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RATNAMANI® METALS & TUBES LTD.

RMTL/SEC/POST-TRANS. CON-CALL/Q4/2022-23 May 24, 2022

| **BSE Ltd.** | **National Stock Exchange of India Ltd.** |
|---|---|
| Corporate Relationship Department<br>1st Floor, New Trading Ring,<br>Rotunda Building, P. J. Tower,<br>Dalal Street, Fort, Mumbai – 400 001<br>Company Code : 520111 | "Exchange Plaza", 5th Floor,<br>Bandra – Kurla Complex,<br>Bandra (E),<br>Mumbai - 400 051<br>Company Code : RATNAMANI |

**Subject: Transcript of the Investor Conference Call post Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended on March 31, 2022**

Dear Sir/Madam,

We vide our letter dated May 16, 2022, had intimated to the Stock Exchanges about the schedule of the Investor Conference Call on Thursday, May 19, 2022 post Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended on March 31, 2022 and future outlook of the Company's business.

The Conference Call recordings have already been uploaded on the website of the Company and a link was provided vide our letter dated May 19, 2022.

We, now enclose a copy of Transcript of the Investor Conference Call which took place as scheduled. The said transcript is being uploaded on the Company's website namely www.ratnamani.com.

Kindly take the above on your record.

Thanking you,

Yours faithfully,
**For, RATNAMANI METALS & TUBES LIMITED**
Maloo Anil Digitally signed by Maloo Anil
Date: 2022.05.24 17:44:58 +05'30'
**ANIL MALOO**
**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl.: As above

"Ratnamani Metals & Tubes Limited
Q4 FY2022 Earnings Conference Call"

May 19, 2022

| | |
|---|---|
| **ANALYST:** | **MR. SAHIL SANGHVI – MONARCH NETWORTH CAPITAL** |
| **MANAGEMENT:** | **MR. MANOJ SANGHVI - BUSINESS UNIT HEAD - RATNAMANI METALS & TUBES LIMITED**<br>**MR. VIMAL KATTA – CHIEF FINANCIAL OFFICER – RATNAMANI METALS & TUBES LIMITED** |

**Moderator**: Ladies and gentlemen, good day and welcome to Ratnamani Metals & Tubes Limited Q4 FY2022 Earnings Conference Call hosted of Monarch Networth Capital. 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. Sahil Sanghvi from Monarch Networth Capital. Thank you and over to you, Sir!

**Sahil Sanghvi**: Thank you, Lizaan. Good afternoon to all. On behalf of Monarch Networth Capital, we welcome you all for the Ratnamani Q4 and FY2022 earnings call. We are delighted to host the management of Ratnamani today and from their side we have Mr. Manoj Sanghvi, who heads the Carbon Steel Division and also the CFO, Mr. Vimal Katta. So, without taking any much time, I will hand over the call to Mr. Manoj Sanghvi, Sir for their opening remarks. Thank you and over to you Sir!

**Manoj Sanghvi**: Good afternoon to all the participants. I welcome you to this call and I hope everyone is doing well. Our results explaining the performance has been uploaded on a website and I hope many of you have had a chance to go through it. I would first like to give you a brief on the numbers and then we can take questions. Now while narrating the numbers it gives me an immense sense of satisfaction to inform you that FY2021-FY2022 has been the year of unprecedented revenue and profits where the company has delivered highest ever annual revenue and profits in its 38 years of history.

Our revenues have increased 40% year-on-year and 5% on sequential basis. For the full year FY2022, it has increased by 36.6% as compared to FY2021. EBITDA has increased to Rs178.4 Crores from Rs141.3 Crores on sequential basis registering a growth of 26% on year-on-year basis. Our EBITDA margin has likely contracted on full year basis by 200 basis points, but in this quarter due to picking up the volume of SS products, the EBITDA margins have improve to 18% from 15% on sequential basis.

Net profit margins have improved in this quarter to 11.3% from 9.5% and for the full year basis, we have seen contraction of around 160 basis points mainly due to inflationary pressure witnessed in the operating ecosystem. Company's cash profit has increased to Rs402 Crores from Rs332 Crores on the full year basis and quarterly increases by 25% sequential and 8% year-on-year basis. Our earlier capex has picked up well and last year all products have performed well i.e. carbon steel, stainless seamless and welded tubes, and pipes. Our utilization levels have improved, but such higher revenue growth numbers are also on an account of steep rise in the raw material price. Optimization a profitable product mix is prudent procurement decisions and product pricing discipline coupled with strong cost controls are some of the main reasons behind this excellent operational and financial performance.

As you all know commodities in general especially metal and that too steel and stainless steel in particular have been extremely volatile over the few months and the ongoing Ukraine crisis coupled with COVID restrictions in China obviously have made supply chain and business complex. With strong demand witnessed in India and overseas, we have witnessed both order booking across all segments, so order booking as on May 1, 2022, the total order book is Rs2223 Crores since its financial year beginning and there have been a lots of changes in terms of geopolitical situations, inflations, rate hikes, tapering of liquidity, volatility, etc.

It would be very difficult for us to give the full year guidance; however, we are internally targeting a growth of 15% to 20% at the constant price basis for this year. We have witnessed good momentum in order bookings, but with the inflationary outlook and geopolitical situation it is to be seen how long the same is continued; however, we believe once the steel prices will stabilize there will be traction and we may see good bounce back in the business climate.

Something on the capex updates, company is undertaking a capacity expansion for stainless steel tubes and pipes for approximately Rs180 Crores, and this will be operational in next 18 to 24 months. Further, the company is also increasing capacity for carbon steel submerged arc welded pipe and coating at a new location. Capex for same is expected to be around Rs170 Crores over a period of next 18 to 24 months. Both capex put together will have a financial outlay of Rs350 Crores to 400 Crores over the next few years. We can fund the capex through internal sources with some debt component if needed for better capital mix. To conclude, I would just like to say that things are moving more or less as anticipated. Mainly for our recent capex, utilization have increased and then mostly stabilized. Products have been overwhelmingly accepted by our customers due to high quality and precision and numbers have started growing.

We thank all of you for healthy discussion and patience in hearing and welcome you for questions. Thank you.

**Moderator**: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Aashin Modi from Equirus. Please go ahead.

**Aashin Modi**: Aashin here. Firstly, congrats on the good set of the numbers on annual and quarterly results as well. Now, this asset capex that you are announcing is basically for which kind of pipes?

**Manoj Sanghvi**: It is stainless steel tubes and pipes, seamless welded are a mix of all so it is a capacity expansion of the existing product line.

**Aashin Modi**: The 20000 ton capacity that is not operational yet, is it different kind to that we are targeting through this expansion or the same?

**Manoj Sanghvi**: No, the 20000 tons is for extrusion, which is hot finish, this capacity expansion is for the current capacity what we already have for cold finishing.

**Aashin Modi**: The cold finishing will go from where to where for its expansion?

**Manoj Sanghvi**: That number update on capacity from where to where we will get back to you.

**Aashin Modi**: And in carbon steel, which segment we are adding that you said SAW, but is it helical SAW?

**Manoj Sanghvi**: Yes, it will be helical SAW along with coating plant.

**Aashin Modi**: And we are looking at location out side Gujarat?

**Manoj Sanghvi**: Yes, location will be outside Gujarat.

**Aashin Modi**: And you said 15% to 20% you also targeting for next year is it revenue growth number or volume growth numbers?

**Manoj Sanghvi**: This is a revenue growth number, it can be 20% to 25% also.

**Aashin Modi**: We already have done Rs970 Crores last quarter and second half we did very well here, so I think?

**Manoj Sanghvi**: Yes, but with the correcting raw material prices I can say 20% to 25%, but if the raw material prices drop further it will have direct impact on the revenue.

**Aashin Modi**: But the EBITDA margin probably in that case will be higher, right?

**Manoj Sanghvi**: Remain range bound between 15% and 18%.

**Aashin Modi**: And last time you had highlighted about bid book of 6,00,000 tonnes in CS out of which last year we have received how many orders?

**Manoj Sanghvi**: In last quarter when the update was given, most of the tenders have been finalized for which we have received some orders and the announcements were given to the exchange and must have come to you also, so right now for carbon steel about 10 lakhs tons both in oil and gas as well as water is under bidding.

**Aashin Modi**: And can you name some projects that are issuing these orders?

**Manoj Sanghvi**: There is a plenty of projects because state wise, there is Gujarat, Madhya Pradesh, in south also in oil and gas, some of the oil and gas projects in the east also, last time there were one or two big projects so I could name it, but the list for 10 lakhs is quite elaboratable.

**Aashin Modi**: So, this is a mix of oil and gas and water?

**Manoj Sanghvi**: Yes, about 60% is water, 40% oil and gas.

**Aashin Modi**: On the stainless steel side, how are you seeing the momentum in terms of export side, are you seeing more orders coming up or let us say we are bidding for more in the overseas market now?

**Manoj Sanghvi**: Yes, export is picking up.

**Aashin Modi**: SS pipes should see high growth next year, right because of the new plant utilization?

**Manoj Sanghvi**: Utilization of extrusion will add to the growth of stainless steel products.

**Aashin Modi**: Thank you. I will join back in the queue.

**Moderator**: Thank you. The next question is from the line of Hirenkumar Desai an Investor. Please go ahead.

**Hirenkumar Desai**: Sir, congratulations on the good results. I would like to know the total capacity currently that exists for stainless steel and carbon steel pipes and current capacity utilization?

**Manoj Sanghvi**: Roughly for stainless steel it is 48000 metric tons and 5,00,000 tons for carbon steel.

**Hirenkumar Desai**: 48000 for stainless steel and?

**Manoj Sanghvi**: 500000 for carbon steel.

**Hirenkumar Desai**: And the current capacity utilization?

**Manoj Sanghvi**: Capacity utilization for various segments it is between 60% and 80%.

**Hirenkumar Desai**: In both segments?

**Manoj Sanghvi**: Yes, in both the segments.

**Hirenkumar Desai**: Other than what you mentioned as of now the capex plan is Rs360 Crores as you mentioned, right?

**Manoj Sanghvi**: Yes, 350 to 400 Crores.

**Hirenkumar Desai**: And while answering the previous participant, you are guiding for 15% to 20% revenue growth, so you are assuming higher volume growth right because of softer steel price?

**Manoj Sanghvi**: Yes, one is for the higher volumes in terms of tonnage also and rupees also.

**Hirenkumar Desai**: Yes, I get that. Thank you, Sir.

**Moderator**: Thank you. The next question is from the line of Vikash Singh from PhillipCapital. Please go ahead.

**Vikash Singh**: Good afternoon, Sir, and congratulation on a very strong set of numbers. Sir, I just wanted to understand the rationale of SS pipe capacity expansion because we have already put up 20,000tonnes, which we have not started rolling out any material from it, so not even half of the utilization and we started something new. As far as I understand that even in our previous communication we said that it would take couple of more years for this new capacity to fully utilize, and this timeline for your next capacity is 18 months, so just wanted to understand there is overlapping or what is the thought process behind it?

**Manoj Sanghvi**: So, this capacity expansion as I had clarified earlier is for cold finish, 20000 tons, which we have expanded is hot finish and in the last call I had mentioned yes, two to three years it will take for it to reach at optimum level, but by that time because for any capacity expansion it will take two to three years, so by that time we should be ready with another cold finishing line.

**Vikash Singh**: Okay and many of our competitors are also putting a lot of capacity in this space, so just wanted to understand, how do you see the overall industry size moving up, so that everybody would be accommodated or are we going to see some price fall going forward?

**Manoj Sanghvi**: Definitely everyone is increasing capacity, but at the same time the market is big enough and we have export market also, so for any new players the time required will be much more than the existing and established player.

**Vikash Singh**: Sir, can you just give us some market size of SS pipes and what kind of industry growth we are expecting going forward?

**Manoj Sanghvi**: Global stainless steel size is close to 5,00,000 tons and it is growing between 5 to 8% CAGR so more of the manufacturing is based out of China and India.

**Vikash Singh**: Understood, so this new capacity could be more from the export perspective in mind, is that the correct understanding?

**Manoj Sanghvi**: Both export and domestic both.

**Vikash Singh**: Understood, Sir. Sir, what was the tail end capex, which is pending from the past capacity expansion if you could tell us and effective FY23 capex plans?

**Manoj Sanghvi**: No, from the past we had two major capacity expansion both have come into commercial production, some balancing equipment here and there during the year that is a general capex, but nothing is pending from the past?

**Vikash Singh**: So not much is pending, and this new capex would be more of a FY2024 than FY2023, is that understanding correct?

**Manoj Sanghvi**: On the product front it is done, but we have one solar plant, which is yet to be operational 15 megawatts, so that capex is still ongoing.

**Vikash Singh**: Just one last question on our working capital, which has increased substantially given that we have a very high volume growth target, so is it okay to understand that even though the pricing are coming down, our overall absolute working capital would remain high for this year or you think that the second half we get a lot of working capital release?

**Vimal Katta**: See, ours is a working capital intensive business, right now is make to order scenario where we book raw material on back to back basis, the second thing is company has been not leverage i.e is debt free, so we are not going even for LC bill discounting to remove the LC debtors from the books because there is a negative value if we go for discounting so that results into a higher working capital involvement in the business, it will continue going forward also because a major part of business top line growth will be coming from existing business model that is make to order scenario, some addition of the stock and sale products will also be there particularly from new product facility which will again require initial investment in working capital to built up the required inventories range of all the products so this year we may see some increase in working capital, which will settle somewhere in the next two to three years time.

**Vikash Singh**: Understood, Sir. Sir, what is the net cash position as on date?

**Vimal Katta**: See, as on date if we talk about today's date the net cash will be more than Rs100 Crores with the company, as on March 31, 2022, it was neck to neck.

**Vikash Singh**: Thank you for answering my question and all the best for future.

**Moderator**: Thank you. The next question is from the line of Abhishek Poddar from HDFC Mutual Fund. Please go ahead.

**Abhishek Poddar**: Thanks for taking my question. Sir, this margin range you gave was 15% to 18% and you also mentioned that steel prices or raw metal prices would be volatile, so trying to understand that how should we think about margins if let us say the steel prices are low then we assume that margins would be high vis-à-vis or should we think about it more like an EBITDA per ton?

**Vimal Katta**: See, basically it more like EBITDA per ton, because ours is make to order scenario. It is very difficult to give a standardized figure for EBITDA per ton that is the reason we talk about EBITDA in percentage terms only. So theoretically speaking in case raw material prices come down, our EBITDA in percentage terms should be going up, but it never happened, prices are low when demand is low so somewhere you need to adjust your margins also so it is continuing in case of higher price scenario theoretically speaking shrinkage should be there that also never happens because then demand is also good and this 15% to 18% range is looking to the product mix sometimes value added product, percentage contribution to the top line may be higher so then we may see 17% to18% sort of EBITDA if the percentage of lower value added product is higher in top line then we move toward 15% to 16% sort of thing.

**Abhishek Poddar**: Understood, Sir, that is very clear, so given the stainless steel volumes will keep on going up for the next two or three years, should we assume that EBITDA let us say not this year, but maybe next year could be towards highest end of the range of 18%?

**Vimal Katta**: See, it should be, our efforts will be in that direction only, a lot will depend on the market and everything, but we will try to see percentage of higher value-added product keep on increasing in the overall product basket.

**Abhishek Poddar**: Understood, just last question on this 20,000-ton capacity, how do you see the capacity production this year and next year?

**Manoj Sanghvi**: This year we are targeting close to 30% utilization.

**Abhishek Poddar**: And it will be a gradual improvement in the next year, or it could be a big jump?

**Manoj Sanghvi**: No, it would be a gradual utilization increase.

**Abhishek Poddar**: Okay, understood. All the best, Sir. Thank you.

**Moderator**: Thank you. The next question is from the line of Aman Thadani from Solidarity Investment Managers. Please go ahead.

**Aman Thadani**: Thank you for taking my question. Sir, what is the peak revenue that we can get from the current capacities?

**Manoj Sanghvi**: Close to Rs5000 Crores.

**Aman Thadani**: And what would it be from the new capacity that you currently announced?

**Manoj Sanghvi**: That numbers are still we are working, but two times is the asset turnover ratio. You can consider roughly Rs600 to 700 Crores of potential from the new investment.

**Aman Thadani**: Thank you.

**Moderator**: Thank you. The next question is from the line of Anirudh Shetty from Solidarity investment managers. Please go ahead.

**Anirudh Shetty**: Thanks for taking my question. I had three questions, my first question is on, you had mentioned how the SS seamless market is largely dominated by India and China, it is only to confirm that once again because there are couple of peers are seem to be European based, on Japanese base?

**Manoj Sanghvi**: Yes, there are players from Europe, Japan, Korea, even US, but majority of the capacity building in this area; these two countries.

**Anirudh Shetty**: Got it and would you also able to share some numbers on the SS welded market?

**Manoj Sanghvi**: Welded is a huge market close to a million tons. It maybe 2 or 3 million tons.

**Anirudh Shetty**: Got it and my next question is on, you know one of your peers who works in the SS space is looking to list and they seem to doing SS pipes for chemistry, chemicals, and engineering kind of pipes, so this is an area of interest for us?

**Manoj Sanghvi**: Can you repeat the question, please?

**Anirudh Shetty**: Sorry, there is a competitor on the SS space who is look into list and they are more into the SS pipes or chemicals or engineering more of a small diameter pipes, so just wanted to check whether this is an area of interest for us?

**Manoj Sanghvi**: We are already supplying to that industry.

**Anirudh Shetty**: And how much would that be for us today?

**Manoj Sanghvi**: Of the total spectrum the revenue might be 5% to 8% only for the chemical & pharmaceutical industry.

**Anirudh Shetty**: Got it and my final question is on oil and gas, the domestic refinery space, how much of our order book would be coming from that and vis-à-vis this is about three to five year time horizon this is something that you guys are optimistic about from a growth point?

**Manoj Sanghvi**: This is for carbon steel pipes, correct?

**Anirudh Shetty**: Yes.

**Manoj Sanghvi**: Yes, so majority of our line pipe orders is from the oil and gas space, so within oil and gas, city gas distribution, product pipeline, gas distribution lines all put together the next three four years with the dream of the prime minister to connect the country with the gas network and pipe supply; so growth for three to five years definitely that vision is already there.

**Anirudh Shetty**: And this holds for oil as well as gas I meant from a refinery point of view like we are seeing our growth over the next 3 to 4 years it should be across both oil and gas category for us?

**Manoj Sanghvi**: Yes, both oil and gas like HRL refinery expansion and the new refineries is going on so the crude pipelines for that, then once the crude pipelines are there and then the refinery starts then there will be product line, a lot of petrochemical plants are expected so therefore the mix of stainless steel and carbon steel both will come.

**Anirudh Shetty**: Got it. Thank you for answering my question and I will get back in the queue.

**Moderator**: Thank you. We will move on to the next question that is from the line of Kunal Shah from Carnelian Capital. Please go ahead.

**Kunal Shah**: Thank you for the opportunity and congratulations on good set of numbers as well. I had a question on margin, which is related to the previous participant's same question as well, so two broad question, one is basically you guided for revenue growth of about 20% and then that will depend largely on how the metal pricing are rising, right so if you could help understand what kind of volume growth we are seeing on the ground because prices went up in the last few days, so are you seeing holding off the capex or if you can help understand how the pricing mechanism looks? Honestly, our margins have dropped in the current year, so volume growth how should one look at for FY2023 and at the same time how should one look at profitability growth and margins for the coming year?

**Manoj Sanghvi**: So, keeping the prices stable in terms of revenue in rupees I am saying, there will be a growth of 20% to 25%, now if the prices go down the number can come down or may come down, but the volume in terms of metric ton that growth of 20% will remain.

**Kunal Shah**: And how should that translate into the cumulative growth because even in the current quarter our revenue growth has been fantastic, but our PAT growth because of the margin compression has been less in the revenue, which is quite obvious, you said that EBITDA per ton movement is something which we should look at, but considering we are into segments it becomes difficult to compare year-on-year basis and quarter-on-quarter basis, so how should one look at profitability for FY2023?

**Vimal Katta**: See, Kunal, this product range of 15%, 16% to 18% seems to be maintainable over a period also, in current year also if we talk some compression in margin that is mainly because of the higher contribution to the top line coming from the line pipe, which is a low margin business and one cannot expect to have a very significant jump in SS and line pipes because they are dependent on very niche application requirements only whereas in case of line pipe volume requirements are there; so the growth driver in top line has been line pipe, which will continue, going forward contribution from new production facility and the capex, which we are planning, which may result into higher value added product that will also be there plus we have to understand one thing in case of stainless steel, there may not be any significant volume growth, but value addition can be very high depending on the product mix because we try to have this thinking, we should be having rather a better margin product than a product which gives only top line with a lower margin, it is possible in stainless steel to continuously focus on higher value added product and that is the reason in spite of increased competition we have been in a position to safeguard our margins.

**Kunal Shah**: Correct, so basically it will be right to understand that the gross margin compression that we have seen from FY2021 to FY2022, it is largely on an account of basically product mix and not a case where we were not able to pass on price increase or something of that sort, would that understanding be right, Sir?

**Vimal Katta**: Majorly you are right because in our case all the order are fixed price we cover our raw material on back to back basis and that is the reason you must have observed our investment in inventories have moved up significantly compared to last year because a lot inventory was purchased because all orders are on fixed prices but in some cases because of the sudden price increase there might be some cases where we were not in a position to book it immediately some minor impact will be there, but even over a longer period because there will be cases where we get the benefit also and that is the reason you can say largely, more than 95% of the reason can be attributed to product mix.

**Kunal Shah**: Correct, Sir. Thank you, Sir. Just one question on the capex plus, you were deliberating on putting up a plant probably outside India right and now with this capex announcement I believe one thing is obviously it improves our visibility beyond FY2024, but is there anything more in the offering as well because next year our cash flow generation again would be very robust at least for the next two years, so are we contemplating anything outside India as well or probably nothing as of now this Rs350 Crores odd capex which we have announced in the two segments in India is fair to assume is what is there on the plate as of now?

**Vimal Katta**: Right now whatever has been finalized that we have shared with you, of course team is working on other growth opportunities also because to continue with the growth after two, three years we need to have significant volume growth potential, so that can come from number of investment in different products and different opportunities. So at appropriate time once these are finalized we will be sharing that info with you, but more capex can be expected as we move forward, right now team is working on I think on various opportunities, these two are the capex which have been finalized.

**Kunal Shah**: Thank you very much and wish you all the best.

**Moderator**: Thank you. The next question is from the line of Manoj Bahety from Carnelian Capital. Please go ahead.

**Manoj Bahety**: Good evening Mr. Prakash and good evening Mr. Vimal. Sir, a couple of questions, first one is, as you mentioned that our standard steel capacity is 50000 and global is around 5 lakhs, and if we see our aspiration moving towards value added segment for which we already have capacity, just wanted to understand that what will be our right to win in this value added segment when we are competing with existing standards steel player across the world and how we are going to gain market share in this segment going forward, which will lead to structural improvement in our EBITDA margin once we move towards a value added segment, a high proportion of our volumes?

**Vimal Katta**: Mr. Manoj, just I like to correct you at once with, our capacities of stainless steel is 48000 tons it bifurcates between seamless and welded, seamless is close to 28000 tones and welded is close to 20000 tons and this 500000 tons terms of capacity which Manoj ji has discussed that was about seamless only, so we will having closer to 5% of the global capacity in seamless is our new hot extrusion facility one thing, the second thing is right now also in stainless steel almost 30% to 50% of turnover is coming from physical exports plus another roughly 15% to 20% come from indirect exports because the tubes which we supply to equipment manufacturer then ultimately those equipments are also exported and we have been competing with global players since last several years and we have been successful in taking orders from those countries where local industries are well established like South Korea or even Japan also, so we are confident with our focus on quality equivalent to what global players are manufacturing and the prices which we can offer being very efficient converters you can play, our capex cost also continues to remain very, very efficient per ton of capex cost will be very, very efficient if you look at global capex cost for the similar products, so we should be in a position to establish ourselves for new products and focus has been to continuously explore manufacturing import substitute products within the country and those product which we can manufacture and supply in competition with the other global players in the global market, we have been in a position to get approval of Saudi Aramco for our stainless steel existing product line so that itself is an achievement, which establishes about the quality standards which Ratnamani is in a position to maintain. Ours is the only company which is approved by Nuclear Power Corporation of India in the country we have been supplying for defense applications also, so we are very confident it is already established credentials and established track record we should be in a position to find approvals for majority of the new developments in the product applications also.

**Manoj Bahety**: If it just a 5% of global capacity and if definitely we have advantage on an account of the capex side capital efficiency as well as in terms of the cost advantage as well as the product is that far, so with this 5% kind of capacity, are you hopeful that you will be able to absorb this value added segment in the next one-and-a-half and two years because I think a significant portion of the time takes in terms of like getting the approval thing behind, so in the next one-and-a-half to two years, we can expect that the value added segment the capacity which we have put you will be completely using that towards that and you will see a structural margin improvement on that?

**Vimal Katta**: See, in case of hot extrusion getting approval is not the challenge, getting production parameters is challenge because each size and each grade will have a different production parameters because that product needs to be heated to almost 1150 to 1200 degrees celsius and then hot extruded in a given time frame to get the desired output quality so setting up that production parameters it takes time because all the sizes and all the grades cannot be hot extruded in very short period and that is a reason usually takes longer time to achieve the optimum capacity utilization so in the next two to three years' time we should be in a position to have entire range available with us this hot extrusion facility and visibility of the approvals already are in place and are in the process, we are in the process of getting approval from the newer customers also.

**Manoj Bahety**: Got it and Sir, lastly if you can give us some colour on like current macro headwinds like where there are multiple headwinds and how do you see the scenario panning for you in terms of like extreme fluctuation in commodity prices as well as interest costs going up, will it lead to some kind of deferment of capex or a slow down of order book for us going forward also so just wanted to understand like what kind of discussion for order pipeline which you are having with your customers?

**Manoj Sanghvi**: If you see our order book is currently at the highest Rs2300 Crores and things have started to come down, so we do not see difficulty in booking the orders or the demand side at least for another two years. See, basically in case of stainless steel, product itself does not form major part of the overall project cost and which is a must requirement for any continuous process industry, but demand will continue, capacities are also not very large, in case of line pipe of course some challenges may start coming up once the required infra in oil & gas is over, but by that time nal se jal project should be starting so maintaining top line should not be an issue and if major capex are turn up by the government then margin shrinkage should also not be too high even it is water application product because ultimately everything is demand driven.

**Manoj Bahety**: Right, thanks for taking my question and wish you all the best.

**Moderator**: Thank you. The next question is from the line of Madhav Dhanuka from Finterest Capital. Please go ahead.

**Madhav Dhanuka**: First of all congratulations for a good set of numbers. Sir, most of my questions were answered, I had one question can you tell me more details of the current price trend of the metal and outlook on it?

**Manoj Sanghvi**: Metal prices before the war were a quite correction had come, but once the war started it had abruptly gone up because of a lot of buying from Europe, but now with the quota getting exhausted it has again started to go down, so it will remain volatile because of the current situation, but long run I see prices going down.

**Madhav Dhanuka**: And what is you outlook on financial year 2023 on the final price?

**Manoj Sanghvi**: Sorry, can you repeat it?

**Madhav Dhanuka**: On the growth outlook of the metal prices for the quarter 1 of financial year 2023?

**Manoj Sanghvi**: It is very difficult to predict steel prices, but it will settle down somewhere lower than today's price.

**Madhav Dhanuka**: That is all from my side, wish you all the best, thanks.

**Moderator**: Thank you. The next question is from the line of Akshay Kothari from Envision Capital Services. Please go ahead.

**Akshay Kothari**: Thanks for the opportunity. Sir, recently there was a removal of antidumping duty from the Chinese, so how are we impacted?

**Manoj Sanghvi**: On what product?

**Akshay Kothari**: So, I think there were some notifications on 1st February, in the month of February there was a removal antidumping duty on certain steel and stainless-steel products, and so are we impacted by it or no?

**Manoj Sanghvi**: No, not related to us.

**Akshay Kothari**: And of the total 5 lakhs tons capacity of stainless steel, how much would be the capacity from China?

**Manoj Sanghvi**: The total market you meant to say?

**Akshay Kothari**: Yes, total market sorry.

**Manoj Sanghvi**: This is excluding China; figures of China is difficult to know.

**Akshay Kothari**: I understand it, and in the export market, which would be the geographies which we are seeing tractions, you did talk about Saudi so where are the?

**Manoj Sanghvi**: Middle East and Europe, Southeast, Korea and Japan.

**Akshay Kothari**: And there was also notification that CGD companies are seeking for extension with the government for around two years, so would we be impacted, they are not able to set up these pipelines, so how are we impact regarding that?

**Manoj Sanghvi**: No, they are trying to defer the timeline because of the increased sale prices, but the number of geographical areas awarded is too much, so if it is distributed for another two years it becomes better for us.

**Akshay Kothari**: Thanks a lot. That is it from my side.

**Moderator**: Thank you. The next question is from the line of Diksha Upadhyay from Fort Capital. Please go ahead.

**Diksha Upadhyay**: Good afternoon, Sir. Sorry, I am late, I just wanted your revenue breakup of carbon and stainless steel?

**Manoj Sanghvi**: The breakup we have decided not to share it is confidential.

**Diksha Upadhyay**: And about volumes?

**Manoj Sanghvi**: Volume, the total mix is already given, the total revenue.

**Diksha Upadhyay**: So, in terms of volume like I want to get break up of carbon and stainless steel?

**Manoj Sanghvi**: No that cannot be shared, this quarter onwards, we have decided not to share this info because now number of people have either venture into stainless steel or they are trying to venture into a stainless steel, which may hurt us in the longer run because they are used to work at a very lower margin business and on pricing anybody can compete so in the short term it may be detrimental to the interest of the company that is a reason, we have the shared the total number , total volume and total turnover including both the segment, so I hope you might have got it and if not so, please share your e-mail ID, I will revert back to you with the info.

**Diksha Upadhyay**: Thank you, Sir.

**Moderator**: Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

**Anurag Patil**: Thank you for the opportunity. Sir, just small query, can you please share the total volume number for FY2022?

**Vimal Katta**: Yes, total we did close to 254000 metric tons both the product against 231000 metric ton in the last year.

**Anurag Patil**: How much was the contribution from exports?

**Vimal Katta**: See, export will be closer to Rs500 Crores plus.

**Anurag Patil**: Sir, are we facing any logistic challenges there?

**Manoj Sanghvi**: Yes, because of the global supply chain, which is affected, the time taken earlier and now and with the congestion also, it has increased.

**Anurag Patil**: That is it from my side. Thank you very much.

**Moderator**: Thank you. The next question is from the line of Abhijeet Bora from Sharekhan. Please go ahead.

**Abhijeet Bora**: Sir, most of the question has been answered just one clarification as you have discontinued giving the breakup of volume and revenue should we directly take EBITDA per ton like you have given total volume and we have EBITDA, so just have an understanding that why the margins are moving up and down rather than taking percentage?

**Manoj Sanghvi**: See, margin depending on a product mix will change quarter-on-quarter, so it is very difficult and quantitative information segment wise is hurting us somewhere, so we have decided not to share on the call.

**Abhijeet Bora**: No, Sir, I understood that and just wanted one understanding that if I do back calculation on the Q4 volume numbers?

**Manoj Sanghvi**: It will give a wrong picture because dividing total volume by total tonnage will give a wrong picture because it depends on the product mix right, how much, what is the contribution of SS, what is the contribution of carbon steel, within carbon steel there are so many products, within stainless steel there are a number of products so the mix keeps on changing, we try to remain in the 16% to 18% range.

**Abhijeet Bora**: Would not be fair to say that this quarter the sequentially move in the margins due to pick up in SS order booking, right, would that be the right assumption?

**Manoj Sanghvi**: Yes, that assumption would be correct.

**Abhijeet Bora**: And also there is benefit of operating leverage also, volumes also or not?

**Manoj Sanghvi**: A little bit, but major would be depending on the product mix.

**Abhijeet Bora**: And Sir, last quarter Q4 FY2021 if I see the margins were quite high so like what we are having one off last quarter again in FY2021, I am talking about Q4 FY2021?

**Manoj Sanghvi**: The revenue distribution in the total revenue among the products would have been more value-added products during that quarter.

**Vimal Katta**: Plus within the product also, yes, we are sometimes order with better margin compared to the normal one, see in our case it is very difficult to normalize, so that is the reason we always talk about year-on-year comparison instead of quarter-on-quarter because quarter-on-quarter will never give you a figure which can be extrapolated.

**Manoj Sanghvi**: Even within carbon steel also for example, water and oil and gas now if maybe the metric ton I do more for water, but oil and gas the margins will be more, so one quarter maybe I am doing only water and another quarter is more oil and gas, so then comparing quarter-on-quarter will make things more difficult.

**Abhijeet Bora**: So, I mean I was asking in Q4 you mentioned that had we had higher share of value added product mix we had margins of almost 23%, but normally you guide between 16%

to 18%, because like you had a strong revenue growth of 40%, but there is a margin contraction though in line with your guidance, but just wanted to understand on that front?

**Manoj Sanghvi**: The distribution between division would be higher from stainless steel and within that high value added would be more.

**Vimal Katta**: See, it is a little complex because again ours is a make to order scenario and within that also all the products will not be giving the same margin, see margin range may keep on fluctuating based on applications, material to be used, the testing to be carried out, so there is a number of pieces required in order, length of the tube, number of factors are there.

**Abhijeet Bora**: Thanks a lot, Sir.

**Moderator**: Thank you. The next question is from the line of Hirenkumar Desai an Investor. Please go ahead.

**Hirenkumar Desai**: Good afternoon, again. Sir, two or three quarters back in the call you had mentioned that competitive intensity from the Chinese manufacturer was likely to be lower because of the removal of export incentive, etc., so just can you give a sense of how is the competitive intensity in the export market?

**Manoj Sanghvi**: See competitive intensity for the export market, the Chinese process is more or less pierced product whereas what we manufacture stainless steel is purely extruded product, so wherever the acceptance of extruded pipes is there, there we do face any major competition from China, where pierced product is required of course China for the export market that competitiveness is required, but various countries have antidumping on China, so again entire Europe there is antidumping, US there is antidumping on China.

**Hirenkumar Desai**: So, do we have an opportunity to significantly increase our sales?

**Manoj Sanghvi**: Yes, with the stainless sell seamless pipes extrusion we have that opportunity to have more market share.

**Hirenkumar Desai**: Thank you, Sir.

**Moderator**: Thank you. The next question is from the line of Sahil Sanghvi. Please go ahead.

**Sahil Sanghvi**: Good afternoon, Sir. I have two questions, one regarding the imports of stainless-steel pipe in India, there was a lot of Chinese imports in stainless steel, so how is that, what kind of markets share are they having?

**Manoj Sanghvi**: So, the domestic industry is working on various fronts, one of them is the quality control order which Bureau of Indian Standards so any pipe coming in the country has to follow the Bureau of Indian Standards, every country you go to Europe, you got the US, they have their own standards and mechanism to protect their local industries so within India, we are trying that, that is one thing, right now none of the Chinese will they have BIS, so they have to apply for follow certain guidelines, procedures and maintain that, so second is we are also working on antidumping on China so these two mechanism is there to get the protection from the Chinese subsidized product.

**Sahil Sanghvi**: Well said, but my question was that how much market share is the Chinese imports having right now in our domestic market?

**Manoj Sanghvi**: It is about 30000 to 40000 tons of stainless steel seamless pipes in a year.

**Sahil Sanghvi**: What would be the total market size in India for seamless SS pipes?

**Manoj Sanghvi**: One lakh ton.

**Sahil Sanghvi**: Got it. My second question was regarding the solar power plant so this is at what location or any kind of savings that we can expect?

**Prakash Sanghvi**: It is for captive only, it is 15 megawatts, it is for captive consumption only, it is in north Gujarat near Patan.

**Sahil Sanghvi**: This gives us some savings in terms of the cost of the power?

**Prakash Sanghvi**: Yes, it saves some power cost, so it is giving us the selling edge.

**Sahil Sanghvi**: And when do you expect this to be commissioned?

**Prakash Sanghvi**: By this June end.

**Sahil Sanghvi**: And lastly how much capex are we expecting in FY2023 and for exactly what projects, these projects only we will start capex in FY2023?

**Manoj Sanghvi**: Yes, from the second half of FY2023.

**Sahil Sanghvi**: So, total spend that we target in FY2023 would be however much?

**Manoj Sanghvi**: Rs100 Crores to 150 Crores.

**Sahil Sanghvi**: Thank you so much.

**Moderator**: Thank you. As there are no further questions, I now hand the conference over to Mr. Sahil Sanghvi for his closing comments.

**Sahil Sanghvi**: Thank you, Lizaan. I just want to thank the entire management of Ratnamani Metals for patiently answering all the questions and on behalf of Monarch Networth, I would also like to thank all the participants. Manoj Sir, would you like to give any closing comments?

**Manoj Sanghvi**: No, that is it, thank you. We will keep you updated.

**Sahil Sanghvi**: Thank you.

**Moderator**: Thank you. Ladies and gentlemen, on behalf of Monarch Networth Capital that concludes this conference call. We thank you for joining us. You may now disconnect your lines.