Date: September 11, 2026

To,
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400001.
Scrip Code: 544870

To,
Listing Department
National Stock Exchange
of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
Symbol: BLEL

Dear Sir/Madam,

Subject: Earnings Call Transcript – Q1 FY27

We are enclosing herewith a copy of the transcript of the Company's Q1 FY27 earnings conference call held on 08th September, 2026.

The transcript is also available on the Company's website at www.beharilalengineering.com
https://www.beharilalengineering.com/assets/img/annual/q1fy27-trans.pdf?v=1789112540445

We request you to kindly take the above information on record.

For Behari Lal Engineering Ltd.

SANJEEV KUMAR SEHGAL
Digitally signed by SANJEEV KUMAR SEHGAL
Date: 2026.09.11 13:27:45 +05'30'

Sanjeev Kumar Sehgal
Company Secretary and Compliance Officer
Membership No.: A68134

"Behari Lal Engineering Limited

Q1 FY27 Earnings Conference Call"

September 08, 2026

MANAGEMENT: **MR. RAJESH GARG – VICE CHAIRMAN AND NON-EXECUTIVE DIRECTOR – BEHARI LAL ENGINEERING LIMITED**
MR. LOVLISH GARG – WHOLE-TIME DIRECTOR – BEHARI LAL ENGINEERING LIMITED
MR. AAKARSH GOYAL – CHIEF FINANCIAL OFFICER – BEHARI LAL ENGINEERING LIMITED

MODERATOR: **MS. SHWETA DIKSHIT – SYSTEMATIX GROUP**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of Behari Lal Engineering Limited, hosted by Systematix. 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 and then zero on your touch-tone phone. Please note that this conference is being recorded.

At this time, I would like to hand over the conference to Ms. Shweta Dikshit from Systematix. Thank you, and over to you, ma'am.

Shweta Dikshit: Thank you, Sagar. Good evening, everyone. On behalf of Systematix Group, we welcome you to the 1Q FY27 Earnings Conference Call of Behari Lal Engineering Limited. I would like to thank the management for giving us the opportunity to host this call.

From the management team, we have with us today, Mr. Rajesh Garg, Vice Chairman; Mr. Lovlish Garg, Whole-Time Director; and Mr. Aakarsh Goyal, Chief Financial Officer. We will begin with the opening remarks by Mr. Lovlish Garg to discuss the company's financial and operational performance. Over to you, sir.

Lovlish Garg: Good afternoon, everyone. Give me a moment, I'll just share my screen with you. Good afternoon, everyone. Thank you for joining us. I am Lovlish Garg, Whole-Time Director of Behari Lal Engineering Limited. With me are our Vice Chairman, Mr. Rajesh Garg, our CFO, Aakarsh Goyal.

This is our first earnings call as a listed company, so I'll do three things: introduce the business for those who are seeing us for the first time, take you through the quarter, and tell you where we are going. Then, Aakarsh will walk you through the financials, and we'll then open for questions.

Behari Lal Engineering is an integrated iron and steel engineering company based in Mandi Gobindgarh, Punjab, one of the oldest steel hubs in the country. The company was incorporated in 1995. I represent the fourth generation of a family that has been in this trade for over a century.

Three things on this slide I would like to draw your attention to. One, we are one of the largest metal rolls producers in the country, meeting about 11.5% of country's demand, according to CRISIL. We serve 1,871 customers as on June 30th, and we closed FY26 at INR534 crores of revenue, 19% EBITDA margin, 27% ROCE, with debt-to-equity ratio of 0.06.

High returns on a nearly debt-free balance sheet is how this business has always been run. Aakarsh, are you -- and it is how we keep to intend running it. I think the presentation is not visible clearly. I'll just do a one second setting on my screen. Is the full screen visible now?

Shweta Dikshit: Yes, it's visible.

Aakarsh Goyal: Yes, sir, it is visible.

Lovlish Garg: Perfect. So, we make four things. First, metal rolls, the rolls that go into hot rolling mills at steel plants, about 26% of FY26 revenue. And engineering castings, single pieces from 500 kilos to 25 tons for crushers, engineering applications, power sector, and heavy equipment, which is about 20% of the revenue.

Alloy steel products, bars ranging from 6 mm to 230 mm, including valve steel, tool steel, die steel, which we introduced recently. And this is about 46% of the total revenue. And forging ingots and forged shafts, which is raw material for the forging industry, about 4%. The important thing is not the four products. It's that rolls, castings, specialty alloy grades are where the value is. Together, we call those high-value products. And you'll hear us come back to that phrase quite often.

This is how the plant works. 100% recycled scrap comes in, lab-tested on receipt. It goes through induction melting, ladle refining, vacuum degassing for the higher grades, then is cast into ingots for rolling mills or directly into rolls and castings in the foundry. Heat treatment, rolling, CNC machining, testing, dispatch are all part of the process.

The one word that matters here is fungible. The same melt shop feeds all three product lines. When rolls demand is strong, we pour rolls. When specialty bars are strong, we pour ingots. When castings is strong, we pour castings. That's why our utilization stays high, nearly 88% in FY26 and 90.5% this quarter.

These are some of the customers we serve. Steel majors like Steel Authority of India Limited, JSW, Tata Steel, Vizag are on the roll side. Crusher and equipment OEMs like Metso, Propel, Kleemann are on the casting side. Defense and PSUs like BDL, BEML, BHEL are all our esteemed customers. Many of these relationships are 10 to 15 years old now.

About 9% of FY26 revenues was exports to 21 countries across five continents. Now, the story of last 3 years, because it's the same thing we intend to keep doing. Revenue grew at 9% a year from INR446 crores to INR534 crores. EBITDA grew at about 29% a year from INR61 crores to INR101 crores. PAT grew at 34%. That gap between 9 and 29 is the whole strategy in one number.

We did not chase tonnage. We moved the mix. High-value products went from 45% of the total revenue in FY25 to nearly 58% in FY26. EBITDA per ton went from about INR9,100 to about INR11,500. The second column, financial strength: ROE 23.6, ROCE 27, net worth up from INR194 crores to INR306 crores, and gross borrowings of under INR18 crores.

This growth was funded from internal accruals. Melting capacity is 1.5x what it was in FY24, and the INR63 crores of IPO capex goes into the platform for the next leg. Same story in chart form. Gross margin up 1,120 basis points in 2 years. EBITDA margin up 530, PAT margin up 400. Gross margin is the one to watch.

It is the direct measure of value addition. It went from 36 to 47% because every year a larger share of what we sell is a roll, a casting, or a specialty grade rather than a commodity item. Scrap prices moved around in that period. The margin expansion is mixed, not raw material luck. Now, to the quarter. Revenue from operations, INR151.7 crores, up 18% year-on-year.

Volumes, 22,095 tons, up 13.4%. EBITDA, INR29.7 crores, up 23%. Margin, 19.6%, up 85 basis points. PAT, INR19.2 crores, up 24.5%. I'll also give you operating EBITDA, excluding other income, because I know you'll compute it. INR27 crores, up 20.6% at an 18.2% margin. So, the operating business grew faster than revenue as well.

High-value products were 60.4% of the revenue against 55.7% a year ago and 57.8% for FY26. EBITDA per ton was approx 13,500 against 12,400 approximately a year ago. Those two numbers are the strategy. If they move in the right way, everything else follows. This table is the same thing with more precision, and it also shows the sequential quarter.

Against quarter four, total volume is down 2%. Quarter four is seasonally our strongest quarter. But look at the second row. Volume excluding job work is up 12.5% sequentially, and revenue per ton is up 3.9%. What fell was the low-value job work; what grew was our own product. Capacity utilization was 90.5%: 94% in the melt shop, 87.5% in the rolling mill.

Melting has been in the mid-90s for almost 2 years, which is why we are adding capacity. Scrap prices stayed range-bound through the quarter, and demand held up across all product lines. Right side first, the operating updates. Order book, INR162 crores, 13,138 tons as of June 30th, more than one quarter of revenue.

I'd point out one thing that works out to be approximately INR1.2 lakh per ton against quarter one revenue of INR93,000 per ton. The order book is skewed towards high-value products. That tells you where the next two quarters are heading. Balance sheet at June 30th: net worth, INR325 crores; debt to equity, 0.03; INR52 crores cash.

And this is before the IPO money came in. Exports were INR8.6 crores this quarter against INR11.5 crores a year ago. This is basically timing of casting shipments and order phasing. Our export customer base and country count have grown, and we don't see this as a change in the trend. I would like to happily inform you that Unit 3 is under construction.

Board committees for a listed entity are in place, and we've begun working with defense and aerospace customers. On the left side, after the quarter closed, we completed our IPO. Issue of INR301 crores at INR285 listed on 19th August. 11 anchor investors, including leading domestic mutual funds. Promoter holding post-issue is 70.84%.

Of the INR301 crores, INR93 crores was fresh capital. INR56 crores go into equipment and civil work at both facilities. About INR7 crores will go into rooftop solar, a small debt repayment, and approximately INR19 crores for general corporate purposes. We see the trust investors have placed in us as a responsibility, not a reward.

Left column is what we have already done: LRF and vacuum degassing, CNC machining, 25-ton single-piece castings, the mix shift to 58%, the high-value mix. I mention it because the right column is the same playbook continued. Four levers. One, capacity: IPO-funded machining and melting upgrades at both facilities, and our third unit is under construction.

Every capex decision is tested against one question: does it raise the high-value share? Two, new grades: indefinite chilled double poured rolls, ICDP, and high-speed steel rolls, HSS rolls. India imported maximum quantity since FY20 and about 3.5 lakh in FY26. Those grades are almost entirely imported today, and we already supply the mills that buy them.

We are the first one -- almost the first one in the country to come up with this kind of a plant and these products, capacity expansion. Third, forging: a forging line, so our valve, die steel, tool steel is forged. That lowers the cost and lets us scale the highest margin grades we make.

Fourth, cost and capabilities: the solar project will bring down our power cost, a NABL-accredited lab coming up to shorten the customer qualification, and the defense sector is a new vertical. High-value share today is almost 60%, and the direction is towards 70%.

I'll close the introduction with why we think this is a good business to own in six points, and I'll be quick because you've heard mostly all of them. Fungible facilities in the best location of India for scrap. Import substitution in rolls, where we are the only domestic player adding capacity.

A rising high-value share, with valve steel commanding more than 2.5x the price of a cold rolled steel. A highly diversified customer base. A conservative balance sheet with mid-20 returns. A four-generation family with a professional management alongside it.

I joined this business in 2012, the year we moved from trading into manufacturing. Everything I know about running a foundry, I learned on our shop floor. And the people who taught me are still there. That's why I'm confident about execution.

With that, I'll hand over to Aakarsh to take you through the financials in detail. Thank you.

Aakarsh Goyal: Thank you, Lovlish. I hope that everybody is able to see my screen. I'm Aakarsh Goyal, Chief Financial Officer. I will take you through the quarter profit and loss, the per-ton economics, the mix, the balance sheet as at 30th June, and the status of IPO proceeds. All figures are on a stand-alone basis in rupee crore, unaudited, and limited reviewed, as filed with the exchanges yesterday.

I'll start with revenue from operations. So, revenue from operations was INR151.7 crores, up 18% year-on-year. Total income, including other income of INR2.2 crores, was INR153.8 crores. Material cost, including stock-in-trade and change in inventories, was INR77.6 crores, or 51.1% of revenue against 52.6% a year ago.

Gross margin was therefore 48.9%, up 146 basis points, reflecting the richer mix and the fact that scrap prices were range-bound. Employee cost was INR12.1 crores, 8% of revenue, in line with the last few quarters. Other expenses were INR34.5 crores, 22% of revenue, against 21.8% a year ago.

The largest item in the -- in there is power and fuel at INR8.9 crores, which at 5.9% of revenue, is lower than 6.3% a year ago and the 6.6% for financial year '26. Mix and solar are already bringing energy intensity down. EBITDA, including other income, was INR29.7 crores, up 23.4%, a margin of 19.6%, up 85 basis points.

Operating EBITDA, excluding other income, was INR27.6 crores, up 20.6%, an 18.2% margin, up 39 basis points. We will report both definitions every quarter. Depreciation was INR3.55 crores, and finance cost was INR0.43 crores, under 0.3% of revenue, reflecting the near debt-free balance sheet.

Profit before tax was INR25.8 crores, up 23%. Tax was INR6.6 crores, an effective tax rate of around 25% to 25.5%, which is our normal rate. Profit after tax was INR19.2 crores, up 24.5%, a margin of 12.7%, up 65 basis points.

Earnings per share for the quarter were INR4.92, not annualized, on the pre-IPO share count of 3.9 crore shares. On the post-issue count of 4.23 crore shares, the same profit works out to be around 4.54. Quarter-on-quarter, sequentially, reported EBITDA is down 2.7%, and PAT is down 10%, and I want to explain that clearly.

Q4 FY'26 had an other income of INR7.25 crores, of which INR5.9 crores was state incentives under the Punjab Industrial Policy, an SGST reimbursement and an electricity duty incentive, which are recognized when sanctioned. And the sanction came in Q4. Q1's other income of INR2.2 crores is the run rate; interest on bank deposits of about INR1 crores, a similar incentive accrual, and a mark-to-margin gain on export forward contracts.

On an operating basis, the quarter was stronger than Q4, revenue up 15.6%, operating EBITDA up 18.3% from INR23.3 crores to INR27.6 crores, and operating margin up 41 basis points. Q4 tax rate of 19% also reflected a deferred tax credit of INR1.6 crores; 25.5% is our normal tax rate.

Volumes and unit economics. Sales volume was 22,095 tons, up 13.4% year-on-year and down 2% on Q4. That headline includes job work; conversion rolling for other mills in the cluster, which earns around INR5,000 a ton. Job work tonnage came down from about 8,400 tons in Q4 to about 6,200 tons, while our own manufacture tonnage rose about 12% quarter-on-quarter, from 14,091 tons to 15,847 tons. That is why revenue grew 16% sequentially on flat headline volume.

Revenue per ton excluding job work was 93,487, up 9.5% year-on-year and 3.9% on Q4 on mix. EBITDA per ton on total volume was 13,457, up 8.8% year-on-year and level with Q4. High-value products; rolls, castings, and specialty alloy grades were 60.4% of the revenue, up 463 basis points year-on-year and 103 basis points on Q4.

I will talk about the mix. By product mix, alloy steel was 47.7% of revenue, metal rolls 25.8%, engineering castings 19.8%, and forging ingots 1.9%. Ingots are down from 4.4% because we are deliberately moving that steel into finished high-value grades rather than selling ingots.

By end user, automotive was 33% against 38.7% for FY26. Infrastructure rose to 26.4% from 20.7%, industrial equipment was 15.4%, aggregate crusher was 13.5%, and thermal power, which now reported separately, was 10.5%.

In absolute terms, the automotive reduction is in commodity alloy bars sold to forging customers, the low-margin volume we are consciously redirecting, while infrastructure, industrial equipment, and thermal power grew. They are our high-value, high-earning growers. Domestic revenue was 94.3% and export 5.7%. Lovlish has covered on exports.

Now, I will talk about the balance sheet. As at 30th June, before the IPO proceeds, net worth INR325 crores, gross borrowing INR11 crores, all working capital lines, cash and bank balances INR52 crores, largely fixed deposits, debt to equity 0.03x, annualized return on equity was 23.6%, and ROCE 27%.

The cash conversion cycle was 94 days as against 93 days at March. The increase over the year is inventory; work in progress in rolls and castings, which carry longer cycles and scrap stock for the quarter. Receivable days were essentially flat, and creditors were limited. So net working capital absorbed around INR10 crores in the quarter. As high-value products grow, inventory will rise in absolute terms. Our intention is to hold the days to the lowest possible, and we estimate that we'll hold it to around 90 to 100 days.

Lovlish has already covered about the IPO proceeds. So, we have received fresh proceeds of INR93 crores in August. So, currently, just 15 days have passed, so we have utilized the GCP amount towards the working capital, and balance is yet to be deployed.

So, that completes the financial overview. Now, we are happy to take the questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Your first question comes from the line of Deepak Poddar with Sapphire Capital. Please go ahead.

Deepak Poddar: Am I audible, sir? Hello?

Lovlish Garg: Yes, sir. You are audible. Please go ahead.

Deepak Poddar: Yes, okay. Thank you very much, sir, for this opportunity. Just first up wanted to understand now we are already at around 90%, 91% kind of a capacity utilization. So, what will drive our growth going forward?

Lovlish Garg: Basically, our plant, since the inception of our plant, we have been running the plant at full capacity utilization. That is the major agenda behind our growth, and that is what makes us different. What we do is we have a unique product mix. We are the only ones in the country who are having these three products that we're making in the same plant.

So, our products are fungible, and we produce more of high-value products and keep on developing new products every year-on-year. Keeping at high value, if you look at our numbers, every year, our volume as well as our revenue keeps on going.

From 2012, every three to four years, we have been doubling our melting capacity with the demand that we're getting in the market. That drives our growth. So, every three to four years, we are continuously moving towards higher value from our existing share. Year-on-year revenue is increasing. And whenever we need a new plant, every three to four years, we are almost adding the melting capacity.

So now, the Unit 3 is under construction, and by next year, we will be adding a considerable amount of melting capacity to add our revenues. Last melting addition was done in FY24.

Deepak Poddar: Understood. So, the

Aakarsh Goyal: I would like to add to this.

Deepak Poddar: Sure.

Aakarsh Goyal: Basically, what we do is, as Lovlish explained beautifully, every three to four years, we increase our capacity. And in between those three to four years, we keep on optimizing our product mix. We optimize the product mix in such a way that we have a blend of different kinds of products, which are high-value and normal-value. So, we are, year-on-year, shifting from normal-value products to high-value products.

For example, two-three years back, our total share of high-value products in the revenue was 47%. In last financial year, it increased to 57%, and in the last quarter, it has further increased to 60%. So, this increase in high-value product mix in our total share of revenue, it will increase our revenue also. Even if the revenue increases by 5% to 10%, the PAT margin and EBITDA, they will increase much more than the revenue.

So, in the current financial year, as we are not adding any new melting capacity, we'll be adding in the next year. But in the current year, we are focusing on optimization of product mix, and that will drive the growth. Thank you.

Deepak Poddar: Okay, got it. That's very clear, sir. Ideally, it will be driven by both realization growth as well as some volume growth, right? And on the Unit 3, can you throw some more light on what's the capacity addition we are doing in Unit 3, by when it's expected to commission, and what's the capex involved there?

Aakarsh Goyal: The exact numbers are still yet to be finalized, and whenever they are finalized, we'll definitely share it with you because the same need to be reported to the exchanges also. But as far as the progress is concerned, we can share you the data. So, what we are expecting is that in the first quarter of the next financial year, we'll be able to commence Unit 3.

Currently, the shed is under construction, and we have ordered most of the machinery. What we expect is first quarter of next financial year for the new plant. Thank you.

Deepak Poddar: And what is the capex there?

Aakarsh Goyal: We cannot share right now because that is part to be disclosed in the exchange filings. Whenever the exact amount, because currently we are ordering new machines also, whenever at that stage we are confirmed with the capex amount, we'll definitely share the numbers.

But right now, I can share you one number, which is that currently we are doing three different kinds of capex: one is from the IPO proceeds, Unit 3 is from the internal accruals, and grounded solar power plant is also from the internal accruals. So, what we are targeting is that we will spend around INR80 crores in capex in the current year. Thank you.

Deepak Poddar: Okay, so INR80 crores is the capex that you are incurring in FY27?

Aakarsh Goyal: Yes, we are targeting INR80 crores of capex in the current financial year.

Deepak Poddar: Okay, and then just one last thing on defense aerospace. I mean, we mentioned that we are venturing into that sector. Can you throw some more light that what exactly we are doing? Are approvals also we are looking in there, and by when we expect revenue can kick in from those sectors?

Lovlish Garg: In that line, we have been working from past few years, and now we are lucky enough to start getting orders from major government PSUs like Bharat Dynamics Limited, Nuclear Power Corporation of India. And also, some private sector players have placed order on us to supply to, further supply to the defense customers. This involves a very, very long customer approval cycle, and those communications are well on the table. We are developing import substitutions and Make in India.

You must have heard in the news yesterday also, there was a big statement from the Defense Minister regarding the huge investment that is going into the defense, and 98% purchase has to be done from the local industries in India. So, we're seeing a huge boom in that sector, and our products and our manufacturing facilities are in line with the requirements of the defense sector.

In future also, our capexes will be aligned towards the specific requirements and specified grades which are required in the defense sector, currently which are not being manufactured in the country.

Deepak Poddar: Understood. And when revenue is expected to start from this segment?

Lovlish Garg: Proper revenue is expected to start by next year.

Deepak Poddar: By FY28?

Lovlish Garg: Because it involves a long cycle, and the material has to go there, then it goes through a prototype stage, then when it is cleared, then only it goes for mass production.

Deepak Poddar: Okay, so you mentioned FY28?

Aakarsh Goyal: A small portion of revenue has already started in the prototyping stage, but that is more of the prototyping and getting our approvals in the defense sector. From the next financial year, we are targeting to have good numbers from the defense sector.

Deepak Poddar: What mix we are targeting? Anything on that in terms of total revenue, 5% or something like that?

Aakarsh Goyal: Right now, I'm not really sure about it, but we are trying to ramp up our numbers in the defense sector. Currently, I cannot give you a definite figure right now, but we'll definitely do really good numbers in defense sector.

Deepak Poddar: That would be it from my side. Would like to wish you all the best. Thank you so much.

Lovlish Garg: Thank you. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Vatsal Mehta with Moneybee Securities. Please go ahead.

Vatsal Mehta: Hello. Good afternoon, everyone. My question is, what is update on our centrifugal casting? Am I audible?

Lovlish Garg: Yes, you are audible.

Vatsal Mehta: Yes, I just want to know update on our centrifugal casting. And also our expansion.

Lovlish Garg: You want to know what is centrifugal casting, or.

Vatsal Mehta: What is our update on We are doing capex in this centrifugal casting, right?

Lovlish Garg: Yes. In our Unit 3, we are going for the centrifugal casting, where we'll be making the ICDP rolls, which are called indefinite double poured chilled iron rolls. These rolls are currently mostly imported from other countries. In India, there's a very, very small portion that is being made. As India is moving from 150 million tons to 300 million tons by 2030, the maximum demand of rolls that is going to come is from this sector.

There are two types of centrifugal casting that we have planned: one is the vertical centrifugal casting and one is the horizontal centrifugal casting. Orders have been placed and Unit-3 is well into construction, which is going to come into production by next year. We are right on the target and we are the only ones in the domestic steel space to venture in this kind of rolls. We're looking at a very big, very, very big market share by doing this.

Vatsal Mehta: And also, what is our update on any foundry division expansion plans?

Lovlish Garg: The Unit-3 that is coming up is a foundry only, where we will be making the metal rolls, the ICDP rolls, HSS rolls and variety of foundry products and engineering castings. Additionally, in our current plant also, as we're moving from the normal value to the high-value product share, there also the casting share is continuously increasing. Recently, we have seen a very, very big uptick in demand from the power sector, where India is going to double its thermal power capacity from what it is today.

Our customers have shown us visibility till 2035 for their orders of the thermal power sector, and we are very, very confident about the products that we're making. Recently, we made approximately 22 tons to 23 tons of single-piece casting for one of our very prestigious thermal power sector customer in our casting.

Additionally, the orders have been started placing for the CNC machines, which are very, very, very critical machines, not very common in the country, for precision machining of these castings, which is the basic demand of our big engineering OEMs who need the casting in the ready-to-use condition.

Mostly what is happening in the country is the foundries who are making the big castings do not have forward integration facilities like better testing, shot blasting, painting shop, NDT facilities, finish machining capabilities. So our major investment is going into that sector, which will make us unique also amongst our competitors in that line. The customer will be completely attached to us because we will be one-stop solution for all their needs in the foundry sector.

Vatsal Mehta: That's all from my side. Thank you.

Lovlish Garg: Thank you, Vatsal ji.

Moderator: Thank you. Our next question comes from the line of Ms. Shweta Dikshit. Please go ahead.

Shweta Dikshit: Thank you. Lovlish-ji, just following up on your discussion for entering the ICDP and HSS rolls, which you mentioned are largely imported in India as of now, do you already have an order book or inquiries for these rolls and when can you expect commercial production, since you said that the expansion will be completed next year? So by which quarter can we expect commercial production to begin for these rolls?

And secondly, what is the entry barrier for this product segment? I understand that these rolls are not manufactured in India or are manufactured in very small quantities, but there are other metal rolls producers in India as well. So, what would stop them from entering into this segment if there is demand in future?

Lovlish Garg: Thank you. It's a very important and a question which is always in our mind. Firstly, I'll come to the customer base. We are already catering to 11.5% of the country's demand with a customer base of more than 1,800. I come as a fourth generation in the business, where our family is into steel trading for almost – steel business for almost a century now. We have links, we have connects with all the steel manufacturing industry in the country, which makes us very unique and any competition that is going to come will always be 100 years behind us.

Coming up with the ICDP rolls and the HSS rolls, this is a very, very unique technology and needs lot of metallurgical and critical insight into the manufacturing side, into the marketing, into all stages of production. Right now, apart from the melting that new unit we are putting up, all other facilities are readily available with us, like scrap procurement is there, scrap availability is there, then melting we will put up, centrifugal casting we will put up. After that, heat treatment, machining, and all other stages of production are already well-placed with us. On day one, we will be going up with the production.

Secondly, our team has already had some experience in this line. We had visits to the global producers of ICDP rolls. We have had multiple discussions with various industry senior metallurgists who are in regular guidance to us for the development of these rolls in the country. On the customer side, it is the same. All our customers who are buying general metal rolls from us, which we call static metal rolls, are the same customers who will be buying the ICDP rolls and the HSS rolls. It will be day one we can get the trial orders from our customers.

On the entry barrier side, we already have a very, very strong production base set up with us, strong marketing base set up with us. We are penetrated into the market by already supplying huge quantity into the country. We have exports in more than 21 countries. Looking at all these things, we are looking at a very, very bright future towards ICDP and HSS rolls.

Most importantly, our country is growing, our PM Modi ji has given us a target of Make in India, and our management is very, very well aligned with that target, and making the products in our country for the country and for the globe. That's our motto behind that.

Shweta Dikshit: Thank you. My next question is, I'm not sure if you mentioned it already, of the INR80 crores of capex that you're targeting for the full year, how much has been spent in the first quarter?

Aakarsh Goyal: Shweta ji, I will answer the question. Out of the INR80 crores, INR5 crores was spent in the first quarter and the balance INR75 crores, we are targeting the next three quarters. Thank you.

Shweta Dikshit: Understood. And just a last question from my side. Post the current expansion cycle, once you're done with all the greenfield projects specially, upon peak utilization of all your capacities, what would be the value-added or high-value product mix be like compared to around 58% currently?

Aakarsh Goyal: Yes. First of all, I would like to update you that in the last financial year, our mix of high-value was 57%, which has increased to -- around 60% in the last quarter. What we are targeting is that in the near future, we'll be able to reach to around 70% of high-value products.

Shweta Dikshit: And where should this potentially take your EBITDA -- operating EBITDA margin to?

Aakarsh Goyal: To our operating EBITDA margin is around 25% in the previous financial years and what we expect is, in future also, it will grow by 20% to 25% over the next two to three years.

Shweta Dikshit: All right, Aakarsh. That's it from my side. Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference back to the management for closing comments. Over to you, sir.

Lovlish Garg: Thank you for the questions. Three things to leave you with: one, judge us on high-value share and EBITDA per ton. This quarter, they were 60.4% and 13,500 approximately. If those two move right way, everything else follows. Every rupee of the fresh issue goes into capabilities that make those two numbers move, and you will see the utilization report every quarter.

We have been in this trade for four generations. We are conservative with the balance sheet because we intend to be here for the fifth. Thank you for your time and your trust. Good afternoon.

Moderator: Thank you all the members of the management. On behalf of Behari Lal Engineering Limited, that concludes this conference. Thank you everyone for joining us and you may now disconnect your lines. Thank you.