



Steel Exchange India Limited

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CIN : L74100TG1999PLC031191

August 12, 2025

To
The Manager,
Department of Corporate Services,
BSE Limited
P.J. Towers, Dalal Street,
Port, Mumbai — 400001

To
The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai — 400051

Scrip Code: 534748/960441

Scrip ID: STEELXIND

Sub: Transcript of Investors/Analysts Call held on August 06, 2025.

Dear Sir/Ma'am,

With reference to our letters dated August 01 and 02, 2025 in respect of Investors/Analysts Call, held on Wednesday, the August 06, 2025, please find enclosed herewith the Transcript of discussion held during the said Investors/ Analysts Call.

The aforesaid information shall also be disclosed on the website of the Company at <https://www.seil.co.in>

We request you to take the same on your records.

Thanking you,

Yours faithfully,

For **Steel Exchange India Limited**

Raveendra Babu M
Company Secretary & Compliance Officer
M.No: A34409

WORKS

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"Steel Exchange India Limited Q1 FY'26 Earnings Conference Call"

August 06, 2025



**MANAGEMENT: MR. SURESH KUMAR BANDI – JOINT MANAGING
DIRECTOR, STEEL EXCHANGE INDIA LIMITED
MR. T. BRAHMAIAH – CHIEF FINANCIAL OFFICER, STEEL
EXCHANGE INDIA LIMITED**

**MODERATOR: MS. SAKHI PANJIYARA – KIRIN ADVISORS PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Steel Exchange India Limited Q1 FY26 Results Conference Call hosted by Kirin Advisors Pvt. Ltd.

As a reminder, all participants' lines will be in listen-only mode. 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Ms. Sakhi Panjiyara from Kirin Advisors Pvt. Ltd. Thank you and over to you, ma'am.

Sakhi Panjiyara: Thank you. On behalf of Kirin Advisors, I welcome you to the Conference Call of Steel Exchange India Limited.

From management team, we have Mr. Suresh Kumar Bandi -- Joint Managing Director and Mr. T. Brahmaiah -- Chief Financial Officer.

Now, I hand over the call to Mr. Suresh Kumar Bandi. Over to you, sir.

Suresh K. Bandi: Thank you, Sakhi ma'am and thank you for giving me this opportunity to speak to my people out there. Good afternoon, everyone and thank you for joining us today for the Quarter 1 Financial Year '26 Earnings Conference Call on Steel Exchange India Limited.

It has always been a pleasure to speak on the progress of the business looking ahead of the new financial year.

We are pleased to report a strong start of financial year '26, highlighted by a remarkable 296% year-on-year increase in net profit alongside robust growth in total income and EBITDA. The first quarter has been encouraging both operationally and strategically. It reflects the growing strength of our integrated business model and the sustained trust in our products, especially our flagship brand, “SIMHADRI TMT.”

Our positioning in the southern market, especially in Andhra Pradesh and Telangana, continues to deepen and we are seeing our brand increasingly preferred in high-value infrastructure projects.

During the quarter, SIMHADRI TMT rebars were approved for two significant development projects in Andhra Pradesh, i.e., Machilipatnam Port and Mulapeta Port. These approvals reinforce our standing as a reliable and quality-centric manufacturer and validate the product confidence that institutional customers have placed in us over the years.

We are also happy to share that Steel Exchange India Limited has been awarded a contract valued up to Rs 210 crores by RINL for the conversion of 1.2 lakh tons per annum of billets into Vizag Steel

TMT bars. This contract strengthens our regional engagement and adds meaningful volume visibility going forward.

In line with our strategy to extract value from non-core assets and streamline business verticals, we incorporated a wholly-owned subsidiary, i.e., SEIL Infra Logistics Ltd on June 29th this year itself, 2025. While the company is yet to commence operations, its formation reflects a forward-looking move to organize and grow infrastructure and logistic capabilities within the group.

Now, turning to our “Financial Performance for the Quarter,” we reported a total income of Rs.304.95 crores in Quarter 1 financial year '26, and marking a year-on-year growth of 14.53% compared to Rs.266.26 crores in the same quarter last year. The increase was supported by healthy execution, low raw material prices, and customer demand.

EBITDA for the quarter stood at Rs.36.35 crores, reflecting a year-on-year growth of 32.66%. Our EBITDA margin improved by 163 basis points, rising to 11.92% from 10.29% last year.

Net profit for the quarter came in at Rs.10.23 crores, significantly higher than Rs.2.58 crores reported in Quarter 1 financial year '25, representing a growth of 296.3% year-on-year. Correspondingly, our net profit margin improved to 3.35% from 0.97%, an expansion of 238 basis points.

As many of you know, our operations are anchored by our integrated steel plant, located near Visakhapatnam, which houses sponge iron, billets, rolling mill, power generation facilities, along with railway sidings completely. So, this enables us to maintain full control across the value chain from raw materials to finished TMT bars and ensures we are well positioned to manage costs and cycles and deliver consistent quality.

The brand equity we have built around SIMHADRI TMT remains one of our strongest assets. Yes, our products have been used in defense-related construction and several projects of national importance reinforcing our credibility and long-term focus.

Looking ahead, we remain watchful of evolving market conditions. Our outlook is positive, with improved visibility on institutional demand, stable operating metrics and a growing emphasis on infrastructure development across India. We are confident in our ability to build on this momentum over the coming years.

Before I close, I want to thank our teams on the ground, our partners, and most importantly, our shareholders and stakeholders who continue to support us. We are proud for the work done so far and are excited about what lies ahead. With discipline, agility, and customer focus, we aim to deliver another year of consistent and meaningful growth. Thank you once again for joining us today.

I now look forward for you to ask your questions. Thank you. I will ask Brahmaiah to answer the questions. If anything is there I can add up on that thing and now you can ask madam.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wish to ask the question you may press “*” then “1” on your touchtone phone. If you wish to remove your set from the question queue you may press “*” then “2” on your touchtone phone. Participant are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assigned. The first question is from the line of Madhur Rath from Counter Cyclical Investments. Please go ahead.
- Madhur Rath:** Sir, thank you for the opportunity. Sir, wanted to understand what is our current capacity and capacity utilization level currently?
- T. Brahmaiah:** See, we have three facilities in this integrated plant. Later, I can say four facilities. So, sponge, our SMS plant, and rebar. So, SMS plant, we have a 2.2 lakh capacity and in the current quarter, we have used it up to 89% and whereas the SMS and rebar, so we have recently increased our capacity. Earlier, it used to be 2.5 lakh tons in my SMS plant, which has become now 3.6 lakh tons. And even our rebar also, it was 2.25 lakh tons, which has been increased to 3.57 lakh tons now. So, with this increase, which has added only at the fag end of March, the first current quarter only started operating the additional capacity. Though our volumes have gone up compared to the previous years, but percentage wise, it has come down slightly compared to my previous quarter. Currently, our capacity utilization is SMS at 55% and the rebar billet at 43%.
- Madhur Rath:** Sorry, sir. So, rebar at 43%, right?
- T. Brahmaiah:** Yes.
- Madhur Rath:** Sir, I wanted to understand, sir, what is our EBITDA per ton currently? And sir, with this RINL order and better operating utilization of our plant, sir, where do we expect it for FY26 and FY27 EBITDA per ton? And sir, what is the volume growth that we can expect for FY26?
- T. Brahmaiah:** Our EBITDA per ton is around 6,660. So, more than 6,600. We are expecting this will go further once we increase our capacity utilization more because of the fixed cost absorption on the more production. So, now, you are talking about the capacity utilization outlook for the going forward. Yes. We have, with respect to rebar, it will be growing once we implement one conversion order from RINL, Rashtriya Ispat Nigam Limited, which is called Vizag Steel. So, we have got 1.2 lakh tons per annum contract from them for conversion of their billets into rebar. So, by operationalizing that contract, which is likely to be somewhere in December this year. So, after that, our Re-Bar mill utilization will go to more than 85%-90%. So, till then, we will be gradually increasing from the current level to maybe around 60%, 65% on our own production. With that additional contract, it will go to 85% to 90%.
- Madhur Rath:** Okay, got it. So, can we expect at least Q4 of this year our capacity should be closer to 750,000 metric tons of volume, is it a safe bet in Q4 of FY26?

- T. Brahmaiah:** Our Re-Bar plant capacity is only 3.57 lakh tons. So, we will be operating at more than 90%.
- Madhur Rathi:** Got it. And sir, what kind of margin improvement can we expect once you move to those levels?
- T. Brahmaiah:** Regarding Our margin improvement, there are two things. One is a conversion contract. So, that will not reflect straight away on EBIDTA of our own production thing. But our own production, currently we have 6,600, which will go to around 7,500.
- Madhur Rathi:** 7,500? Got it. And sir, like only 1.2 lakh tons, but only Rs. 210 crores order, so, for this conversion order, what kind of margins are we getting per ton percentage wise?
- T. Brahmaiah:** Monthly additional EBITDA, we should get around Rs. 2.25 crores. So, that means around Rs.27 crores incremental EBITDA will be coming from this going forward on a full year of operation.
- Madhur Rathi:** Got it. Sir, also I saw that we have one integrated wire complex that we were planning. So, what is the status of that and when can we expect to see some benefit of that?
- T. Brahmaiah:** You are talking about our future plans about our Bobbili site where we are planning for the integrated wire, which is currently. So, site-related some work is going on with the government. So, once we complete those formalities, we will take it up maybe in the next year.
- Madhur Rathi:** Got it, sir. Sir, I will get back in the queue. Thank you so much and all the best.
- T. Brahmaiah:** Yes.
- Moderator:** The next question is from the line of Damodar, an individual investor. Please go ahead.
- Damodar:** Hi, sir. Thank you for the opportunity. Could you please elaborate on the newly started subsidiary for logistics company and what would be the expected operating revenue and when can we expect profitability from that new company? Thank you, sir. That is my question.
- T. Brahmaiah:** Yes. So, Damodar, I think you are talking about my monetization plans of our surplus asset. So, we have around 200 acres of surplus land. Totally, we have 400-plus acres of the land, which is within the limits of Greater Visakhapatnam Municipal Corporation. So, in this 400-plus acres, even if we take our future requirement to make our existing capacity to 1.5 million tons capacity, so, we need hardly 200 acres. So, another 200 acres are our surplus land, which the management is planning to monetize it by operationalizing it to different suitable businesses. One of that is logistics. Because Visakhapatnam is going to be a logistics hub as there are two major ports operating and one more major port is also under development, which is going to commission shortly, so, this is going to be a very big hub for the logistics and our site is very much suitable and maybe we are uniquely placed in that way because having own railway sidings with nearly 100 to 200 acres of land adjacent to these railway sidings within that city limits and only 20-30 kilometers far away from these current two

ports and also just 2 to 3 kilometers away from the express highway, which is being constructed under Bharatmala which will be getting operationalized by the end of this December or maybe early January '26 thing. So, with this, we wanted to operationalize these railway sidings by converting into GCT and also using our surplus lands as a stockyard for this logistics business. So, we are targeting only on the logistics business around Rs.14, 15 crores of net profit minimum annually that by... my model I am right now talking is only leasing it and these things Suppose if we do on our own, more profits will be coming. So, we are exploring whether we will get a suitable partner a right partner to make it as a JV or whether we make it as a lease basis, depending upon finally what model we are taking up, additional revenue up to around Rs.60-70 crores may come, it will give further up to Rs.30-35 crores profit- yearly additional.

Damodar: Thank you, sir. Sir, one more question regarding your fundraising. I mean last year you took an approval for Rs.600 crores, right? So, any updates on fundraising and equity, right?

Suresh K. Bandi: Yes. So, we have taken the approval, we are working now currently on the rights issue. So, maybe shortly we may be coming out for the rights issue. Our plan is to make it up to Rs.200 crores subject to approval from various competent boards and all. That is the first step. And regarding the other fundraising, yes, it is not fundraising in that way, maybe we want to get the existing high-cost debt with refinanced by the low-cost debt. So, we are working on that also. We already got a term sheet from a lender. We are now trying to close that at the earliest possible.

Damodar: Thank you, sir. That is, it from my side sir. Thank you.

Moderator: The next question is from the line of Rajiv Maheshwari from Praj Investments. Please go ahead.

Rajiv Maheshwari: Hi, good afternoon, everyone.

Suresh K. Bandi: Good afternoon, sir.

Rajiv Maheshwari: I have a question is what is the current debt in the books of the company and what is the plan for the debt reduction on the same?

T. Brahmaiah: Currently, we have Rs.340 crores outstanding and the reduction plan is that once we complete this rights issue, so, we are planning to utilize around Rs.75 crores out of the rights issue for repayment of this debt. That is the immediate plan how do we reduce the debt from the existing level. So, in addition to that, whatever our regular payment, which will be also reducing going forward the debt level.

Rajiv Maheshwari: So, as of now, you plan to utilize Rs.75 crores from the rights issue and then it will be an ongoing process?

T. Brahmaiah: Yes.

- Rajiv Maheshwari:** And I also observe that we have 100% of our promoter shares is pledged. So, what is the plan to get release of these shares and how long would it take?
- T. Brahmaiah:** So, these are mostly pledged to the lenders or maybe to some of our material suppliers. So, this slowly we will try to reduce it going forward, but not immediately, it may take some time, maybe around once we repay this debt and also once we reduce these levels, then we can negotiate with them and then get those releases.
- Rajiv Maheshwari:** How is this market? The results were very good for the 30th June quarter. How do you see the current market in the July and August season because of the monsoon and all?
- T. Brahmaiah:** Generally, for the steel industry, Q2 is a bit of a lull period because of what you rightly said. We are hopeful this year may be better because the current year Q1 the monsoon came so early; it came in the mid of May itself. Because of that early monsoon, we are expecting if any in between the Q2, we will get some good summer type of thing, like good relief from the rain, anything, then it may pick up. Otherwise, normally I agree with you, it is a lull period only.
- Rajiv Maheshwari:** Okay. And one final question is regarding this SEIL Infra and Logistics, by when can we expect it to be operational in terms of generating of revenue and the profit expectation timelines?
- T. Brahmaiah:** So, we are expecting the generation of additional revenue on account of this from Q4 onwards. And in fact, we had entered one strategic agreement with another big player in this logistics, Hind Terminals, there is a tri- party agreement who is our associate partner already in a group company. Now, we are entering this new agreement to take it forward. We are going to various options along with their expertise how do we position best use of this thing.
- Rajiv Maheshwari:** Okay, sir. Just in the previous question, you had mentioned about 400 acres of land. So, I could not get it. So, you plan to use 200 acres out of it and the balance 200 acres remains unusable or what is the idea to use this big amount of land parcel?
- T. Brahmaiah:** Yes. So, the 200 acres is sufficient to run my plant including my future expansion. So, balance 200 surplus, out of those 100 acres along with my railway siding, and then there is 1.6 lakh square feet shed, so, all that we want to use it for our logistics business. Another 100 acres we want to do it on the different model like it is a development of logistics park and also residential park and also the affordable housing. We have a different plan how to monetize on the real estate part of it.
- Rajiv Maheshwari:** Okay. Okay. So, will that be also a part of the SEIL Infra Logistics or it would come separately?
- T. Brahmaiah:** As of now, we are thinking both the verticals we want to bring it on the SEIL Infra only.
- Rajiv Maheshwari:** Okay. Right. That answers my query. One quick update. These 400 acres of land, what is the value we are showing in the balance sheet right now?

- T. Brahmaiah:** Balance sheet value will be very less because this is -
- Rajiv Maheshwari:** And what is the current market value, a rough figure?
- T. Brahmaiah:** Current market value per acre will be around 1.2 to 1.5 depending upon that area because it is a huge land now.
- Rajiv Maheshwari:** Okay. So, it should be around Rs.500 to 600 crores.
- T. Brahmaiah:** Yes.
- Rajiv Maheshwari:** Okay. Right.
- Suresh K. Bandi:** When you convert, Brahmaiah, the valuation will be around Rs.4 to 5 crores. When you convert the land parcels into smaller bits by putting roads and all that. So, we are only trying to monetize by giving a larger valuation for the unutilized land parcels.
- Suresh K. Bandi:** Okay. That is what we are trying to do on this.
- Rajiv Maheshwari:** Yes. As of now, since it is before conversion, it is around Rs.1 to 1.5 crores. Once the conversion and all is done, then the value addition would enhance by –
- Suresh K. Bandi:** Yes. Right.
- Rajiv Maheshwari:** Okay. Right. Thank you so much. That is all from my side.
- Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investment. Please go ahead.
- Madhur Rathi:** Sir, thank you for the opportunity once again. Sir, I understand that out of the 400 acres land, 200 acres will be utilized for our steel plant expansion. Sir, for this Rs.14-15 crores net profit that we are expecting from Q4, how much land are we planning to lease out to them?
- T. Brahmaiah:** That will be of the 100 acres.
- Madhur Rathi:** Okay. So, for the 100 acres, we are getting Rs.14-15 crores net profit. And sir, you mentioned that the rest 100 acres we are planning to build terminal or some kind of logistics parks. So, do we have any idea of what kind of investments we will be planning to make or is it very early to comment on that?
- T. Brahmaiah:** Here also, we are planning to make it as a development either directly under SEIL Infra or maybe through a joint development agreement with whoever is having rich experience in this real estate.

Because for us it is we have not done any real estate by the company. But though we have a group of companies who are there for more than two decades who has experience in this real estate. So, if we go on the joint development mode, we will be getting our share and the developer will get their share. So, maybe as our JMD have mentioned that okay, on average per acre, we should be getting around Rs.3 crores total value. Out of that, our share we will be getting.

Madhur Rathi: Okay. So, Rs.3 crores for the remaining 100 acres once it develops?

T. Brahmaiah: Yes.

Suresh K. Bandi: Basically, the state government of Andhra Pradesh is promoting the multimodal logistic park and they are incentivizing the businesses in Andhra Pradesh in a large way. So, there we wanted to take advantage by setting up this multimodal logistic park and these things. Because this is in the vicinity of Visakhapatnam and port vicinity as Brahmaiah has explained. So, these are all new so that you can get larger revenues out of the unutilized land parcels. The main this thing is there.

Madhur Rathi: Got it. Sir, this Rs.340 crores debt that we have, so, what is the current interest cost? And sir, we mentioned that we are expecting some kind of refinancing. So, what is the interest cost reduction can we expect from that?

T. Brahmaiah: Currently, we have 18.75% rate, which we are looking at. We have got the term sheet for 13.25% in the first year. Once we complete one year, it will come down to 12%.

Madhur Rathi: And sir, this 13.25% from which quarter should this help us?

T. Brahmaiah: It should help us from third quarter because now we are expecting the disbursement will happen in this quarter. So, you can see that any contribution from that reduced interest will be reflected only in third quarter.

Madhur Rathi: Got it, sir. Got it. Sir, I think that was from my end. Sir, yes. So, that answers most of my questions. Sir, just a final question. Sir, on the wire complex that we are planning in FY27, sir, do we have any idea of what kind of investments would be required?

T. Brahmaiah: Can you please repeat the question? I missed it.

Suresh K. Bandi: Let me answer that question. Yes, sir. See, it is in a premature stage. Right now, see those land parcels, which are the additional land parcel at a different place this wire complex which we are contemplating to build. So, once this rights issue and all things go and we are having sufficient funds, then we look at it for a future business opportunity that is in the wire line. It will be more or less like a downstream activity to Steel Exchange and roughly around Rs.100 crores will be the investment which will line up in that thing. It will be purely galvanized wires and wire products, which will be

mainly for export purposes, like nails and all that. So, these are all right now we are kept on hold due to some issues in the land side with the government where we are trying to resolve and move forward.

Madhur Rathi: Got it. Sir, just a final clarification, sir. The 13.25% of interest cost reduction that we are expecting, sir, this is regardless of our rights issue is subscribed or not, right or is there a contingent that –?

Suresh K. Bandi: No, no. Basically, rights will only help us in reducing our debt further mainly. Because even this debt also, once we start handling enough revenues, we will be certainly looking at bringing down the debt considerably. So, that is the reason we have set up the unutilized multimodal logistic park and all that. So, drive in extra revenues, which will help us in reducing the debt of the company and it becomes a debt-free company in coming times. That is the whole reason.

Madhur Rathi: Got it. Sir, just a final like bookkeeping. Sir, what were the steel volumes of TMT and billets that we manufactured and sold in FY25 and FY24?

T. Brahmaiah: FY25, FY24, I think we have 1.65. If all three facilities put together, we have manufactured around 4,20,000 tons in FY25.

Madhur Rathi: And sir, what would be that number for FY24?

T. Brahmaiah: I need to check. Not readily available.

Madhur Rathi: Okay, sir. No problem.

Suresh K. Bandi: But this year, because of additional capacity adding and all things, it will reflect in the coming quarters. So, naturally, everything will go up.

Madhur Rathi: Got it, sir. Sir, just a final question for a moment. Sir, for FY26, sir, what is our outlook for top line and bottom line? Sir, what kind of revenues and EBITDA should we expect on an overall basis considering these improvements that happen?

T. Brahmaiah: Our top line, we are expecting between Rs.1,400 crores to Rs.1,500 crores and EBITDA we are expecting between Rs.170 crores to Rs.180 crores.

Madhur Rathi: Sir, that was from my end. Thank you so much and all the best. Thank you.

T. Brahmaiah: Thank you.

Moderator: The next question is from the line of Rajiv Maheshwari from Praj Investments. Please go ahead.

- Rajiv Maheshwari:** Yes, thank you once again for having my question. This time, the net profit margin has shown good improvement compared to the last quarters. So, what brought around this improvement and going forward do we expect to improve it further in the coming quarters?
- T. Brahmaiah:** Current quarter, there is a mix of reasons for this. One, we have more volume we have produced, number one. Number two, raw material prices are maybe under control. So, third one is that we have got some additional other income, which has also helped us to report this growth. So, the other income may not be repeating it. So, that is around Rs.4.5 crores. So, if we remove that, others, we should be able to sustain it.
- Rajiv Maheshwari:** So, going ahead, we can expect an improvement with the increased volume?
- T. Brahmaiah:** Yes, it will be, in a year it can be. If look at quarter-on-quarter, as mentioned earlier that Q2 maybe a bit-lull period and, but on a yearly basis, yes, we will show improvement.
- Rajiv Maheshwari:** Okay. And one final question is from my side. I would like to congratulate you on owning the teams for the Andhra Premier League, the SIMHADRI-Vizag Lions, right?
- Suresh K. Bandi:** Yes, that is mainly as a brand promotion. SIMHADRI-Vizag Lions because SIMHADRI is a premium brand in Andhra where we manufacture the steel, business decision which was taken.
- Rajiv Maheshwari:** Yes, so basically, this Premier League would give more branding and more of a viewership and more product brand awareness to the region of Andhra Pradesh and Telangana. All the best from my side going ahead in the future. Thank you.
- Suresh K. Bandi:** Thank you.
- T. Brahmaiah:** Thank you.
- Moderator:** The next question is from the line of Vinod Shah, an individual investor. Please go ahead.
- Vinod Shah:** Hi, sir. Good afternoon.
- T. Brahmaiah:** Good afternoon.
- Vinod Shah:** Yes, sir. So, I just have two quick questions. What was the average capacity utilization at Vizag plant during Q1?
- T. Brahmaiah:** Our capacity utilization is for different facilities, different percentages; one is at 89%, another one is around 45%, another one is in between. So, if you take average, it will be around 60%, but my final rebar is only 40%.

- Vinod Shah:** Okay, sir. And second question is, is there any scope for a Brownfield expansion or capacity optimization in the existing plant?
- Suresh K. Bandi:** There will be a large scope for expansion in the existing plant because it is having all the required land, power, railway sidings and all that. So, we can easily go up to an additional 1 million ton in the coming times. With a very low investment, you can just make it a 1.5-million-ton plant. That will be in the coming times once we become a debt-free company, then we will think about moving into the expansion mode.
- Vinod Shah:** Okay, sir. That is all from my side. Thank you.
- T. Brahmaiah:** Thank you.
- Moderator:** The next question is from the line of Damodar, an individual investor. Please go ahead.
- Damodar:** Hi, sir. Thank you for the opportunity again. Sir, right now, I mean, with respect to equity issue for raising new funds, the stock price is pretty low, right, compared to the valuation we have. So, how soon will you be raising the new funds? That is one question. I mean, with respect to equity rights. And do you have any party ready for raising new funds because the stock price is around 11 or so? And number two is, I mean, this is just a suggestion. This is just a suggestion because you are doing a fantastic job and the results are excellent. I mean, it is just my recommendation that why cannot we do a TV interview like CNBC TV18 or ET Now or NDTV or BloombergQuint, so that wider audience will know about the company developments and it will impact the overall company because we are a small cap segment, it will improve the visibility. That is it. These two are my questions.
- Suresh K. Bandi:** We will certainly take it up.
- T. Brahmaiah:** Yes, see, we are planning this rights issue in next month. And you are talking about is there anybody? We are now depending upon our own numbers. So, since our numbers are speaking and we are expecting all our existing shareholders will participate in that. So, otherwise, we will see how to take it forward. Okay?
- Damodar:** Okay, sir. Thank you. Thank you. That is, it from my side, sir.
- T. Brahmaiah:** Thank you.
- Moderator:** The next question is from the line of Rajiv Maheshwari from Praj Investments. Please go ahead.
- Rajiv Maheshwari:** Yes, going ahead with the point which Damodar had pointed out, even I had observed that the visibility in the media channels or the YouTubes or Instagram, the Twitter and all, the visibility is not as per the expectations. So, I would definitely second the suggestion that the management team or the marketing team or the product team should be more visible in these social media channels, the

YouTubes and all, so that it gives a good insight and knowledge about the company as a whole. Because what I feel is predominantly it is more into Andhra Pradesh and Telangana. But going through the social media channels gives a good amount of fillip and visibility to people throughout the country. So, it is a very good point Damodar has pointed out, and I would also like to suggest that you guys should be more into interviews because even in social media and the YouTube there are hardly any interviews or anything available from the management or the team. So, I think if we can focus more on that, it should be helpful in long run as a brand building as well as the accessibility to the management and their ideas.

Suresh K. Bandi:

Yes, certainly we will take this up and we also want to build as a national brand because Steel Exchange India Limited was a software company when it started and it just started into steel and then went into manufacturing, also in e-commerce and all that, there are a lot of things which predominantly which have not come out. In coming times, you can see the visibility of the company and this will certainly help all the investors who have been with us and invested with us. So, we will be working for their betterment only.

Rajiv Maheshwari:

Yes, it will create value for investors and with visibility even the volumes and all. Today also on the stock exchange, the stock is doing very good with a very heavy volume of Rs.3.5 crores. So, it was heartening to see that in this falling market also Steel Exchange has been performing so well. So, with a little bit of more visibility because I believe there is lots of potential in the company to grow. It is only a little bit of branding and the visibility in social media that should again help the potential for the stakeholders' values again.

Suresh K. Bandi:

We will take all these things and we will certainly give up to the expectations of our investors and the stakeholders. Thank you so much.

Moderator:

Thank you. The next question is from the line of Bhakti Vora from Unity Finance. Please go ahead.

Bhakti Vora:

Hello. Hello. Hi, good afternoon, sir. So, can you share some details on working capital movement this quarter like have receivables or inventories gone up meaningfully?

T. Brahmaiah:

Yes. So, I think you know very well about the steel industry which is very capital-intensive and working capital-intensive and working capital also, it has gone up slightly compared to the last quarter. So, our receivables and creditors. But if you look at all these working capitals whatever is our net working capital of more than almost Rs.350, 400 crores but it is funded by internal because my existing limit for the working capital is only Rs.50 crores from the bank, out of that Rs.10 crores only fund-based and Rs.40 crores is the non-fund-based. So, going forward we are now going to increase the working capital limits also so that we will have better leverage to play with the market situations with the improved working capital limits. That is the thing.

Bhakti Vora:

Thank you.

T. Brahmaiah: Thank you.

Moderator: The next question is from the line of Chandresh Singh, an individual investor. Please go ahead.

Chandresh Singh: Yes, thank you for the opportunity. So, my question is are you exploring any new product grades or variants under SIMHADRI brand for high spec applications?

Suresh K. Bandi: Yes, here what I tell is that we are all engineers basically and basically, we are more quality-oriented people. We are the first people to develop all the different grades such as CRM materials and all that and it goes mainly into the different segments, and it is priced at a little higher listing also. Even though we make TMT, and TMT also some special skills are made out of it. So, we will be exploring all the opportunities and the requirements of the markets depending upon the need base we will be doing those things. And certainly, since from day one we are all quality people, so, all the quality standards we like to improve further also in our systems.

T. Brahmaiah: I think sir is telling that we have one specialized product which goes to our defense projects across the country. So, we are selling it in the many states. And we are going to look for such products going forward at later stage. But as of now we have one product which is not all others are producing it.

Chandresh Singh: Okay. Thank you for answering that, sir. That is all from my side.

Moderator: The next question is from the line of Madhur Rathi from Counter Cyclical Investment. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity once again. Sir, if I look at our working capital like a previous participant was asking, sir, our inventories have jumped by 50% between FY21 to FY25 and our receivables have grown 4x from Rs.55 crores to Rs.192 crores, but our revenue is flat. Sir, so why is that and what are you planning to take this under control?

T. Brahmaiah: So, the period what you are referring is subject to so many unexpected events happening like corona and all these things. And when you want to push the sales irrespective of these market conditions you need to give more credit, so, in that way it has built up. So, maybe one day, where you say that market conditions are coming in favor, i.e. there are cycles where the buyer's market and the seller's market, when we are slowly going into the seller's market, we will put restrictions on the existing debtors to make their payments first, then only we will supply it. So, we are looking for that. I think this is going to happen shortly in Andhra because of the huge projects taken up by the state government and also private industries are coming up, many such are going to launch going forward. So, we are expecting that seller's markets in the Andhra Pradesh where we can take advantage and then reduce these levels.

Madhur Rathi: Sir, also look at our working capital days, so, like over the next one to two years, where should this stabilize -- can we expect it to be two to three months or is it too much to like it is a very broad expectation?

Suresh K. Bandi: Working capitals whatever are there, they are all market-driven conditions which happen in steel industry and the purchase of the raw materials depending upon the market prices. When it falls, you capture more raw materials and similarly when the markets are down and all that, you will build some inventories in the market, and once the markets move up, all the inventories are just liquidated and you capture more raw materials at that point of time. It ups and downs of the raw materials which will dynamically depending upon the market conditions we purchase and do that thing. Ours is a large plant.; it is almost a 4.4 million tons plant and the inventories what we are holding on a major side only, the size of the plant, because we have to bring our inventories of iron ore three months ahead because when we book and bring, they come one become single year and one sometimes it takes a lot of time. So, we keep on options from different places like pellets, iron ore, even coal. We buy from imported coals and all that. So, there are timelines and so we have to hold inventories. Unless a ship comes, so, it comes with a large CAPEX vessel and all that. So, we have to keep those inventories until, and we average out the inventories. Similarly, the finished products whenever the markets are very, very good, then your inventories become negligible in the finished side. So, these three months, four months it will be there this way. When the markets move up, it just depends, it goes away.

Madhur Rathi: Yes sir, I understood that since our volume is increasing, so the inventory should increase as well. But sir, I just want to understand how much time it will take for the trade receivable to be reduced, I feel that our trade receivable is high.

Suresh K. Bandi: Trade receivable is such a thing, it is market driven. It depends on their payment cycles of the project customers, it depends on the market conditions, and it depends on the strength of the distributors. If the market is less, now like the market is 50 to 45, then they take it after averaging it out. So, it decreases gradually. So, that is the thing, receivables will also decrease. As the market improves, the receivables will get reduced.

Madhur Rathi: Sir, just a final question. Sir, how is our raw material sourcing? Do we have any long-term contracts for iron ore or coal, or how is our raw material sourcing?

Suresh K. Bandi: We are having the raw material contracts with NMDC for iron ore, the lumps and all that and with around 4 lakh tons I am having a contract. It comes through this railway lines itself. Similarly, we are having coal contracts also with Mahanadi Coalfields long-term. But individually we have got a port-based very near to us. So, a lot of shipments of coal and all things come. So, depending upon the market conditions like scrap is there, we buy locally, and we buy from imported scraps. Depending upon the market conditions, we buy these things. So, we are fully secured as far as the raw materials are there. So, we do not have any challenges in procurement of raw materials.

Madhur Rathi: Got it, sir. That was from my end, sir. Thank you so much and all the best.

- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand over the conference to Ms. Sakhi Panjiyara from Kirin Advisors Private Limited for closing comments.
- Sakhi Panjiyara:** Thank you everyone for joining the conference call of Steel Exchange India Limited. If you have any queries, you can write to us at “results@kirinadvisors.com.” Once again, thank you for joining the conference call. Thank you, Suresh sir, thank you, Brahmaiah sir. Have a good day.
- Suresh K. Bandi:** Thank you. Thank you everybody.
- T. Brahmaiah:** Thank you all for your questions and suggestions.
- Moderator:** On behalf of Kirin Advisors Private Limited, this concludes this conference. Thank you for joining us and you may now disconnect your lines.