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BSE Scrip Code: 534600	**NSE Scrip Code: JTLIND**	**MSEI Symbol: JTLIND**

REG: TRANSCRIPT OF EARNINGS CONFERENCE CALL FOR UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31ST DECEMBER, 2024

Dear Sir/Ma'am,

This is further to our intimation regarding Conference Call for Analysts/Investors with respect to the Un-audited Financial Results of the Company for the Quarter/Nine months ended 31st December, 2024.

The transcript of the conference call held on 28th January, 2025 with investors/analysts to discuss the Company's Q3FY25 financial results is enclosed herewith.

Kindly take note of the same.

Yours Sincerely
For JTL Industries Limited

DHRUV SINGLA

Digitally signed by DHRUV SINGLA
Date: 2025.02.03 12:49:43 +05'30'

Dhruv Singla
Director
DIN: 02837754

"JTL Industries Limited Q3 FY '25 Earnings Conference Call"

January 28, 2025

MANAGEMENT: **MR. PRANAV SINGLA – EXECUTIVE DIRECTOR**

MR. DHRUV SINGLA – EXECUTIVE DIRECTOR

MR. ATUL GARG – CHIEF FINANCIAL OFFICER

MR. AMIT GAUR – CHIEF STRATEGY OFFICER

MODERATOR: **MR. DHARMESH SHAH – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of JTL Industries Limited, hosted by JM Financials.

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

I now hand the conference over to Mr. Dharmesh Shah from JM Financials. Thank you, and over to you, Mr. Shah.

Dharmesh Shah: Thank you. Good evening, everyone. I warmly welcome everybody to JTL Industries' Quarter 3 Earnings Conference Call.

On the management side, today we have with us Mr. Pranav Singla – Executive Director; Mr. Dhruv Singla – Executive Director; Mr. Atul Garg – CFO; and Mr. Amit Gaur – Chief Strategy Officer.

Without taking any more time, I will hand over the call to Mr. Pranav Singla for his opening remarks. Over to you, sir.

Dhruv Singla: Hi. Good evening, everybody. Dear all, good evening, everybody. I hope you and your families are having a wonderful start to the year. I, Dhruv Singla – Executive Director of JTL Industries, and I am delighted to welcome you to our Financial Year Q3 and nine-months earnings call.

Joining me today are Mr. Pranav Singla – Executive Director; Mr. Atul Garg – Chief Financial Officer; and Mr. Amit Gaur – Chief Strategy Officer at JTL. It's great to have you all here as we share our "Performance Highlights and Updates" on "Key Strategic Initiatives".

For those new to JTL Industries, let me briefly introduce our journey:

With over three decades of experience, JTL has grown into a trusted leader in steel tube manufacturing. Our diverse products portfolio includes ERW black steel tubes, galvanized pipes, larger diameter steel tubes, solar structures, and hollow sections. With five advanced manufacturing facilities strategically located across India, we deliver high-quality value-added products that meet the evolving needs of our customers. Our acquisition of Nabha Steel has further solidified our operational capabilities and market presence. And now I will give you a brief about our performance highlights.

Let's dive into our Q3 Financial Year Performance:

This quarter, we achieved a total income of Rs. 4,535 million. Our EBITDA stood at Rs. 351 million, translating to EBITDA margin of 7.78%. We also reported a profit after tax of Rs. 249

million with a PAT margin of 5.5%. Our nine-months performance has been encouraging despite market challenges. We achieved a total income of Rs. 14,604 million for nine-months financial year '25. EBITDA for the period stood at Rs. 1,046 million, with EBITDA margin of 7.24%. Profit after tax came to Rs. 820 million, resulting in a PAT margin of 5.61%.

Sales volume for the quarter were 97,488 metric tons, underscoring our ability to cater to strong market demand. Value-added products contributed 21% of the sales mix, aligning with a focus on higher margin offerings. Export volumes doubled year-over-year, reaching 26,859 metric tonnes for nine-months, which now represent 10% of our total sales, compared to 5% in the previous year.

Our nine-months performance has also remarkable. We achieved the highest ever volumes for this period at 297,000 tonnes, a growth of 14.3% year-on-year. Value-added products accounted for 24% of the nine-months sales mix, significantly enhancing revenue contribution. Nabha Steel contributed 33,277 metric tonnes to our year-to-date volumes, emphasizing its role in our growth strategy.

Some other Key Developments during the quarter.:

Jal Jeevan Mission contract: During this quarter, JTL secured a Rs. 265 crores order as a L1 bidder for supplying 36,000 metric tonnes of galvanized mild steel tubes for Jal Jeevan Mission in Jammu. This highlights our ability to deliver high-quality value-added products, while contributing to critical national infrastructure projects.

Raipur Plant Expansion:

As shared during the last earnings call, the expanded Raipur facility is performing as planned, with its capacity doubled to 2 lakh metric tonnes per annum. The facility now offers larger tubes and pipes, 4 inches to 8 inches, and 200 new SKUs with 50% of the capacity dedicated to value-added products, further supporting our goal of reaching 1 million metric tonnes by the end of year.

Mangaon DFT Line Installation:

JTL is in the process of implementing a Direct Forming Technology, reflecting Company's commitment to innovation and profitability. DFT will enable the direct production of square and rectangular sections from HR coils. The innovation streamlines production, reduces waste, and expands the range of high-value products with great precision. DFT positions JTL as market leader, enhancing its ability to meet diverse customer needs. This is expected to open up new opportunities in the export market and allow the Company to penetrate into the newer markets for structural applications in multi-storied buildings.

Looking Ahead:

We remain optimistic about the demand for the structural steel driven by sustained infrastructure investments and strong project activity across key sectors. Our strategic positioning across primary and secondary markets provides the flexibility to adapt to varying demand conditions. This adaptability ensures stability and positions us for consistent growth.

In closing:

I want to reaffirm our commitment to delivering value to operational excellence and strategic expansion.

Great. Thank you for all of you to joining us today. I now open the floor for your questions.

Moderator: Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Aditya Walekar from Axis Securities. Please go ahead.

Aditya Walekar: Thank you for this opportunity. My question is with regard to the sales volume. So, we had a guidance of Rs. 4.4 lakhs of sales volume for FY '25. So, with this nine-months, it implies that the 4th Quarter run rate will be quite high. So, any color on that, how the 4th Quarter sales volume will be?

Pranav Singla: Thanks, Aditya, for your question. Basically, what happened was in a situation since the past three quarters, the CAPEX that was planned, the DFT which is planned to start in Quarter 3 got pushed to Quarter 4. Because of that late execution, the sales volume that we get had to be --

Moderator: I am sorry to interrupt, sir, your voice is breaking right now.

Pranav Singla: Hello?

Moderator: Yes, sir. Please continue.

Pranav Singla: So, Aditya ji, the sales volume that we had to achieve in Quarter 3 was under the performance because –

Moderator: I am sorry to interrupt you, sir, we are losing your audio actually for some reason. Sir, would you like me to connect you again?

Dhruv Singla: Yes, Aditya ji, I would continue from there. Yes, so what Pranav was continuing to say is that since our DFT expansion got delayed a little, and we were supposed to start in the third quarter but it delayed further to the 4th Quarter and will be soon starting it. Yes, its correct to say that our 4th Quarter run rate shall be a little higher than the third quarter. We've been maintaining a steady rate of about, say, 1 lakh tonne of volume per quarter. And going forward, we are poised to achieve, say, 1,25,000 tonnes to 1,35,000 tonnes in the 4th Quarter and maintain the guidance, near to the guidance that we had given earlier at the starting of the year.

Aditya Walekar: And also, if you can just elaborate on this revenue coming from Nabha Steel. So, is it reflected in other income? And if I see, because other income has also fallen in this quarter. So, from the total sales of --

Dhruv Singla: Yes. Right now, Aditya ji, we have only shown the quantity inclusive of Nabha Steel, but there is no revenue that is showed in JTL of Nabha.

Aditya Walekar: So, where it is reflecting in our income statement, is it coming in the cost and in the cost lines?

Dhruv Singla: Yes.

Dhruv Singla: As a profit share, we have a 67% holding in Nabha. So, we have the other income showed in the income, it is shown in other income.

Aditya Walekar: Yes. So, Nabha's volumes are reflecting in other income, you mean, right?

Dhruv Singla: The volumes are reflecting the entire volumes, but the share of profit is reflecting in the other income.

Aditya Walekar: Second question is, any color on our expansion plans, what is the current capacity? And any color on our next phase of expansion of 2 million tonnes?

Dhruv Singla: Yes. So, by the end of this year, we will be reaching 1 million tonnes of capacity by the installation of DFT. At the starting of this year, we stood at 6,86,000 tonnes. In the third quarter, we went live with 1 lakh tonnes of production in our Raipur plant. And the 14,000 tonnes balance in Mandi Gobindgarh will also come by this end year. So, and another 2 lakh tonnes will come by the DFT line in Mangaon. So, we will be at 1 million tonnes of installed capacity at the end of this financial year. Going forward, in the next two years, we will be up and running with the next million tonnes. It is coming up in phases in Maharashtra plant at a single location, which we will be up and running in various phases. So, the H1 the next year, would see, say, about 50,000 tonnes of capacity being installed, and you can safely say that by every half a year, similar capacity will be installed in the next two years to complete our total expansion of 1 million tonnes.

Aditya Walekar: Okay. Thanks. I have a few more questions, but I will get back in the queue.

Moderator: Thank you. The next question is from the line of Aman Soni from Nvest Analytics Advisory LLP. Please go ahead.

Aman Soni: Sir my first question is, can you provide your perspective on the recovery trajectory for steel-pricing in Q4, along with the insight on the recovery of requirement, expenditure, and infrastructure development during the similar period?

Dhruv Singla: Yes. Hi, Aman ji, how are you? See, so the Q4, we have seen a considerable step from the government regarding the safeguard duty, which, when implemented, we are awaiting the decision in the budget or soon after. When implemented, we shall see a considerable rise in the prices of steel, so to say, which will entail that the cheap incoming material will not be available to the Indian market. This has certain demand implications in the next quarter, wherein there is a short supply of material, and material being supplied would be, say, of higher value. So, from here, it's very critical to see how the government performs while putting up a safeguard duty and going for price hike for the Indian mills. And simultaneously, we are banging big on the budget, which is soon to be announced, on the newer projects that will come and entail for this year ending, and also the next financial year. So, all-in-all, we are riding on the horse of the growth story of India, and we are very poised for the development, and going forward also, we are very optimistic about the growth of the Indian infrastructure.

Aman Soni: Sir, is there any indication of potential reduction in the government CAPEX for infrastructure in this budget?

Dhruv Singla: So, we are only hearing good news about expansion in budget, but not the reduction. So, but it's hard for me to guess here what is going to happen.

Moderator: Thank you. We will take the next question from the line of Vikas Singh from Philip Capital. Please go ahead.

Vikas Singh: Sir, just wanted to understand once we have this 1 million tonne capacity in FY '25 and after DFT completion, how is the value added versus the general product mix would be plus the secondary versus primary mix? At the end of FY '25 further?

Dhruv Singla: Yes. So, at a capacity of say 686,000 tonnes, we were roughly at a capacity of 3 lakh tonnes for the secondary and the balance for the primary. By the end of the 1 million tonnes we are not expanding in our secondary market, we are only expanding in the primary market since we are increasing our value offering and size offerings. So, by the end of it, it will be I would say 70% of primary and 30% of secondary.

To answer your next part of the question of value addition we shall be at the current capacity. We are at about 24% of value-added products with DFT, which is by inception only a value-added product. So, we are targeting about say 40% to 45% of value addition in the next financial year. As our KT offering and for when we move towards 2 million tonnes of capacity with our other products, we will be targeting value added in a ratio of about 55% to 60%. So, that is what our long-term targets and short-term targets are for the value addition.

Vikas Singh: So, from next year, will we see the value addition improvement effect on the EBITDA coming forward?

Vikas Singh: And just secondly the new product which you are targeting up to 355, 350, how is the competition in that space and interest wanted to gauge your confidence on whether you would be able to sell the entire quantity on will?

Dhruv Singla: Yes. So, see, we have installed this production line in our Mangaon unit which is in Maharashtra. We would be the only one in that area producing it. So, we are next to the port. There is a very good demand from the export market for these products of structural steel, wherein this has already been implemented in abroad for a number of years. See, a section of 350-350, we would essentially be the third one in India after APL Apollo and JSTL to implement this size. So, not a lot of competition in this area here. And so, we are very confident in this and also with our installation and process and people knowing that we are installing this, we already have a lot of interest going around. We are just waiting for our cold trials to happen for us to offer this material in the market at our own will. So, that is what we are waiting for at the moment.

Vikas Singh: Sir, one more question regarding what is our cash position right now? And given our two years of CAPEX plan, how should we see this cash moving or the overall the net cash or net debt position we would have by FY '26 or FY '27, as per your internal estimates?

Dhruv Singla: Yes. So, we are currently at zero debt position and going forward as well, we are well equipped with the recent QIP and the promoter infusion that we have done for the expansion, the capital expansion that we have done and for the working capital that is needed. We might, going forward, only need certain working capital which our bankers are already behind us to take it forward. But, apart from that, there would be no long-term debts the Company intends to take. So, in the last decades, we have been debt-free. We intend to be debt-free for the next coming years as well. So, we are not taking any long-term debts, and we have a good cash position. We have a good internal accrual for financing our both, working capital needs and capital needs.

Vikas Singh: And sir, just one last question. In Nabha's case, next year volume target and when we are actually basically merging it with the listed entity, if you could give us some idea about that?

Dhruv Singla: We are in process of merging it. We shall be completing the merger. It would not be a merger, so to say, so since we have 67% share, we can only right now Nabha is a partnership firm. So, we are converting it into a subsidiary, and it will be a subsidiary --

Vikas Singh: Yes. Basically, the conciliated account--

Dhruv Singla: Yes. So, our target is to get the consolidated accounts by the end of this year and portray them in the financial results of the Company by the end of the year.

Pranav Singla: We mean the same financial year; it will happen in this quarter itself.

Moderator: Thank you. The next question is from the line of Sneha Talreja from Nuvama. Please go ahead.

Sneha Talreja: I just wanted to get an update. You just mentioned that you are looking at DFT in this particular quarter itself. With DFT coming in and the kind of value-added mix that you've already shared on the call, where do we see our EBITDA pattern going?

Dhruv Singla: Hi, Sneha. How are you? Here with DFT expansion, we, like I said, we have had a good interest in the current projects that are ongoing and since it's going to be a value-added product from day one, it solely depends upon the volumes, how we go forward. But yes, we would see a uptick of about, say, easy to say, since we will be 20% of our capacity in DFT, it will be easier to say that a Rs. 200 to Rs. 250 upticks in the EBITDA level is achievable from there. So, but it will be more viable to portray it once we are up and running and we see how commercialized we can get it going. Since it's a specialized grade product, we do have a good interest at the moment. And going forward also with the incoming of all the infrastructure projects such as railways, airports, multi-storied buildings, we do not see this product being replaced by anything else.

Sneha Talreja: I understand that, but this 200 to 250 per tonne is from which level are you talking about? The reason I am asking is this quarter also we have seen margins to be subdued. Is there any specific one-off or is it just because it's operating de-leveraged that we are seeing? And some price, kind of price pressure which is continuing on the channel side?

Dhruv Singla: See, in the entire year, we have seen prices going down and the realizations also suffering. That's the reason there's a lot of de-stocking that has happened and also the prices from a level of HR coils at about Rs. 52, Rs. 53. We saw a bottom of about Rs. 46. So, therein, a lot of channel de-stocking has happened, a lot of de-stocking from our end has happened. So, there has been a EBITDA level sub-duration there as well, because of those challenges. And however, we have been able to maintain our volumes by the end of the day, but we would have liked to grow it further. So, here are some challenges that are there, but with these value-added products that we are going to offer, we believe that we are going to expand our EBITDAs therein. So, that's the reason I am saying that from a level of, a healthy level of about 4,400, 4,500, we can see uptick of Rs. 250, Rs. 300 therein. Right now, with these levels at 3,800-4,000 are a subdued level of the year of price correction, I would say.

Moderator: Thank you. The next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: Just a question on whether we still offer any discounts this quarter, because of the de-stocking happening in like last quarter?

Dhruv Singla: See, there are normal discounts of, cash discounts that are happening in the market, but we do not offer a lot of discounts per se. Again, since we are offering materials at different fronts, be it government, be it dealer, dealer channels, OEMs, exports, so when you see our data, in the nine-months, we have doubled our exports, wherein the challenges were there. However, we do have to offer the material at the current prices of HR coils. So, if discount in that manner have to be offered on the part of inventory which is unsold, so to say, but not to push the material thereafter.

So, what has happened in the recent months is that even after, since the material was available in good quantities, no amount of discount would push the material because the demand itself was a little subdued.

Pallav Agarwal: And sir, we have, like any imports of HRC were there this quarter or now since prices are more at par with import parity, we will not probably see any more HRC imports unless it's for export purpose?

Dhruv Singla: The newer HRC imports have been stopped happening due to the ongoing rumor off of the duty coming in, the safeguard duty coming in. But in the last nine-months, there has been a good imports of HR coils from all the players in the market, including AMNS, JSW, all of them. So, but now, since the duty is there, we do not see any newer imports happening. But that doesn't stop us, as I have mentioned earlier quite a few many times, that we have the possibility to import for the purpose of re-export. So, as and when the market is correct and the prices abroad are cheaper, we can import for the purpose of re-export without any safeguard implications or without any duty implications. So, that benefit will always remain with an exporter Company.

Pallav Agarwal: Sure. Sir just also on, if I heard right, so we are probably targeting about 100,000 tonnes to 130,000 tonnes of volume in this last quarter. So, does that mean that, this year, I think, since our nine-months, excluding Nabha is about 260,000 tonnes. So, probably FY '25, if I add 100,000 tonnes, so, would we end up somewhere at about 360,000 tonnes or 380,000 tonnes for FY '25.

Dhruv Singla: You mean, excluding Nabha?

Pallav Agarwal: Yes, excluding Nabha. Because Nabha, I think, would be more of a, backward integration.

Dhruv Singla: In Nabha, we are ourselves not currently consuming those products, but we are offering those products on the market, wherein those products are actually applicable. So, to answer your question, keeping Nabha aside, we are targeting, say, another minimum lakh tonnes production in JTL and a level of about 380,000 tonnes would be what we will be achieving in JTL plus the Nabha volume of another 20,000 tonnes to 25,000 tonnes. So, a level of about 130,000 tonnes on a consolidated basis is our target in the next quarter.

Moderator: Thank you. The next question is from the line of Harsh Vasa from SBI Securities. Please go ahead.

Harsh Vasa: Sir, actually one of my questions is already answered. One question I had is like, sir, any guidance on EBITDA per tonne for the next year?

Dhruv Singla: Yes. Hi, Harsh ji, how are you? Yes, see EBITDA per tonne, in the last year, we have maintained a good EBITDA, but tonne of about 5,000 levels. This year, due to the consistent correction in prices, we have seen it coming below 4,000 as well. So, it all depends upon how the market is performing, though. Our target always remains to have a healthy EBITDA level of about 7% to 8%. And with the coming of DFT, we are targeting it to be close to getting to double digits. So, that is what guidance I can give you, but it's very hard to put a number to that guidance at the moment.

Moderator: Thank you. The next question is from the line of Yatharth Saxena, an individual investor. Please go ahead.

Yatharth Saxena: So, I have a question. Like, the revenue of Rs. 450-odd crores on a console basis, so how much you are making from the Nabha Steel and how much you are making from the tube business? Because if I will be taking the EBITDA per tonne, so this is Rs. 4,000 crores, which is a inclusive of Nabha Steel revenue and EBITDA. So, can I have the breakup on both the upfronts?

Dhruv Singla: Please come again in the question, Yatharth ji. I missed out some parts of it.

Yatharth Saxena: So, I am saying, can I have the margins for Nabha and tube business individually?

Dhruv Singla: At the moment, we are not able to give you the margin separately. And in both of them, we are able to consolidate and provide it to you at the other end of the line. So, only the share of our profit in Nabha Steel is what we are showing in the other incomes, as we mentioned earlier. So, the other thing that we, that you are mentioning, we are not at the liberty to give you out at the moment. And as soon as we are able to convert it into a limited Company and get it consolidated under JTL in a proper manner, we will be able to put out more data in front of you for that.

Moderator: Thank you. The next question is from the line of Bhavin Pande from Athena Investments. Please go ahead.

Bhavin Pande: So, we could see there's some sequential decline in other expenses and employed benefit expenses, so what led to that decline?

Pranav Singla: Basically, our other expenses in the previous quarters were constituting to our QIP expenses which happened last quarter and this quarter, there is no expense as such. So, one of the biggest leaders of leading expenses was that which is gone now.

Bhavin Pande: On the employer side, for Q1, there is some marginal decline.

Pranav Singla: It would be marginal.

Bhavin Pande: And of course, we all know that building materials service space has not done well recently, so how is the demand outlook now? Are we seeing some green shoots?

Dhruv Singla: There is good demand outlook in the 4th Quarter. See everybody is wanting to say revisit their strategies in the 4th Quarter and this new duty implication would mean that the looming problem of price decline from the incoming material from abroad or dumping material from abroad has gone away. So, we are optimistic that from this coming month of February, the prices are going to be a little bit on the upward side. If not declining, they will be stable. So, a stability in the market would entail that there would be good demand going forward and a lot of projects need to be completed before the end of the budget. So, we are anticipating a good third quarter and that's what we have experienced in the first month as well. So, and the targets of that we have mentioned will be easily achieving that and starting to take it further.

So, yes, going forward if you talk about next year we are waiting for the budget and with the other offerings that we would be coming up with in the newer expansions, we will not be or will be having bigger offerings to provide to the market to expand our footprint. So, we are not worried about expanding our capacity thereof or volume thereof.

Bhavin Pande: And when we look at the price difference between primary and secondary steel, there has been significant compression. So, is our primary product offering seeing traction on account of this surprising difference reducing now?

Dhruv Singla: See, the primary and the secondary are only competing towards a size range of, say, 0.5 inches till 3 inches, 4 inches. That's where they are competing, which is not a good chunk of the market. There are other offerings of higher end sizes as well in the market. And the primary product and the secondary product, the secondary product is very well accepted in the size ranges that I just mentioned. And it has different implications, applications, as compared to a primary product thereof. And the price comparison there is a point of change in decision making for the ultimate buyer and the dealer as well. So, these both are parallel markets, which will keep on going regardless of their difference in price. Yes, in recent times, the price difference has decreased. But again, it's an ongoing difference that will remain from primary to a secondary. So, and the demand will also remain in that manner. So, it's not a challenge of one replacing the other at the moment.

Bhavin Pande: And we have seen EBITDA margin sort of expanding, right? When, of course, there has been some depth on a Y-o-Y basis on EBITDA per tonne. But margin is still expanded. So, how do we kind of interpret that?

Dhruv Singla: See, in the recent times, we have seen that, yes, the margin percentage has remained somewhat at those levels. Yes, but you would see that here in the realization has decreased. So, that's the reason that EBITDA per tonne, so to say, has decreased. But if I was making, say, 7% on Rs. 100 and doing a lesser volume, that would mean a higher EBITDA per tonne and vice versa. So, it's just that.

Bhavin Pande: I think that was really helpful. And commensurations, it was a tough quarter, but all the best for the time ahead.

Moderator: Thank you. We will take the next question from the line of Pankaj from Affluent Assets. Please go ahead.

Pankaj: I just wanted to ask you, our capacity is upwards of 6 lakh per tonnes, so 6 lakh tonnes, right? So, why are we utilizing just part of it? This means we have not even reached 400,000 per annum capacity, going by the rate we are producing every quarter. What is the reason that we are underutilizing our capacity and when do you expect this capacity to be optimally utilized?

Dhruv Singla: Pankaj ji, the optimal utilization in our industry is about 60% to 65% of the machine capacity. How it is devised is that a machine can produce a range of products, but the machine capacity is rated on a basis of a mean size and a mean thickness. But to offer our products in the market, we have to produce a number of SKUs, without which we are not able to just produce one SKU and just serve that within the market. That is the reason the production change time, the size change time, the downtime, the lower capacity utilization hits in that manner. So, as a industry standard of utilization of 60% to 65%, we tend to expand our capacities further, also increase our size range further in that manner, so that we are able to offer a higher offering in the market with an increased SKU base. So, it is all an SKU game, it's not about I am able to utilize my machine half-heartedly, it's not about that.

Pranav Singla: And also, Pankaj ji, our capacities were 586,000 till the last quarter. The additional 1 lakh tonnes have just come in the last December, and we started running it now. So, to get the correct numbers on the capacity, we will effectively utilize in the 4th Quarter and the number jump up will be evident in that. And plus, when we will add DFT in this quarter as well, just get in mind that it's the capacity that will come in 4th Quarter. So, usually whatever expansions that we do, they usually tend to end up installed by end of the financial year and they run in the next year. So, the year-ending capacity of 1 million tonnes this year, you will be able to see the full colors of it in next year, not in the 4th Quarter itself, it will just be addition happening in 4th Quarter. So, the whole numbers would not add up according to 1 million tonnes, 6.5% which is 6.5 lakh tonnes. That will be evident in the next financial year.

Pankaj: So, how come in last year, same quarter we were, we had reported revenues of upwards of Rs. 500-odd crores and this year we are reporting just Rs. 450 odd crores, is it just sales?

Pranav Singla: In that quarter, the steel prices were much higher than what we have realized right now. We were close to Rs. 57,000, Rs. 58,000 that quarter and this quarter we are Rs. 51,000. So, it's a direct 10% decline over that. And volumes in that quarter were extremely high as well because in that quarter last year, there was a, obviously there was inventory gains as well which increased to better margins in that quarter and more than that, we were making bigger sizes that quarter. And in this quarter, itself, we were making smaller sizes. So, in bigger, if I decide bigger sizes, I can get bigger volumes.

Pankaj: And next year, what are our tentative plans for capacity utilization, means how much from your target is about 4 lakh tonnes this year by end of the quarter, end of Q4. So, what are our plans for next year, that is FY '26?

Pranav Singla: So, we will achieve an easy target of starting this quarter onward, we will be able to achieve a sales volume of 130,000 tonnes. Starting next financial year, we will be doing that run rate plus the additional sales in Nabha, which will come in JTL. So, we can average out a volume run rate of 140,000 tonnes, 60,000 tonnes for H1 and for H2, as Dhruv mentioned, that we will be starting our additional capacity as well. So, we can achieve a higher sale on over that. So, it's easy to say that we will achieve sales over 5.5 lakhs tonnes, 6 lakhs tonnes in next year.

Pankaj: So, I did not get 160,000 in H1 next year. So, that is as good as 80,000 per --

Pranav Singla: No, no, 160,000 tonnes, I am saying 130,000 tonnes in first quarter and second quarter each. And then additional capacity will be on board in H2, which by the end of H1, which will be running in H2. So, those additional sales will come in H2 as well.

Pankaj: So, overall, 2.6 in H1 and nearly 3 next H2?

Pranav Singla: It's safe to say that.

Pankaj: So, 2.6 plus 3, 5.6.

Pranav Singla: Yes.

Pankaj: Am I on the right, same page, right?

Pranav Singla: Yes, that's right.

Pankaj: And realization, I mean, EBITDA per tonne, sorry, near to Rs. 4,500?

Pranav Singla: Rs. 5,500. So, given the marking conditions this was a tough year for every steel Company. So, first we want to get to our normalcy levels which we should be coming on this quarter itself. And from from that situation, we can see a jump up of an additional 10% to 15 % EBITDA per tonne as the DFT is fully value-added item which we will be starting in this quarter itself. So, all the sales coming from DFT is value-added and with higher EBITDA.

Pankaj: So, can you repeat the number EBITDA per tonne?

Pranav Singla: So, last in FY '24, our EBITDA per tonne was averaging out close to Rs. 4,500. In this Financial Year in the nine-months, our EBITDA per tonnes is coming close to Rs. 4,000. And in the next financial year or starting this quarter actually, we come back to normalcy levels of Rs. 4,500 and then 10% to 15 % jump over that in the EBITDA per tonne is evident throughout the next year.

Pankaj: So, can I assume around Rs. 5,000 per tonne?

Pranav Singla: Yes, Rs. 5,000 is something that we are targeting.

Dhruv Singla: Yes, we are also assuming the similar level those are our targets, sir.

Pankaj: And one last question if you do not mind. We are planning an additional capacity expansion of Rs. 1 million tonne till FY '27 and am I right?

Pranav Singla: By FY '27 it's already in the CAPEX and we are already well-funded for that. So, it will be started by FY '27 end. So, everything will be installed by that time, and you can see break levels of it being installed throughout the year starting in H1 next year. And throughout the year you will see additional things happening in part. And final capacity of additional 1 million tonne complete will be happening by FY '27 end.

Pankaj: So, we will be reaching 2 million tonnes by FY '27, right? And as you said, we are well funded. Is it all being funded through internal accruals or would we need any additional debt given that our debt position is very strong, I mean the balance sheet is quite sound?

Pranav Singla: So, we recently did a QIP of Rs. 300 crores, so that was the first infusion of money in the Company and before that we had done a preferential fund raise of 675 crores so a total of 1000 crores the company has received or will be receiving a part payment of the preferential shares the coming months. So, for Rs. 1,000 crores of CAPEX we are well funded. And post anything that we will require after that the Company is doing decent profits, and we will be internally accruing the CAPEX.

Pankaj: So, what is the total project cost of this 1 million tonne capacity expansion?

Pranav Singla: It's close to Rs. 1,000 crores.

Pankaj: So, more or less we are well funded. And what is the current cash position, cash and cash equivalents including investments?

Pranav Singla: Yes, the current cash position is we have Rs. 121 crores at the moment, so the current cash and cash equivalents for the Company, for the last quarter ending was Rs. 121 crores.

Pankaj: So, you said you have just raised Rs. 300 odd crores and Rs. 600 crores were raised earlier, so how come just Rs. 120 crores in cash?

Pranav Singla: No, Rs. 675 crores is total money that we raised through preferential warrants. So, only a part payment of that has come right now which is Rs. 180 crores, and the rest is supposed to come in the coming quarters.

Pankaj: **OK.**

Pranav Singla: And we will be Rs. 500 crores surplus and right now whatever money that came in from the QIP and the part payment what I mentioned you, all the money has been deployed towards CAPEX and working capital.

Pankaj: So, how much has been in?

Pranav Singla: Even ROCs as well, they have slipped down a little bit and why has that happened? Because the assets are there at the plant as well and already our advances have increased as well. And all of that constitutes low ROCEs because when the assets will start sweating starting this quarter. Our ROCEs will come back to normalcy levels as well.

Pankaj: So, how much of this Rs. 1,000 crores have already been expended?

Pranav Singla: So, out of the thousand crores, we have received Rs. 480 crores to be exact numbers and we have spent the majority of amount, close to Rs. 300 crores in the entire CAPEX, and the remaining amount will be spent in bricks whenever the machines are ready. So, the advances for CAPEX have already been done, the final payment will be happening when the machines are coming.

Pankaj: And around Rs. 500 odd crores of preferential allotment is yet to be received, right, which will be received by end of this year, FY '25. Am I right?

Pranav Singla: No, it will be received like the majority of it will be received in this financial year, but we have option to pay the amount till September. The promoters themselves have subscribed to the preferential warrants and the last date for that is due in September. So, we will pay the amount before that. And although the majority amount will be paid by us to the Company in March, April.

Pankaj: So, by September '25, we will receive all the Company will receive all the outstanding preferential payments, right?

Pranav Singla: Yes.

Pankaj: And by issuance of this preferential shares, how much shareholding will promoter get by end of that September '25? What would be the share of promoter?

Pranav Singla: We will be touching close to 57%.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Pranav Singla: Thank you, everybody for joining the call today. It was a great pleasure attending all the questions. If there are any other questions, you please feel free to mail us about the questions. Thank you for being there.

Moderator: Thank you, members of the management. On behalf of JM Financials, that concludes this conference. We thank you for joining us. And you may now disconnect your lines. Thank you.

(This document was edited for readability purpose.)

DHRUV SINGLA

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