



“Venus Pipes and Tubes Limited
Q3 & 9M FY '26 Earnings Conference Call”

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MODERATOR: **MR. AASIM BHARDE – DAM CAPITAL ADVISORS**

Moderator:

Ladies and gentlemen, we welcome you all to the Q3 and 9 months FY '26 earnings conference call of Venus Pipes and Tubes Limited, hosted by DAM Capital. This conference call may contain forward-looking statements about the company, which are based on the 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.

Now, I hand over the conference to Mr. Aasim Bharde from DAM Capital. Thank you, and over to you sir.

Aasim Bharde:

Thank you. And good evening. On behalf of DAM Capital, it's a pleasure to have you all on Venus Pipes and Tubes Q3 FY '26 post earnings call. From the Venus team, we have Mr. Arun Kothari, Managing Director; Mr. Dhruv Patel, Whole-Time Director; and Mr. Kunal Bubna, the Chief Financial Officer. We'll have the opening comments from Mr. Kothari first, followed by the Q&A. Thank you.

Arun Kothari:

Good afternoon and warm welcome to everyone on the Q3 and 9M FY '26 earning call for Venus Pipes and Tubes Limited. I have been joined by Mr. Dhruv Patel, our Director, Mr. Kunal Bubna, our CFO, and SGA, our Investor Relation Advisors. We have uploaded our Q3 FY '26 Investor Presentation on stock exchanges and company's website. And I hope you had an opportunity to go through the same. I will give insight on performance of the economy, followed by performance of the company.

The Honorable Finance Minister recently presented her ninth Union Budget outlining the government economic plan with a clear focus on growth, investment and financial discipline. The government focus continues to remain on growth led development, supported by a strong push towards public capital spending. Capital expenditure has been increased to INR12.2 lakh crores for FY 2026-27.

Further, the recent FTA will also help domestic manufacturing sector. This underlines the government's commitment to building better infrastructure and supporting job creation and encouraging private investment. It also places strong emphasis on the power sector and semiconductor sector. Both of which present meaningful growth opportunities for the company in the years ahead.

The budget, along with recent GST rate rationalization measure, is expected to further strengthen the economy. Overall, the budget reflects strong policy, continuity and a steady approach towards building a resilient and stable economy. On the industry front, the stainless-steel pipes and tubes industry continues to gain importance compared to other types of steel pipes, driven by its superior quality, durability and long service life.

As highlighted in our earlier calls, while industry demand is growing, a significant portion of this demand has traditionally been met by the unorganized sector and imports. With tighter regulations and customer placing greater emphasis on quality and long-term reliability, we are seeing a steady shift away from unorganized players.

On the import side, anti-dumping duty is also supporting domestic high-quality manufacturing. Coming to Venus Pipes and Tubes, your company has established itself as a trusted brand known for consistent quality across both domestic and international markets.

Over the years, we have built meaningful scale and today stand among the leaders in installed capacity in the country. As we scaled up, we also focused on moving up the value chain. By steadily expanding our product range, we have strengthened our presence across several critical industries and improved our ability to serve more demanding applications.

This approach has helped us build deeper customer relationship and positions us well to capture long-term growth opportunities. Our product portfolio has continued to evolve in line with changing market needs and customer expectation. With our recent capacity expansion into value-added products, we believe the company is entering a new phase of its growth journey.

Going forward, growth will be driven by higher share of value-added offering and increased participation in critical end-use sectors. These segments demand strong technical expertise, consistent product quality and proven execution track record.

Capabilities that take years to develop. Our long operating history, strong customer trust and disciplined execution give us the confidence to scale successfully. In these areas, clearly differentiating Venus Pipes and Tubes and setting the foundation for a sustainable and higher quality growth path.

Coming to our Q3 and 9M FY '26 operational performance of the company. Our growth journey is backed by numbers. We continue to report record quarterly performance with all-time high revenue of INR296.7 crores for Q3 FY '26 growing by 28.3% on a year-on-year basis. On 9M-basis, as well, we have reached revenue of INR864.7 crores in 9 M FY '26, which is already 90% of our FY '25 revenues.

Our domestic performance improved significantly during the quarter with revenues growing 43% year-on-year to INR203 crores and more than 15% sequentially. The domestic demand environment strengthened meaningfully during the quarter, as well as export continued to perform well, contributing around 31.5% of revenues at INR93.5 crores.

On a segment wise basis, for 9 months FY '26, both seamless and welded pipe delivering strong performance, registering growth of over 27% and 22%, respectively, reflecting sustained demand and stronger execution across the businesses.

Our capacity utilization remains healthy with newly commissioned capacity ramping up well and contributing meaningfully to volumes. Supported by a strong order book of approximately INR470 crores, we remain confident of accelerating the ramp up of these capacities and driving further growth in the coming quarters.

On the capex front, our new capacities for fitting as well as seamless pipe and tubes are progressing well and remain firmly on track. These facilities are expected to come on stream over the coming months and will further strengthen our ability to cater the high value and critical application segments. Overall, we are excited about the year ahead and confident that 2026 will

be a year of meaningful growth and driven by the commissioning of the new capacities and our continued expansion into a more value-added product portfolio.

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

Kunal Bubna:

Good afternoon, everyone. We are pleased to share that our company has delivered a resilient performance in the third quarter and 9M ended December '25. On revenue front, revenue from operation for Q3 FY '26 stood at INR296.7 crores as compared to INR231.3 crores during Q3 FY25, achieving a growth of 28.3% year-on-year basis. Revenue for 9M FY '26 stood at INR864.7 crores, witnessing a strong growth of 23.5%.

Revenue bifurcation for the quarter was 34% from welded, 60% from seamless and 6% from others. Growth in the seamless segment was 43% on year-on-year basis and welded segment registered a growth of 13% for Q3 FY '26 on year-on-year basis in terms of revenue. Our export sales stood robust at INR93.5 crores for the quarter compared to INR89.1 crores during the same period last year, a growth of 5% on year-on-year basis.

On the EBITDA front, our EBITDA for the quarter stood at INR48.8 crores as compared to INR37.2 crores in Q3 FY '25, a growth of 31%. EBITDA margin for the quarter stood at 16.4% compared to 16.1% in the same period last year. On 9M FY '26 basis, EBITDA saw a growth of 12%, standing at INR141.1 crores with margin at 16.3%.

On the PAT front, PAT for Q3 FY '26 is INR25.6 crores compared to INR18 crores in Q3 FY '25, a growth of 42% on a year-on-year basis. PAT margins stood at 8.6% for the quarter. During the quarter and 9-month we had a one-time impact of approx 65 lakhs due to increase in gratuity and leave liability on account of changes in Labour Code.

As we look ahead, we are optimistic about the opportunities before us. Backed by disciplined investment, consistent execution and well-defined growth roadmap, we are focused on building a stronger Venus brand and raising the bar in the stainless-steel pipes and tube industry.

With this, I would like to open the floor for question.

Moderator:

The first question comes from the line of Dhruv Jain from AMBIT Capital. Please go ahead.

Dhruv Jain:

Thanks for the opportunity, sir. So, sir, just one question on the export front, right? So we've seen a bit of a decline in momentum in terms of growth. So how should we think about exports going forward? And if you could also share what is the split of the order book with respect to domestic and exports? So any reason why the export growth is slow and in the next year how should in your view exports growth come through? That's my first question.

Kunal Bubna

So, primarily just to give on the front of order book, it's around more than 30% on the side of export and balance being domestic. So if you see, we had also been exporting to USA in the last quarter, we did around more than 20%. But this quarter it was around 12% sort of number of the total export what we exported to USA.

So again, the percentage had been more than 30% currently, yes definitely less than, it was in the last quarter. But again, the order book is there from Middle East, Saudi and also good order book is also coming from Europe. So it seems more than 30%, 35% should be export also going forward, also.

Kunal Bubna

And just to, also mention, in case of USA, the recent tariff deal which has been done. Because see in case of our product, the Section 232 duty of 50% was common or same for every country exporting to USA. But there was lot of apprehension because there was no certainty about the tariff deal, what would be the tariff. It can increase anytime. So I think that ease has been done in the recent 2-3 days back. So I think as a pipe perspective, we should see order from USA also coming forward in coming quarters.

Dhruv Jain:

Sure, sir. Sir, my second question is on the fittings business. So, given your capacity comes on stream in the second half -- I mean, it's come on stream now in the second half. How should we think about it from next year growth perspective in the sense that what is the kind of contribution or any targeted revenue that you have in the fittings business -- and how should it ramp up in FY '28 as well? So a 2-year ramp-up plan in that regard would be very helpful.

Kunal Bubna: See, as we said earlier, the investment is roughly in the range of INR 60-odd crores in our fitting business, and we can see an asset turn of around you can say, 3x to 3.5x. As you rightly said, the fitting business will be coming at the end of this March 2026.

So from the next year, we will be getting the benefit. So in the first year, maybe something near to 50% of that should be contributing. And in the FY '28, I think a substantial portion of the capacity should be utilized from the fitting business.

Dhruv Jain:

Okay. Thank you so much and all the best.

Moderator:

Our next question comes from the line of Romil from Electrum PMS. Please go ahead.

Romil:

Yes. Thank you, sir, for the opportunity. Sir, just wanted to understand a little bit on the value-added products. So obviously fittings and you know, the other products going ahead will be value-added. So can you give a percentage of the entire portfolio, how much it is now and in the next, let's say, 2 years, how much that can become and hence what impact on the margins can come through at matured utilizations?

Arun Kothari:

See, it's around currently if you see those value-added product, the contribution what is coming in the business is around 15% to 20%. And going forward, given the expansion what we are doing on the side of fitting and also on the side of seamless and other businesses, we believe it should be at least double of that what is currently being contributed. And on the front of EBITDA it's 16.4%-16.5% range for this current quarter and we believe, see it can move from 16% to, can go up to 18%.

Romil:

Okay. Up to 18% it can go over when this value-added product will come?

Kunal Bubna:

See, it will come in phases definitely. Because so FY27 definitely improvement will be seen and FY28 should be the year where the entire improvement should come.

- Romil:** Okay. And just one more thing. So I think US was a smaller proportion right now of the overall revenue for us. But with this trade deal and all, do you do you foresee that US can become a bigger growth driver and hence what are the segments that we will look at in that market, petrochemicals power, any sense on that?
- Kunal Bubna:** Yes, absolutely with this ease of tariff definitely, because we have been exporting to USA and first quarter of FY26 was a good portion of our supply to USA. And post that Q2 and Q3 the number had been depleting. But with this ease we definitely believe that US should be increasing and see the sector as you said we are not selling to the end customer there. But as you rightly said it will be mix of chemical and engineering and other sectors.
- Romil:** Okay. So basically this quarter the export growth was lower because US contributions came down in the last two quarters, is it?
- Kunal Bubna:** Yes.
- Romil:** Okay. And lastly do you can you share some order book details for this quarter?
- Kunal Bubna:** Yes, it's around INR470 crores. Out of that more than 30% is export and balance is domestic.
- Romil:** Okay. 30% is export. Okay. So domestic is picking up, right?
- Kunal Bubna:** Yes.
- Romil:** Any sense on domestic how do you look at it the next two, three years?
- Kunal Bubna:** It's going good from the perspective that the orders are being received and power sector, oil and gas, engineering seems to be key sector.
- Romil:** Okay. Got it. Thank you so much. I'll get back in the queue for follow up. Thanks.
- Moderator:** Thank you. Our next question comes from the line of Pritesh from Lucky Investments. Please go ahead.
- Pritesh:** Sir, can you give the order inflow number for 9M versus 9M last year?
- Kunal Bubna:** No, we are not giving breakup we are giving as on date.
- Pritesh:** Okay. Total order, you only give order backlog. Then how does this stack up versus last year? This INR470 crores versus last year what should be the number?
- Kunal Bubna:** It was less than INR350 crores.
- Pritesh:** Okay. And my second question is in your capacities which is to be commenced operation, it is fitting seamless pipe and condenser pipe or condenser pipe has started operations?
- Kunal Bubna:** Condenser pipe has started operation. It will be fitting and seamless pipe which will come soon.
- Pritesh:** What is the status on pending orders for the condenser pipe capacity?

- Kunal Bubna:** On a capacity perspective we are running around 25% to 30% currently. And few of the approvals had been received from power sector for condenser tube and few more approvals we are working on. And we believe that those approvals as and when it is being received, it should expand the capacity utilization for condenser tube also.
- Arun Kothari:** Further to add this condenser tube section is not able to produce only condenser tube. We also supplied some grade in food processing industry as well as in pharma industry also or some of the good tenders in the coming months is floating in some of the power sector in India.
- Arun Kothari:** Okay. We are expecting some new tender which is floated from the India power sector. So which will be open in next two to three months. So we are hopeful the condenser plant capacity will improve in the coming quarter.
- Pritesh:** Okay. What is the peak utilization number, revenue number possible out of the condenser capacity that you have put and the fittings capacity that you have put?
- Kunal Bubna:** See for condenser if I take a full capacity run up for fitting and value-added welded the better name would be rather than condenser. It should be running around INR350 odd crores.
- Pritesh:** This is for the value-added pipes and fittings?
- Kunal Bubna:** Welded and fittings taken together.
- Pritesh:** Fittings and the new pipes. Okay. And how much of this INR350 crores do you think can come in FY27?
- Kunal Bubna:** In FY27 see on the side of seamless we believe that more than 80% of it, seamless total would be roughly between INR220 to INR250 odd crores. So which we believe that should be reaching ~80%. And on the side of value-added welded tube, which is INR120-INR140 in between that. therein we believe it should be around 70% of it.
- Pritesh:** So basically out of INR350 crores, you will be able to do INR250 to INR270. That's how we should interpret?
- Kunal Bubna:** Yes.
- Pritesh:** So then you have a base product growth plus these two new product areas that are going to start larger operations next year. Is it fair to assume that the revenue growth will be much higher than what you would have achieved in last three years?
- Kunal Bubna:** Absolutely.
- Pritesh:** So what kind of revenue growth should we look at in FY27?
- Kunal Bubna:** See, again on an overall basis what we are currently guiding is at least more than 20% compared to FY26.
- Pritesh:** But 20% is this number only, right?

- Kunal Bubna:** Sir, see, again this number 80% and 70% are based on some assumption. Definitely it should be higher than that, but what we are currently guiding is more than 20%.
- Pritesh:** Okay, sir. And my last question is why is it that the welded tubes is growing slightly slower and second what is the status of capacities or competition in the seamless tube side, so two different questions?
- Kunal Bubna:** See on the side of welded last quarter it was fine, but again in this quarter there has been certain detrimental and it is majorly because of the decrease in the sale to USA. But what we see that going forward there should be an order from Saudi and Middle East on the side of welded and power sector also. So we will be able to ramp up that.
- And from the perspective of competition see seamless there has been a competition, but keeping backward integration and also tubing business and also, we are coming up with this BA tube and value-added tubing business which will cater to hydraulic, instrumentation, heat exchangers etc.
- So we are slightly better placed as compared to the new capacity or new competition coming in for seamless, as well along with requisite approval and again presence in Europe and many part of the world, we seems to be or we should not be that much affected by this competition.
- Pritesh:** Okay. I'll come back if I have more questions.
- Moderator:** Thank you. Our next question comes from the line of Bhargav from Ambit Asset Management. Please go ahead.
- Bhargav:** Yes, good afternoon team and congrats on a good performance. Sir, my first question is that is it fair to say that the order which BHEL is likely to announce in our sort of addressable market is closer to INR3000 to INR4000 crores and of that just about INR700 crores have been ordered so far?
- Arun Kothari:** Hello. No, the pipe order in the stainless-steel pipe segment order, not only INR3,000 crores order is pending with the BHEL, whatever the tender has been received from the NTPC or from Adani group, the BHEL or other power companies. So we are anticipating in the next four to five years almost more than 8,0000 metric ton demand will come from the in-power sector.
- So still there is lot of tender is pending to come in the domestic market. So they will be float in almost every six month or every quarter they will float the some new tender. So this demand will continuously maintained at least for four to five yearss. Further this demand will be also limited to very few players who are approved in the either BHEL, NTPC or Adani power.
- Bhargav:** So sir, in rupees crores how much does this translate into?
- Arun Kothari:** Almost you can say it will be more than INR6,000 crores near about.
- Bhargav:** Okay 6,000. And our market share as of now I in the tenders which have already been ordered is how much sir?

- Arun Kothari:** Almost we can say right now the whatever tender has been floated in last one year, our market share is approximately 15% to near about 15% to 20%.
- Bhargav:** 15 to 20%. Okay. And can this market share increase ?
- Arun Kothari:** Okay. Yes, definitely it will be increased. Since we had developed the new plant in the condenser power, or we had not received not much tender in the condenser power sector from the power sector. Which we are anticipating in the coming quarter. So our contribution definitely will improve.
- Bhargav:** And how much of the pending order book of BHEL is remaining now?
- Kunal Bubna:** It's around 60%, around 60%, 65%.
- Bhargav:** 60%, 65% is unexecuted still.
- Kunal Bubna:** Yes, unexecuted. Which should be executed in coming two quarters to go. Substantial portion of it.
- Bhargav:** Okay, okay. Secondly sir, is it possible to highlight few key approvals which we might have received maybe in Middle East or Russia, any clients which you may want to mention which can be potentially big clients going forward in terms of ordering?
- Arun Kothari:** Yes, definitely. In the last quarter, we have received some new approval from overseas nuclear sector, overseas domestic and overseas oil and gas sector and domestic food processing industry. Or for some more new grades in power sector, domestically.
- Bhargav:** And this is from which countries sir?
- Arun Kothari:** I mean just I want to keep this secret.
- Bhargav:** Okay. So this is primarily UAE that that's what you are highlighting.
- Kunal Bubna:** Few of the companies are multinational also who are scattered around the world also.
- Moderator:** Our next question comes from the line of Pallav Agarwal: from Antique Stock Broking Limited.
- Pallav Agarwal:** So just one question on what is the net debt levels at the end of the quarter?
- Kunal Bubna:** Net debt was around INR260 crores.
- Pallav Agarwal:** Okay and do you expect that you know, this should be the peak level or maybe because of the capex and working capital this can increase slightly?
- Kunal Bubna:** For the coming quarter we believe that it should not increase much. INR10 to INR20 crores from here.
- Pallav Agarwal:** Okay. And any improvement in working capital levels over the previous quarter?

- Kunal Bubna:** No, similar to, more or less similar.
- Pallav Agarwal:** Okay, okay. And sir, anything on the margin front? So you know, we were at about 18% EBITDA margin and that has come down to about 16% level. So with the VAP going up, can this go back to about 18% by FY28?
- Kunal Bubna:** Yes. That that as we said that with the start of quarters to come this condenser value-added welded, then fitting business, then also on the side of seamless business wherein tubing and BA tubing business would be there. So definitely in the coming two years to go it should definitely improve from 16.4% to move to around 18%.
- Moderator:** Our next question comes from the line of Dhananjai Bagrodia from Alchemy.
- Dhananjai Bagrodia:** Yes. I just wanted to ask you, for the end market, how is the end market doing and you know, we predominantly taking market share from?
- Kunal Bubna:** Can you please repeat?
- Dhananjai Bagrodia:** Sir, how is the end market growing and how are we taking market share from there?
- Kunal Bubna:** In case of domestic see predominantly the supplies are mainly to the end market only. So we are definitely getting those shares. On the front of export generally it is to the not to the end industry it is to the distributor or trader of those countries. And we are seeing demand from power, engineering, chemical, oil and gas.
- Dhananjai Bagrodia:** So what I'm asking is who would, how is the end market doing and the company would be taking market share from who predominantly? Would it be from global players, Indian players? Who would be taking market share? Cause considering the capacities are themselves only so small in stainless steel?
- Kunal Bubna:** See the demand is there from power sector wherein the demand is majorly new which was not there in the system. So from there we have been able to get an order. Apart from that again from the domestic players generally the demand has been shifted from them also from the smaller or unorganized player to Venus. So this had generally happen in the domestic market.
- Dhananjai Bagrodia:** And how and in your estimate how much would the industry be growing?
- Kunal Bubna:** See, it's a very tough to say those number because the sectors are being added. Generally we see a range of 8% to 10% but keeping this demand of power and new industries being added, it will be definitely higher than that.
- Dhananjai Bagrodia:** Okay, fair. And sir, maybe I missed this but just in your revenues how much percent would be coming from volumes and how much would be coming from ASP increase?
- Kunal Bubna:** No, see volume numbers see we are not currently giving.
- Dhananjai Bagrodia:** No. Don't give any numbers. I'm just saying broadly from your revenue growth percentage wise, how much percent would be from volume growth and how much would be from ASP increase?

- Kunal Bubna:** See from revenue from volume growth it should be at least you can say that from quarter on quarter more than 15%.
- Dhananjai Bagrodia:** And year-on-year?
- Kunal Bubna:** It will be again sort same sort of number.
- Dhananjai Bagrodia:** Okay. So then would it be fair -- we've taken price hike as we move up the chain so price hikes have been taken or in terms of realization has been improving cause of a segment mix change?
- Kunal Bubna:** Not much on the change of segment currently. It is again the grade mix which keeps on changing which also altered the prices of the good.
- Dhananjai Bagrodia:** Okay. So then sir, and so then predominantly it would just be we've been able to increase revenue of particular items. Would that be fair?
- Kunal Bubna:** Revenue of yes definitely the contribution for seamless has increased. That has increased the revenue. That is also helping.
- Moderator:** Our next question comes from the line of Sonal Minhas from Prescient Capital Investment Advisors LLP.
- Sonal Minhas:** Sir I had two questions. First question was regarding the BHEL order and the backlog you were talking about and you mentioned to the previous person who was asking the question you have around 15% market share. Just wanted to understand like who were the other two three noteworthy players who basically backed these orders? If you could share one or two names just for understanding the industry and competitive nature that will be helpful?
- Kunal Bubna:** See giving the name of other player would not be right but again generally just to mention you for this power bidding of BHEL and all, generally 5 to 7 players are approved currently in the country. Out of this we are amongst them.
- Sonal Minhas:** Okay. So isn't this public knowledge like that who gets what order?
- Kunal Bubna:** I don't see, that. It can be available through customer i.e BHEL but may be not to public.
- Sonal Minhas:** Okay, understand that. Second question sir was with regard to the price realization and the volume growth you were just talking about to the previous gentleman. The kind of realization growth that we've seen right now in this particular quarter should essentially materialize into little higher gross margins, little higher EBITDA margins. So directionally are we heading towards let's say 18% kind of EBITDA margins in FY27, '28 or that's still a little far off?
- Kunal Bubna:** No, its far away. You rightly said that by FY'27 would be year where you definitely be seeing higher & on current 9M- basis its 16.3 EBITDA margin. It will definitely be improving from here and by FY28 definitely the target is to reach by around 18%.
- Sonal Minhas:** Got it sir. Sir just squeezing in a third question. You mentioned about getting approvals in the international market, some in Middle East. So wanted to understand what is the lead time of

getting these approvals with a particular let's say consultant or let a refinery or somebody who's a client there. What is the lead time to get in the approved list?

Kunal Bubna: See again it's again depend on client basis and their comfort level. So sometime it can take you 3 to 5 year also. Sometime keeping your credential and all you can get in less than 2 year also. But generally the lead times are generally high for getting these approval from these multinational companies.

Sonal Minhas: And is it higher in let's say oil and gas than compared to power? Just for our understanding.

Arun Kothari: It's a more time in the nuclear sector. Nuclear sector takes the more time than oil and gas and power. Or normally the especially in the case of lead time, lead time means normally vary depends on the plant, normally lead time only the approval submission of the approval paper we can consider the lead time on the plant front as well as your past track execution and the plant capability. All these things does matter.

Sonal Minhas: Sure sir. Got it. Thank you, sir.

Moderator: Thank you. Our next question comes from the line of Sahil Sanghvi from Monarch Network Capital Limited. Please go ahead.

Sahil Sanghvi: Yes, hi thank you for the opportunity. Congratulations for a very good set of numbers. The first question was with respect to CBAM. So what we are hearing is that there are already benchmarks in place and there are third party evaluators also. So have we done that evaluation and where do we stand on the liabilities that could come. I understand we don't have to pay this year. But any sense on that front and could that really impact our margins?

Kunal Bubna: See at the end of December they have come up with a revised calculation and formulas. And see for us also we have to take those numbers, from our suppliers because precursor emission is also need to be considered while calculating the CBAM value. So we have also taken up with our suppliers. So see each one in the system is working because the formula calculation had been revised at the end of December. So everybody is working and as and when it come up then we can be able to. But again we are also taking guidance from consultant and all and the entire team is working for that.

Sahil Sanghvi: And what will be our current split as in in percentage basis if you can give on the export, I mean how much goes to Europe and how much US? And how much Middle East?

Kunal Bubna: See on a 9M basis if we see that because more than Europe was around 60%-65% and US was around 20% 25% Middle East, UAE and Saudi around 10%-12% and balance to other countries.

Sahil Sanghvi: Right. And any kind of benefits that we are getting from the EU trade deal I mean because from 1st of July there was this quota reduction. So is there anything in the EU trade deal for us?

Kunal Bubna: No from pipe and tube SS we have not seen that. But again this quota reduction is to every countries, who are exporting to EU. It's not standalone to India only. Applicable to everyone.

Sahil Sanghvi: Okay. And on a Y-o-Y basis this quarter was there a price improvement or a price reduction?

- Kunal Bubna:** No sort of improvement only.
- Sahil Sanghvi:** Okay. Sure. Thank you. Thank you and all the best.
- Moderator:** Thank you. Our next question comes from the line of Sneha Talreja from Nuvama. Please go ahead.
- Sneha Talreja:** Hi team. Congratulations on great set of numbers. Just couple of questions from my end. Given the US tariff you know just got finalized. How do we see the opportunities in the US market shaping up given in last couple of years we've done so much work especially in Europe, Middle East? So where do you see opportunities for the US market? That's first.
- Kunal Bubna:** See absolutely the opportunity should be there because see as you rightly said we have work done on US part, and when the time where to get those benefit, but this hovering of tariff have come. But with this clear-cut ease of tariff currently, and see as I said you earlier also Section 232 is similar for all the country exporting to USA. But the as there was no clarity on the side of tariff, that's why the voluminous demand order was not coming in quantum. So definitely we believe it should be a better opportunity going forward from USA.
- Sneha Talreja:** Also Kunal could touch upon the working capital requirement, how different it is from domestic versus exports market, and both in terms of margins, given that we've recently seen rupee depreciation?
- Kunal Bubna:** See working capital is more or less similar. It's not that much changing between domestic and export. But again margin perspective generally when you are established in this Europe and USA market, you generally drive a higher margin, but currently on a blended basis we have said that coming forward quarters I think we should be able to do a better profit in export market as compared to domestic. But again after you are set up in those market you generally get those benefit.
- Sneha Talreja:** Understood. And lastly on your order book front, we've seen a great improvement on a quarter-on-quarter basis from 3.5 to 4.7 odd billion. The increment in order book would be coming in from which areas? Is it more mostly domestic or exports?
- Kunal Bubna:** It's mix from power sector and export.
- Sneha Talreja:** Understood. Thanks a lot team and all the very best.
- Moderator:** Thank you. Our next question comes from the line of Romil from Electrum PMS. Please go ahead.
- Romil:** Yes, thank you for the follow up. Sir one clarification I just wanted. So see we have got new qualifications from the export market also. So exports are also anticipated to grow. In India also I think domestic power and all is doing well, so new approvals received. So just want to understand, so next year probably, you said we will grow 20% plus kind of number. But you know beyond that so, because next year you will have the seamless capacity also coming in?

But beyond that let's say you know FY'28, FY'29 going towards there, shouldn't we face some capacity crunch if at all the demand remains stronger. And in context of that do you see the capacities which are coming up by the competition, can they you know gain that market if we don't have capacity. How does that stack up if you can just throw some color?

Arun Kothari:

Yes definitely. After this new capacity expansion, we'll be able to do the 20% growth for the FY'27 as well as FY'28. We always plan for the same in advance as we see the market presence, how is the market demand is going on. We are always open to do the capacity expansion. But we are also focusing on our cash flow. We don't want to take too much debt for the capacity expansion or we want to leverage our position.

But whenever it will be required we are open to do capacity expansion. You can see in the almost in last four years we had done the capacity expansion almost more than 4x. Or whenever need will arise, definitely we are open for that. We are more focused on the growth as well as the balance sheet focus and the debt focus, along with focus on the ROCE and ROE.

Kunal Bubna:

And again to mention here, that see the demand new demand has come from this power sector which was not there in the system as we earlier said also. So that will be also driving. See the export geographies we are trying to capture more. We are expanding our horizon to many parts of the world. That will also come into play. We are moving our supply towards food processing and other sectors.

And again see we are also adding a product like fitting, which generally many of the competitors don't have. We are also adding many of the value-added products which generally not many players are there in those horizons. So I think keeping all the mix bag we believe as a company that we will be able to take it forward also.

Romil:

Okay. So to summarize on this point, probably we are saying that with the capacity coming in and the utilizations moving up, for 27 and 28 probably we should grow at around 20% odd, with margins improving plus fittings revenue coming in, and post that, if we need capacity, we will plan by 27 or 28. So that's the right understanding, right?

Kunal Bubna:

But new capacity see the company keep on planning that but if something comes up earlier also will definitely update you.

Romil:

Correct. Got it. And sir just one thing on the export side. So obviously in the last one year or two years we have done you know phenomenal on the export front. Going ahead what kind of growth rate can we you know expect on a normalized basis, considering you are getting approvals and all those things. And is export a higher margin business versus domestic?

Kunal Bubna:

See it's not, if you see the current year export is not nominal. We have been able to do a good ramp up. And further see again the percentage of export with the total revenue is more than 30%. The intent is to at least maintain that currently. So further we are trying that if there a good margin order we get in export, it can go higher than that also. But the intent is currently at least above 30%. And see when you are established in this market definitely you earn a better margin as compared to domestic.

- Romil:** Okay, okay. Got it. Sir last this year this quarter how much OCF we would have generated if you can give that number?
- Kunal Bubna:** Balance sheet figure, currently, I am not having.
- Romil:** Okay sir. Yes. Thank you so much. Thanks.
- Moderator:** Thank you. Our next question comes from the line of Shubham Thorat from Perpetual Capital Advisors. Please go ahead.
- Shubham Thorat:** Yes, thank you. Sir I have recently started tracking the company. So kindly bear with me. Firstly I wanted to know what is our current capacity utilization in Seamless and Welded segment?
- Kunal Bubna:** In case of Seamless it's more than 90% and on the side of Welded it is more than 60%.
- Shubham Thorat:** Okay. Secondly I just missed your comments on , how much capex are we currently doing on the fittings and seamless side and what kind of asset turn are we targeting there? And just wanted to ask when this capacity is going to be live?
- Kunal Bubna:** See the capacity of fitting and seamless pipe, a portion of seamless has come but major capacity will be we are targeting by end of this financial year. So primarily all the capacity we will be live in the coming financial year that is FY 26-27.
- Shubham Thorat:** You mentioned by end of next financial year, right?
- Kunal Bubna:** End of this March 26.
- Shubham Thorat:** I see. And how much capex are we incurring for that and what kind of asset turn are we expecting?
- Kunal Bubna:** See these all capex are on the side of seamless, it is on the side of fittings, on the side of condenser welded. So absolutely those it will be at least more than three times asset turn should be there.
- Shubham Thorat:** Okay. Next you mentioned that our current order book size is around INR470 crores. And incrementally we expect orders from the power sector and export demand. So I just wanted to ask what is the execution timeline for this current order book size? And what is the application of our products in the power sector?
- Kunal Bubna:** See the order size should be typically be between six, seven months. The execution time for this order book. And see the application in power is varied. These are used for boiler also. These are also used for condenser of power plant. So it's a mixed bag of use in power industry.
- Shubham Thorat:** Okay, okay. And any broad comments on the demand situation and -- I want to get a general sense on what kind of issues we faced in the last 9M or the past quarter, that we are expecting to a bit relieved upon while going forward?

- Kunal Bubna:** See few of the geopolitical issues had been there. But with the recent ease of tariff on India by US, I think it's a good sign. Again India the EU deal was not directly impacting us, but again it's a sentimental improvement is also there. So we believe and also there is a demand from power and other sector in the Indian market also. So keeping all this perspective going forward it seems to be quite positive from now onward.
- Shubham Thorat:** Got it. Just final question. I missed your comments on the country wise geography mixed that you mentioned in the exports. Could you please repeat that?
- Kunal Bubna:** We said that it was around 60% 65% on Europe and 20% 25% on the side of US and balance to other country including Saudi and UAE.
- Shubham Thorat:** How much in Europe?
- Kunal Bubna:** 60%-65%.
- Shubham Thorat:** 60%-65%. Okay. Thank you so much sir. That's it from my side.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints that was the last question. I would now like to hand the conference over to the management for closing comments.
- Arun Kothari:** Thank you all for joining us today. I hope we have addressed all your questions. We remain committed to keeping the investment community informed with regular updates on any developments in the company. For any further information or queries, please feel free to reach out to us or our Investor Relation Advisor. Thanks everyone.
- Moderator:** Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.