



SURYA ROSHNI LIMITED

CIN -L31501HR1973PLC007543

2nd Floor, Padma Tower-1, Rajendra Place, New Delhi-110 008 (India)
Ph.: +91-11-25810093-96, 47108000 Fax : +91-11-25789560
E-mail : cs@surya.in Website : www.surya.co.in

SRL/23-24/65
February 14, 2024

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

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

Sub: Transcript of Earnings Call with respect to Financial Results for the Quarter ended 31st December, 2023.

Dear Sir,

This is with reference to the Company intimation dated 1st February, 2024 filed with the stock exchanges in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the earning conference call to discuss the financial results for the quarter ended 31st December, 2023 scheduled for Thursday, 8th February, 2024 at 4:00 P.M, (IST).

Further to the audio recording filed with the stock exchanges already on 8th February, 2024, we are enclosing the Transcript of the said Earnings Call.

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

This is for your information and records.

Thanking you,

Yours faithfully
For Surya Roshni Limited

B B SINGAL
CFO & COMPANY SECRETARY

Enclosed: as above.

SURYA

“Surya Roshni Limited
Q3 FY '24 Earnings Conference Call”

February 08, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 8th February 2024 will prevail.

SURYA



MANAGEMENT: MR. RAJU BISTA – MANAGING DIRECTOR
MR. NARESH SINGHAL - EXECUTIVE DIRECTOR,
STEEL OPERATIONS
MR. GAURAV JAIN – COO, STEEL OPERATIONS
MR. JITENDRA AGRAWAL – CEO, LIGHTING &
CONSUMER DURABLE
MR. B. B. SINGAL – CFO AND COMPANY SECRETARY

Moderator: Ladies and gentlemen, good day, and welcome to Surya Roshni Limited Q3 FY '24 Earnings Conference Call. This conference call may contain certain forward-looking statements about the company, which are based on beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

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

Raju Bista: Hi, everyone. Thank you. Good evening once again with the Q3 FY earning call. And on behalf of Surya Roshni Limited, I extend a warm welcome to everyone for joining us today.

On this call, we are joined by Mr. Naresh Singhal, Executive Director, Steel operations. Mr. Gaurav Jain, Chief Operating Officer, Steel operations; Mr. Jitendra Agrawal, CEO, Lighting & Consumer Durable; and our CFO and Company Secretary, Mr. B. B. Singal; and SGA, our Investor Relations Advisor.

I hope everyone had an opportunity to go through the financial results, press release and investor presentation, which have been uploaded on the stock exchange as well as on our company website.

Moving on to the highlights for the Q3 FY earnings, the company revenue experienced a slight dip on account of slowdown of demand on basically high value-added products in steel pipes business and flattish growth in Lighting & Consumer Durable segment. Despite the decrease -- slight decrease in revenue, the company managed to sustain its operating profit margin on account of substantial improvement in the operating margin mainly in the Lighting & Consumer Durables business and the company recorded an EBITDA margins of 8.2% for the quarter, up by 87 basis points as compared to 7.3% for Q2 FY '24.

Over the past few years, the company has placed it emphasis on reducing, focus on reducing the debt. During 9 months of FY '24, the debt reduced by another ₹168 crores. And the debt-to-equity ratio is at 0.12 as on 31st December 2023. Lighting & Consumer Durable business is now completely debt-free. In the segment there is no long term and no working capital borrowing as on date. We become totally debt-free company in like Q4 FY '24, which means one year ahead of our target.

Now coming to the Lighting & Consumer Durable, the segment recorded a revenue of ₹403 crores in FY '24 Q3, up by 2% as compared to the same period last year. The Professional Lighting business witnessed higher double-digit growth while the consumer lighting business had a modest single-digit growth in Consumer Durables and appliances segment witnessed almost a flattish kind of growth. Strong growth in volume, along with a better mix towards

higher-margin products and cost saving from backward integration driven by PLI (production-linked incentive), contributed to a significant improvement in operating profitability. And also the gas price has also added to it, because the gas prices has come down significantly.

EBITDA for Q3 FY '24 was up by 38% to ₹38 crores as compared to ₹27 crores in the same quarter of FY '23. EBITDA margin for Q3 stood at 9.3%, up by 244 basis points as against 6.9% in Q3 of FY '23.

In Professional Lighting, we undertook a few big and important projects like G20 events and facade lighting of Atal Setu etc. We also recently won major order of like ₹75 crores for LED public street lighting and maintenance work in the state of Orissa. We have been witnessing robust growth in infrastructure lighting, facade lighting and other industrial lighting projects.

For the Consumer Durables segment, overall sales has been subdued due to muted consumer demands. However, the premium category of consumer durables products category has reported decent growth. Fan as category is currently seeing unique challenges due to regulatory interruptions such as implementation of mandatory star labelling requirements. However, the market acceptability of star labelling trend is finding good traction and we plan to continue launching new products of star category.

So adding to it, we also conducted over 150 engagements with dealers in this Q3 quarter, thereby engaging with almost 10,000 of top retailers -- retail outlet in different parts of our country. Also similarly, we keep engaging with prominent electricians.

So now moving on to the Steel and Strip business, there was a slight decline in the top line growth, primarily due to the slowdown in demand of high value added, mainly the spiral part in pipe segment. However, this was partially offset by improved sales in all other categories of pipes. There was also 23% growth in export in Q3 as compared to the same quarter last year. Overall, the steel pipe segment, witness a volume degrowth of about 2.5% only in Q3 FY '24, and overall 9-month growth is about 7%.

We have a strong in-hand order book of about ₹600 crores for mainly oil and gas segment. Sequentially, there was an improvement in steel prices, EBITDA per ton for the quarter stood at ₹6,156 per ton, achieving a growth of 21% from Q2 FY '24, which means previous quarter. And that was, I think, ₹5,104.

We are the first Indian company to manufacture 0.5" (inch) pipe to 140" (inches) pipe (minimum to maximum).

We have recently received EPD (environmental product declarations) certifications for all products, which is mandatory requirement for the customers mainly in export market. We are expecting robust order from Saudi and the Middle East and Canada markets in future.

We have also ordered new spiral pipe unit at our Gwalior plant facility, and we manufacture pipe up to 140" (inches) diameter, earlier, it was 104" (inches) only at Anjar plant. We further plan to add new coating plant in Anjar, Gujarat. So we are also currently in process to modernize

our cold rolling plant at Bahadurgarh facility, which will be completed in next H2 FY '25. And the other ongoing projects will be completed as per the schedule. This would result in substantial fall, reducing cost of production as well as improving the quality of our product.

Lastly, we remain confident about the opportunities that lie ahead of us. The company is focusing on geographical expansion, innovation and efficiency enhancement, infrastructure and human capital to deliver the best world-class solutions to our customers.

Now I would like to request our CFO, Mr. B.B. Singal to share his thoughts on financial parts.

B.B. Singal:

Thank you respected MD sir. A very good evening to all participants on the call.

For the quarter, the revenue was ₹1,938 crores as compared to ₹2,021 crores. Q3 FY '24 EBITDA and PAT stood at ₹158 crores and ₹90 crores as compared to ₹164 crores and ₹90 crores, respectively, for the same period last year.

For 9 months of this financial year, the revenue was ₹5,729 crores as compared to ₹5,845 crores. EBITDA stood at ₹414 crores, up 13% as compared to ₹366 crores in 9 months of financial year '23. And PAT stood at ₹225 crores, up by 25% as compared to ₹180 crores.

The increase in operating performance can be attributed to the PLI scheme, backward integration and the increased demand for value-added products.

In Lighting & Consumer Durables for the quarter, the revenue at ₹403 crores as against ₹396 crores, registering a modest growth of 2%. EBITDA and PBT stood at ₹38 crores and ₹30 crores, registering a growth of 38% and 56%, respectively. For the 9 months, the revenue stood ₹1,154 crores as against ₹1,114 crores, a growth of 4% year-on-year basis. EBITDA and PBT stood at ₹106 crores and ₹83 crores, a growth of 33% and 50%, respectively.

In the Steel Pipe and Strips during Q3 FY '24, the revenue was ₹1,536 crores as compared to ₹1,626 crores. Similarly, EBITDA/MT stood at ₹6,156 compared to ₹6,733 year-on-year basis and ₹5,104 in Q2 FY24. PBT stood at ₹91 crores as against ₹104 crores last year.

For 9 months FY '24, the revenue stood at ₹4,577 crores as compared to ₹4,731 crores. Similarly, EBITDA/MT stood at ₹5,224 crores compared to ₹5,190 on year-on-year basis, while EBITDA and PBT grew by 8% and 18% on year-on-year basis to ₹308 crores and ₹222 crores, respectively.

Improved capacity utilization, working capital optimization and cost rationalization has further reduced the debt by ₹168 crores. As of 31st December '23, the debt-to-equity ratio stood at 0.12x.

As on 31st December '23, ROCE improved by 271 basis points and stood at 22.91% as compared to 20.20% as of 30 September '23.

Return on equity, ROE, stood at 17.88% as compared to 15.57% as on 30 September '23, registering a growth of 231 basis points. As on 31st December '23, the net working capital days

stood at 70 days. Inventory days stood at 50 days, debtor days stood at 36 days and creditor days stood at 16 days.

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

Moderator: The first question is from the line of Jatin Damania from Svan Investment Managers.

Jatin Damania: Congrats for a good set of numbers compared to the industry peers. So, I just wanted to understand in your opening remarks, you highlighted that the volume growth was only 2% in the quarter, while there was a decline in the value-added products. But at the same time, we had seen a sharp jump in the EBITDA per ton as compared to what peers have reported. So what has driven the sharp improvement in our performance?

Raju Bista: Yes. Jatin ji, thank you very much. There are two categories of high value added products. One is ERW segment and second is Spiral segment. There is growth in ERW, but there was 38% de-growth in spiral segment. That is the main reason and because of that, there is less growth in revenue because in the last quarter, there was good volume.

Overall, we have improved our EBITDA per ton according to our last time guidelines. We have maintained it and export have made a big contribution in this quarter. We have made a 25% growth in export in this quarter.

Jatin Damania: Sir, can you tell us the volume of export and how much will be the EBITDA/Ton in that?

Raju Bista: In the overall percentage of exports, 18% to 20% of steel segment revenue comes from export. For EBITDA/Ton I won't be specific, but in comparison to domestic it is better at ₹9000-10000 per ton of EBITDA. So, if you see the overall it is ₹6,100 EBITDA per ton, but for export, realization is in the range of ₹9000-10,000 EBITDA per ton.

Jatin Damania: So, if we see an export growth of 25% and definitely there will be a slowdown in Q4 as well. So, can we expect that there will be a slowdown in Q4? Or will EBITDA per ton continue to remain the same and there is a higher chance of improvement?

Raju Bista: First of all, the country is very big. And our population and demography is our strength. And there are some global disturbances, whether it is in the name of COVID or in the name of Ukraine or Russia.

But still, because we are in business, it is our job to find our way. So, in the coming time, I can assure you that (even though there were very good numbers in the fourth quarter last year) we will try to keep our EBITDA per ton better than what you saw in Q3. And overall, we gave guidance in the last year's call that EBITDA per ton will be around ₹5500-5600 on an annual basis.

So, EBITDA margins will be around ₹6,000-6,500 because we have already entered in the month of February. So, there will be growth in EBITDA. There will be a growth of 10% in volume terms in Q4 quarter. And we are targeting EBITDA of around ₹6500.

Jatin Damania:

And next year, we are giving guidance of 1 million ton volume, right?

Raju Bista:

I will tell you about next year. Because two things are going to happen next year. Firstly, some of our capacity has been enhanced. Some projects have already been completed. Some are in the process. So, I expect that we will grow 15% in the steel division.

And in the lighting division, it is a good thing that this year we have made 20% of our revenue make part of the pricing. There is good growth in volume. Despite that, we have not yet gone to de-growth. So, we are getting a big advantage of that. So, next year we expect more than 15% growth in the lighting division. So, I think our company could will achieve size of ₹9500-10,000 crore range in next year.

I have just touched on this slightly also. We are becoming debt-free one year in advance. And as of today, we have a loan of ₹25 crores left. So, I am not able to announce debt-free, which will be easily repaid in this quarter. So, we will not have any term loan or working capital loan. And despite so much capex, despite growth in turnover and revenue, we were able to manage it well.

Jatin Damania:

But sir, if we see that we are almost at debt free. We have a debt of ₹25 crores, which will be debt-free in this quarter. The lighting business will also make a revenue of about ₹1,700 crores- ₹1,800 crores next year. So, there is a volume growth in the steel business. But sir, if we look at the valuation, then because of the conglomerate business, we are getting a lower multiple, despite the fact that our EBITDA per ton is better than other peers. The lighting business is improving and there is a debt-free status. The valuation is still attractive. But if both the companies are not getting the valuation together, then is the board thinking about demerger?

Raju Bista:

Sir, after the demerger, you will not have any interest. So, you yourself know that Surya Roshni is available at very attractive price today. See, as long as no board doesn't take this decision, as a managing director, I cannot make any announcement in the concall.

But I think the board will definitely think about it at the appropriate time. Our first priority was that there was a lot of debt at one time. So, we did it successfully. Now, we are generating more funds than what we need to do the projects. So, obviously, we would like the shareholder to get an advantage from the dividend and other corporate actions.

Jatin Damania:

No, sir, that is true. But sir, if we look at the valuation, we talked about it at the beginning of the year, because of the golden jubilee year, there will be a huge reward for the shareholders. But we have just given an interim dividend of ₹2.50. So, I am just thinking that if you are looking at it according to the board, or according to the MD, if the demerger happens, then for the value unlocking, it is a good suggestion to the board in terms of rewarding the shareholders.

- Raju Bista:** We have also discussed this with the board. It is not right to say this until it is concrete. But you are absolutely right. It is clear that value creation can be done. So, where there is a bottleneck.
- Jatin Damania:** Thank you, sir. All the best. I will come back in a few.
- Moderator:** Thank you. Next question is from the line of Vikash Singh from PhillipCapital. Please go ahead.
- Vikash Singh:** Good afternoon, sir. Sir, I have a question aligning to the previous participants. You said that your spiral volume was almost 36% down. But that is your best margin business. So, I am still not able to understand that even in quarter-on-quarter, we have made more than ₹1,000 EBITDA per ton. What is the main reason for that? The best product's volume has fallen.
- Raju Bista:** No, the thing is that we have two categories in oil and gas. One is the spiral segment and the other is the ERW segment. In the ERW segment, we have growth. We also had growth in the export segment. That is why we got a substantial advantage in Spiral in the last quarter. That is why our EBITDA/ton went beyond ₹6,500. So, we had a degrowth this time. Otherwise, we had an advantage of in making EBITDA/Ton from ₹5,000 to ₹6,000 from the previous quarter because of ERW, API oil and gas segment and export segment.
- Vikash Singh:** And sir, what do you see as your sustainable level EBITDA per ton? According to your product mix, what should be your sustainable EBITDA per ton?
- Raju Bista:** Sir, we have come from ₹5,500 to ₹6,000 range in term of EBITDA per ton. We have created that kind of segment.
- Vikash Singh:** Okay, sir. Sir, my second question is that in the non-API grade ERW segment, almost all our competitors are increasing their capacity significantly. But we have not yet announced any big lump sum capacity. Now, when the debt issues are largely resolved, do we have to see that we will also increase our capacity by half or one million tons? How do you see this segment?
- Raju Bista:** We are increasing our capacity by 20% in all existing facilities. And we will bring a new project in the western part of India. But the discussion at board level has not been completed yet. The board has told us to do some more work. So, we will further add on a new project in the western part of India. And because of that, our capacity will be improved substantially. So, that is in our plan. As I told you, we have to work on growth and capacity enhancement and work for shareholder. The work of the bank is done.
- Vikash Singh:** Okay, sir. Sir, moving forward, if the work of the bank is done, how will you distribute your cash? Suppose if you are earning ₹100, how much will you put in the capex? How much will you return to the shareholder as a dividend? Do you have any thoughts on this?
- Raju Bista:** We will do capex according to the roadmap for the next 2-3 years. Because we have not done capex for a long time, for almost 10 years. We have not done any big capex. We have done small ones as an ongoing process. In case of volume growth, we will also need to increase the working capital.

We will try to give maximum benefits to the shareholders. Because your money is invested in the company and if the company does well, then, you should get the reward. That is why I am here.

Vikash Singh:

Yes, sir. Sir, just one last question. Sir, if you talk about capacity enhancement in the western part of India, which product categories are we looking at?

Raju Bista:

In the steel pipe segment, our focus will be on export and API business. Because the government has achieved the target of 10,000 km. But many times more capacity has to be installed in India. And the government has emphasized on the physical infrastructure of beyond ₹11 lakh crores. The trickle-down effect will be seen by all the segments and industries. Even the tea and samosas vendors will get the benefits. In the last 10 years, the government has invested more than ₹44 lakh crores in capex. When people were distributing printing machines and cash due to COVID-19, the Indian government was trying to enhance the physical infrastructure.

Because of that, we can see the strength of our economy. Our exports are increasing. Make in India and manufacturing in India is increasing. The advantage of PLI is being seen. Because of that, the living standard in our Tier 1 city is gradually coming to Tier 2 and Tier 3 cities. Whether it is a new house, highway, airport or any other infrastructure project.

So, this will be in our focus range. Oil and gas, infrastructure projects and lighting is also connected with it. Our team is working on lighting. We are working on a new product introductions. Hopefully, we will be able to share it with the shareholders by the next board meeting.

Moderator:

Thank you. Next question is from the line of Manish Bhandari from Vallum Capital Advisors. Please go ahead.

Manish Bhandari:

Hello. Good evening. Sir, my question is about exports. Congratulations, I have seen your company getting debt-free. It has been your wish list for a long time. Sir, my question is about the export business. You have been a big exporter to the Middle East since the beginning. Do you have a concrete strategy, where our export percentage can be substantially increased? There has been a big construction boom in the Middle East. Have you made any strategy for that?

Do we see any visibility for the next 2 years? Because export also runs on the order book. So, if you can share the order book also of the export.

Raju Bista:

So, in the Middle East, Saudi Arabia is a highly potential area. Followed by Egypt. As you said, we are the number 1 strong country in the Middle East. Similarly, in Europe and Canada, our market share has improved substantially. Also, Australia and New Zealand. So, our focus is on these 4 areas. So contribution comes equally from all these 4 areas. So, mainly, we are focusing on Egypt and these countries. They have special products, API and all.

In Saudi, we have infrastructure projects. In construction, we have Europe and UK. Similarly, our fire-fighting segment, construction and fencing segment is in Australia and New Zealand. In

Canada, we have approved many product ranges of DFT. So, it is a new area for us. Because we did not have the structure pipe facility for manufacturing DFT pipes.

Canada is also improving. So, I think there is a lot of potential in export. And we have been working for many years. Surya is a big name. I have been an MD for 12-13 years. But I don't remember if we have ever given a claim of ₹1 to anyone. But we take a lot of precautions from quality front and service front to other things like documentation.

And even in payment terms. All of our supply goes either on advance payment or LC payment.

Manish Bhandari:

My second question is related to the 2 expansions which you spoke about. Not into the western region but the other 2 expansions. Can you tell us in detail about their product ranges? Now, the expansions which you are going to do in the western region. Will you only do high margin products? Has there been any change in the strategy?

Raju Bista:

Number 1 will look new to you. First, I am talking about cold rolling. We have not done anything in cold rolling facility for the last 10 years. And we have a capacity of 1,00,000 tons for cold rolling. 90,000 to 1,00,000 tons annually. So, we are investing ₹60 crores in it. We have already worked on the plant and machinery. So, it is an investment of ₹60 crores. But our volume capacity will increase from 8,000 tons to 12,000 tons with an investment of ₹60 crores. And we were gradually getting out of quality due to lack of investment. Basically, in the automobile segment, fan and other industries. So, we had to do this. Because, the plant is still running and generating cash. So, with a small investment, we are getting a good capacity. And our quality will also improve. Overall, there will be an improvement in cost due to this. And we believe that within 2 to 2.5 years, the payback will also come out. The capacity is increasing there.

Secondly, in Gwalior, till now we used to make only round pipes and section structural pipes. We have seen that there are many orders of water pipes all over the country. And we have also got an single order for water pipe of 15,000 tons. So, in mid-India, to cater from Anjar, becomes a big cost issue. So, with an investment of ₹20 crores to ₹22 crores, we have installed a spiral plant there.

That will be mainly for the water pipe segment only. So, similarly, we have made an investment for a coating plant. We have made a modification. Earlier, the size was small. Now, we have almost doubled it. So, for this ₹100 crores to ₹125 crores investment is still in the process.

With this, our overall capacity will increase in all three units. And a new mill is coming to the Hindupur plant. And in Bahadurgarh, we will have another mill of 2.5 to 8 inches, in which an investment of ₹15 crores to ₹20 crores will be made. So, with an investment of ₹150 crores, I think our capacity will increase by 2 lakhs (about 25%). And we will do a substantial greenfield project in the western side of India. Hopefully, we will announce it in the next meeting.

Manish Bhandari:

So, Rajuji, substantial means an investment of ₹200 crores to ₹300 crores? Sizable?

Raju Bista:

Yes, ₹250 crores to ₹300 crores.

- Manish Bhandari:** So, that will be a big benefit for your logistic cost. Because you must be supplying to markets in the western region from Badargarh and Hindupur?
- Raju Bista:** No, that is also there. Secondly, 2 lakh tons, that is, annually 25 lakh tons of market was out of our reach. You are not able to cater that. Today, we sell 1,000 tons to 2,000 tons of goods from Bahadurgarh, and we sell it at no loss, no profit. Because the logistic cost is so high.
- So, when we are present there, we will have a bigger market, in Maharashtra and the surrounding areas. And from there, you can reach right up to the border of Karnataka. And export is also feasible from there. And import and export feasibility for API also becomes better location from there. So, we are planning that.
- Manish Bhandari:** My last question, Raju ji, that today our products, excluding the government tender business, which business we sell at premium, and how much premium?
- Raju Bista:** Government, we don't do anything government. Whatever is there, our material goes to PSUs. And apart from that, the premium segment, even in the export, means galvanizing itself is premium. But apart from that, even in the export, about 20% of our material we sell goes with value addition. Because their value addition is in dollars, in our case, it happens in rupees. So, we also get better margins in that, and there is also an advantage for our customer.
- And number two, our overall GI is there. And in a market where there is no competition, we get an advantage in that. So, you know the oil and gas segment, it requires a special product for it has a high requirement of engineering and capability. So, that is our segment. So, large dia, API, export, and galvanizing, we are still number one in India. And in many states, our price difference is 8% to 15% in comparison to competition.
- Manish Bhandari:** 10% in a business like Pipe, isn't it too high? I mean, taking 8%-10% premium versus competition is too high a number?
- Raju Bista:** Yes, it is. I can show it to you physically. We have worked hard for that. We have reached that stage after 40 years. And 10-12 years ago, it was about 17%-18% and we are still in the range of 10%-15%.
- Manish Bhandari:** Thank you. Thank you to the whole team. Thank you Rajuji.
- Moderator:** Thank you. Next question is from the line of Naveen Baid from Nuvama Asset Management. Please go ahead.
- Naveen Baid:** Thank you. Actually, my question has been answered. Thank you.
- Moderator:** Thank you. Next question is from the line of Sanjay Nandi from VT Capital. Please go ahead.
- Sanjay Nandi:** Like, sir, in the ERW segment, you are having 80% of the sales. Who are you competing with these other peers in this particular segment?
- Raju Bista:** Will you please repeat it again?

- Sanjay Nandi:** Yes. In the ERW segment, who are our main peers that we are competing with?
- Raju Bista:** So, there is APL Apollo, there is Jindal, there is Tata to some extent. So, there are 4-5 companies that do good volumes.
- Sanjay Nandi:** Right. So, what kind of EBITDA margin differential do we have compared to its peers? Like, Maharashtra Seamless also posted some good numbers on EBITDA/ton front in this quarter in the ERW segment. And like what you have mentioned in the call, like we are having some de-growth in the volume front, also the steel segment also not doing well. So, where we are lagging, sir, exactly compared to our peers?
- Raju Bista:** Maharashtra Seamless are altogether in different segments. They are in the seamless pipe, and we are in the ERW and spiral segments. So, they are more export based, so there is no comparison with them. But if you compare it with the peers whose names I have mentioned, then it is substantially better than that. We are like 20% higher in terms of EBITDA/ton, particularly if I talk about Q3.
- Sanjay Nandi:** Sir, how much will be EBITDA per ton in the ERW segment?
- Raju Bista:** In the ERW segment, we have around ₹6,000, and ₹6,100 in this quarter as well. And in the competition, you will see, the range is between ₹4,500 to ₹5,000.
- Sanjay Nandi:** Okay, sir. Thank you, sir.
- Raju Bista:** And one specific thing you asked, in our pipe segment, because in cold rolling, our EBITDA ton margins are very low. So, if I remove that segment, then even today, we have ₹6,800 per ton on the pipe segment only.
- Sanjay Nandi:** So, sir, how much will be the cold rolling segment in our total ERW space?
- Raju Bista:** It has a capacity of around 90,000 ton annually. So, it has a contribution of around 11% in revenue.
- Sanjay Nandi:** So, in the ERW space, it has a contribution of 11% in cold rolling, right?
- Raju Bista:** Yes. In our total 100% steel segment, it has a contribution of 11% in cold rolling strip segment. In this as well, to improve the margins, we are doing some quality upgradation and expansion.
- Sanjay Nandi:** Okay. What kind of guidance can we presume in the coming years, like on a long-term basis, like in the ERW segment?
- Raju Bista:** See, overall, as I said, hopefully, this year...
- Sanjay Nandi:** We are talking about ₹6,000 per ton, right? This is for the entire company, not for the ERW segment as a whole?

Raju Bista: So, the company as a whole, we will have a revenue of around ₹7,800 to ₹8,000 crores, in this financial year. And EBITDA, for the company as a whole will remain in the range of ₹600 crores to ₹610 crores. And next year, we believe, as I said earlier, that there will be a growth of 14%-15% in the steel division, and a growth of more than 15% in the lighting division, which can be seen in the consumer segment.

So, this year, if we are in the range of around ₹8,000 crores, we will be in the range of ₹7,800 to ₹8,000 crores. So, hopefully, next year, we will be in the range of ₹9,500 crores.

Sanjay Nandi: Sir, what kind of margins can we expect in the lighting business?

Raju Bista: So, in lighting, it's good that you asked about lighting. In lighting, the last 3-4 years have been very difficult because of the new category, and the unorganized sector was very strong. The product kept changing frequently, the price erosion kept happening, and the screwdriver technology was very strong instead of engineering and R&D innovation.

So, as a result, I think the lighting industry faced a lot of difficulties. But still, I can tell you with confidence that our performance was better than the competition. We reduced our scheme by 20% and made it a part of the pricing.

Despite that, we have maintained our revenue. In the last 9 months, there was a growth of 4-5% in revenue. And if you look at the volume, you will see a growth of 25%. In terms of margins, last year on annual basis it was 7.9%, meaning 8% on an annual basis. And in Q1 this year, we had 8.33% which improved in Q2 at 9.21%. In Q3, the quarter we are discussing now, it remained at 9.33%. And in Q4, because it is a higher-sell and a good quarter, it will remain above 10%. So, on an annual basis, where it was 7.8% before, it will improve to 9.5%. And next year, we expect a 15% growth, and 20% EBITDA improvement in the lighting sector.

Sanjay Nandi: Sir, in the lighting space, it is such dynamic place, where everyone wants a new variety. So how comfortable you are in like keeping pace with that kind of technological change, which is going to happen.?

Raju Bista: Lighting and clothing business are the same. You need something new every day. We have 3 advantages. Our manufacturing capability is our strength. We don't make it from the outside and put our label it on. So, when we do more manufacturing in-house, we don't have to give the margins to others.

Secondly, our strength is R&D and innovation. Because we have the volume, we get a substantial advantage in raw materials due to the scale. So, as I said, the country is big, the competition is high, but despite that, we have been performing continuously for the past 50 years. This is the track record of Surya Roshni.

Sanjay Nandi: Sir, what kinds of products are you thinking of exporting to the Middle East countries? What kind of lighting will we export?

- Raju Bista:** We don't focus too much on export in the lighting sector. Because we know that if China is exporting, and if it gets free movement, then exporting there is a waste of time. Our domestic market is also very big. India has a market of ₹30,000 crores in lighting. So, our focus is on domestic. And in our capacity, we have some such materials which we can manufacture more. So, for some good companies we sell by branding, which would be about 3%-4% of the overall revenue on an annual basis.
- Sanjay Nandi:** Much clear, sir. Thank you for answering all the questions. I'll come back to you.
- Moderator:** Next question is from the line of Shweta Dikshit from Systematix Group. Please go ahead.
- Shweta Dikshit:** Congratulations, sir. And a good set of numbers. And thank you for the opportunity. Sir, I wanted to understand export share as a proportion of sales. How is that? You are saying that you targeting in Canada, Australia, New Zealand and you are also focusing on new segments. So is this proportion expected to change in the next two years? Are you targeting a growth? And the second follow-up regarding the exports is, I think I missed EBITDA per ton number for the exports. How much is that? If you could give me a ballpark number?
- Raju Bista:** So, as you said, our export share is about 19%-20% right now a part of our overall revenue. So, I think our export segment will increase to around 24%-25%. And in EBITDA, the contribution of export market is good. Because you need a lot of approvals and a lot of certifications. And the exporters prefer to buy quality products at a better price, for which Surya Roshni is known. So, our range is ₹7,000-12,000 in different markets. So, on an average, EBITDA per ton is ₹9,000-10,000 for the overall export quantity.
- Shweta Dixit:** Okay, thank you, sir.
- Moderator:** Ladies and gentlemen, that was the last question of the day. I now hand the conference over to Mr. B.B. Singal for closing comments.
- B.B. Singal:** Thank you for joining us today on this evening's call. We appreciate your interest in Surya Roshni Limited. I sincerely, once again, thank you our MD sir, Executive Director and the CEOs for sharing their valuable time and addressing queries raised by the participants who attended the call. For any further queries, if any, contact SGA, our Investor Relations Advisor. Thank you, good evening. Thank you very much.
- Moderator:** Thank you. On behalf of Surya Roshni Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.