Rathi Steel And Power Ltd.
CIN : L27109DL1971PLC005905

An ISO 9001:2015 & 14001:2015 Company

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RSPL/BSE/2026-27/
Date: 27th August 2026

To
BSE Limited
Phiroze, Jeejeebhoy Towers,
Dalal Street, Mumbai-400001
Maharashtra

Scrip Code: 504903
,
Dear Sir,

Subject: **Transcript of the Earnings Conference Call related to the Unaudited Financial Results for the quarter ended June 30, 2026**

Pursuant to Regulation 30 read with Para A Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Transcript of Earnings Conference Call made on 18th August related to the Unaudited Standalone Financial Results of Rathi Steel and Power Limited ("Company") for the quarter ended June 30, 2026.

The Transcript is available on the website of the Company at www.rathisteelandpower.com. The same was not submitted to BSE within 5 working days of conclusion of the call, inadvertently.

The Earnings Conference Call concluded at 3:51 pm (IST) on August 18, 2026.

You are requested to please take note of the above.

Thanks and regards.

Yours faithfully,
For Rathi Steel and Power Limited
Abhishek Verma
Digitally signed by Abhishek Verma
Date: 2026.08.27 15:17:40 +05'30'
Abhishek Verma
Whole Time Director
DIN: 08104325

Encl. : As above

"Rathi Steel & Power Limited
Q1 FY27 Earnings Conference Call"
August 18, 2026

MANAGEMENT: **MR. UDIT RATHI – PROMOTER – RATHI STEEL & POWER LTD**
MR. RAJESH JAIN – PRESIDENT – RATHI STEEL & POWER LTD
MR. KUSHAL AGARWAL – ASSISTANT VICE PRESIDENT GROWTH AND STRATEGY – RATHI STEEL & POWER LTD

MODERATOR: **MR. PARTH ACHARYA – KIRIN ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Rathi Steel & Power Limited Q1 FY27 Earnings Conference Call. 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 date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Parth Acharya from Kirin Advisors. Thank you and over to you, sir.

Parth Acharya: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Rathi Steel & Power Limited. From the management team, we have Mr. Udit Rathi, Promoter; Mr. Rajesh Jain, President; and Mr. Kushal Agarwal, AVP of Growth and Strategy.

With that, I now hand over the call to Mr. Udit Rathi for the opening remarks. Over to you, sir. Thank you.

Udit Rathi: Hello. Good afternoon, everyone. On behalf of Rathi Steel & Power Limited, I extend a warm welcome to all of you to our Q1 FY27 earnings conference call. Thank you for taking out your time to join us today. Before I discuss our performance for the quarter, I would like to briefly introduce the company. Rathi Steel & Power has been an established participant in the Indian steel industry for more than five decades, carrying forward the legacy of the well-recognized Rathi brand.

Since our incorporation in 1971, we have steadily strengthened our manufacturing capabilities, broadened our product portfolio, and remained firmly committed to quality, operational discipline, and continuous process improvement.

Our operations are anchored by a modern manufacturing facility spread across approximately 12.5 acres of land in Ghaziabad, NCR region. The facility has an installed, steel melting capacity of around 85,000 tons per annum and a rolling capacity of approximately 2,00,000 per annum.

We manufacture stainless steel billets, stainless steel wire rods, and TMT bars, serving a wide spectrum of applications across infrastructure, construction, engineering, and other industrial sectors.

Over the years, our focus has been to build a stronger and more efficient operating platform while continuously adapting our product portfolio to evolving market requirements. This combination of an established brand, manufacturing capabilities, and product breadth continues to provide us a strong foundation for our growth ambitions.

Coming to our performance during the quarter, Q1 FY27 marked a healthy beginning to the year, supported by strong volume growth and improving product mix and continued expansion of our market reach. Total income for the quarter stood at INR193.67 crores, registering a year-on-year growth of 24.6%. EBITDA stood at INR7.77 crores, reflecting growth of 24.83% on a year-to-year basis.

Profit after tax stood at INR3.48 crores, registering a strong year-to-year growth of almost 85%, 84.5% to be precise. PAT margins improved to 1.8%, representing an expansion of 58 basis points over the corresponding period last year. Operationally, the quarter witnessed a significant scale-up in volumes. Total volumes increased by approximately 30% on a year-to-year basis to 28,372 metric tons compared to 21,864 metric tons in Q1 FY26.

A particularly encouraging aspect of the quarter was the performance of our TMT bar segment. TMT bar volumes grew by more than double to approximately 18,677 metric tons from approximately 8,200 metric tons in the corresponding quarter last year. This strong growth strengthened our overall product mix and supported the expansion in revenue during the period.

The performance assumes greater significance considering the broader operating environment, which remained characterized by softer steel realizations, volatile energy prices, geopolitical uncertainties, and fluctuating demand across certain end-user industries. Against this backdrop, our ability to deliver healthy growth reflects the resilience of our operations, the breadth of our product portfolio, and the effectiveness of our market expansion initiatives.

Our presence across stainless steel products and MS TMT bars products provides us with greater flexibility to respond to changing demand conditions and optimize our product mix across market cycles. We continue to place increasing emphasis on value-added products and segments that offer stronger realizations and a more attractive margin profile.

Recent moderation in certain raw material prices has also provided a relatively more constructive cost environment. At the same time, we remain mindful of continued volatility across energy markets and global commodity cycles. Accordingly, our approach remains centered on cost discipline, operational efficiency, and prudent execution. I am open to taking questions now, please.

Moderator: The first question is from the line of Keval Gala from Gala Ventures. Please proceed with your question.

Keval Gala: Yes, hi. Good afternoon. Congrats on a great set of numbers, sir.

Udit Rathi: Thank you.

Keval Gala: Sir, I have some questions. Quarter one sales volume grew nearly 30%. So, what monthly dispatch run rate are you currently seeing in July and August, and is the Q1 momentum also sustaining?

Udit Rathi: I can't comment really on the exact numbers because we have not disclosed the same in public domain so far. But yes, we hope to maintain the same momentum as what we achieved in Q1. This is of course subject to a certain sort of Q2 has is sort of rainy season, July-August, it rains quite a bit, which of course hampers my end-use sort of applications and the usage of steel products.

But since we are a diversified steelmaking company, almost at an equal split between construction industry and B2B segment, it sort of helps us to make up the volumes in one segment or the other. So yes, we are hopeful of maintaining a steady momentum going forward.

Keval Gala: Okay, got it. And sir, TMT volumes more than doubled to 18,677 MT in Q1. So, how did stainless steel volumes perform during this quarter, and what are the trends are you seeing in stainless steel so far in Q2?

Udit Rathi: So, my stainless-steel volumes was a little softer as compared to Q1 '26. Just to give you a broad idea, I think we did about 9,000, approximately it was soft to the extent of approximately around 10% or so, 10% to 12% as compared to corresponding figures of last year. So, this had a majority of reasons. So, basically because of the geopolitical disruptions, my end-users of stainless steel have a lot of applications which, -- few of my end-users have an export-oriented application.

So, because of the ocean freight going very high and other factors disturbing the overall export market, so that, that sort of hampered the volumes. But going forward, it seems like a new normal now. I mean it, few months to come -- were going forward, these times are, are not fully resolved, the issues which are going on in West Asia.

So, there is a -- we are endeavoring to -- is to steadily pick up the volume and at least try and maintain the numbers what we have been achieving last year for the stainless steel category also going forward.

Keval Gala: Okay, okay. Got it. So, at the previous call as well, you were targeting a rolling mill utilization of around 60% to 70% during FY27. So, where does utilization stand currently, and what level do you expect to exit at FY27?

Udit Rathi: So, I think there was a remarkable improvement between 25- 26. '26 we achieved almost the utilization of close to 51%, 52%. And currently also, we are -- there is an improvement of what we achieved last year going forward. So yes, we are still maintaining our guidance of what we have spoken earlier of achieving the utilization in excess of 60% for the rolling mill, as far as the rolling mill utilization is concerned for this, for this financial year. And we seem to be on track for that as of now.

Keval Gala: Got it. And before committing to additional melting capacity, what utilization level or annual volume would you want the existing operations to achieve?

Udit Rathi: So, with the, with the integration, so we've already announced that we've taken trial runs for -- successfully we've taken trial runs for integrating the, the melting capacity with the TMT plant as well. It was earlier operational, the integrated -- the, the part was operational for the, for the stainless-steel division. Now trial runs have been taken for the TMT bar as well.

So that gives us a flexibility to improve the capacity utilization in the melt shop also. And once, once we are able to achieve more than around 70% to 75%, then we'll be looking at expanding it further. And the way our product range is sort of aligned now with decent flexibility amongst the product categories, we see that happening pretty soon.

And once we are able to do so, then we look at some expansion in the stainless, in the melt shop division also. Maybe expansion, maybe explore opportunities for adding certain refining -- more refining equipment to further make value-added products. So we are studying all of that. And as and when we are able to freeze up certain plans, we'll, we'll definitely sort of update our all our stakeholders.

Keval Gala: Okay, okay. Got it, got it, sir. Yes, that's all from my side, sir. Thank you.

Udit Rathi: Thank you.

Moderator: Thank you. The next question is from the line of Rachi Jain, an individual investor. Please proceed.

Rachi Jain: Hello. Am I audible, sir?

Udit Rathi: Yes.

Moderator: Yes, ma'am.

Rachi Jain: Sir, so my first question is how much capex has been incurred so far in FY27?

Udit Rathi: FY27, it must be -- I may not have an exact figure, but it must be in the range of around INR4 crores to INR5 crores.

Rachi Jain: Okay. And what is the expected full-year spend across modernization, direct charging, melting operations, and other projects?

Udit Rathi: What is the, sorry?

Rachi Jain: What is the expected full-year spend across modernization, direct charging, melting operations, and other projects?

Udit Rathi: So, I've said this before, since our plant is, old and we've been now on the journey of sort of making it at par with, with anybody else or at par with the industry standards. So our plant requires regular capex for sort of, upgrading facilities, replacing the old equipment. While we have done a larger chunk, we have been continuously doing it for the last four, five years.

So in a normal scenario, my normal capex touches in the range of INR10 crores to INR12 crores other than of course the additional capex, for debottlenecking and modernization. So I'm, expecting a capex spend of close to INR15 crores plus this year as well. And this is all largely going to be from, so far, we've been doing larger part of capex from internal accruals and we'll continue to do so.

This is, this is apart from any new project or sort of, any new value-added initiative that we take. And as and when that we take, that will be extra. But no, from the plans as of now, but we have a lot of things going on the, at the drawing board stage.

Rachi Jain: Okay. Sir, already sources more than a quarter of its electricity through renewable open access. So has this proportion increased further, and what is the approximate cost advantage of renewable open access power compared with conventional grid power?

Udit Rathi: I think the total consumption of renewables still continues to be in excess of 25%. May be 25%. It's, it's, I have my colleague with, with me who's sort of updating me on this. So, the renewable total consumption of renewable power should be in the range of around 20%.

And that is -- and, it, so we have flexibility to increase or decrease it depending on the pricing that we get. So all of this buy is largely through the power -- the exchanges, so we sort of increase it or decrease it depending on the rates on the contracts that we are able to settle with the suppliers.

Rachi Jain: Okay, okay, sir. Thank you. Thank you for answering my question. I'll get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Priya Jain from Green Capital. Please proceed.

Priya Jain: So I have few questions with me today. Firstly regarding your brand name, who owns this Rathi brand, and what royalty or brand usage fee does the company currently pay to use it?

Udit Rathi: No, so the Rathi brand is the Rathi Steel & Power, the company is a licensee of the brand. The Rathi brand belongs to a family trust, which is the extended Rathi family having my -- the cousins of the founding -- of the founders of this company as well.

So basically, my father's and grandfather's extended family. So that is held by them. As far as any financial burden on Rathi Steel to use the brand is concerned it is negligible. It is hardly INR400 to INR500 per annum nothing beyond that. That is how it has been structured so far to, for us to be able to use the Rathi brand.

Priya Jain: Good to hear, sir. So regarding production scale, how you approaching raw material security for scrap and ferro-alloy? Are you increasing the number of suppliers or changing the domestic versus imported procurement mix to reduce volatility and any risk?

Udit Rathi: No, I think we are better off procuring most of the raw materials domestically because one, we are sort of protected from the, the, the currency fluctuations. Number two, of course, the prices also remain volatile. So anything that we hook as, from -- anything that we want to import would come to my factory at a much longer extended period than what I can get domestically.

And domestically, the cycle that we operate at, I think we are almost 90 -- more than 95% of my suppliers are almost to the tune of 100% this quarter, for example, has been domestic as far as raw materials are concerned. And we try to cover the major raw materials like ferro alloys, etcetera, keeping in mind the order books that we have. So we try to hedge the purchases to the extent possible depending on the kind of orders that we have in hand.

Priya Jain: Also, sir, on stainless steel, which higher value grades or product categories are you specifically trying to scale?

Udit Rathi: Can you repeat that question?

Priya Jain: On stainless steel part, which higher value grades or product, I mean, categories are you specifically trying to scale?

Udit Rathi: No, so we are basically looking at products not in terms of the sale value. We are looking at products which are -- which gives us a better margin in terms of percentage. So, the almost 80% to 90% of my product range today is a grade called 200 series, wherein we are quite comfortable because it is not dependent on very high prices or very high fluctuative prices of critical alloys like nickel and moly.

So we keep evaluating. So our plant is flexible to make any product range that we, any categories or any grades of stainless steel that we want to. But the focus will always remain on the product which is more margin accretive rather than a product which is selling at a higher rupees per kg. That is what we aim at.

And if that is the scenario if my 550D in the TMT bars gives me a, like a better margin or a margin equal to stainless steel, I'll ramp up that as well. So the focus is very clear. We are not looking at turnover as a, or sales volume or sale price as our priority. We are looking at margins as the priority.

Priya Jain: Also, sir, if we talk about the domestic business part, so to what proportion of sales currently comes from customers outside NCR or North India?

Udit Rathi: It will not be much. I mean, if I talk in terms of total, total sales, I mean, I, it's largely almost 80%, 90% will be coming in from customers in the NCR region. See, the TMT bars are 100% coming in from the NCR region. Stainless steel, the stainless steel portion, some part goes we are selling in West India, mainly Gujarat.

Priya Jain: Sir, as I'm new to the company, just out of curiosity, why we are not expanding and restricting ourselves to a certain geographies like NCR and North Delhi only?

Udit Rathi: No, no. So the business model is such, if you look at all the local TMT manufacturers, except for those who are situated in Eastern India, wherein they are making the rebars at a completely integrated setup starting from iron ore. So they are the ones who are supplying pan-India.

Otherwise, all the scrap-based route or the recycling route or the green steel route, whosoever is making is mainly a regional play because of a higher freight element. And there is enough demand here in the NCR region to be able to cater to. That's how the secondary steel producers are working. I mean, we are no exception to it.

Priya Jain: Sir, this year we did around like for FY26, I'm talking, we did around INR700 crores of sales. Where I can see Rathi in next three years, if you can?

Udit Rathi: So we've already given a guidance a few years back, that was in fact considering FY25 as the base year. We gave a guidance of over a 20% CAGR growth then for the we mentioned that we would aspire to grow at 20% CAGR over the next two, three years.

And I think that target looks quite, we, it looks quite achievable for considering FY25 as the base. So we would definitely like to going forward keep setting up targets which are achievable and of course we'd like to push ourselves to be a little more ambitious as well.

Priya Jain: Sir, but how you will be ensuring that there will be a 20% of CAGR as if I look, look into the historical financial, we were doing INR700 crores in 2023 also, like FY23 also, then there was like a down to around INR500 crores and then again, you gained up to INR700 crores. So any strategy change or anything else?

Udit Rathi: Yes, yes. So volume pick up. So that particular year that you're talking about, we've already disclosed earlier, we've already clarified earlier, it's there in the balance sheet that a certain portion of that was trading sales. So right now all my sales that are being done is almost all related to the manufacturing that we're doing.

And the strategy is very clear. So there is enough headroom. So my rolling mills are operating at 50, approximately 50% as on '26. And we sort of want to ramp it up to close to 60% this year. And then going forward, there is enough headroom to A, number one, ramp up the present capacities.

Number two, within the existing premises, there is little scope to expand the capacity also, particularly of the steel melting shop. So as and when we are close to achieving or sweating out the existing assets, we'll immediately take steps to ramp up that as well. And once all this gets consolidated, you have to appreciate since you're new to the company and you must have seen the presentation, etcetera, we are also coming in from a very tough cycle that the company faced.

And we've really been able to consolidate things and become profitable and become generating positive cash flows over the last few years. So it's a phase of Rathi 2.0 which is going on. And this looks pretty solid. And going forward, we'll look at new avenues also once this is completely consolidated.

Priya Jain: Fair enough, sir. Good to hear. I think I'm looking forward to the updates. Thank you so much.

Udit Rathi: Thank you. Yes.

Moderator: Thank you. The next question is from the line of Devang Mehta, an Individual Investor. Please proceed.

Devang Mehta: Hello. Good afternoon, sir.

Udit Rathi: Hello. Good afternoon yes.

Devang Mehta: Yes. So my, there are couple of questions. The first is as we know that there are global trade barriers, so with more steel potentially being directed towards domestic market, so are you seeing any increase in competitive supply entering North India, particularly in stainless steel long products like TMT?

Udit Rathi: So increase in supply, our stainless steel categories of products are, thankfully they are not affected a lot by imports, the category that we operate into. That's number one. But having said that, I did mention in the past that couple of, there were a couple of acquisitions which happened under IBC for similarly operating stainless steel units about a couple of years back.

And those units have, those companies have ramped up their operations. So there has been a period of a sort of a demand-supply mismatch or a supply more than what ideally as an industry we would have liked. But all that is getting consolidated. There is an emerging stainless steel has various emerging or newer applications, a lot of replacing, replacements of carbon steel is being done by stainless steel.

So we would like to believe that the growth of stainless steel is quite robust in the domestic market. Our per capita consumption is way too less as compared to other sort of developed countries. So there is a lot of headroom which is available. But yes, there every, the industry has got affected due to increase in domestic supply because of these acquisitions that happened.

And as far as TMT bars is concerned, it's, I mean, the, it's like a pan-India story where steel capacities are getting ramped up, but there is a lot of demand also which is proportionately increasing. So yes, so we remain focused to keep ramping up our operations.

Devang Mehta: Okay, okay. And how has our TMT demand and dispatch activity behave compared to Q1 as there is a monsoon period?

Udit Rathi: Can you be a little louder, please?

Devang Mehta: I mean, I was saying how has our TMT demand and dispatch activity behaved compared with our Q1 as there is a monsoon period?

Udit Rathi: Yes, so that has behaved quite well. I've already mentioned that we have almost doubled our sales compared to corresponding quarter of last year. And there is still enough headroom for us to keep ramping up our capacity and increase our volumes. So there is a lot of activities happening in NCR region, a lot of infrastructure, a lot of real estate, new projects coming up.

So there is ample demand. And we've created a good name for ourselves in the market. Our brand is well known. We are quite strong in retail also. So within the TMT space also, we have institutional buyers and we have retail buyers. So we are quite well spread out.

Devang Mehta: Okay, okay. Great. And what is our current revenue mix with stainless steel between wire rod, billets, and other products?

Udit Rathi: So I'll give you an overall sort of a, like a view. So my TMT overall in the Q1 in the revenue mix will be close to around 45% to 48%. And the remaining would be stainless steel. So we are almost if I say broadly, we are almost equal in terms of revenue between stainless steel and TMT bars.

Devang Mehta: Okay. And this mix will be continued for a further years or, or begin to fluctuate?

Udit Rathi: No, it may fluctuate. So we are flexible, we have flexibility. So as and when our entire operations of rolling, melting are flexible to adopt, to adopt to whatever margins, whatever products are more sort of margin accretive. At times a particular product category has, does face certain sales issues like stainless steel suffered a bit in Q1. So we had an opportunity or we had a flexibility to ramp up TMT, which we did.

Devang Mehta: Okay. So which one is giving you more margin, a gross margin or EBITDA margin?

Udit Rathi: So stainless steel I would say because in stainless steel we are integrated. In TMT bars we are, though we have done certain trial runs and we are trying to sort of integrate our operations there also, but the extent of integration that we have in stainless steel is much higher. TMT bars we are sort of buying raw materials, the basic semis from the market and reheating and rolling it. Of course, side-by-side, we are integrating those operations also. So we hope to improve margins there as well.

Devang Mehta: Okay, okay, okay. And my last question is around the customer base. So what percentage of revenue comes from our top five or top 10 customers?

Udit Rathi: I may not have a sort of a certain figure to give to you. We can sort of, you can if you want exact information, we can ask our IR team to sort of have you get in touch with the correct people in my organization because I would not like to give a figure which is not sort of a broadly correct at this stage.

Devang Mehta: No, that's all right. That's what, I will connect with them also.

Udit Rathi: Yes, most welcome.

Devang Mehta: Thank you, thank you for answering my questions. I will get back into the queue.

Udit Rathi: Thank you.

Moderator: Thank you. The next question is from the line of Vridhi Mehta from Orient Capital. Please proceed.

Vridhi Mehta: Hello?

Udit Rathi: Hello. Good afternoon.

Vridhi Mehta: Hello. Good afternoon. First of all, congrats on good set of numbers.

Udit Rathi: Thank you.

Vridhi Mehta: Okay. So I have few questions. Has the GreenPro certification started translating into actual commercial benefits such as new project approvals, vendor registrations, or incremental institutional orders?

Udit Rathi: So it is now getting sort of a like a new norm. So it definitely gives us a preference when we bid for sort of orders with large number of builders. So in a, I, I mean, for a direct quantification is difficult, but it is something which, which is an add-on which definitely is the requirement. And since we are meeting all the sort of audit criteria for it, so it makes sense for us to sort of maintain it and even pitch for other certifications similarly placed because it definitely gives an advantage to my customers. And that is, that is why may be it is getting reflected in the higher sales volumes also. It getting, it gets easier to get orders.

Vridhi Mehta: Okay. Okay. Also, the 30% increase in volumes, how much additional working capital has the business required?

Udit Rathi: So obviously steel is a very working capital intensive industry. But we are, whatever working capital additional requirements have been required, have largely been met out from our working capital cycle which is maintained from, by extending credit periods from our raw material suppliers. And going forward, as I've said in the past, we are also looking at sort of a refinancing options with our existing lenders to bring down the cost of borrowing to a reasonable level.

And once that is done, we are looking at enhancing our limits with the banks also because that will cost us much lesser than what my extended credit periods with the suppliers are costing. So it, we are able to currently meet out our operations comfortably with the support of the and the prudence that we maintain with our raw material suppliers. But going forward, we are looking at, you know, possibilities of increasing the sort of working capital facilities from lenders.

Vridhi Mehta: Okay. And so could you break down the company's current revenue mix by end-user sectors like real estate, infrastructure, engineering, and other industrial segments?

Udit Rathi: So yes, so I'll, what I'll do is that basically the TMT bar segment largely goes into real estate whether it's the retail users or the end users or and certain parts goes for infrastructure sort of commitments also. So if I give you a sort of an idea of the revenue mix as I said just through the last query, that around 47% to 48% is TMT bars of my revenue, which again caters largely to the real estate segment.

And the wire rod segment close to 50%, 51%, 52%, that, that caters to all the B2B applications which of course has various engineering applications and various sort of household infrastructure applications. So hardcore real estate, TMT goes into there, that's close to around 47%, 48%.

Vridhi Mehta: Okay. Okay, sir. Thank you. It was great speaking to you.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please proceed.

Deepak Poddar: Yes, am I audible, sir?

Udit Rathi: Yes, please.

Deepak Poddar: So yes, so most of my queries have been answered. Just one thing on margins. You mentioned that our focus priority has always been on margins versus revenue. So how should one look at your margins because if you see last three, four years, our margin has been quite range-bound, EBITDA margin in terms of 4% to 4.5%. So, so yes, the any comment on margins would be very helpful, sir.

Udit Rathi: See we are trying our level best to sort of improve it. But as I said that there has been an increase in supply because in the stainless steel space which was quite margin accretive and better than what it is right now in in past if you look at FY21, '22, '23. But all that is getting normalized and we've also sort of done a cost-saving project which is also yielded the kind of results that we wanted.

So we remain quite focused to improvise it. And that is why we have sort of integrated now our TMTs operations also with the steel melting shop. So we are cautious of the margin part. We are taking all possible steps, whether it is like a different product mix or keep increasing our ramping up our capacities, integrating it. And we hope to perform better in terms of margins going forward.

Deepak Poddar: Any aspirations we have?

Udit Rathi: No, aspirations are plenty. So, but yes, I mean if you look at...

Deepak Poddar: For the next two years maybe, yes?

Udit Rathi: Yes, if you look at the peers and we also have to appreciate the fact that as I've mentioned earlier that my access to sort of bank capital at a reasonable rate because of the history that the company has had.

And now of course we've performed well over the last few years, we performed exceedingly well with our existing lenders also. So once the sort of the borrowing cost comes down, I am looking at raising need-based working capital from the lenders. That will, that should also majorly impact my margins because if I look at the difference between my healthy peers and myself, that is one factor where we would like to improve upon.

And I would like to say that stainless steel space, there aren't a lot of listed companies who are in a similar space. But if I look at sort of peers, they, they operate, they, if I look at their numbers, I think there should be a maybe a 2% to 3% improvement overall going forward. That is what we are looking at.

Deepak Poddar: At EBITDA level we are talking about?

Udit Rathi: Yes.

Deepak Poddar: And, and over what, two years?

Udit Rathi: It's, it's difficult to sort of predict because the industry itself is, it goes through various cycles. But definitely we aspire to reach around that level, gradually we are ramping up our production levels quite, quite well. And margins also, yes, I mean, yes, if you look at a particular time frame, I would like to set myself a target of FY27 itself. But let's see how things come up. But yes, two years is a reasonable period where we should be able to ramp it up to be, ideally yes, it should happen.

Deepak Poddar: I mean, so the regarding the point that you mentioned on the refinancing part or the working capital. So, so that comes much later than your EBITDA margin, right? I mean, that benefit. But ideally if you see we are selling by a brand, so our gross margin is in the range of, I mean, this quarter it was 16%, 17%, last quarter also was 17%. So considering that the cost gross margin is on the lower side, right? So any effort we are doing that the gross margin can improve?

Udit Rathi: Yes, yes. So the brand part is only 48% to 50%. And in the brand part that we are selling, the Rathi rebars, that is not an integrated, totally integrated facility. That is what we have already commenced the trial runs to make it integrated to, I mean, that segment. For example, if I talk about the TMT segment, if I aspire to let's say make let's say, just as an example 100 tons, I would like out of the 100 tons around 40 tons to 50 tons to be integrated.

That is what we are aspiring to do. So that will add up to the margins there. And the clarifying the working capital part, we are already in talks with prospective lenders to give us access to the right kind of working capital required to so if you look at my balance sheet, my debt levels and all are quite moderate, I mean with respect and we, we are very cautious of it. We don't want to borrow more at these sort of pricings.

But if the pricing comes down, then we would ideally want to sort of, be sort of healthy with the working capital facilities. And that will definitely boost up the margins. I mean, that's what we are looking at.

Deepak Poddar: So, so just in a, in a nutshell if I have to understand, so what would be top two, three levers for your gross or your EBITDA margin improvement? I mean, if you have to state, what would those be?

Udit Rathi: So number one would be to ramp up the capacity and maintain a CAGR growth of in excess we've given a guidance of 20%. But so if last next two years if we are able to achieve 20% was on a base of INR500 crores and largely we have been able to do so last year and this year too on an average we will be 20%.

But yes, going forward if we are able to maintain a sort of from this base if we are able to maintain a 20% growth, that definitely will be a trigger number one. Trigger number two will be that access to the right kind of requirements for working capital. That also we've done very well with our existing lenders.

So we are in talks to sort of have it refinanced at a lower cost and then look at the right kind of working capital required. And third would be that integrating the TMT 550D operations. So trial runs have already been completed and post-monsoons we'll ramp up that operation also. So all three things going forward if I look at the next two-year picture, FY27, '28, this is what we are looking at. And at a combined sort of a level, once it, everything goes well, it should yield decent results.

Deepak Poddar: Yes, okay. I, I got it, sir. And that's very helpful. I would like to wish you all the best. That's it from my side. Thank you.

Udit Rathi: Thank you.

Moderator: Thank you. The next question is from the line of Mayur Parekh from VY Capital. Please proceed.

Mayur Parekh: Yes, hi. Can you hear me?

Udit Rathi: Hello.

Moderator: Yes, sir. But can you please speak a little louder?

Mayur Parekh: Yes. So yes, I'll just start with my question. So yes, what is the typical order to dispatch cycle in the stainless steel business, and how much forward visibility do you normally have on customer bookings?

Udit Rathi: Forward visibility is in the range of about a month's, like a, like a month's orders that we like to ideally keep in hand every time. And from the order to dispatch cycle, that's been one of our USPs. We sort of try to give service, good service to the customers. We try to maintain the inventory, all the required sizes, etcetera., in the grades which are sort of which are usually the fast-moving ones, so that we are able to service the customer on a timely basis. And that helps us also because a larger part of our customers are around us. And once a particular truck is dispatched, it invariably reaches them in the next 10 hours, 12 hours. So that's been one of our strengths.

Mayur Parekh: Okay. Got it. And like are there any meaningful customer or product approvals currently underway that could open up new institutional markets?

Udit Rathi: Yes. So for the 550D part, so number one for the TMT part, I just mentioned that we already have the GreenPro certificate. So that is the certification which is required now by a number of builders. We already have the required BIS approval, which is required by a number of builders. So we already have the basic things in hand to be able to cater to the demand going forward.

Mayur Parekh: Okay. Fine. And like what credit period does the company currently offer to customers, and what is the total receivable outstanding as of Q1 FY27?

Udit Rathi: I may not have an exact number of the Q1 outstanding, but the credit period in the range of 30 days to 40 days maximum on an average. It depends, my average credit period is in, it is in that range depending on the customer-to-customer.

Mayur Parekh: Okay. Okay. Got it. Fine. Thank you for answering.

Moderator: Thank you. The next question is from the line of Keval Gala from Gala Ventures. Please proceed.

Keval Gala: Yes, hi. Good afternoon. So for the direct charging system being implemented in the TMT mill, when do you expect the trial run to be completed and commercial operations to begin?

Udit Rathi: So the TMT bar segment has a lot of large number of sizes. So we have to be successfully be able to run, take trial runs of all the sizes, which to a large extent we have been able to do so. The products which have been rolled are, do meet out the sort of standards required by the customers. But there is some, some as, as it is common with any sort of new project, there are certain initial teething troubles which are, which are getting sorted out.

And right now it's, the, the, the season is also, it's like monsoon season, so the demand of the TMT bars is also a little subdued. And on a full throttle basis, I would expect sort of that to pick up, to be picked up by Q4. Reason being that this, Q2 right now is monsoons and Q3 in the NCR region, the, the construction activities get halted because of the rising pollution.

And that's there, the regulatory body sort of hampers the construction work. So on a full scale, on a sort of a real, like on a, so for, I think I'm expecting Q4 to sort of, by such time the things would technically also would have got stabilized. And Q4 is usually a good sort of period for like a booming period for the construction activities also in this region.

Keval Gala: Okay. And sir, I also wanted to know that is there any update on the rooftop solar initiative which was I guess disclosed in the previous call, and has the company now finalized the implementation plan as well?

Udit Rathi: No, we are still in talks with the suppliers. We are still wanting to assess the sort of the complete feasibility, viability, and the results of rooftop solar being operated in steel plants which are similar to us. So once we are able to ascertain and be sure of the, the numbers, the numbers that the suppliers give, and once, we are sure of achieving them, only then we will go ahead with the capex.

And that was not anyway a very significant part of my overall power requirement. So all the new sheds etcetera, that we are building right now, they are all capable, they are all being designed to take the rooftop solar sort of the load etcetera, but we've still not finalized.

Keval Gala: Okay, okay. Sir, the when can we expect that, when it will be get finalized?

Udit Rathi: I'm not able to, I won't be able to sort of give a concrete answer to it. My technical team is assessing it. And as and when they are sure of achieving the desired or generating the desired number of units vis-a-vis, per megawatt, then, then only then, we'll be able to sort of take a final call on it. But as I said, it is not a very significant sort of portion, the total capacity or the total potential is anyways not a very significant portion of our power requirements.

Our power requirements are anyways growing by the day because of the increase in the utilization. So and to a large extent, we are offsetting that the benefit that we would have accrued assuming that the rooftop panels perform the way they are projected to be in a steel plant environment. We are anyways sort of being taking solar power and renewable power and other power from the open access, which is giving us decent savings.

Keval Gala: Okay, okay. Got it, got it, sir. Yes, thank you so much, sir. That's all from my side.

Udit Rathi: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Parth Acharya for closing comments. Over to you, sir.

Parth Acharya: Thank you, everyone, for joining the conference call of Rathi Steel and Power Limited. If you have any further queries, you can write us at research@kirinadvisors.com. Once again, thank you, everyone, for joining the conference.

Moderator: Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your line. Thank you very much.

Udit Rathi: Thank you.