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Sub: Submission of Transcripts of Earnings Conference Call held on Thursday, June 05, 2025 at 04.00 P.M.

Ref: Regulation 30(6) read with Schedule III Part A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Dear Sir/Madam

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earnings Conference Call held on Thursday, June 05, 2025 at 04.00 P.M to discuss Audited Financial Results (Standalone and Consolidated) of the Company for the Half Year and Year ended 31st March, 2025.

Submitted for your kind information and necessary records.

Thanking you
For Krishca Strapping Solutions Limited

DIYA VENKATESAN
Digitally signed by DIYA VENKATESAN
Date: 2025.06.10 15:26:21 +05'30'

Diya Venkatesan
Company Secretary and Compliance Officer

“Krishca Strapping Solutions Limited H2 FY '25 Earnings Conference Call”

June 05, 2025

MANAGEMENT: **MR. BALA MANIKANDAN – MANAGING DIRECTOR, KRISHCA STRAPPING SOLUTIONS LIMITED**
MR. JAGAJYOTI NASKAR – CHIEF EXECUTIVE OFFICER AND WHOLE TIME DIRECTOR, KRISHCA STRAPPING SOLUTIONS LIMITED
MS. DIYA VENKATESAN – COMPANY SECRETARY AND COMPLIANCE OFFICER – KRISHCA STRAPPING SOLUTIONS LIMITED

MODERATOR: **MR. SAHIL PATIL – AKMIL STRATEGIC ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Krishca Strapping Solutions Limited H2 FY '25 Earnings Conference Call hosted by AKMIL Strategic Advisors.

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 star then zero on your touch-tone phone.

I now hand the conference over to Mr. Sahil Patil from AKMIL Strategic Advisors. Thank you, and over to you, sir.

Sahil Patil: Good afternoon and thank you. On behalf of AKMIL Strategic Advisors, I welcome you all to the Conference Call of Krishca Strapping Solutions Limited.

From the Management side, we have with us Mr. Lenin Krishnamoorthy Bala Manikandan – Chairman and Managing Director; Mr. Jagajyoti Naskar – CEO and Whole Time Director; Ms. Diya Venkatesen – Company Secretary and Compliance Officer.

Now, I hand over the call to Ms. Diya. Over to you, ma'am.

Diya Venkatesen: Thank you, sir. Good evening, everyone. Thank you for joining us today. I would like to welcome all our investors, analysts and stakeholders to the H2 Financial Year '25 Earnings Conference Call of Krishca Strapping Solutions Limited.

I am Diya Venkatesen – Company Secretary and Compliance Officer of the company. I am joined today by Mr. Lenin Krishnamoorthy Bala Manikandan, our Chairman and Managing Director, and Mr. Jagajyoti Naskar, Whole-Time Director and Chief Executive Officer.

We are also accompanied by key members of our Leadership Team. Together we will walk you through the company's performance for the 2nd Half of Financial Year '25 and for the Financial Year '24-'25, highlight strategic developments during the period and share our vision and priorities for the road ahead.

Company overview and performance highlights

At Krishca Strapping Solutions, we are driven by our commitment to excellence in providing comprehensive packaging solutions for the metal industry.

In Financial Year '25, Krishca Strapping Solutions Limited recorded revenue of Rs. 151.08 crore, which is a 43% growth in revenue compared to last year, reflecting the stability of our business model and our ongoing efforts to strengthen our presence in the industry. Despite sliding steel price and pressure from the international steel pricing situation in this financial year, our EBITDA stood at Rs. 24.29 crore, which is a 20% growth year-on-year.

Strategic investments and diversification

The new Cold Rolling Complex project is progressing as per the original timeline with major machinery orders completed. Factory construction is scheduled to begin in this month, with production expected to commence by Q4 of Financial Year '26.

In addition to expanding our steel production capabilities, we are strategically diversifying into other packaging materials. We are increasing our focus on comprehensive packaging solutions, including products like desiccants, tarpaulins, HDPE materials, airbags, and a range of VCI-based corrosion protection products.

This expanded product portfolio will enable us to provide better packaging contract services as we will be using all these items in the various packaging contracts we are expecting to secure. By broadening our product offerings, we are enhancing the value we deliver to our clients and reinforcing our competitive edge in the global market.

Strategic contracts and expansion initiatives

Our commitment to growth is further evidenced by the significant contracts we have secured. Our revenue from the packaging contract business, which stood at Rs. 3.16 crore in Financial Year '24 has grown substantially to Rs. 12.88 crore in Financial Year '25. As on date, our packaging contract order book is Rs. 50.79 crore in confirmed orders for Financial Year '26 and Rs. 120.89 crore for the next three years, ensuring strong revenue visibility moving forward.

Future growth and market position

Looking ahead, our goal is to sustain our growth trajectory with revenue expected to grow by 25% in Financial Year '26. An increased order book in our packaging contracts is expected to be a key driver of this growth. The increased product portfolio of other materials will enable us to provide better packaging contract services.

This strategic approach not only enhances the value we offer to our clients but also positions us to capture a large share of the market. Our emphasis on expanding packaging contracts and penetrating high-growth region positions us well for future success.

We are confident that our investments, both planned and ongoing, in the special steel production facility, and diversification into other packaging materials will enable us to meet the evolving needs of our customers and stay ahead in a competitive market. These initiatives are integral to our long-term strategy of building a resilient and diversified business model.

In conclusion, these results reflect the dedication of our team and the progress of our ongoing initiatives. With solid future expansion plans, a strong order book, substantial market reach and

industry leading operational standards, Krishca Strapping Solutions is well positioned to continue building on our legacy of quality, innovation and growth. We remain committed to creating sustained value and we are excited about the opportunities ahead.

We are grateful for your continued trust and support. We are happy to address any questions and provide additional insights into our journey. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Rahil Dasani from MAPL. Please go ahead.

Rahil Dasani: Good afternoon, sir. Thank you for this opportunity. I have several questions. So, first of all, what is the purchase of stock in trade of Rs. 26 crores? Did this quarter have some revenue of trading of some products and hence this expense? So, if you can please explain this.

Bala Manikandan: Hi. Good evening. See, as part of the packing contracts, we not only deal with steel strapping, we also deal with various other packaging materials. So, all our customers, they also use these other packing materials. So, we deal with products like HDPE, VCI-based products, and a lot of drainage airbags, Tarpaulin. So, this revenue was very less last financial year. So, from this year it was a bit higher. That's why we have given a separate column in the balance sheet to distinguish the revenue.

Rahil Dasani: And secondly, I believe in last call you said that you guys will also start manufacturing these primary packaging products. So, what's the timeline for that? Would that also be coming with the cold rolling plant or will we start that primary packaging plant earlier?

Bala Manikandan: We are already doing, for example, desiccant, we set up a plant. It is already operational from last month. And the two more small investments we are making into primary packaging, that will be operational by the end of H1. So, the thing is the primary packaging investment is not significant. Each product, it is in the range of, let's say, maximum Rs. 3 CR. So, we are doing a primary packaging investment in a staggered manner as we grow based on the demand for the product.

Rahil Dasani: Sir, my second question is last quarter. The reason you gave for the margin drop was the drop in the raw material prices. But then in the November con call, you said that the prices are rising again. So, in this quarter, the margins are still at 15%, and the freight cost has also dropped compared to what we were speaking about last time. So, what was the issue in this quarter in terms of margins and why didn't our margins revert back to that 15, 19, 20% operating level?

Bala Manikandan: You are absolutely right. Steel prices started rising from December and January onwards. But still, a lot of ongoing orders and pipelines we were having with a little lesser margin. And the major reason for this margin drop would be margin from exports almost dropped by 50% compared to last year because the Chinese steel price is very low and they are dumping in our major market in UAE. So, that was the major drop in the overall margin.

And also, a lot of new packing contracts we started from Q1 this financial year. For that a lot of employees we have taken in Q4 of last year. So, one of the employee expenses was a little higher last financial year. Because you know, we are building the team for the future expansion and bigger order. So, that was also one of the major reasons.

Rahil Dasani: So, if I can break it down, I believe our export sales in this half would be barely Rs. 8 to 9 crores if I am not wrong. Because in H1 we said that we were flat. So, I don't think that would have a much significant impact on margin.

Secondly, when you say that these new contracts we are getting lower margins, do you mean the packaging side or on the strapping side? So, if you can clear these two things for me.

Bala Manikandan: See, a new contract, as in, let's say, before taking, we start our order, one or two months back, we have to arrange the manpower. There is some expenses involved when we do a long-term contract, let's say, a five-year, three-year contract. Before that, when we do the team building, there are some significant expenses we are incurring. That is having a short-term impact in this year's expenses. So, in the long run, these employee expenses, when we start doing the billing, it will be observed. That's what I meant.

Rahil Dasani: So, you were saying next year, we should be, again in H1, we should be close to 18%-20% operating margins without any problem.

Bala Manikandan: Yes, see, we always try to improve our margin. But now our focus is increasing our top line and take as much as new orders as possible. Margin front definitely, we believe, definitely minimum 15 we can maintain without compromising the current margin.

Rahil Dasani: Sir, my last question is, last week we were expecting to convert Rs. 200-300 crores from the Rs. 1,000 crore bid pipeline by March. But that hasn't happened. So, if you can explain what has happened here?

Bala Manikandan: See, if you look at the current order book, over Rs. 100 crores of order book we are having for the next 3 years timeline. For this year, a minimum of Rs. 50 crores of packing contract order already we are having as on date. And like I said, still those large orders which we are attempting, which were in the pipeline, they are still there.

We haven't lost any big orders yet. It's just that the finalization is taking some time. So, in June, July, we are expecting a closure of some large audits, which we are dealing for the past seven, eight months. So, we are still sticking on to the same guidance. We are expecting our order book to increase significantly in this quarter.

Rahil Dasani: I have a few more questions, but I will get back in the queue.

Moderator: We have our next question from the line of Astha Agrawal from Agility Advisors. Please go ahead.

Astha Agrawal: So, thanks for the opportunity. So, my question is, what is the rationale behind setting up the CRC mill, given that it is a highly capital intensive and commoditized business?

Bala Manikandan: Yes, good evening. See, the thing is, as a steel strapping manufacturer, we are consuming about close to 1,000 tons on a monthly basis. And this raw material for steel strapping is a medium carbon steel, which is very difficult to forge. Generally, people who are supplying are adding a significant margin because very handful of people can roll this medium carbon steel.

So, one is, as part of the backward integration, we thought of doing a small CAPEX project only for our captive consumption. But when we did our market research, you know, like Krishca, a lot of big consumers in the market are struggling to get the medium and high carbon steel.

So, see, since the availability is very low, there is a huge demand. The margins in this product are significantly higher than the normal commodity grade of steel coils. So, keeping this market also in mind, we thought of doing a Cold Rolling Complex.

And especially in the South India, there are very handful of less than 2-3 people can provide this kind of special grades. And the market is also increasing. So, to capture this market, as well as to satisfy our captive consumption, we are sort of doing a little bit bigger CAPEX.

Astha Agrawal: Thanks for the clarity. And my another question is, what is the current order book value and the bid book value?

Bala Manikandan: See, currently, we are having 14 different packing contracts from 9 customers in India with the order book value currently is about Rs. 120 crores.

Astha Agrawal: And bid book value?

Bala Manikandan: Sorry.

Astha Agrawal: And total value of the book like right now?

Bala Manikandan: Yes, the total value is Rs. 120 crore for three years. For this year, we are having an order book of Rs. 50.79 crores.

Astha Agrawal: And another question is, can you share details on some of the key orders of the company has bidden for, like customer profile, the size of the orders and the expected timeline for the outcome?

Bala Manikandan: Madam, very sorry. We are not able to hear you clearly. Can you repeat the last question again?

Astha Agrawal: So, can you share some details on the key orders the company has bid for, like the customer profiles, the size of these orders, and the expected timeline for the execution?

Bala Manikandan: See, our major customers are large steel mills. For example, we have a significant order from Vedanta, Shyam Metalics, APL Apollo, and like JSPL, SAIL. All the top major primary steel mills are our primary customers. And we also have customers who are manufacturing TMT and wire rods, like Real, Ispat, Nivaan Steel, These are all TMT manufacturers. So, we are doing contact packaging with them also.

Astha Agrawal: So, thanks for answering my question.

Moderator: We have our next question from the line of Jatin Damania from Swan Investments. Please go ahead.

Jatin Damania: Good evening, sir, and thank you for the opportunity. Sir, carry on to the last participant question in terms of CRM, now, we are setting up a CRM and majority of the machinery has been ordered. So, once we commissioned our CRM in Q4 of FY '26, what sorts of savings one can expect on the overall number? First. And secondly, the quantity that they would be selling outside, what sort of margin we can get compared to our existing packing and the strapping business?

Bala Manikandan: Jatin, very good evening. The CRM which we are installing is having a capacity of about 5,000 tons per month. We are expecting to consume a minimum of 20% of it for our strapping manufacturing. Based on the current steel market price, At least Rs. 4,000, we are expecting savings per ton, which is about 4% to 5% on the purchase. So, in our steel strapping, we are expecting at least 4% savings in the additional margin by doing this CRM.

And on the outside sales, which almost 4,000 tons which we are planning, see, we are going to focus mostly on the high carbon and the medium carbon value order grades. Okay? So, the margins are generally a little higher in this segment. So, at least, you know, we are expecting a 15% overall margin in this outside sales.

Jatin Damania: So, 15, so more or less margin will be in line with what we are doing it right now on the CRM as well on the outside sale?

Bala Manikandan: Yes, sir, that's correct.

Jatin Damania: And in your remarks for the earlier participant's question, you indicated that to fulfill the order, we had increased the employee strength in the 2nd Half of FY '25. So, is it fair to assume that the current order book is there in our hand won't require an additional expenses on

the labor and a labor will grow probably at inflation rate, or more or less remain what it was in the 2nd Half of FY '25?

Bala Manikandan: Yes, sir, you are right. Most of the mid-level team and all enough to do up to Rs. 100 crore of packing contracts. But when we do packing contract, like, let's say, we have to deploy manpower at site, only the people who are required in the site level will be required to be added. That is very insignificant compared to the mid-level employees.

Jatin Damania: And in terms of the packing, see, last year we did almost Rs. 13 crores of the order. Now, given the order book in the hand of Rs. 51 crores, so, I mean the guidance that you are giving which is 25% of the revenue growth in FY '26 looks little bit on the lower end. So, how shall one look at the strapping order or the execution of a strapping business and the packing order in Financial Year '26?

Bala Manikandan: You are right, sir. We are also expecting some more orders in packing contract side. In the strapping side, see, most of our direct customers, we are converting them into a packing contractor. So, the strapping side, there might not be much increase in the revenue.

And regarding the guidance, yes, we are giving 20% guidance. In fact, if you look at even last year also, 20% guidance only we have given. But we have delivered almost 43%. So, we will definitely try to deliver whatever we are promising and over and above that.

Jatin Damania: And on the definitely, I mean, see, the thing that you also indicated in terms of the couple of contracts that you are getting in June and July. So, just on the quantum side, can you help us know how big this contract would be so that our revenue growth for '26-'27 also looks much more on the stable side, if we get this order?

Bala Manikandan: See, we are expecting at least another Rs. 60 crore to Rs. 70 crore new packing contracts per annum basis. It could be for the next 5 years or 3 years. But at least a minimum Rs. 60 CR to Rs. 70 CR per annum basis will be adding orders in this financial year. So, currently we are having about Rs. 50 crores. So, by this H1 definitely we wanted to have a minimum Rs. 100 crore plus order book for this financial year in packing contracts.

Jatin Damania: And last question, then I will come back in the queue again. In your press release, you had mentioned that after a long struggle, you were able to get a good order, I mean, initial order from the Steel Authority of India and which need to be executed in the Q1. So, definitely that would have got executed. So, any further roadmap that we have got from the bigger PSUs in terms of our newer contract visibility on that front?

Bala Manikandan: In the PSU side, we are doing some trial orders. The thing is that the trial orders take some time to get the approval. We also supplied some Rs. 7 crores worth of material to PSUs. So, that trial order is also expecting the final approval from the user side. Once that is done, we will be eligible to participate in tenders worth at least Rs. 250 CR per annum basis in PSUs.

Currently, we are not able to participate because we are not having that eligibility. After, like you mentioned, a lot of big struggle, we penetrated and got some trial orders. So, very soon, maybe in this financial year, we will get the eligibility to participate across all PSU tenders.

Jatin Damania: Oh, that's good to know that. Sir, last question. On the CRM, what CAPEX did we have spent and how much will we be spending in this financial year?

Bala Manikandan: See, close to Rs. 40 CR already spent on the CAPEX. Another Rs. 40 CR is expected to be done on the CRM plant.

Jatin Damania: Which will happen in this financial year, right?

Bala Manikandan: Yes, correct.

Jatin Damania: Thank you, Bala. I will come back in the queue again.

Moderator: We have our next question from the line of Vijay from Growth Crest Ventures. Please go ahead.

Vijay: Good evening, Bala. Thanks for the call. So, my question is on your market share. So, we believe that you hold close to, say, 10% to the market share in this segment. And what I was seeing is the major share is by the international players. I just want to understand to what extent have you been able to garner market share during the last quarter or last second half of the year? And what is your expected target market share over the next 2-3 years?

Bala Manikandan: Mr. Vijay, very good evening. Regarding the market share, see, our focus is to increase our packing contract market share at the moment. If you look at last year, it's out of, let's say, Rs. 2,000 CR, we are hardly having 1%. But by this year-end, at least 5% to 6% of the packing contract, we wanted to gain market share.

Vijay: If you have expanded into, say, UAE and now into Singapore, so what kind of contribution do you expect from that segment or region?

Bala Manikandan: See, from exports, we got roughly Rs. 30 crore of revenue last financial year, which is about 20%. Even in this year, we are expecting similar revenue, at least 20% of our revenue will be from exports.

Vijay: So, overall you are saying. 20% out of the overall revenue, right?

Bala Manikandan: That's correct, Mr. Vijay.

Vijay: So, do you have any kind of hedging policy since, I mean, you are getting from at least it should be around 10% to 15% of your export volume or export revenue. So, do you have any hedging strategy? Because we have seen significant volatility in the product's prices?

Bala Manikandan: Mr. Vijay, sorry, we lost you in the middle. Can you repeat your question again?

Vijay: No, since your export contributes nearly 10% to 15% of your overall sales, I just want to understand, is there any hedging policy or something you follow?

Bala Manikandan: You are asking about the FOREX hedging.

Vijay: To minimize volatility, yes.

Bala Manikandan: We are not having any kind of hedging policy because we are mostly getting benefited because the dollar is increasing month-on-month. In our FOREX receivables, last three years continuously we are gaining only whenever there is a change in dollar pricing. Hedging is mostly when we import large quantity, that would be a better option.

Vijay: Sir, one final question on, one second.

Moderator: Mr Vijay, are you saying something? We can't hear you.

Vijay: Yes, one second. Have you benefited anything from this China plus One policy? Any impact is there? And I also want to understand, we have seen a significant volatility in steel prices due to this trade war, ongoing trade war. So, is there any impact are you seeing?

Bala Manikandan: See, regarding the trade war, you are absolutely right. There is some huge uncertainty among the customers in the U.S. We have three customers in the U.S. in the last financial year. But we were expecting a little bigger volume, in fact. But due to this, a lot of confusion in the duty structure and changes in the duty structure, people are a little bit reluctant to order a huge volume in this scenario. So, that is definitely affecting our growth plans, especially in the U.S.

Vijay: So, currently, of the total revenue, what would be your contribution from the U.S.?

Bala Manikandan: See, last year it was, I would say, close to Rs. 1.5 CR was from U.S. Now, this financial year, we are expecting a little, in fact, much bigger revenue. But due to these changes in duties, frequently, customers are a bit reluctant.

Vijay: Okay then. Fine. Thanks, Bala.

Bala Manikandan: Thank you, Mr. Vijay.

Moderator: We have our next question from the line of Gautam, an individual investor. Please go ahead.

Gautam: Hi, good evening. My first question was on your inventory levels which has gone up. Is this because of the orders that you see coming or are you struggling to find the right price?

Bala Manikandan: Mr. Gautam, yes, you are right. By end of March there was a little higher inventory. See, it is part of ongoing orders only, and there was no issue or any non-moving inventory or anything like that. And there was an increase in steel price in the Q1. So, we are having a quarterly agreement with many suppliers. So, to make use of the lower steel price in the Q4 of last financial year, we were stocking up a little higher than required. So, that is also one of the reasons for a higher inventory.

Gautam: So, it's not because you couldn't find the right price. It is primarily because you are stocking up, right?

Bala Manikandan: Right.

Gautam: And on the margin side, the new facility which you said would have the backward integration, would that be a primary reason or could that bring our margin back up from our current rate of 15% to, let's say, 19%-20%? Or do we see a higher margin, let's say, by next year's time?

Bala Manikandan: See, the CRM project will be operational by end of this Q4 only. So, frankly, the margin from that plant, we can see in the next financial year. Y

Gautam: So, by FY '27, do we see it touch 20% back again, like 19%-20% or is 15% are your like sustainable level?

Bala Manikandan: Mr. Gautam, it is very difficult to make a comment on 20% margin level. But as I said earlier, a minimum 15%, definitely it will not fall further lower than that. We will be focusing on increasing our top line. So, that is our primary goal. Of course, we will try for a better margin than 15%. But right now I am not able to comment on FY '27.

Gautam: And I think on an earlier call you mentioned there are I think three players in the organized market. What is the percentage of the unorganized and organized market and what would be the competitor's market share here?

Bala Manikandan: See, unorganized market share is very less, in fact, because we are dealing with mostly primary manufacturers. So, almost 80% to 85% are covered by organized manufacturers. Unorganized manufacturers are very scattered and they are primarily catering to the TMT secondary manufacturers.

Gautam: And how much would be our percentage in this whole mix? And how much would be the organized players if you have the number with you?

Bala Manikandan: You are talking about the market share?

Gautam: Yes, ours and like our competitors, like that number one and number two players and all that market share as of now.

Bala Manikandan: See, number one player, I assume they are having close to 50%. And we are having between 5% to 10% of the market share currently. And this detail will be given in detail in our Investor Presentation, which we will be releasing in a day or two.

Moderator: We have our next question from the line of Pratik Kulkarni from KamayaKya Wealth Management. Please go ahead.

Pratik Kulkarni: I have several questions, but the first question will be, what was the volume growth for FY '25 and according to the order book which you have for FY '26, what would be the volume growth for this financial year?

Bala Manikandan: Are you asking about revenue growth?

Pratik Kulkarni: Volume growth, volume growth.

Bala Manikandan: See, a minimum of 20% we are expecting growth across all our verticals.

Pratik Kulkarni: And what was the capacity utilization for FY '25 and the new CAPEX which we did recently in the first, you know, gone live in the last, the total capacity utilization, what could it be?

Bala Manikandan: Pratik, I am very sorry, your voice was breaking. I am not able to hear you. Can you say again?

Pratik Kulkarni: So, I just wanted to know the capacity utilization for FY ‘25.

Bala Manikandan: Capacity utilization, okay. See, we are doing close to 60% utilization overall in FY ‘25. And this year, in FY ‘26, we are expecting it to reach 75% average.

Pratik Kulkarni: And another question would be regarding the CAPEX, regarding the high specialty feeding plant, which would be going into consolidation during Q4, FY ‘26, So, I just wanted to know how much would be the time for the ramp up and what would be the optimum utilization for the plant?

Bala Manikandan: See, to ramp up the plant, I would say it will take 6 months from the commercial production. See, since our captive consumption is there, it will be operational with at least 20% capacity from the first month itself. So, we are having a captive 20% market requirement. So, I think by end of first year, it definitely will cross 35% to 40% utilization.

And this CAPEX, whatever the machines we are putting, it is part of the Phase-1. And as we grow, there are multiple plans to do further CAPEX in the similar line to increase the capacity on a staggered basis. So, there will be a new addition in the controlling mill or some special products in both processing machines we will be adding on a year-on-year basis. So, this capacity, whatever we are putting 5,000, it is not that. Maybe in year two itself, we might add it, increase it a little bit. So, it will be an ongoing CAPEX process in the new complex.

Pratik Kulkarni: And regarding the product that's a high specialty steel product, what will be the customers for this product? What will be the use case that it's very difficult to procure in India? What will be the application for the end user industry?

Bala Manikandan: See, there are various automotive component manufacturers, engineering component manufacturers. And a lot of commercial applications also there. So, we identified close to some 30 to 40 products, also the customer base, mostly in the South. We will be targeting those customers.

Pratik Kulkarni: And the price of the product, is that product also, was the pricing is also volatile like what we are currently facing in our regular product? Or is the volatility there a bit different than what we are taking now?

Bala Manikandan: See, any price increase, decrease in the basic steel price, it will reflect there also.

Pratik Kulkarni: So, basically patterned. So, that's from my side, sir.

Moderator: We have our next question from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.

Yogansh Jeswani: Hi, sir. Thanks for the opportunity. Sir, just one quick question from my end. In the press release, we have mentioned about the order book from sale of Rs. 4.85 crore. And it says valid up to April 6, 2025. So, can you help clarify what exactly is this?

Bala Manikandan: So, just a second. Hi, can you say again which order you are talking?

Yogansh Jeswani: So, in the press release that came out on 31st May, we have mentioned that we have got an order from SAIL, Bokaro Steel Plant, for Rs. 4.85 CR, which is valid up to 6th April, 2025.

Bala Manikandan: Correct.

Yogansh Jeswani: So, is there a typo or is this a very short-term contract that we have got and we will see some benefit out of it in H1?

Bala Manikandan: See, this is a trial order we got from Bokaro Steel Plant. Generally, whatever the yearly consumption, some 10% of the quantity, they have given us a trial order to us. We already supplied the entire material, We are just awaiting for the QC approval. They will consume the entire material and get feedback from the customers also. It is a little time-taking process. Once that is done, we will be eligible for the main tender.

Yogansh Jeswani: And sir, just one more clarification or better understanding on your order books. So, we announced a couple of order books as multi-year contracts, right? Like the Vedanta group order we have announced for 5 years for Rs. 47 crores and 3 year some Rs. 18 odd crores. While the APL Apollo contract we have mentioned as a Rs. 25 crore per annum. So, can you

just help me understand what is your yearly order book for FY '26? And what is your long-term order book wherein you have gotten multiple-year contracts? So, just a broad breakup of what these two order books look like.

Bala Manikandan: See, some customers, they give the PO for long run. Like Vedanta, they have given the PO for five years and mentioned the PO value also. So, we have taken only the PO's confirmed PO in hand.

For example, in the APL case, we have PO for only one year. It will be renewable year-on-year, generally. But we are not considering the five-year-old or three-year value from that particular order. Only Rs. 25 crore we have taken into the order book calculation. Likewise, Vedanta and all, since they have already given the five year PO, we have taken that into consideration.

So, most of the orders, for example, even Shyam Metalics also we have taken only one year, but generally, we are doing it over the past two years, every year, they are giving the PO. Since as per NSP guidelines, we cannot just consider the order value without having the confirmed PO. So, we are going by that. So, with that calculation, we are having Rs. 120 crores worth of PO for next three years. And for this year Rs. 51 crore worth PO already we are having in hand.

Yogansh Jeswani: So, Rs. 50 odd crore is confirmed order for this year that we are going to execute and Rs. 120 crore is for the next three years.

Bala Manikandan: Right.

Yogansh Jeswani: So, some of it will be the repetitive contract for multi years that we have got already.

Bala Manikandan: Correct.

Yogansh Jeswani: And sir, in last presentation we mentioned a pipeline of Rs. 900 crores. So, standing now today, how are we seeing that pipeline?

Bala Manikandan: Currently, see, over, I would say, Rs. 700 crores of orders we are attempting.

Yogansh Jeswani: Sorry, I couldn't get it. Can you repeat, sir?

Bala Manikandan: See, the current order pipeline which we are participating in is over Rs. 700 CR.

Yogansh Jeswani: And sir, why is there a reduction in this from 900 to 700? Or is it because of some part of this pipeline has got converted?

Bala Manikandan: Yes, we already converted close to Rs. 100 CR into confirmed orders. And some orders, let's say, APL and all, we just got one year order. We are expecting a multi-year PO. But PO is just for one year. So, that's why there is a reduction in the pipeline.

Yogansh Jeswani: And sir, in the multi-year POs, how do we take care of the escalation of cost because the labor cost will keep on increasing, right? So, is that built into the contract or just because we get a assured business for three years, we take in those cost appreciations on our end?

Bala Manikandan: See, all the major components like steel price, plastic price, there is a price variation clause. So, based on that, every quarter the value has been revised. That is one thing. Also, based on the State Labor Laws, the minimum wage is also considered in the PO. Any revision in the labor laws, our salaries also be revised. That is also mentioned in as one of the conditions in all the POs. So, subject to this, every quarter, there will be some slight variation in the pricing in the billing value.

Yogansh Jeswani: If I may just squeeze in one more question on your working capital.

Bala Manikandan: Yes.

Yogansh Jeswani: So, sir, if we look at the year-on-year trend of our working capital and specifically debtor days and inventory days, that has been increasing from 60-70-odd days to 100-plus days now. So, how are we thinking of these going forward? Specifically on inventory, do we see that reducing? Because in a packaging contract, you have mentioned that the debtor days are a little higher. So, inventory, where are we seeing those numbers? And in debtor days, is there a scope for any further reduction or 100-odd days is the norm that we are stable with now?

Bala Manikandan: One is, after we do the CRM, our steel strapping raw material inventory expected to go down significantly. So, now what happened, for every size, every grade, we are keeping stock. Once the CRM is there, that steel inventory definitely will go down significantly.

And especially by end of March, what happened? We were starting from four big contracts and we have to stock the inventory at site level before we start the contract. So, three of our biggest contracts started from April only. So, that's why the inventory levels are especially high.

Also, on the receivable side, we have did this trial order from SAIL. So, all those things are also receivable. So, once we complete this and when we start the normal operation, this inventory and receivables will definitely go down.

Yogansh Jeswani: So, safe to assume these can be brought down to 80 odd days again?

Bala Manikandan: See, I would say 90 days would be ideal in the long run.

Yogansh Jeswani: And once the cold mill comes in, then inventory days would come down to how much?

Bala Manikandan: Expecting it to be about 45 days.

Yogansh Jeswani: So, major reduction you are expecting through that?

Bala Manikandan: Yes.

Yogansh Jeswani: That's it, sir.

Moderator: We have our next question from the line of Deep Gandhi from ithought PMS. Please go ahead.

Deep Gandhi: So, first question is just again a clarification on the working capital side. So, you mentioned that receivables also increased because of Rs. 4 crores of SAIL order, but that is very small as percentage of our revenue, right? So, there are also some other factors which led to increase in the debtor days, if you can talk about that.

Bala Manikandan: Not really, because our last quarter's run rate was a little higher, especially March month's sales were the highest. So, that is also contributing to the higher receivables.

Deep Gandhi: And the next question is on the export side. So, I think you mentioned in the initial question that there is some China dumping which is happening. So, if you can talk about talk about that, how is it impacting our business? And just a related question. Is there any risk of China dumping also can impact our domestic business?

Bala Manikandan: See, in our major market Middle East, we are seeing some at least $100 of margin contraction because of the Chinese steel prices. So, just to keep the customer base alive, we are compromising the margins on the exports because we just entered that region. Just because of the fluctuations in the pricing, we cannot reduce our volume. So, we are just trying to maintain the volume, but we are forced to compromise at least $100 in margins.

Deep Gandhi: Can this something similar also happen in India? Is there any risk of China dumping starting in India also?

Bala Manikandan: India, I am very confident that situation will never happen because we are very much protected by the government, by various initiatives. There is a very clearly defined BIS. None of the strapping manufacturers in the world is having there. So, I don't see any strapping coming into India in the future also.

Deep Gandhi: And sir, you mentioned that this dumping is happening in exports and we want to grow our export business as you mentioned to previous answer. So, is there some kind of risk that the margins might fall below 15% if the China dumping increases further? Or if we go even more aggressive in terms of upgrading our export business, is that a risk?

Bala Manikandan: Currently, most of our growth and revenue, we are expecting from our domestic only. And like I said earlier, our exports would be in the range of 20% of our revenue. So, out of 20% also,

now we are diversifying our revenue by adding various primary packaging materials. So, we are reducing our reliance on steel strapping in the export business. We are increasing our share of primary packaging. So, we are trying to compromise the reduction in strapping in the exports by increasing the share of primary packaging, where the margins are slightly higher than the strapping.

Deep Gandhi: And sir, just a basic question related to that. So, in the past calls, you have explained that for packaging, there is a lot of requirements for manpower. So, I mean, how would the export of packaging work? Will we need to have manpower outside India to manage that business?

Bala Manikandan: See, our packing contract, we are doing only inside India. Out of India, we are only supplying the materials. So, there is no packing contract.

Deep Gandhi: And sir, just one last question on the steel plant. So, if you can explain what is the thought process behind setting up this plant, because this might make your business much more asset-heavy? If you see, I mean, even this year, the ROEs have already been impacted because of the last year CAPEX which we have done for that.

And I know you explained to the previous participant that the inventory days will reduce, but won't there an increase in inventory? It is also because you might need to stock a lot of raw materials for setting up the steel plant in future. So, just some thought process. Why are we deciding to set up a steel plant not only for captive but also for you? Because you mentioned you want to also introduce newer varieties. So, what is the thought process behind this?

Bala Manikandan: See, we always look for opportunities in the market. And since we are in the steel business and we are a big consumer of this special steel for our strapping, we understand there is a big gap in the market and when we know there is a good opportunity in the market, we want to capitalize on the opportunity.

And the market is also growing year-on-year for the special steel products. So, to capitalize on this is the right time. After 3-4 years, it would be too late for me to enter. So, I also got an excellent team to support me with this kind of project. So, since we are very confident and there is a good opportunity in the market, we decided to go ahead.

Deep Gandhi: So, say, for the next three to four years, what kind of CAPEX should we expect just for this steel plant? Because you also want to introduce new varieties. So, any number you can choose, maybe, say, for the next two, three years, what kind of CAPEX you are expecting?

Bala Manikandan: See, apart from the current CAPEX we are doing, in 3 to 4 years, there might not be a significant CAPEX like which we are doing. Maybe to the tune of maximum Rs. 25 CR, which will be done in a staggered manner. So more like from our profit and based on the market needs, we will be slowly doing one by one, small, small value additions into the Cold Rolling Complex we are doing.

Deep Gandhi: And also you mentioned that there are only two or three companies in India who are able to manufacture these variants. So, maybe you can give some names which are these companies. And just an allied question to that is are you already in talks with your customers? Do you have any kind of soft commitments from them that they are ready to buy the volumes from you? Is there anything of such kind in place?

Bala Manikandan: We have done some significant market research and met some potential buyers mostly in Tamil Nadu in the region where we are putting the plant. So, yes, I have some kind of soft commitment from people and in terms of, see, I don't think I mentioned 2-3 people only doing special steel, mainly in the south. But there are many, many people in the north of India. And most of the people in the south are buying this material from north of India only.

Deep Gandhi: So, is there a logistics cost which they end up incurring and they will be able to save if they buy from you? Any quantification if you have done any calculation, how much will they save in terms of say percentage if they buy from a player like you who is based out of South India instead of buying from North company?

Bala Manikandan: Yes, see, we are closer, and we can supply immediately. And there is a, like you said, a 3%-4% cost involved with the transportation. So, that is also could be a value addition for us. And in terms of volume, all we have is their current requirement and almost close to 30,000 tons per month we have did the market research. And out of that, we are targeting out of 30,000 tons, even 3,000 tons if we get also, it will fully utilize our capacity.

Deep Gandhi: Sure, that was helpful.

Moderator: We have our next question from the line of Rahil Dasani from MAPL. Please go ahead.

Rahil Dasani: Thank you for the opportunity again. First of all, I wanted to understand around the Rs. 200 crore to Rs. 300 crore pipeline conversion that we are expecting in March, which now you have starting in June, July. If you can explain what led to this particular delay? Was it like the negotiations are going on? Are we seeing increased competition? Or what was the issue? And how sure are we that they will convert in June, July?

Bala Manikandan: See, Dasani, there is no issue with the order. These all are long-term orders, right? So, there is always some delay in finalizing. And unfortunately, most of our orders, which we are targeting, got delayed. And this month, we are at the final negotiation in a couple of large orders. That's why I am confidently saying by this June-July, most of it will be closed.

Rahil Dasani: And secondly, my first question was around the purchase of stock trading. So, if I see that would mean out of the Rs. 86 crore sale in this half, Rs. 26 crore would be from those traded products, right?

Bala Manikandan: Yes.

Rahil Dasani: So, then the sales growth year-on-year as well as half-on-half is lacking. So, what is the issue here in terms of are we unable to sell shares, get customers or what is the issue? Because excluding the Rs. 26 crores, we are barely at some Rs. 60 crores.

Bala Manikandan: Yes, like I said, mostly this revenue is from exports. A lot of the primary packaging we are exporting. Like I said, there is a reduction in steel strapping margin in exports. So, we are replacing that with the primary packaging. So, I would say, close to Rs. 7-8 CR would be from exports alone out of this Rs. 26 CR. And like I said, we are focusing on diversification. So, wherever possible, we are pushing this allied product. So, overall, we are trying to maintain the growth.

But you are right, strapping side, there might not be like 40%-50% growth, which we witnessed in the last two years. Growth might be a little lesser, but most of the additional business will be coming from primary packaging as well as the packing contracts.

Rahil Dasani: And what would be our utilization in our old unit compared and also in our new unit individually?

Bala Manikandan: See, our production line, to explain that, we cannot operate the new unit separately. So, the second unit is the standalone heat treatment line. The old unit is the finishing line. We have to operate both lines. The second unit, just we do the heat treatment separately. And we need the first unit to do the rewinding and painting. So, we will be running both together. To install the capacity is combining both lines.

Rahil Dasani: No, I understand that, but I believe the second line was for the higher tensile grade compared to the older line which was for a standard grade comparatively if I am not wrong.

Bala Manikandan: Yes.

Rahil Dasani: So, that's why I am asking if you can just share that utilization because Unit-1 has been stuck at 60% utilization for the last 2 years excluding 25.

Bala Manikandan: Yes.

Rahil Dasani: So, is it still at that level or has it increased from 60%, Unit-1?

Bala Manikandan: See, when we did the CAPEX, the overall capacity has increased. So, Unit-1 also did some CAPEX to increase speed. So, if you only have Unit-1, it is close to, I would say, 80% level it is running. It was earlier only 50%. So, most of the Unit-1, whatever the grades we are running, the almost 80% level we are out there. But when you consider the overall installed capacity, it is double now. So, we are at 60% level.

Rahil Dasani: So, you are saying Unit-1 at 80% and Unit-2 approximately 45%-50%?

Bala Manikandan: Maybe yes, 30% to 40%, yes.

Rahil Dasani: So, again, the question is then that last we talked about in November con call, you said the utilization was 50%-60% in Unit-1 and it was 20% in Unit-2. So, if Unit-1 has scaled from 50-60 to 80 and Unit-2 has scaled from 25 to 40, then why isn't that visible in the revenue growth, particularly from the straps?

Bala Manikandan: See, one is, steel overall price also less compared to last, almost 10% price was lesser, average steel price.

Rahil Dasani: No, I am saying half-on-half the prices have increased compared to H1 to H2. The prices have increased, right? So, if that utilization has increased, at least we should have seen close to Rs. 75 crores to Rs. 80 crores only from the straps business based on the utilization you are sharing.

Bala Manikandan: See, it is very difficult to give the exact break-up, but overall, 60% utilization, almost 1,200 tons we have done the last 6 quarters' average. Our installed capacity is almost 2,400 tons, I mean 2,000 times. So, close to the 60% level we are operating currently, whereas last year it was around 900 tons only.

Rahil Dasani: Sir, my last question is, I wanted something around the numbers. I see in the balance sheet other current liabilities, long-term loans and advances, as well as other current assets. All three have doubled from their levels year-on-year. So, if you can explain what is this exactly, all three of these, other current liabilities, long-term loans and advances, and other current assets?

Bala Manikandan: See, other current assets, we have given advance for the machinery. So, almost close to Rs. 12 CR is the advance we have given to the machinery. And there is advance tax close to Rs. 2 CR.

Rahil Dasani: Long-term loans and advances for this half was at Rs. 27.7 crores.

Bala Manikandan: See, that is, most of it, we were buying a large land parcel for the factory close to 12 acres. Whatever the advance given in the March, that was captured there?

Rahil Dasani: I am a bit confused. Wouldn't that come in other current assets like the machinery for the CAPEX, like you said, instead of long-term loans and advances?

Bala Manikandan: See, long-term loans and advances, whatever the advance we have given to the land, purchase of land for the new factory, it is grouped under long-term advances, long-term loans and advances. In other current assets, only the machinery advance, some raw material advance we are given, and advance tax is there, GST credit is there. All those things…

Rahil Dasani: How much would be the land cost in long-term loans and advances?

Bala Manikandan: It's close to Rs. 25 CR.

Rahil Dasani: 25 CR.

Bala Manikandan: Yes.

Rahil Dasani: And the other current liabilities? They are also at Rs. 11 crore.

Bala Manikandan: See, most of it are, we have some channel financing limits with Tata Capital and YES Bank for the purchase of raw material. So, this is mostly almost Rs. Rs 10 crore for that.

Rahil Dasani: I understood. So, that would be all from my side. Thank you for answering all my questions patiently.

Bala Manikandan: Appreciate it.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Sahil Patil from AKMIL Strategic Advisors for closing remarks. Over to you, sir.

Sahil Patil: Thank you, everyone, for joining the conference call of Krishca Strapping Solutions Limited. If you have any queries, please feel free to write to us at info@akmiladvisors.com. Once again, thank you all for joining the call.

Moderator: Thank you. On behalf of AKMIL Strategic Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.