kind of business, the kind of product mix is there. It is not really dependent on the machine capacity determination. It is not really a machine installed capacity. So, going forward, we do feel that we should be able to raise our capacity utilization of already utilizable capacity percentage by at least 3-4% and we should reach to about 90% of the utilizable capacity in next one year.

Rohit Chaberwal: What is the difference of number between utilizable and installed capacity at present?

Manish Garg: That is correct, sir. So, our utilizable capacity in the pre-engineered building business is about 80-85% of the installed capacity. That is the proportion which always gets maintained between installed capacity and the utilizable capacity. So, that is the percentage even today.

Rohit Chaberwal: Got it. And one last question I have. It is in top 10 customer revenue, I was wondering, so you are getting so many big-ticket clients first one Vikram Solar you recently got. So, I was wondering what is the top 10 customers contributing to the total revenue, on quarter-on-quarter and on year-on-year basis?

Manish Garg: I think, sir, I would have to first clarify, and we have done that in the past as well that in our kind of business, our top 10 customers quarter-on-quarter, year-on-year will keep changing. And because we are not an opex item, we are a capex item. So, our top 10 customers would be very different in FY24 than in FY25 than in FY19, but if you were to ask me that whatever the top 10 customers will be, so top 10 customers could be, let us say, for FY25, it will be Reliance, Tata Projects, and let us say 4-5 more, next year it could be Aditya Birla and somebody else. A year before it was Birla Opus and Asian paints and all, so they keep changing every year because we are not an OPEX product, but yes, top 10 customers can give us revenue about 40%-50%.

Rohit Chaberwal: And what about the recurring revenue you are getting?

Manish Garg: Yes, there is no recurring to that extent, sir. There is no recurring revenue because ours is a project business and there is no recurring revenue which is guaranteed from one of our customers, but what we can say is a recurring account. So, for example, Tata as a group will account for a certain amount of business over the years, similar for Reliance and Aditya Birla Group and Pepsi and Coca-Cola. But which year, how much, we can't say, but yes, overall, they are our repeat customers. So, for one year, they may not order anything, but in the second year, they could contribute 15% to my revenue depending on what their CAPEX plans are. So, this is what our business is.

Arvind Nanda: I think only thing I would like to add is that there are some warehousing, “A” grade warehousing companies that we deal with on a consistent basis like Indospace and Welspun, etc., who keep giving us business every year, of course is different warehouses, different regions, but we do deal with them year to year every year, so that we can say something like a consistent business more than anybody else.

Rohit Chaberwal: Got it. And what would the percentage be of the “A” warehousing that you are talking about from the total revenue?

Arvind Nanda: I think what we are showing is infrastructure is primarily that warehousing sector. So, about, say 23%, we have shown that as the warehousing, what we show as infrastructure is primarily the warehousing sector, “A” grade.

Rohit Chaberwal: Yes, got it. Thank you so much. I really appreciate it.

Arvind Nanda: Thank you very much.

Moderator: Thank you. Next question is from Dhiral from Phillip Capital. Please go ahead.

Dhiral: Hello. Yes, good evening, sir. Thanks for the opportunity. Sir, as on 9-month basis, we have grown our revenue around 9-10% on a Y-o-Y basis, but what could be our corresponding volume growth?

Manish Garg: Volume growth on quarter-on-quarter is about 11% to be precise, 10.8%.

Dhiral: And sir, on Y-o-Y basis?

Manish Garg: Y-o-Y basis, I think it is about the similar number, sir. I don't have it in front of me, but that is about, I think again about 9.2% or 10% something of that sort.

Dhiral: And sir, this will be for the Q3 FY25, right? And what will be the corresponding for the 9-month FY25?

Manish Garg: So, I will repeat sir, so that there is no confusion. On a quarter-on-quarter basis, so September 24 quarter to December 24 quarter, it is 11%. It is 11% volume growth. Now, you are talking about the 9 months to the 9 month.

Dhiral: Yes.

Manish Garg: Yes, that also is about the same sir.

Dhiral: 11%?

Manish Garg: Yes.

Dhiral: And sir, what is our current order bid pipeline as on date?

Manish Garg: Order book, we confirmed it is Rs. 1,305 crores of the order book right now.

Dhiral: Order bid pipeline?

Manish Garg: Order bid pipeline, Mr. Nanda did explain. Our pipeline overall is Rs. 4,000 crores, which is distributed into two facets. One is Rs. 2,500 crores of confirmed bids those have been put for the job and Rs. 1,500 crores is, which is under active discussion to be bid. That is how the Rs. 4,000 crores of pipeline is distributed.

Dhiral: And sir lastly, what will be the Capex requirement for the Gujarat plant?

Manish Garg: I think similar, maybe about Rs. 80-Rs. 90 crores.

Dhiral: And we are looking to commence this capacity by Q3 FY26, right, post monsoon?

Manish Garg: Not commence, commence in the sense, commence work on setting up the capacity.

Dhiral: So, maybe this will start, let us say, from next year?

Manish Garg: Yes, this takes time. So, we will commence work probably that time, but yes it will take some time to build that up.

Dhiral: Thank you so much, sir.

Moderator: Thank you. Next question is from Sanjay Parekh from Sohum Asset Managers. Please go ahead.

Sanjay Parekh: Congratulations on fantastic set on numbers and emphasizing on sustainable long-term growth rate and return ratios. Sir, I have a question in the sense that when I see your capacity creation and you also mentioned in the call that the supply is an issue why you are not taking. The order inflow that you would expect, you want to give them, schedule, deliver it on time and hence supply is a challenge is what I get to know. So, do you think that in your Gujarat plant could have been hindsight, could have been earlier and could have let us to better growth or practically, it is not easy to set up plants and what is your sense? That is the first question. The second question is what I am trying to ask is it supply which is constraining you than demand because demand visibility we see quite a lot. And is it also due to conservatism that you did explain when you met? The second question is I have that you had a long-term goal of doubling your turnover in 3-4 years. Now, let us say if you take a base of Rs. 1,400 crores to Rs. 1,450 crores, what comes this year and then you spelt out in 26, you will have a 10%-15% growth rate. Let us take that as well then for you to double in 4 years would be 20% growth in next 3 years. So, do you think that we have the capacity to get there. That is the second question and third of course, you did mention that the operating leverage, generally as you said, the margins are around 10%, but as we scale can we look for a little bit better margins for longer term?

Arvind Nanda: So, your first question is, the thing with pre-engineered building is primarily that it is not just only factory related product, like we mentioned earlier that the first stage of design engineering is very critical in pre-engineered building. So, to have a very good team of pre-engineered building engineers, designers because we can't even quote otherwise, a very good team of sales people based all over the place dealing with various clients. These two are very critical to even be able to deal with the client, to even give them a quotation. So, these two as we call pre-engineered building as a four legged animal, so these are the first two legs which are very critical and these are totally people oriented. Of course, technology is used a lot in the design engineering, but very people oriented. Then comes the plant. The plant is also becoming more and more people oriented because you set up the plant, then you also need the people and train people to do it and then the fourth of course is that we have to set up all these buildings at site, so therefore you need a very good project management as well as the erectors and builders that we outsource to were trained and certified by us. So, all these four legs must move together simultaneously in great coordination, then only can you execute a project properly. So, therefore, while you are right that we could have done the Gujarat one first and then, but we need to work all these four legs together. So, what we are doing is you are 100% right that why should we want to give up an opportunity as we are getting better, we are outsourcing. I mentioned to answer to an earlier question also that we have started looking and confirming book quantities of the production facilities with other companies which are there in the country, very good factories. They couldn't do the PEB business, but they are very good in the factory. So, we have tied up with them to overcome this thing that if we can get more order as we get better in engineering and design and execution, we can increase our orders beyond the capacity of our production also, even if they are not better. So, it can be a hindrance, but the bigger thing is also that the other three legs we have to get into coordination, otherwise we will fall. Just setting up a good factory is not the solution to pre-engineered building, but all the things have to work together. So, we have to be a little cautious. Most pre-engineered building company which have failed in this country and lot of them have failed, very big companies, companies with a lot of money, companies with a very good reputation, all kinds of companies have failed in this. This is a very niche business, and the focus has to be on executing every project very well and making sure that it is fully coordinated. So, that is the first thing. And yes, we have found that land was a major issue, when we want to set up a new plant land was the biggest hurdle that took time. So, we have started booking the land earlier keeping it which we are not doing earlier. So, that is why we went in for production into Kichha because we had spare land there. So, we said, let us put it up there. We had, of course, land in Andhra. We have already booked Gujarat, so we are very well prepared. But we have to be cautious that all the four legs move together, and we are trying to move it faster and faster. Now, your second question was on the question of sustainability of margins, I think.

Sanjay Parekh: Second was the turnover doubling in 3-4 years and 3rd sustainability of margins?

Arvind Nanda: Yes, that we are still aiming for that by 27-28, we are hoping. I think even our next year's objective is to increase the sales by 20% and continue with that 22% per year, so that in the next 3 years or now while 3 years left in the thing that we should achieve more or less the double the figure of our 24 figures. That is still on target. And I think the pipeline exists and I think we are preparing for that. We are very well prepared to achieve that figure. We are not letting anything get in our way of that. Let us hope everything continues to be good. We are trying to add many more types of buildings that we can execute, going to many new areas, many new companies, tie up with JSPL, on the other side we are also tying up with some good engineering companies which already have the experience of building on which we don't have the experience right now like high rise etc., so that their credibility combined with ours and our ability to execute ourselves as well as through JSPL will increase. So, I think all these will come into play in the next 3 years and I think we are pretty confident that we will achieve that figure that we have said in the past that we will achieve. We are well on track and our preparations are going full stream on that. Margin, yes, I think, operational leverage can give us better margins, but it is very difficult to say because at the same time you have to also prepare for higher turnovers and more sales going forward. So, a little bit of expenses also go up. But we feel that operational leverage is a very critical aspect of our company of this business. Because you don't need to double your sales people to double your sales or double your engineering department to double it. Plants, yes it is a production item, so you need to do that. Execution also, you don't need to. So, I think operational leverage will kick in and make it better. We have seen that in the last 4 or 5 years also as turnover increases, the operational leverage has kicked in. But frankly, I would not like to comment anything as to how much it will be, but definitely it should be better.

Sanjay Parekh: Great. No commendable effort, sir. Absolutely agreeing the way you are managing it in terms of your asset turn and EBIT margins and then return ratios of 23-25% is truly commendable. Thank you very much.

Arvind Nanda: Thank. Our whole focus is to run the company well. That has been our focus from the beginning and make sure that you have both customer, relationships, and execute them properly and we feel that all these other things, ratio and profitability margin will follow. So, run the company well and I think other things will come automatically. That is our motto.

Sanjay Parekh: Yes. Thank you, sir. Thank you.

Moderator: Thank you. Before we take the next question, a request to participants to please limit your questions to 2 per participant. The next question is from Richa from Equitymaster. Please go ahead.

Richa: Sir, thank you for the opportunity. Sir, my question is where it comes to right to win a certain contract apart from certain experience that we have with that player is the location of the plant also something that is considered, for example, maybe we have a plant in Gujarat, so it is more feasible to provide or cater to the East nearby as compared to Northeast. And going forward, when you consider setting up plants, would that be a factor? The second question is can you give me an estimate of what kind of capacity we are planning in Gujarat plant and what kind of difference in Capex is there when it comes to a Brownfield versus Greenfield capacity? So, if you could answer these two questions and maybe I will come back in the queue?

Arvind Nanda: In our business, it is very difficult to be near the customer. The customer could be anywhere. We have Tata as a customer and they could be all over. Tata Motors, we have done 4 plants for them all over India. But we find that every time we set up a new plant, once we reach an optimum capacity, it is good to move away because otherwise the shortage of people or the amount of people that you have at one location, or you do get some advantages in terms of rate or logistic cost if you move. But only after the plant has reached an optimum size, it does not make it worthwhile to have 5 plants running all over, and all at half the capacity. So, yes, every time we have reached full capacity, we have moved and that is why the next location is supposed to be Gujarat, and I think it will help us. See in the plant, there is also a psychological part of the location is that people setting up more and more projects in Gujarat, somehow feel happier, even if the cost is not an issue, that our plant is in Gujarat and it will be close by to their project. So, we have Western India, we have two in North, two in the South, I think it is always beneficial in that. I think your second question was about the cost of setting up the plant?

Richa: Yes, what capacity and the Greenfield versus Brownfield estimate of Capex for this capacity?

Arvind Nanda: Yes, see, normally we do not really, a brownfield for us is only that we do it in phases, like Andhra when we bought and we planned, our plan was to do both the phases but one after the other because setting up two phases, you suddenly need 700 people to be working in the plant. So, why invest everything and then run them partly. So, the only brownfield that we are doing now is in Kichha, of course Brownfield plant is much cheaper to do because the land is fully developed. The development has already taken place. The management team doesn't change. That is the biggest advantage in a brownfield plant. So, that is why we have kept two in the North run by the same management team and the new brownfield line also coming up there does not require any new management team. South also, while one is in Andhra, one is in Sriperumbudur, but there was not more than 2 to 2-1/2 hours away. So, the overall senior management team is the same. So, the cost of brownfield is less in that sense and then the Greenfield or Greenfield means total development as well as setting up a new management team. But at some point, you have to go out to a new area. So, the cost is slightly more in running it in the beginning, but once it achieves reasonably full capacity, then I think they are all equal cost in running. So, Gujarat will be the next one, the next Greenfield plant because we feel the location will also be helpful and maybe a lot of development is happening in Gujarat and Maharashtra. It will be a psychological advantage as well.

Richa: And sir, what is the capacity that we are planning in Gujarat?

Arvind Nanda: Most of our plants are similar capacity about 40,000 tons utilizable capacity and about Rs. 500 crores of building sale. So, all the four plants are the same right now. After the Andhra second phase is done, all four plants will be about Rs. 500 crores each and Gujarat will also be about Rs. 500 crores with 40,000 tons of buildings manufactured there.

Richa: And sir, how much time does it take, if I got it right, you are planning to start production commencing setting up this plant in 1st Quarter of FY26, right? Or is it third?

Arvind Nanda: Normally, it takes about 9 months. So, if you start in September, sometime by 1st Quarter, May-June next year, June-July, we should be able to have it in production.

Moderator: Thank you. A reminder to participants to please limit your questions to two per participant. The next question is from Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Namaskar, sir and thank you for this opportunity. Firstly, sir, what is our current working capital requirement to run with an order book of Rs. 1,300 crores and the bid pipeline which you have spoken?

Arvind Nanda: Manish.

Manish Garg: So, right now, sir, we are operating at about 28 days and our requirement is going to be approximately 30 days of working capital, sir, 30 days of the sales will be our networking capital requirement.

Saket Kapoor: So, as you said that you will be completing this into 9 months, so in absolute numbers, what is the working capital?

Manish Garg: Absolute number will be Rs. 150 crores sir. Because Rs. 150 crores x9 is going to be that number and about a month of networking capital you need, so about Rs. 150 crores.

Saket Kapoor: And sir, currently what is our fixed cost per month or quarterly number?

Manish Garg: Approximately about 10%, sir.

Saket Kapoor: 10% of our sales?

Manish Garg: Yes.

Saket Kapoor: Sales would be a variable number, so I was just looking at the fixed cost to run the company on a consistent basis?

Manish Garg: So, sir, actually what happens is that there are certain proportions of the fixed costs which are not really fixed which will go up slightly as the turnover goes up. I would say that it used to be about 10%, they dropped about 9.2%, so going forward, if the turnover increases more than that, then your fixed cost as a percentage could be slightly lower because of the operating leverage. Right now, there are about 9.2%.

Arvind Nanda: I think if we look at a figure I would probably about Rs. 12-13 crores a month.

Saket Kapoor: Rs. 1213 crores a month. And lastly, sir, in the utilization of the IPO proceeds, we have mentioned about upgradation of our manufacturing facility at Tamil Nadu and Pantnagar that is to the tune of around Rs. 20 crores. So, if you could just elaborate what kind of upgradation are we seeking and what kind of benefits we would be deriving post the same and when will that be on stream?

Manish Garg: Both of them, sir, right now, are underway at Pantnagar as well as at Tamil Nadu. So, at Pantnagar, the upgradation actually consisted of setting up an automated short blasting line, adding a few new cranes and adding some new machinery for cutting and bending, which gives us the efficiency of operations and more sustainable environment inside the plant. So, they were like line balancing equipment. So, there will certainly give us far better productivity norms at those plants and similar investments were planned in Tamil Nadu also with short blasting and a few new machines to balance the lines for upgradation.

Saket Kapoor: And when will this be commissioned, sir?

Manish Garg: This should be commissioned by end of this quarter, sir. Quarter 4 of this year, they are underway right now.

Saket Kapoor: And the efficiency in percentage terms, if you could just elaborate or?

Manish Garg: I would say, sir, they are more like they are more like line balancing equipments. Frankly, these are not really I should say going to add capacity or something, but I would say that they can increase 2-3% efficiency inside the plant.

Arvind Nanda: And also I think there is a lot of improvement in quality and the customer change or requirements for their quality standards is becoming higher and higher. So, I think more automation is going to be useful going forward. And I think productivity increase we are also looking at the amount of skilled people, highly skilled people required for our industry sometimes are not that easily available. So, utilize the existing people to produce more in terms of whether it is 2-3% or if we are setting up new lines, how to utilize those people in the new lines by having lesser people in each line. So, we are looking at productivity and automation on all these aspects, quality, faster production, more production per person because while we are expanding, it helps us to have less people per line. Let us say, about 150 people for production line, if I can reduce it to 140 and put my extra people in the new line, overall per person production also goes up. So, we are looking at all different angles because I think people are also going to be a major issue going forward. We are taking many steps to improve the quality, improve the people, have training, have more people taken up at fresher levels. But I think highly skilled people will always have a shortage going forward. So, looking at all these aspects, automation, more productivity, better quality, so we have to take consideration of all of them, when we do these kind of upgradations.

Moderator: Thank you. Participants are requested to please limit your questions to 2 per participant. Next question is from Prateek Bhandari from AART Ventures. Please go ahead.

Prateek Bhandari: Yes. Hi, sir. Thanks for the opportunity. Can you tell me the average order value?

Manish Garg: Average order value. Our average order value right now is Rs. 12 crores.

Prateek Bhandari: Rs. 12 crores, considering the fact that we have bagged some big orders?

Manish Garg: Yes, sir. The fact of the matter is that 3 years ago it used to be Rs. 4 crores. It moved up to Rs. 6.5 crores to Rs. 9 crores and now it is Rs. 12 crores. So, because of the fact that we are getting much larger orders than what we used to get earlier, the average order size has moved from Rs. 4 crores to Rs. 12 crores, which is three times in last 3 year and that is really the result of the bigger orders that we get which are Rs. 50 crores plus kind of orders that we just explained to you sir. So, Rs. 12 crores is a result of getting many big orders as well, sir.

Arvind Nanda: See in pre-engineered building, another thing I would like to point out is that the small and medium orders in numbers are very critical because they are the biggest beneficiaries of pre-engineered building. The large buildings use it for different reasons, but the smaller and medium ones are your ideal clients and that stands that they don't really need to sometimes even go and get an architect or a consultant. They just come to a pre-engineered building company; their orders are maybe Rs. 2 crores to Rs. 10 crores and they are the biggest beneficiary, but they are just outsourcing everything to a company like us and getting the product, getting the factory built and getting it. So, that will always be a very important bread and butter for any pre-engineered building company. The larger order adds to the value when you want to grow faster, then yes. Naturally, if I have hundred small orders contributing say about Rs. 600-700 crores, I will need 15 big orders to contribute Rs. 60-70 crores to reach Rs. 1,600-Rs. 1,700 crores. The number it seems a little odd, but that is the basic bread and butter of a pre-engineered building industry. And we are always seriously concentrating on that also. And also big orders are a hit and miss thing, I would be bidding for 10, sometimes I could get 2, sometimes I could get 5. But small order is a continuous effort of our sales teams all over the country. We have got over 70-80 sales people to set up in over 20-25 location, so they are always looking for the small and medium order in new industrial areas, among new factories coming up, 10,000, 20,000, 30,000 square meter buildings which may not sound very important or sound very impressive by name, but they are really the base and bread butter of most of the pre-engineered building companies. So, it is critical to have that.

Prateek Bhandari: Got it. Also, can you tell me as to where you are anticipating to close your order book at by year end?

Arvind Nanda: Right now, like I said, our order book is pretty limited and connected to our own capacities to execute because the order periods are getting shorter and shorter by the client. It used to like last year, average large order could be finished in 10-11 months or 12 months and the customer was happy. Now, suddenly it has become 8-9 months for most of the large orders. So, we have to see what our capacity is. So, I don't see much change, maybe from March onwards it might start picking up, the order book because we will have increased capacity coming in place in April and May.

Prateek Bhandari: And my last question is on the guidance for FY26, both in terms of the revenue growth in the margins?

Manish Garg: Yes, FY26?

Prateek Bhandari: Yes, guidance for FY26, both in terms of the revenue growth and the margins?

Manish Garg: I think Mr. Nanda had already mentioned about 15% during this call itself in the topline and margins being similar.

Prateek Bhandari: Margins should be in the same range?

Manish Garg: Yes, margin should be in the same range.

Prateek Bhandari: So, considering the fact that even if we grow with a run rate of 15% from FY26, the long-term target that we set for ourselves to develop our revenue in the next 4 years seem to be unlikely?

Manish Garg: So, I think, sir we did provide a clarification to that that now that we are building capacity which we explained to you at Kichha and Andhra and then going forward. All these capacities once they come on stream and we utilize them fully, our growth going forward in the years after FY26 could be greater than 15% to be able to achieve that doubling the turnover in four years as we had said, so it could also be 20-25% in those year.

Prateek Bhandari: Got it. Maybe because of the operating leverage kicking in?

Manish Garg: Yes, mainly because of the operating leverage and the new capacities coming on stream.

Arvind Nanda: And I think we should be able to, I think by next quarterly call we will have better figures. I think we should be able to achieve higher than 15% in the coming year also. That is my estimate with all these capacities coming in, but I think we will have a better idea by the next investor call that we I think if you grow 20% next year then that would be better.

Prateek Bhandari: Got it. Thanks a lot sir.

Moderator: Thank you. Next question is from Krupanshu Shah from Thinqwise Wealth. Please go ahead.

Krupanshu Shah: Because of our limited capacity, I just wanted to understand if we are losing some of the orders to say, Kirby and if you could comment on the capacity utilization as well? That was one. Secondly, I just wanted to understand the gross margin movement sequentially. Now, implied realization growth is 2-3%, but our gross margins have fallen. I would have assumed that larger projects got executed, so could you please explain that? And do we have any commercial arrangements with JSPL, the tie up that we have done? And lastly, sir, on employee cost, basically, what is the steady-state quarterly run rate that we are seeing now that we have new plants coming up, do we envisage hiring more senior designers and engineers? Thanks.

Arvind Nanda: See in the losing of orders in terms of capacity, this thing I mentioned even to an answer to an earlier question that we have to move our capacity on all the four areas that we work in, which is design engineering, sales, production and execution at buildings. So, yes, we could always be losing orders because we can't move fast enough. We have to move all the four parts of the company equally fast. So, we can't just move fast in production and putting up factories and not having better design engineering or sales outreach to be able to execute those orders at the site also. So, I think we are moving pretty fast in the sense that three years ago, we were only doing say less than half the turnover that we are planning for this year. So, doubling the turnover already in three years is pretty much faster than what we were doing earlier. And we are very much on track to achieve our targeted turnover by 27-28 as we have mentioned earlier. So, we are well on track with that. I don't know whether we will move faster than that or not. It depends on how much push we get from the customers also because we are also not only looking at internally organically growing very fast, but we have started tying up with companies outside of our unorganic growth as I would call companies which have production facilities very well and they are only ready to do job work for us. Engineering companies, which have the capacity to do work like what we want, but at a cost can be outsource it. So, we are fixing of all these angles so that we can grow faster, but we can't just put our new plants and grow faster. That doesn't make any sense in our business. All the four legs have to grow equally fast. So, I don't think we will let our any business go, but we as a company have to be capable of executing all these projects. Otherwise, most of the companies have closed in this business because they took up more business than they could or they thought that they could do and they close because they couldn't deliver on time, they did bad engineering, quality of the product became bad, customer started imposing penalties on them, or most of them didn't get paid at the end of the day and they closed down. So, pre-engineered building is a bit like making a car. You can't just make one item more and say I have made a car. So, you have to get everything together and in the end you have to have a very satisfied or delighted customer because they are the people who want to keep coming back to you and keep recommending you to other people. It is a little bit of a more niche business than just a factory, but we are on it and like I said, I mean this is the target that we have today. We might change our mind by the end of the year or early next year, seeing how things are. If last year you had asked me at the same time, I wouldn't have given you the targets that I am giving now. Our confidence level and our ability to do has grown in the last one year, enormously and we are working on it very hard to make it grow faster and faster. The other question Manish, can you just take them?

Manish Garg: Yes, sir. Could you please repeat the other question, sir that you wanted?

Krupanshu Shah: Yes, sequentially the gross margins have fallen, and I think the realizations have increased. So, I thought the product mix has queued towards larger projects. So, I would have assumed that gross margins would increase. So, what was the reason for the gross margin decline sequentially, one? Second, employee cost steady-state run rate quarterly because your capacity is increasing. So, are we going to hire more senior level engineers and lastly, the commercial arrangement with JSPL, if any?

Manish Garg: So, sir, gross margins sequentially, I would request you to please recheck. I think they have not fallen. They have actually grown. So, I would request you to please recheck the number.

Anil Chandani: Sorry to interrupt. Gross margin have actually improved by 100 basis points sequentially as well as Y-o-Y.

Manish Garg: Correct. Gross margins actually have improved, sir. So, that is your question. In terms of commercial arrangement with JSPL, there is no commercial arrangement as such. This is an arrangement to utilize both the parties expertise in taking the steel uses to the next level for a certain kind of buildings which are right now not really very popular in steel like high rise and data centers and heavy steel structures wherein JSPL will contribute with their manufacturing expertise of the heavy members and Interarch contributes with their market reach, the deep penetration it has in the field, engineering as well as the erection part of it and the other facets, other particular building members that comes into this. There is no commercial arrangement, I said. This is a cooperation arrangement to take the buildings to the next level, steel building users to the next level, sir, and there is nothing to do with the commodity purchase from JSPL.

Krupanshu Shah: Right. And the employee cost, please?

Manish Garg: Sorry?

Krupanshu Shah: Employee cost.

Manish Garg: So, employee costs are actually we had explained earlier. In our kind of business before we actually, so actually you saw that in FY24, our overall cost of employees had actually increased significantly because in our kind of business, the employees have to be, be it engineering, project, they have to be beefed up. That thing has to proceed the actual manufacturing capacity. So, as we build capacity in our other plants also, you would see that going up in the proportion which is a little lesser than our turnovers, but yes, they will increase to that extent because we are building capacity for doubling the turnover, as we said 3-4 years down the line and people are very critical to it. So, this is an ongoing process, but you may not see the blip that you saw a year ago.

Arvind Nanda: And also, I think I would like to add that we are going in for a lot more technology use and automation going forward so that the employee cost should not go up as much as it was going up earlier, not only because it is not very easy to get good trained skilled employees is getting more and more difficult. So, we are concentrating a lot on that as well to make them more productive.

Krupanshu Shah: Thank you so much, sir. Thank you.

Moderator: Thank you very much. Due to time constraints, we will have to take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Arvind Nanda: Thank you very much everybody for joining this call and taking out the time. I hope we were able to answer your question satisfactorily and through SGA or Ambit, you can always reach out to us. If you have any queries, you want any individual calls, any more time from us, we are very open, we are very happy to explain our company, our business, our figures to everybody as a very transparent way. So, please reach out to us at any time you want. We are very available to you for this. Again, thank you very much and all the best to all of you too. Thank you.

Moderator: Thank you very much. On behalf of Ambit Capital, that concludes the conference. Thank you for joining us, ladies and gentlemen, you may now disconnect your lines.