"Venus Pipes & Tubes Limited Q2FY25 Earnings Conference Call"

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MANAGEMENT: **MR. ARUN KOTHARI – MANAGING DIRECTOR, VENUS PIPES & TUBES LIMITED**
MR. KUNAL BUBNA – CHIEF FINANCIAL OFFICER, VENUS PIPES & TUBES LIMITED

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

Moderator: Ladies and gentlemen, we welcome you all to Q2 and H1FY25 earnings conference call of Venus Pipes and Tubes Limited hosted by Ambit Capital.

This conference call may contain forward looking statements about the company which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and may involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Dhruv Jain from Ambit Capital. Thank you and over to you sir.

Dhruv Jain: Thank you. Hello everyone. Welcome to Venus Pipes and Tubes Limited Q2FY25 Earnings Call. From the Management side today, we have with us Mr. Arun Kothari – Managing Director, Mr. Kunal Bubna – Chief Financial Officer.

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

Arun Kothari: Good evening and warm welcome to everyone on the Q2 and H1FY25 Earnings Call for Venus Pipes and Tubes Limited. I have been joined by Mr. Kunal Bubna – CFO and SGA our Investor Relation Advisors.

We have uploaded our Q2FY25 Investor Presentation on Stock Exchange and Company's website. First of all, sorry for the delay starting this call for 15 minutes due to some technical reason, it was delayed. I hope you had an opportunity to go through the same.

We are happy to share a strong performance for the 2nd Quarter. In the first half of FY25 in Q2 our revenues reached Rs. 228.9 crores, showing solid growth of 19.6%. For the first half of the year our revenues stand at Rs. 469.1 crores marking an impressive growth of 26.4%. This success reflects the high demand for our products across various sectors and reinforces the trust that customers have in the quality of what we offer. The above growth is backed by robust volume growth of 30% for H1 FY25 on year-on-year basis. We also achieved all time high order book of INR340 crores. Our key performance monitoring the parameter remains market share gain and we are gaining market share from day one of operations and continue to gain edge reflected in our presentation.

Before we discuss our operations, I am excited to share some important updates about our team. In our journey to become a global leader, we have appointed Mr. Neelanjan as our Chief Strategy Officer and Mr. Mark Light as our Business Development Officer (Energy). Mr. Neelanjan brings over 20 years of experience having worked with companies like Tubacex, Kelvion, BGR Energy Systems, Terex Corporation and Auro Mira Energy. He has a deep understanding of different industries, market trends and the challenges of running complex operations. As Chief Strategy Officer Neelanjan will guide our plan for growth using his experience in business development, operation and market expansion. His industry knowledge and strong focus on customers' needs make him the ideal person to help Venus Pipes and Tubes grow in a sustainable way.

We are also excited to have Mr. Mark Light who joins us with over 30 years of experience in international sales and business development, especially in the oil and gas and energy sectors. He has worked with well-known companies such as TW Metal, Rimor, UnitBirwelco and JKN. With his knowledge of global markets and business growth Mark will play a key role in helping Venus become a leader in the stainless-steel piping market and expand into new products and markets. We have been consistently investing in manpower which has resulted in jump in our manpower cost in last 5 years. We believe that the substantial investment which we have done in last few months will give us substantial capability to gain market share and profitable growth for long term. With this strong team and a clear vision for the future we are well positioned to achieve our goals of becoming a global leader. We are excited about the road ahead and confident that our investment in these new leaders will drive Venus Pipes & Tubes to even greater success in the coming years.

We have added new slides in our investor presentation elaborating on how we have increased our market share over the years. The domestic market size has expanded from 2.2 lakh metric tons per annum to 3.2 lakh metric tons per annum from FY20-24 and we have increased our market share from 3.7% in FY20 to 6.2% in FY24. Our success is largely driven by our capacity expansion and backward integration which position Venus as one of the few players in the country with end-to-end production capabilities. We are confident of increasing our market share to low double digits in coming years given our foray into fittings and value-added pipe and tubes.

Now turning to our operations:

Venus has delivered impressive export performance this quarter with export revenue growing by 2.7X despite high freight rates, export now make up one third of our total revenue, which is a strong milestone for us.

Let's look the export outlook in our key region:

Europe:

Europe is showing increasing sign of recovery though the economy is still facing high inflation and reduced consumer spending. However, with the European Central bank lowering interest rates, we expect a renewed focus on capital spending which will open more doors for companies like ours to grow and capture a larger market share. In Europe demand for our product is strong and our quality is on par with the European manufacturers. We are steadily expanding in this market thanks to solid relationship with dealers, active participation in the industry events and our reputation for high quality products.

Regarding United States:

With the election uncertainty behind us we anticipated China Plus One player to pick up which could benefit us in the long term. Additionally, the Federal Reserve's rate cuts were expected to boost spending and restart capital investments. We see a huge opportunity for our welded products in the US Market. To strengthen our presence, we have appointed representatives on the ground who are actively building connections with the local dealers and distributors.

Regarding the Middle East:

While parts of the region face ongoing conflict, we are largely supplying to countries not affected by the unrest. The demand in the oil and gas sector is substantial and we are proud to have secured approvals from several major oil and gas players in the Middle East and we expect more approach in the coming quarters. Overall, we are positive about our operation in this region and we expect a strong flow of orders in the coming quarters. With the Red Sea crisis improving and freight rates returning to normal levels, we are optimistic that the growth momentum in our export business will continue.

On the domestic front in India:

The growth story remains strong after the recent elections and we have seen a renewed focus on public spending. Some orders were delayed due to heavy rainfall across part of the country but demand remains solid and we expect continued growth in our domestic business. We see a major opportunity in sectors such as oil and gas, engineering, chemicals and power with the healthy inflow of orders.

Coming to our segment-wise performance:

Sales from seamless pipes showed strong growth increasing by 21% year-on-year for both the quarter and the first half of FY25. Welded pipe however showed a slight dip of the 2% in Q2 though for H1FY25 sales grew by 13%. In terms of volume growth remained robust and with both seamless and welded pipes achieving over 30% growth in the first half. Revenues for the quarter were expected to impacted by fluctuation in raw material prices.

Looking ahead we remain focused on expanding our value-added product portfolio. This includes offering specialized tubes such as titanium grade tubes and fittings. We aim to cater more to critical industries where quality is paramount. We've also seen a promising opportunity in the emerging sector like green hydrogen and nuclear which align with our commitment to high quality specialized products. Our capital investment in the expansion business is progressing with the first phase set to launch in March 2025. We are confident that this expansion will support our growth in high demand segments and reinforce our position in the market.

We anticipate a strong second half of the year driven by sustained export growth and our expansion into new geographies. Our focus remains on delivering top-quality, stainless-steel pipes and tubes tailored to meet the diverse need of various industries and customers. We are committed to upholding the highest standard and ensuring that our product meets global benchmarks for reliability and performance. This commitment to excellence positions us well for continued growth and success in the global market.

With this I hand over to Mr. Kunal Bubna – our CFO.

Kunal Bubna: Good afternoon, everyone and a very warm welcome to our earnings conference call.

We take absolute pride in announcing that your company has reported a strong quarterly and half yearly revenue EBITDA and PAT for Q2 and H1FY25. Just to brief you on the revenue front; revenue from operation for Q2FY25 stood at Rs. 228.9 crores as compared to Rs. 191.4 crores during Q2FY24, achieving a growth of 19.6% on year-on-year basis. Revenue for H1 FY25 stood at Rs. 469.1 crores witnessing a strong growth of 26.4% and we have witnessed a strong volume growth of 30% across welded and seamless. Revenue bifurcation for the quarter was 33% from welded pipe and 57% from seamless and balance from others. Growth in seamless segment was 21% on year-on-year basis and welded segment registered degrowth of 2% on Q2FY25 on year-on-year basis in terms of revenue.

Our exports stood robust at Rs. 75.6 crores for the quarter compared to Rs. 28.5 crores during the same period last year, the growth of 165% year-on-year basis. Gross profit for Q2FY25 grew by 42.6% on year-on-year basis and stood at Rs. 77.6 crores. On the front of EBITDA; our EBITDA for the quarter stood at Rs. 40.9 crores as compared to Rs. 34.8 crores in Q2FY24, a growth of 17.5%. EBITDA margin for the quarter stood at 17.9%. On H1FY25 basis EBITDA showed a growth of 42.5% standing at Rs. 88.9 crores with margin at 19%. On the PAT front; PAT for Q2FY25 is Rs. 23.7 crores compared to Rs. 20.3 crores in Q2FY24, a growth of 16.7% on year-on-year basis. Margin stood at 10.4% compared to 10.6% in Q2FY24. Our order book remained robust at Rs. 340 crores.

In closing we are optimistic about the journey ahead and fully committed to driving sustained growth. We are excited to push forward and elevate the Venus brand setting new benchmark in the industry. With this I would like to open the floor for Q&A round.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Dhananjai Bagrodia from ASK Investments.

Dhananjai Bagrodia: I wanted to ask you now, are we taking significant market share from other countries or are we taking it from other players in our industry? How are we gaining these numbers now?

Kunal Bubna: In our business that we operate, there are a lot of smaller and unstructured player operating in that. So, over a period those small player also forms a good percentage of the total industry supply. So, we have been taking their percentage. And apart from that see our export has been also been increasing over the period. It used to be significantly low 2%-4% over the past many years and last year it was 12%. It is now gone up to 33%. That is also a contribution coming from.

Dhananjai Bagrodia: Inventory days, what would will be in the end of the year for working capital inventory days?

Kunal Bubna: Inventory days are around 120 days sort of.

Dhananjai Bagrodia: And will be ending the year around the similar?

Kunal Bubna: We intend to maintain that only.

Dhananjai Bagrodia: Lastly one mor question like one of our suppliers had bought a company a stainless-steel company in NCLT for 50,000 tons for 200 crores. Is that something we had also looked at? Because that would have been way cheaper to acquire that.

Kunal Bubna: See not specific that. But as we said always, we as a company always, there is a team who keep on working on any acquisition ,any sort of that which are available which map to our strategies which are at a cheaper cost but not this one.

Moderator: The next question is from the line of Kunal Kothari from Centrum Broking.

Kunal Kothari: My first question is what will be your current capacity utilization that we operate on 38,400 and overall capacity? Can you also provide how much will be the utilization rate in seamless and as well as in welded?

Kunal Bubna: It's more than 85% on the front of seamless and around 60% on the side of welded.

Kunal Kothari: And by year end at what level, we are expecting to reach?

Kunal Bubna: In case of seamless similar level like 85-90, more than that sort of number for seamless and for welded we are targeting sort of 70%.

Kunal Kothari: Secondly, we were expecting the approval from companies like Aramco in oil and gas sector. Can you state us what is the current status over there?

Arun Kothari: Yes, Kunal with the approval process we are already on for the number of companies. So, for the big companies we had already received some of the approvals from the oil and gas companies from Middle East. Some of the oil and gas companies just like Aramco and others approval is under process.

Kunal Kothari: And what timeline that you can suggest that approval can come from Aramco as well?

Arun Kothari: Hopefully every month or every quarter we are getting some of the approval from the some of the new company. So, I believe that most of the oil and gas companies, or particular what segment we are operating, what sizes we are manufacturing right now will able to get in the period of 6 to 9 months with most of the oil and gas companies, not only Middle East, number of oil and gas companies globally we are in process of the approval.

Kunal Kothari: Also, we have started selling our products largely in the oil and gas sector from last couple of quarters. So, compared to Quarter 1, we have started maybe from Quarter 4 onwards how much growth that we have seen selling in this particular area in the overall mix and how we can see in next 6 months to 12 months?

Kunal Bubna: We don't give any specific sector wise data but again it's not currently double digit for oil and gas. But we believe going forward with many of the approvals coming in and again supplying to the larger player in the country also we should be touching double digit in coming year to come.

Kunal Kothari: One more question, there are some demand pockets where I believe the extrusion process is required. Are we also targeting in future to set up extrusion process to cater that part of the demand as well?

Arun Kothari: Right now, we can't do the any comments on this matter. Definitely we look forward for the opportunity, whenever right time will come for winner definitely, we wish to go but right now we are not able to give any comments in this matter Kunal bhai.

Moderator: The next question is from the line of Sneha Talreja from Nuvama.

Sneha Talreja: Just couple of questions from my end. Firstly, if I look at your export share, I think you were aiming at about 25% odd. It's actually grown much more significantly I think beyond everyone's expectation. How do you see the run rate going forward? Can it become like a 40%-50% share for our business or is any revised growth rate that you're looking at from the exports angle?

Kunal Bubna: Definitely yes, it has been significantly high 33% and see the order book is quite heavy on the side of export but it will be always more than 25% what we believe for the coming quarter.

Sneha Talreja Just secondly on your domestic market, of course you've written that you know certain orders got pushed. Is there any quantum to it that what the order book which would have got pushed from let's say from Q2 to basically Q3 that would have led to some domestic dip here?

Kunal Bubna: Definitely it’s not on a specific quantum basis. But see many of the end customer had delayed taking their material keeping the effect of rainfall in the entire country. And again, with push the export might have been slightly higher as compared to what we have achieved but because of the elevated freight. So, these were the two reasons which has slightly made the top line on a bit lower side.

Sneha Talreja Lastly you have actually given your market share this time in your presentation which is pretty helpful. If I look at the market size from FY23 to FY24, especially on the seamless side is actually not increased at all. And you have definitely increased volumes there gained market share. Any reason for market itself not growing on the seamless side one this particular year FY24?

Kunal Bubna: Not as such there is any such specific reason. But we believe going forward there should be 6% to 8% growth in the market on an overall basis.

Sneha Talreja Both welded and seamless included?

Kunal Bubna: Both on a total basis, yes.

Moderator: The next question is from the line of Muskan Rastogi from B&K Securities.

Muskan Rastogi: Recently we've got a notification where India has implemented anti-dumping duty on welded stainless-steel pipes imported from Vietnam and Thailand. With regards to that I have questions, India the total stainless-steel industry is 3 lakh and 70% is welded out of that. So, how much imports currently or how much of it is catered by imports currently? And second part is that ADD will be implemented for 5 years then how much of volumes are we targeting?

Kunal Bubna: For import for welded we believe it should be in the range of more than 15% to 20%. But again, there are few of the companies which are exempted who are overseas companies and who are exempted from these circulars, so those companies keep on exporting welded pipe to India.

Muskan Rastogi: So, in future how much volumes are we targeting after this anti-dumping duty comes in?

Kunal Bubna: You see we are not as such importing any welded pipes. We are importing coil on which no anti-dumping duty is there. So, we are not as such affected by this circular. Definitely it helps in a way from the way the welded pipe which we used to come in the country will be coming significantly less. But again, few of the companies are exempted which generally supply to India, so they will keep on supplying it.

Muskan Rastogi: So, we are also seeing a huge demand in Middle East for stainless steel welded and stainless steel seamless. So, what would be the opportunity size there and how much percentage we are exporting?

Arun Kothari: Regarding the Middle East, size we cannot define. But there is a huge investment is ongoing in the Middle East or in oil and gas sector. Mostly only main supply of Middle East is the catering from India or China only. In India also depends on the approval the mill. Whichever mill is approved they procure from because in the Middle East sector, in oil and gas sector very limited mills are approved from India, so in Middle East there is a right now in demand in the water sector. In other sector also there is a good demand which is open for even for the unapproved player also. But it depends on the quality it plays an important part in the Middle East. So, we see good opportunity in the Middle East or we have started to penetrate our Venus Pipes presence in the last two to three quarters only. For the coming quarters at least for next 4 to 5 years we are looking very good demand from the Middle East. Whatever inquiry and orders we are in hand we are in processing all the orders or almost number of enquiries ongoing for the Middle East. So, in the coming quarter we are expecting good volume from Middle East. But quantum we cannot define right now.

Muskan Rastogi: On volumes front, can you please tell how much it's a year-on-year growth for welding and seamless.

Kunal Bubna: On a blended basis if we see, the growth level was around 30% year-on-year and half yearly basis.

Muskan Rastogi: 30% for both of them?

Kunal Bubna: Yes, both of them it was around 30%.

Moderator: The next question is from the line of Sahil Rohit Sanghvi from Monarch Networth Capital.

Sahil Rohit Sanghvi: My first question is some bit on the financials. The other income has risen substantially this quarter, is it purely interest income or something else?

Kunal Bubna: That includes a few part towards interest income, few towards export incentive and few towards exchange fluctuation.

Sahil Rohit Sanghvi: So, roughly half or would be?

Kunal Bubna: Majorly it was towards exchange fluctuation because we export that was the income.

Sahil Rohit Sanghvi: And on the other expenses also the number looks very high. So, I mean any one off over here or what's the reason for the increase?

Kunal Bubna: No, it's not a one off. Now the entire operation like entire mill has backward integration to the entire mill is running. So, there is increase in store and power and labor costs. And apart from that see as the export proportionate increase the ocean freights are high currently and it is also increased in this quarter as compared to earlier quarters. So, that is also the reason for the increase in other expenses.

Sahil Rohit Sanghvi: And thirdly now just to understand, on the welded side, I mean on the revenue basis we are not seeing growth. So, is it largely because the pricing has corrected or is it because volumes also like because you said there is a YOY growth in volumes?

Kunal Bubna: There had been YOY growth in volume, the prices had depleted on the side of welded on YOY basis. But again, the quantity was also on a low side for this quarter. But see as we said a few of the order had been forwarded to the coming quarters to come. So, we believe there is a healthy order book which will help us to take the revenue on the side of welded also up going forward.

Sahil Rohit Sanghvi: And the pricing prediction on the whole seems to be roughly 10%. Is this just because of the whole steel price correction or is there any other element?

Kunal Bubna: That is the reason basically if you see on a blended basis it is more than 5% on a blended basis the correction and in fact if you see our internal estimate the correction is around 8% to 10% what we have forecasted in March '24.

Moderator: The next question is from the line of Dhruv Jain from Ambit Capital.

Dhruv Jain: If you could just spell out what's your order book currently and what is the execution cycle that you expect that will take for you to fulfill this order book?

Kunal Bubna: It's around something sort of 340 crores and we believe typically should take roughly more than 120 days to execute the same.

Dhruv Jain: And you know we've seen a fairly strong execution from your end from exports perspective, almost contributing more than 30% of your revenue. But despite that typically what we've seen in the past is that as your export mix goes up your margin also pick up. But in this quarter, we've seen some softness. So, just wanted some thoughts from your end on that perspective because you've seen a very strong export growth.

Kunal Bubna: But what has happened is right, there had been good export growth but in the last quarter there was a hefty increase on the side of ocean freights being paid on while you export the goods to various part of the world. That has rose by quite significant number. So, that is slightly soften the margins. But I think we believe it should be maintainable going forward. Those trades should also subsidize going forward and it will help us to increase those margins.

Dhruv Jain: One question on the market of welded and seamless. So, in your presentation you mentioned 1,10,000 tons for FY23 and '24 for seamless and for welded about 2,10,000 tons. So, while the last 4-5 years seamless has done well, we see that welded has not really picked up even if you look at it from a 4-year CAGR. So, just wanted your thoughts as to why is this happening as to why is welded not growing as fast? Is there some issue with the market because we've obviously seen anti-dumping, etc., that's helped the industry? But from an absolute market growth perspective it's been kind of from the softer side.

Kunal Bubna: Basically, as you said rightly in case of seamless few of the government policies and other and also our export team in Europe and others has really helped us to penetrate faster than what we in fact internally have thought. But on the side of welded, see the approvals of larger diameters and all take a significant time. So, that has taken us and as US market and all, we have started penetrating there and also along with that the Middle East many of the approvals had been received and a few of the approvals are underway of receiving. So, those things happen in case of welded. It was entirely new set of sizes what we were going to manufacture in case of seamless we were there with earlier many of the sizes, only few inches we have added in case of seamless, so we penetrated faster out there and because of this requisite approval and all we have taken a bit time.

Dhruv Jain: I was talking more from an industry perspective. So, I mean if I look at welded pipes market FY20 it was 1,60,000 tons and FY24 it is about 2,10,000 tons. Which basically implies sort of a lower growth versus what seamless market has done. So, I just wanted your thoughts there as to why this market not growing as fast?

Arun Kothari: Main factor that people are shifting the seamless as you know, it is used in the critical operation or it's highly valued product compared to the welded pipe. So, peoples might be migrating from the demand from welded pipe to seamless pipe or seriously the seamless pipe industry was not much present in India. So, right now, there is a player like Venus. There's other player also who is in market to supply the seamless pipe. So, if the previously the demand of the seamless pipe, the availability of the seamless pipe was also limited. It will depend on the import of very few players. So, people are not able to get the seamless pipe. That's why they were using welded pipes. So, people if sometimes if any industry requires anything or they are not getting in the seamless category, then if they require to use the SS pipe then they select the welded pipe instead of a seamless pipe. So, sometimes demand shifts from seamless pipe to welded pipe or welded pipe to seamless pipe. Right now, there is a good availability in the Indian market for the seamless pipe. That's why seamless pipe market is growing well.

Dhruv Jain: And on the capacity front we've seen a couple of players add capacity. Have you seen any sort of pricing issue that you've had to face or in general with respect to industry? Because we've seen a couple of players add substantial capacity.

Arun Kothari: Yes, definitely it's slightly acceptable but still there is a good demand in the seamless pipe or very good demand is coming seamless pipe segment from the power sector in India. So, in future we don't foresee much pricing competition in seamless pipe segment because there the demand is also growing up, just water industry is growing up in India. But still there for any new players, it requires the approved process to enter in the market. So, they can't simply enter into the market on the basis of the mill. They require the long process to get the approval. So, if any new industry starts the seamless pipe production it requires minimum gestation period of the 2 years to 3 years to get the requisite approval to supply the pipe. So, there's a slightly price pressure but there's not much price pressure we are foreseeing in future.

Moderator: The next question is from the line of Mythili Balakrishnan from Alchemy Capital.

Mythili Balakrishnan: Just a question on the domestic demand. You mentioned that the takeoff was a little pushed out into the quarter. Has it come back to normal in October or do you see it, that there have been rains and other factors which have also happened so just wanted to get a sense of that?

Kunal Bubna: Not as such. Our intent is more towards, for the first half the intent was to focus to export geography just to penetrate out there so that indigenous and export both sides are there. We are seeing demand in the domestic market from chemical industry which was for the last few months we are seeing those demands. Those shifts are there, good demand is there on the side of power. We don't believe any major challenges in the domestic industry on the demand side currently.

Mythili Balakrishnan: But has it picked up from what you saw in the first half or is it?

Kunal Bubna: Similar to that.

Mythili Balakrishnan: And also, in terms of the CAPEX, could you just give us an update on what is happening on the fittings as well as the better material welded tube capacities?

Kunal Bubna: The same is underway so we are working on that. Few of the machines order, few of the civil works had all been started, so the project is underway so we believe the full target of 31st March, 2025 we would be able to meet. We believe that.

Moderator: We have our next question from the line of Kunal Kothari from Centrum Broking.

Kunal Kothari: We did CAPEX around 50 crores in the first half, what will be the CAPEX in second half and also about the capacity expansion we are doing, can you also state the current status like how much has been done and are we expecting to be complete on time or we can do you know before the timeline that we have provided?

Kunal Bubna: It should be roughly for second half in the range bound of further 100 crores of CAPEX investment and both the projects are working. The civil work had been started few. Few of the machines had been ordered, few of the machines had also been issued. So, we believe the target before 31st March, 2025 seeing the current scenario, we believe we should to make. But definitely there was rainfall in the last quarter which affected a bit of civil work but again we believe there are 6 months to go and we should be able to make that.

Kunal Kothari: So, out of 170 crores we are doing around 150 crores in FY25?

Kunal Bubna: No, it would be 115 sort of number.

Kunal Kothari: Because we did around 48 crores in H1.

Kunal Bubna: The total CAPEX for the year should be in the range of 150. Out of that 115 would be towards this project and the balance left over 35 include few of the routine CAPEX and few of the pilgers of small dia and the land cost which we have also acquired in the last quarter.

Kunal Kothari: Secondly looking at the overall demand scenario what volume growth that we can expect for FY26-27 with the 2-year view also like revenue, EBITDA and margin target that we are looking forward?

Kunal Bubna: We believe on quantity and other parameter, there should be always a growth of more than 20% to 25% volume CAGR growth.

Kunal Kothari: And on revenue, EBITDA and margin profile, do we see improvement because of the….

Kunal Bubna: There should be growth in EBITDA and PAT and all this stuff. But again, revenue will slightly dependent on the prices which cumulate into it. But that is how commenting on that is slightly tough. But what we believe the 20%-25% will be CAGR growth in coming 3 years.

Kunal Kothari: And in margin as well, we are doing in range of 18% to 20% currently with new capacities coming in and we ramping up in next couple of years. Can we expect margin expansion with the ramp up as well?

Arun Kothari: Kunal bhai definitely we look forward for the margin expansion but right now we can expect the present margin level because since we are already penetrating the market, we are increasing our market share, or we are creating a new market also. On the manpower front also, we had invested good amount. So, for at least three to 4 Quarter we can expect the same level of margin which we have right now, or we look forward for the better margin. So, it will definitely come in the coming years.

Kunal Bubna: And also, for FY25 if you see from the revenue front, we are in 8% to 10% then the internal budget which is primarily due to realization dip of 5% versus March 2024 and also 8% to 10% versus our internal budgets.

Kunal Kothari: Yes, currently we are at around 20,000 to 30,000 tons run rate for FY25. But as we are expanding from the current 38,400 tons to around 45,000 ton by FY26, so at that peak level like what could be the maximum potential of revenue, EBITDA and margin?

Kunal Bubna: I've already given you the indicative. We were speaking this expansion and all. So, you can get a fair idea on that.

Moderator: Thank you. Ladies and gentlemen due to time constraint that would be the last question for today and I now hand the conference over to the management for closing comments. Over to you sir.

Arun Kothari: I take this opportunity to thank everyone for joining the call. We will keep updating the investor community on regular basis for incremental updates on your company. I hope we have been able to address all your queries. For any further information kindly contact SGA, the Investor Relation Advisors for your company. Good evening and thank you once again.

Moderator: Thank you. On behalf of Ambit Capital, that concludes this conference. Thank you for joining us and you may now disconnect your line.