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SURYA

SURYA ROSHNI LIMITED

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SRL/24-25/46
November 25, 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 (Group Meet) for the Quarter ended 30th September, 2024

Dear Sir,

This is with reference to the Company intimation dated 7th November, 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 (Group meet) to discuss the Un-Audited financial results and operational performance for the quarter ended 30th September, 2024 held on Thursday, 14th November, 2024 at 4:30 P.M (IST).

Further to the audio recording filed with the stock exchanges already on 14th November, 2024, we are enclosing the Transcript of the said Earnings Call (Group Meet).

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

BHARAT BHUSHAN SINGAL
Digitally signed by BHARAT BHUSHAN SINGAL
Date: 2024.11.25 10:09:42 +05'30'

B B SINGAL
CFO & COMPANY SECRETARY

Enclosed: as above.

"Surya Roshni Limited
Q2 FY25 Earnings Conference Call"

November 14, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th November 2024 will prevail.

MANAGEMENT: **MR. RAJU BISTA – MANAGING DIRECTOR**
MR. NARESH SINGHAL – ED; STEEL OPERATION
MR. JITENDRA AGRAWAL – CEO; LIGHTING AND CONSUMER DURABLE
MR. BHARAT BHUSHAN SINGAL – COMPANY CFO AND COMPANY SECRETARY
MR. GAURAV JAIN – ED AND COO; STEEL OPERATION

Moderator: Ladies and gentlemen, good day and welcome to the Surya Roshni Limited Q2 FY25 Earnings Conference Call.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of the future performance and involves 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 * then 0 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: Good afternoon everyone.

Once again on behalf of Surya Roshni, I extend a very warm welcome to everyone for joining us today in this concall. On this call we were joined by Mr. Naresh Singhal – ED; Steel Operation, Mr. Jitendra Agrawal – CEO; Lighting and Consumer Durable, Mr. Bharat Bhushan Singal who is our company CFO and Company Secretary as well, Mr. Gaurav Jain – ED and COO; Steel Operation and SGA our Investor Relation Advisor.

I hope everyone had an opportunity to go through the Financial Results. And now quickly moving onto the overall Financial Performance and highlights. As far as Q2 FY25 is concerned we continue to navigate a complex and challenging market landscape. Both our Steel Pipe business and Lighting & Consumer Durable segment encountered unique market dynamics that influenced our results.

The Steel Pipe business experienced a sharp decline in the hot rolled coiled prices. Also slow demand resulting in lower revenue. However, operational efficiencies helped mitigate losses arising due to the price erosion. Similarly, in the Lighting and Consumer Durable segment both better cost management and better product mix has resulted in a good performance.

And I am happy to announce to inform you that the company infect the board has approved to reward our shareholders as an interim dividend of 50% which is ₹2.50 per equity share on the pre-bonus paid-up capital share. Also happy to inform you that the company has also declared bonus share in the ratio of 1:1, one bonus share for every one existing share of ₹5 per each fully paid up.

Now coming to the Lighting and Consumer Durable, our Lighting and Consumer Durable segment showcased resilience achieving a 5% year-on-year increase in revenue. In Consumer Lighting we saw good volume growth across all our sub-segments in spite decline in prices of LED products which is still continuing. And in Professional Lighting segment it delivered a decent growth, but due to the general election in quarter 1, there has been a delay in some of the project orders. However, the enquiry book received a very good response in Professional Lighting segments. The business registered a higher single digit growth in Q2 FY25 and a double digit growth in H1 FY25.

Now coming to the Consumer Appliances. The seasonal demand for water heaters was robust and showed excellent volume growth of about 50% additionally. New segment in the mixer grinder and iron category along with a positive response to our newly launched Mono Block Residential Pump. Similarly, our regional expansion into semi-urban and rural markets where premium product adoption is rising quickly positions us to growth outside the traditional metro areas, adding resilience to our portfolio against ongoing price pressures.

By expanding our premium offerings and increasing our geographical presence particularly in semi-urban markets, we aim to reinforce our market position and offset price erosion in core product lines. Our focus remains on achieving FY25 revenue growth of approximately 12% to 15%, alongside the cautious optimism for EBITDA margin stability.

Now coming to the Steel Pipes and Strip segment, one of the key factors affecting our Q2 FY25 performance was a significant reduction in HR coil prices which fall by approximately ₹7,500 per metric ton during the quarter ended Q2 FY25. The downward trend lead to cautious purchasing among distributors who opted to limit their inventory holding in anticipation of further price adjustments. The decline in steel price also placed pressure on EBITDA with an approximate loss of about ₹3,000 per ton in inventory which also includes prolonged monsoon and export freight, subdued government tendering for a API order. Nevertheless, our proactive operation efficiencies enable us to offset some of these impact allowing to sustain an EBITDA per ton of ₹2,901.

Our value-added product mix such as API, Spiral and Galvanized pipes constituted approximately 45% of our revenue in H1 FY25 underscoring our ongoing strategy to enhance margins through premium offerings. The API faced muted demand due to limited government tendering while the Spiral Large DIA pipe saw robust performance driven by substantial order inflow particularly within the water sector.

Export volume declined on account of enhanced freight and geopolitical conflicts such as in the Middle East. However, we remain optimistic about export recovery within the next 6 months driven by stabilizing demand.

Commissioning of our spiral plant at Gwalior is scheduled for next month with a healthy order backlog that will enhance Q3 volume and performance. Our ERW mill in Bahadurgarh plant, operational since July, has already achieved 7,000 ton in output and additionally expansions are underway. Our Bahadurgarh Cold Rolling facility and Spiral plant are set to launch by mid-December contributing to our Q4 output. The Hindupur facility expansion is underway with an initial CAPEX allocation of about ₹30 crores. We anticipate full-scale operation at the Hindupur facility within the next 12 months. Meanwhile, the expansion at our Anjar Gujarat facility will advance following a technical reviewing in collaboration with a supplier. These strategic investments align with our focus on efficiency and capacity, are anticipated to strengthen the operational backbone of the Steel Pipe segment.

We have recalibrated our full year volume growth target to 7% to 8% year-on-year for FY25 in Steel segment, reflecting current market conditions. We anticipate EBITDA per ton to stabilize within the range of ₹5,000 to ₹5,200 per ton supported by our operational efficiencies and a positive demand outlook for the coming months.

The recent recovery in steel price aided by government intervention signals a promising trend for margin recovery. Looking forward, we are optimistic about Q3 and Q4 as we continue to leverage our expanded capacity, diversified geographic focus and operational efficiencies. By strategically positioning ourselves in value-added and export market we aim to drive growth in this business vertical.

Now for the other financial issues, I will like to request our CFO – Mr. B. B. Singal to share his opinion.

Bharat Bhushan Singal: Thank you respected MD, sir and a very good afternoon to all the participants on the call. For the quarter the revenue was ₹1,529 crores as compared to ₹1,916 crores. EBITDA and PAT stood at ₹83 crores and ₹34 crores as compared to ₹139 crores and ₹76 crores respectively.

For first half of Financial Year 25 the revenue was ₹3,422 crores as compared to ₹3,791 crores. EBITDA and PAT stood at ₹242 crores and ₹127 crores as compared to ₹255 crores and ₹135 crores respectively.

In Lighting and Consumer Durables, for the quarter the revenue stood at ₹395 crores as against ₹377 crores a growth of 5% year-on-year basis. EBITDA and PBT stood at ₹36 crores as ₹26 crores, respectively. For H1 Financial Year 25, the revenue stood at ₹781 crores as against ₹751 crores, a growth of 4% year-on-year basis. EBITDA and PBT stood at ₹70 crores and ₹52 crores as compared to ₹68 crores and ₹54 crores, respectively.

In the Steel Pipe and Strips, during Q2 of Financial Year 25, the revenue was ₹1,135 crores as compared to ₹1,539 crores. Similarly, EBITDA per metric ton stood at ₹2,901 compared to ₹5,104. EBITDA and PBT stood at ₹48 crores and ₹20 crores against ₹104 crores and ₹76 crores, respectively. For H1 FY25 the revenue was ₹2,643 crores as compared to ₹3,042 crores.

Similarly, EBITDA per metric ton stood at ₹4,653 per metric ton compared to ₹4,758. EBITDA and PBT stood at ₹172 crores and ₹117 crores against ₹187 crores and ₹131 crores, respectively.

Improved capacity utilization, working capital optimization and cost rationalization enabled us to become a zero-debt company and having cash surplus of ₹136 crores in H1 Financial Year 25.

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

Moderator: We will now begin the question and answer session. The first question is from the line of Jatin Damania from Svan Investments. Please go ahead.

Jatin Damania: Just start with your Steel business. Now if we look at the Steel business there is a sharp drop in the overall revenue as you rightly indicated about the fall in the prices. But when we look at overall volume our volume has also declined almost by 20% sequentially basis. So can you help us understand which segment reported or witnessed the sharp drop in the overall volume?

Raju Bista: What is the matter that this time price has declined very sharply and that too within a period of 3 months and in this Q2 itself and its impact was a decline of ₹7,500 per ton and with that 2-3 more things happened. First the price saw decline, due to which there was a fear in the market, due to which distributors kept their stock level little low. Second, due to the crisis going in Red Sea, the freight almost increased by 3x in Europe and Western parts of countries. Third, since this time the monsoon was extended, it had an impact in agricultural products in which we saw a 25% de-growth in our galvanizing segment. As the government was newly formed, so due that there was a period of 3, 4, 5 month where the PSU's order for API was very low. So we had de-growth of approximately 50% in API Oil and Gas sector. Our future booking position in exports is very good and we have already received some orders for API also. And we are fully confident that we will be able to recover the shortfall in the coming next 2 quarters. We are assuming that for full year we can see a growth of 12% to 15% in volume and similarly EBITDA per ton will be more than ₹5,000.

Jatin Damania: If you are saying 12% to 15% in volume then can I assume that you are saying volume of approximately of 9 lakh ton?

Raju Bista: Yes, 9 lakh and few thousand tons.

Jatin Damania: And first half's 3.70 lakh tons, so how confident are we that we will be able to achieve 9 lakhs tons volume? Do we have sufficient order book of API or GI or are we expecting price recovery so that we can touch that 9 lakh tons volume?

Raju Bista: Actually, in the terms of revenue growth we are already at 17% to 18% in the month of October and for full year we will be around 9.10 lakhs tons. And at the same time we had a lot of pressure in volume in H2 last time and thus we will get an advantage of that in growth. There are very good orders for export and in export we had an anti-dumping issue with US market and Canada for last 5 years to 7 years. And now the verdict has also came in our favor and in fact in India has the lowest rate of duty. Hence, we assume that next 6 months will be good.

Jatin Damania: 9 lakhs volume and ₹5,000 EBITDA per ton mean then we can roughly assume that an EBITDA of ₹450 crores should come from Steel business?

Raju Bista: Let us assume that EBITDA for the whole year from Steel division will be around ₹440 crores.

Jatin Damania: If we talk regarding Lighting business, then previously we were guiding for ₹1,600 crores. But now as some orders got delayed and in some places we faced slowdown and besides all these we are saying that year-on-year we are growing at 12% to 15% which is equivalent to a topline of ₹1,700 crores which is our expectation. So has our Professional Lighting come back to action or are we seeing more growth in Consumer Appliance that we are giving such guidance for second half?

Raju Bista: So as you asked about Lighting, the Lighting performance is very good and let me tell you that there is little price erosion in LED price which is still going on and besides that also if we see our volume growth is above 15% and in Q2 we have made a growth of 5% in revenue terms also. In Lighting Division our revenue will be more than ₹1,700 crores. Earlier also I have given a guidance of around ₹180 crores, so we will make an EBITDA of around ₹170 crores to ₹180 crores in a year. Our Lighting Division had a good start in the month of October. So we are assuming that in Lighting Division there will be a growth of more than 15% in revenue.

Jatin Damania: So we can roughly assume that a total EBITDA of ₹600 crores for full year in FY25?

Raju Bista: Yes, around ₹590 crores.

Jatin Damania: Regarding the GP facility that we are going to open in Gwalior mistakenly it is Hindupur, earlier we mentioned that currently we are sourcing GP from outside, so once our Hindupur facility becomes operational how much difference will be there in our costing?

Raju Bista: The one which we are going to open in Gwalior is for Spiral Pipes and we already have a lot of pending orders in our backlog and freight has a big role in Spiral because it is a Large DIA pipe. Under Galvanized pipe, the GP coil which we source from outside, we have to pay a much higher premium for it. And if we manufacture that at a facility in house, then we will get an advantage of around ₹2,500 per ton to ₹3,000 per ton. Today when we outsource it from outside, the EBITDA which we get is less than Black Pipe or equal to Section Pipe. Like in this quarter, the EBITDA in Section and Square was ₹1,200 per ton and in that the EBITDA was ₹1,400 only. Normally our per ton EBITDA will be ₹5,000 to ₹6000, currently which is around ₹3,000 to ₹3,500 on an average.

Jatin Damania: How much capacity are we putting for GP coils of conversion one?

Raju Bista: Let us assume that the capacity for the full year will be of 1 lakh tons.

Jatin Damania: So roughly we can earn extra ₹25 crores from 1 lakh ton?

Raju Bista: Yes, but we are not able to do 1 lakh ton because we are dependent on someone else and due to which sometimes 3 - 4 months are such that where they charge more or if the steel prices are high, then their interest is less in such products. So finally we decided that we have to go into this. We already have land with us.

Jatin Damania: From when will this facility start?

Raju Bista: Already all the technical evaluation is complete, so I think within 9 months to 1 year it will be operational.

Moderator: Thank you. The next question is from the line of Aditya Pal from MSA Capital Partners. Please go ahead.

Aditya Pal: Many of my questions have been answered, but 1 or 2 questions related to your CAPEX like in last call you said that this year you will be doing a CAPEX of around ₹150 crores to ₹200 crores, but in first half we have done a CAPEX of around ₹50 crores only. So can we assume that in this second half we will complete it?

Raju Bista: This year is already in line and in December our Cold Rolling facility in Bahadurgarh will be operational and in next month our Spiral facility will be operational. Our future commitments are in line. There are some issues in Maharashtra land acquisition, so I think extra 5 months to 6 months will be required. Otherwise, we are doing a CAPEX of ₹500 crores in next 3 years. And this year itself CAPEX of ₹100 crores are going to complete. Next year facility including Hindupur and a facility which is being created at Anjar in Gujarat will be completed. And in third year Maharashtra's full project will be completed and will be in operational stage.

Aditya Pal: How much was our revenue from export in the September quarter and June quarter?

Raju Bista: Overall, there is a de-growth in export. For 6 months our export of total finished product was 54,000 ton which saw a de-growth of 24%.

Aditya Pal: And sir how much it will be according to revenue?

Raju Bista: According to revenue it will be approximately between ₹700 crores to ₹800 crores.

Aditya Pal: Last question, last quarter you said you have launched Mono Block Residential Pump, how is the performance?

Raju Bista: It has been approximately 3 months, and we have to done a sale of ₹8 crores there and so a sale of around ₹2 crores has come.

Moderator: Thank you. The next question is from the lines of Farokh Pandole from Avestha Fund Management LLP. Please go ahead.

Farokh Pandole: Sir you explained why you expect volume to pick-up in the second half for the Pipe business and eventually we are looking at 6% to 7% growth with better mix over last year. But as you have explained, first half margin and second quarter margin was extremely low, so what are the reasons that we are expecting improvement in margin for second half, so that we will be over ₹5,000 per ton?

Raju Bista: Firstly, we can assume that it was an extra-ordinary quarter because the decline in price by ₹7,500 price per ton from ₹53,500 to ₹46,000 in 3 months was unexpected. And secondly monsoon was also extended which affected agricultural products which were our core strength, that was also one of the reasons. And third, historically if you see, that third and fourth quarters are generally better, festival are also at this time and for agriculture also the demand for galvanizing and all are high at this time. One more thing which was unexpected happened in export market was increase in freight charges due to crisis which lead to the orders getting delayed or were kept on hold. As a result, this also had a big impact. Canada and US markets are opening up, it is a golden opportunity for us. Seeing the order book in hand, October's performance and what we have seeing till now in November, it seems that an EBITDA per ton of ₹5,000 or more can be easily achieved.

Farokh Pandole: That means you have seen a lot of improvement in October and November?

Raju Bista: Yes, we have seen and Steel price also has now become a little stable from the lower side and now is on a slightly upper side trend. So from here on there is not much scope for price erosion to happen in HR Coil - that will also help this time. Stock level is at very low level with distributors also. So there will be some re-stocking, that also will be one reason.

Farokh Pandole: So earlier you said that overall EBITDA for this year we are looking ₹590 crores for the whole company?

Raju Bista: Yes.

Farokh Pandole: Cash level is ₹130 crores currently?

Raju Bista: Yes, ₹136 crores.

Farokh Pandole: Net cash levels?

Raju Bista: Yes.

Farokh Pandole: Forget what is already in the order book. Are we also seeing in October and November an improved sort of conversations with respect to enquiry for better outlook of volume, so that risk of 6% to 7% of volume growth for the whole year? Is there a risk or not?

Raju Bista: No, it is not there, because the order flow is also visible in that line and discussions are happening on the same line. We don't feel that 7% to 8% growth in revenue will be that difficult and seeing the current month's performance and according to the futuristic atmosphere that is being created, there will be a revenue growth of 7% to 8%.

Farokh Pandole: This ₹100 crores CAPEX which we are doing this year and the rest ₹400 crores further will be spent equally over the next 2 years?

Raju Bista: So around ₹100 crores are being top up in existing facilities or we can say we are doing debottlenecking. The upcoming facility in Hindupur and Anjar will be operational next year and discussion with supplier is also in last stage. And the project which has to be started in third year is a Greenfield project, in which investment of ₹300 crores is there including land cost. That facility will come in Maharashtra and in the third year it will be operational. We feel that in next year, 2 mills or one galvanizing facility could be started for the Indian market, but in the third year it will become fully operational. And because of this, our existing facility which is around 12 lakh tons will increase to19 lakh tons. And our target is that after this investment of ₹500 crores, we will have a 2 million tons facility.

Farokh Pandole: This is in Maharashtra?

Raju Bista: Yes, the Greenfield project is in Maharashtra. Already land has been identified and some acquisition work is also going on. Because land has to be taken from the farmers, so at some places it is taking some time. I think there could be some delay in the 4 months to 5 months' time frame we had given.

Moderator: Thank you. The next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, thank you for providing me an opportunity to hear and as you mentioned in your opening comments

Raju Bista: Congratulations, to you also for getting one more surplus bonus shares.

Keshav Garg: Yes Sir, Thank you to you for that also, the company's performance is very good. Ups and down keep happening in businesses, but our fear was that there is a lot of capacity is coming in Pipe sector because post-COVID the entire industry has had very good margins. So everyone in the industry is expanding and on the other hand if we see the economy, it seems that de-acceleration is going on. So taking both these factors together and if we see Steel prices after reaching the peak in FY22, it has been falling since last 2 years. In FY23 we had a very good all-time high EBITDA per ton in Pipes although Steel prices were falling. We are afraid that due to over-capacity and low growth in the economy, are we going towards ₹3,500 EBITDA per ton which we used to do in steel?

Raju Bista: You have asked a very logical question, but I have often seen that whenever competition increases then due to that demand also increases. And the government is also stable once again, same government is continuing for 5 years. And the thrust over the infrastructure may it be AMRUT scheme or Har Ghar Jal or may it be Rural Infrastructure or may it be Railways or Highways, Waterways, in every village and in every district something or the other work is going on everywhere. Sometimes I feel that Government of India is carrying out work worth around ₹40,000 crores to ₹50,000 crores in each and every district and under each Member of Parliament Constituency. Hence it will add value to it.

Secondly, if anyone puts a plant worth ₹150 crores or ₹200 crores and then sells the pipe, then is a particular segment selling can be done by reducing the cost. But your brand, your experience, your market relations, your reach, your channel partner also matters, and it takes 30 years to 40 years building all that.

Thirdly, what we have seen is that in Steel you don't have to make HR Coil hence you don't need to do a CAPEX of ₹15,000 crores. You just have to purchase HR Coil, have to set up mill worth ₹150 crores including set and working capital of ₹100 crores, ₹150 crores and the company can get started in ₹300 crores and a turnover of ₹1,500 crores and ₹2,000 crores is achieved. So that way, it is a bit simple and we are seeing this in the market. But over the last 3 years, 4 years, that going after volume is okay, but along with volume we have to give thrust to value-added products and premium products. So today the contribution of value-added products has increased from 30% to 45%. So our thrust is to take this ratio to 60% in future and we will go to that level. And our capex of about ₹400 crores out of total ₹500 crores is for that product categories only. Our capacity which is increasing from 12 lakhs to 19 lakhs, is basically by considering that particular segment only.

One more thing I feel that when HR Coil decreases, then demand increase due to that. So the impact of cheaper steel price can be there at least in one quarter. But we are converter, we have to buy HR Coil and sell it by making Pipes. And whatever cost we incur we have to pass it on to the market. I think, everything has a cost. Today if a normal man who has coal and iron ore, goes to make steel, it will cost of around ₹28,000 to ₹30,000. Mostly the HR Coil producer, purchases the coal and iron ore from outside whose cost is not less than ₹40,000 and then after conversion and putting freight and all. I don't think it is going to go much lower than this, but if it comes then its impact is there in one quarter and due to that everyone believes that demand also increases.

Keshav Garg: That was very reassuring. In our Consumer Division, we are in many products. So my understanding is in Lighting we are manufacturing A to Z and I am assuming that due to this our cost competitiveness will be very good as compared to the competition. But for rest of the products like geyser, fans, iron and pumps - are we just trading? Or are we manufacturing all these too in-house?

Raju Bista: Actually, we have a simple policy. Make or buy nowadays a big concept that is going on in every corporate house. And assume that for a product if whose volume is good, and revenue is also good, then if you do in-house production then it is beneficial. But suppose if its revenue is less, then your per unit cost will increase. So due to that, we have developed our good vendor base. Basically they are also like our extended family. So 80% of our total Lighting and Consumer Durables products are manufactured in-house and 20% is outsourced. And 80% of that 20% is for Consumer Durables.

Keshav Garg: Are we making any loss in any of our product lines like pump, fan, geyser, iron, kitchen appliances?

Raju Bista: No, generally we do not do the work in products in which we cannot recover the cost. And I do not believe in the concept for if you are having a brand like Surya or any XYZ brand, and you still incur loss, then I can't digest that, If there is loss then that means there is some problem in your buying or there is some problem in your realization or there will be some issue with your channel partner. So as such we don't have any loss in any product. Yes in Lighting Division, we had some problem with our old conventional facilities lighting division for a year or 2. But now we are exporting our extra capacity to Philips and export few to others places. Hence there is no loss under that. So generally, we don't do the work for any loss making product.

Keshav Garg: Lastly, since we have two different divisions, what is your opinion regarding demerger?

Raju Bista: I have the same opinion as of yours. I have been repeatedly saying this to the management and board. But it is good that since last 1 year – 1.5 year we have started this tradition that in every board meeting some or the other corporate announcements are being made. Earlier we use to give interim dividend of 20% for full one year, now we have reached to 100%. And even though our Q2 results were not that good, we are giving interim dividend to our shareholders because the management decided it and we had cash surplus also. The EBITDA of ₹575 crore or ₹590 crores which we will do every year and if the CAPEX for 3 years including Greenfield is ₹500 crores only, then the extra cash generated will basically go to the shareholders only. There are many formulas to give to shareholders like giving dividends and issuing bonus shares also.

What you are saying is also correct both the standalone businesses are doing well. Sometimes Lighting was very good and Steel used to generate very less profit. But today Steel's performance is almost double than of Lighting, revenue and EBITDA are also higher.

On your behalf again, I will keep this in front of board, and I think board is definitely thinking about it. But unless the board approves, I cannot make direct announcements in this meeting. I will present your point before the board, and I believe that the board will definitely consider it at the appropriate time.

Moderator: Thank you. The next question is from the lines of Ashwin Kedia from Alchemy. Please go ahead.

Ashwin Kedia: My question is that we are reading in the newspapers that capital expenditure of government is coming back. So I want to ask how is bulk tendering of Jal Nigam, state government and central government going on? And how was the tendering done in the last 6 months? And how do you think the tendering will be in future?

Raju Bista: Are you asking for Lighting or Steel segment?

Ashwin Kedia: Asking for Steel Segment-water business, in water pipes, our ERW pipes which goes to the Governments Jal Nigam. We have seen that governments tendering has become very low and now it is started again, how do you see that business?

Raju Bista: It has started again. Due to the general elections it became slow and no new tenders were coming and now it has again started. On all India level, we see that 30% to 35% of households have water connectivity and much work is under process. So I think that same healthy demand will remain for the next 2 years, 3 years and that also covers various types of product segments. Spiral and Large size pipes are used to bring water from the source to the central point and from there if you have to bring that pipe near any village or inside any tank, there midsize ERW pipes are used. And to connect tank to individual household, small size pipes are used. So all the product category is covered under that, that is one.

We have seen that there are very few states where government directly do tendering. Mostly what happens is that they give the entire work to the contractor and the entire end-to-end work is done through the contractor itself. In this, contractor does some tendering and individually if you have any reach or have developed any relations, then you can get it. But according to our extra capacity, the water projects which are coming from Har Ghar Jal there we had a 4% growth in this quarter. So we are able to do as much as capacity we have.

Ashwin Kedia: I wanted to ask that how big is the business for us? Can there be a huge opportunity for our business in future?

Raju Bista: There will be an extra demand of around 1.5 lakh to 2 lakh tons across the country for at least another 2 - 3 years.

Moderator: Thank you. The next question is from the lines of Chintan Patel from Abans Investment Managers. Please go ahead.

Chintan Patel: Earlier we guided a volume of more than 10 lakh tons and EBITDA of ₹700 crores plus in Steel division by FY26. So still we are on that guidance or there is some revision?

Raju Bista: As far as volume is considered due to its performance in Q2 we have recalibrated it. So instead of 10 lakhs volume, it will be around 9.15 lakhs ton for the whole year. Then also we guided the Per ton EBITDA in the range of 5,000 and 5,500. I think that per ton EBITDA for the full year should be in the range of 5,000 to 5,200 for the Steel division.

Chintan Patel: For FY25. I am talking about FY26?

Raju Bista: So in FY26, our revenue growth in Steel division will be in the range of 10% to 12%. Are you asking regarding tonnage?

Chintan Patel: Yes.

Raju Bista: So with regards to tonnage, the new facilities which are going to be created in Bahadurgarh and the Spiral plants which are going to be operational - due to that our FY26 volume target will be approximately around 12 lakh tons.

Chintan Patel: What will be EBITDA per ton?

Raju Bista: After the additional volumes, the EBITDA per ton will be in the range of around ₹5,200 to ₹5,500. The incremental capacity which is coming this year, which will help us in FY26. - One is Spiral segment in which we get somewhat decent EBITDA. And in Cold Rolling our EBITDA margin is not that much, but it was a compulsion for us to cater the existing customers because technology was becoming obsolete. So because of this, it will be a little mix type in it, but after that our per ton EBITDA from our new product categories - that is whatever will come from our newer facilities will belong to higher-premium product category. Hence due to that there will be a significant improvement in EBITDA. I have said earlier also that gradually the share of value-added products will reach 60% which is our target and our EBITDA per ton will be between 7,500 per ton to 8,000 per ton and we are working on the same line.

Chintan Patel: This spiral and CR is coming from Anjar in FY26?

Raju Bista: No, the Cold Rolling facility is in Bahadurgarh and Spiral Large DIA Pipes is in Malanpur in central India and both will be operational within a month.

Chintan Patel: The one coming from Anjar will be value-added product?

Raju Bista: Yes, Large DIA is 24 inch ERW pipe - mainly it will cater export and US and Canada market.

Chintan Patel: When will it be commercialized?

Raju Bista: By next year ending.

Moderator: Thank you. The next question is from the lines of Devang from EagleView Venture. Please go ahead.

Devang: Wanted to know about the margins of BLDC fans and regular fans, is BLDC fan a high margin product for us?

Raju Bista: Are you talking regarding fans?

Devang: Yes, sir.

Raju Bista: The market size of BLDC fan is not so big in India. We are trying to push a lot into it. Infect we are the first one to introduce BLDC. We did a lot of publicity and everything we had to do, but still the acceptance level I don't know. Being a premium product, over the normal fan - which costs ₹1,000 to ₹**1**,200 - the first investment a person makes in his house by installing this normal ₹1,200 fan.

But still we have an overall EBITDA margin of 5% to 5.5% in fans which is very low because we are doing it by outsourcing. So in fan we have reached a decent volume. So we will outsource BLDC, but for other product category next year we will be investing ₹20 crores to ₹25 crores in Lighting because of that I think our margin will increase to around 7% to 8%.

But our overall volume growth in Lighting is very good if you see for last 2 years - our volume has increased by 15% plus. We have introduced many new products. And despite so much price erosion in LED, we still remain leader in the market. And our EBITDA margin and EBITDA percentage has gradually increased. Currently our EBITDA margin for the Lighting division is around 9% and for full year it will be double digit plus.

Nowadays people have increased their investment in building houses, same we are witnessing in lighting also. In semi-urban and urban level also, in down-lighter and batten all these lighting which are 10 times to 20 times pricey more than normal - so that kind of fashion has started at all India level, including urban and semi-urban also. And we will get its advantage in coming times, as our reach within the rural market is quite good, because we have around 2 lakh shopkeepers across the country and Surya Roshni should reap a good advantage because of this shift.

Devang: Sir what is our contribution from the government?

Raju Bista: Governments contribution is zero. There was a bit from EESL, but now it is minimal. Basically Oil and Gas we give to private sector and also give to PSU. But we do not do direct billing or dealing with the government. There will be very few, may be a couple of in municipalities, but very nominal.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to Mr. B. B. Singal for closing comments.

Bharat Bhushan Singal: Thank you everyone for joining us today on this Earnings call. We appreciate your interest in Surya Roshni Limited. I sincerely once again thank you to our MD and the CEO for sparing their valuable time and addressing queries raised by participants who attended the call. For any further queries, if any contact our Investor Relation Advisor SGA.

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.