Ratnamani Metals

Operator: Ladies and gentlemen, good day and welcome to the Ratnamani Metals & Tubes Ltd. Q4 FY26 earnings call hosted by Monarch Networth Capital Limited. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sahil Sanghvi from Monarch Networth Capital. Thank you and over to you, sir.

Sahil Sanghvi – Monarch Networth Capital: Thank you. Good evening to everyone. On behalf of Monarch Networth Capital, we welcome you all to the Q4 FY26 earnings conference call of Ratnamani Metals & Tubes Ltd. We are delighted to host the management of Ratnamani, and from their side, we have Mr. Manoj Sanghvi, the Chief Executive Officer, and Mr. Vimal Katta, the Chief Financial Officer. Without taking much time, I will hand over the call to Mr. Manoj Sanghvi for opening remarks. Thank you and over to you, sir.

Management: Thank you, Sahil. Good evening everyone. I warmly welcome you all and thank you for joining us for our performance update for the quarter ended March 31, 2026. The company operated in a challenging business environment during the quarter with continued muted demand conditions and adverse geopolitical developments in the Middle East impacting order booking, project execution, and overall market sentiments. Despite these headwinds, the company demonstrated strong operational resilience and successfully navigated the evolving situation.

On a standalone basis, our sales for Q4 stood at 893 crores as against the base of 1,575 crores in Q4 of the previous year, which was also the highest ever quarterly sales in the company's history. For the full year as well, standalone performance remained impacted by subdued demand conditions, impacting order inflows and resultant lower capacity utilization. The stainless steel division performed broadly in line with the previous year, while the decline in overall sales was primarily driven by lower volumes in the carbon steel division.

Despite lower volumes, our continuous focus on operational efficiency, cost optimization, and an improved product mix with higher value-added products ensured that there was no negative impact on the EBITDA margins in percentage terms, both for the quarter and for the year. We also continued to focus on expanding our market through new geographical areas and product applications. During the year, the company further strengthened its portfolio and manufacturing capabilities with 18-meter spiral welded pipes and expansion of the API capacity product range.

I am also happy to share that the company continues to remain debt-free on a standalone basis. The order book has continued to be around 2,000 crores during the previous year and, as of May 1, 2026, was around 2,160 crores, with exports contributing around 700 crores, providing good revenue visibility for the coming period.

Moving on to our subsidiaries, Ravi Technoforge continued its strong presence and achieved a revenue of 105 crores during the quarter, representing a growth of 28% over the corresponding quarter of last year. For the full year, revenue grew by 33% to 377 crores. Growth was driven by both exports and domestic markets, while EBITDA margins improved from 10% to 12% due to

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operational efficiencies. Our expansion projects at Ravi Technoforge are progressing well and will further enhance capacity, automation, and precision capabilities. These upgrades will also help us step into new customer segments.

Our subsidiary, Ratnamani Techno Spooling Solutions, also continued its strong momentum. The company achieved a revenue of 72 crores during the quarter, registering growth of around 60% over the corresponding quarter of last year. FY26 was the first full year of operations for Ratnamani Techno Spooling Solutions, during which it achieved a revenue of 390 crores. The subsidiary continues to witness healthy order inflows and improving execution efficiencies. The new manufacturing facility being set up by the company is progressing well and is expected to start contributing revenues from the second half of the current financial year.

On a consolidated basis, our Q4 sales stood at 1,085 crores as against 1,715 crores in the corresponding quarter of the previous year. For the full year, consolidated sales stood at 4,494 crores compared to 5,186 crores in FY25. At the consolidated level, the strong performance of Ravi Technoforge and Ratnamani Techno Spooling Solutions significantly supported overall group profitability, with the bearing rings and pipe spooling business emerging as key growth drivers. Despite lower revenues, the group maintained profitability margins, and absolute EBITDA and net profit were broadly in line with the previous year.

Based on the current year's performance, the future outlook, and the present challenging times, conservation of resources is a priority until things settle down. The board has decided to recommend a lower dividend of Rs 10 per share, which is 500% of the face value. Although order booking remained moderate during the quarter due to delayed project cycles arising from the current global situation, inquiry levels have started showing signs of improvement across the markets. With expected improved demand visibility going forward, strong subsidiary momentum, contribution from ongoing expansion projects, and a positive long-term industry outlook, we remain confident of strengthening our market position and delivering sustainable growth in the years ahead. Thank you once again for your continued trust and confidence in the company. I am happy to answer questions now. Thank you.

Operator: Thank you. We will now begin the question and answer session. Our first question comes from the line of Dhananjay Bagrodia with Alchemy. Please go ahead.

Dhananjay Bagrodia – Alchemy: Hi, sir. Thank you for this opportunity. Just wanted to ask you about the Middle East—

Operator: Dhananjay, please go ahead with your question and kindly unmute yourself. Since there is no response from the participant, we will move to the next participant. The next question comes from the line of Shailesh Raja with 360 ONE Capital Market. Please go ahead.

Shailesh Raja – 360 ONE Capital Market: Hello. Thanks for the opportunity. Sir, can you hear me?

Management: Yes, Shailesh, please go ahead.

Shailesh Raja – 360 ONE Capital Market: Since there is excess capacity available in the domestic stainless steel pipe industry while demand remains weak, as reflected in our order backlog

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numbers, I have a question. Historically, this segment has not witnessed meaningful pricing pressure, but the dynamics now are completely different. Almost every carbon steel company has entered the stainless steel space. Do you believe there is a structural change underway in the profitability per metric ton in stainless steel?

Also, this is a very capital-intensive business which historically yielded very good margins. If margins begin to decline structurally, where do you see the best deployment opportunity for Ratnamani? For example, if you generate 100 rupees of incremental cash flow, how much will you deploy in Ravi Technoforge, bearings, and the pipe spooling business? In the current capex cycle, you are spending only 50 crores pertaining to stainless steel out of the 770 crores of capacity being created in India. Could you please talk about the stainless steel situation?

Management: To give you the correct perspective, our stainless steel volumes in the last fiscal year actually went up, not down. However, pricing was down, so we were more or less flattish on revenue. The competition intensity in both stainless steel and carbon steel is increasing with more players entering. However, most of the new capacity is for the pierced seamless products, which is a market that Ratnamani does not cater to. Our focus remains on high value-added extruded products where only one new player is expected to enter at some point. It will take time because of the complexity.

Regarding new capacities in the extruded segment, we have debottlenecking capex ongoing. We are already producing instrumentation tubes in straight lengths and are now executing orders in coil form. We will continue to increase capacity there. We are also planning for a new tube mill on the welded side. Since all this capex combined is not significant, it is part of our routine capex and is not highlighted separately.

Shailesh Raja – 360 ONE Capital Market: On the line pipe side, the opportunity appears very promising in both domestic and export markets. There are multiple pipeline projects being discussed in Saudi Arabia, including the subsea pipeline opportunity from the Middle East to India. Additionally, there could be a sizable opportunity in stainless steel for Middle East reconstruction activities. Adnoc is also discussing projects. How do you see the business opportunity evolving for both stainless steel and carbon steel over the next 1-2 years?

Management: With the current international situation, once things normalize—though we do not know exactly when that will be—we will see a push in both carbon steel pipes and stainless steel tubes. This is because refineries and petrochemical plants that are damaged will need work, and new expansions will follow the transport of oil. We expect to see capex in refining and petrochemical plants. If things normalize in the next 2-3 months, we expect to see demand for both stainless steel and carbon steel pipes. Many projects have been announced, and once the detailed work starts in the next 3-6 months, that demand will manifest.

Operator: The next question comes from the line of Divyanshu Gupta with Latent PNS. Please go ahead.

Divyanshu Gupta – Latent PNS: Hi, sir. I have a question for each of the business verticals, starting with the pipe spool business. Is the understanding correct that the spool pipe assembly we provide is more of a one-time requirement in a nuclear plant? If so, how are we seeing the order book

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building out, and where are the orders coming from? What gives you the confidence to expand capacity, given that a nuclear plant's requirement for pipes might come 2-3 years after it is announced?

Management: Thank you. To answer your first question, it is not a one-time requirement. With the current global situation and the number of data centers being announced in India and elsewhere, the demand for power will go up. Thermal and renewable energy alone will not suffice for future requirements. We feel there is significant potential, especially with the Prime Minister's vision to have 100 gigawatts of nuclear capacity by 2047. Internationally, many nuclear power projects have been announced as well. As the only nuclear-approved facility from India for Nuclear Power Corporation of India Limited, and with approvals to supply for projects in Egypt, Turkey, and Hungary, we see good growth potential for the spooling business.

Divyanshu Gupta – Latent PNS: Understood. When you say it is not a one-time product, at what frequency is the product replaced, or what is the life of the spool pipe?

Management: For any greenfield nuclear power plant of one gigawatt, approximately 4,000-5,000 tons of pipe spools are required. Considering the number of plants India and other geographies are planning, our capacity will be booked for these new projects.

Divyanshu Gupta – Latent PNS: On Ravi Technoforge, what is the percentage of exports or deemed exports? Does the tariff equalization in the US bring any tailwinds or bring delayed contracts back to the table? How should we view the business ramp-up?

Management: Physical exports for Ravi Technoforge are between 35-40%. We do not have exact data for deemed exports, but we believe 40-50% of what we supply to domestic bearing manufacturers like SKF and Schaeffler is exported by them.

Divyanshu Gupta – Latent PNS: So at least 60-65% is effectively exported. Which geographies are these going to?

Management: Europe, the US, and the rest of the world. Our customers would have the specific details on that mix.

Divyanshu Gupta – Latent PNS: Coming to the Middle East plant you were planning, the target date is still March 2027. Has the current conflict led to any delays or revaluation of timelines? Also, what is the current status of the project after receiving initial approvals?

Management: If things normalize within the next month or so, we remain confident that we will finish the project and trials by March 2027. The design and engineering are complete and have been submitted to the authorities for approval. Once approved, the contractor will be finalized for construction while we simultaneously order the machinery. We are waiting for conditions to stabilize before awarding the construction contract. If there is any spillage, it might be about 3 months, but for now, March 2027 remains the target.

Divyanshu Gupta – Latent PNS: Regarding the standalone entity, could you split the current order book between carbon steel and stainless steel? Also, given potential strains on government financials affecting projects like the Jal Jeevan Mission or oil and gas, what traction are you seeing

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in City Gas Distribution (CGD)? Where are the new inquiries coming from?

Management: As of May 1, the order book was 2,162 crores. This includes 531 crores for stainless steel and 1,631 crores for carbon steel. Within that 2,162 crores, 697 crores is the export component.

Domestically, there are inquiries from gas transmission companies, as well as from the refinery and petrochemical segments for stainless steel. There is also activity in the renewable energy segment and strong demand from the thermal power segment for high-pressure and low-pressure heater tubes and condenser tubes. In the Middle East oil and gas segment, projects are being discussed, but they are progressing slowly because of shipping constraints and high costs. Once that normalizes, we will have a better picture of Middle East demand.

Operator: The next question comes from the line of Tanmay Agarwal with Niveshay. Please go ahead.

Tanmay Agarwal – Niveshay: With 80 gigawatts of thermal and renewable power capacity expected to be added over the next 4-5 years, could you help us size the stainless steel tube opportunity in volume and value terms? What is the approximate tonnage required per gigawatt, and what share can Ratnamani address?

Management: I do not have the exact tonnage numbers at the moment. As a major supplier for high-pressure and low-pressure heat exchangers and condenser tubes, the volumes for the power segment are substantial. Demand from the power sector was lower before 2024, but we expect it to remain quite strong for the next 5 years.

Tanmay Agarwal – Niveshay: Regarding Middle East oil and gas demand, given the infrastructure disruption from the conflict, are you seeing incremental inquiries for reconstruction or accelerated pipeline build-out?

Management: Not yet. We have heard about various projects, but actual inquiries have not materialized yet. Shipping is a major factor because we currently cannot ship even our existing orders to all ports due to the conflict.

Operator: The next question comes from the line of Netra Deshpande with Mirae Asset Sharekhan. Please go ahead.

Netra Deshpande – Mirae Asset Sharekhan: Thank you for the opportunity. Can you provide a volume breakup for carbon steel and stainless steel pipes for your forward guidance and the realization per ton? Also, what is your plan for capacity expansion and the new product mix for the coming year?

Management: Carbon steel volumes were down this year because we were shifting capacity. For 9-10 months of the year, we were moving capacity from one location to another. We have now started production at Odisha, and that capacity is operational. We also modified our Kutch plant; where we used to manufacture 12-meter pipes, we can now produce pipes up to 18 meters. We are back to our previous capacity levels. For stainless steel, we have seen volume growth, and realization is about 5-10% higher than the previous year. On a standalone basis, our target for the year is between 4,800 crores to 5,000 crores.

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Netra Deshpande – Mirae Asset Sharekhan: Thank you. My second question is about the balance sheet. We have low debt and a net cash position. Can you provide the breakup of the net cash position and your target debt levels given the capex cycle?

Management: We are working on a few projects. Once those materialize, we can give better guidance on cash flows. Currently, we have close to 800 crores available as free cash. Any debt reflected in the balance sheet is just minor utilization of overdraft facilities. The company is 100% debt-free regarding regular bank limits.

Operator: The next question comes from the line of Saurabh Patwa with Quest Investment Management. Please go ahead.

Saurabh Patwa – Quest Investment Management: Given that there was some spillover and delay in dispatches due to Middle East export issues, does your target of 4,800 crores to 5,000 crores include those past dispatches or is that a fresh target for the current year?

Management: The 4,800 crores figure assumes that things will normalize soon. Last year, we had about 100 crores to 150 crores worth of material meant for shipment that was delayed due to the conflict.

Saurabh Patwa – Quest Investment Management: In the last two quarters, we saw a 40% decline in volumes despite growth in stainless steel. Once things normalize and growth returns to carbon steel, how will that impact margins? Does carbon steel have lower margins compared to stainless steel?

Management: When things normalize and we see more projects, we will secure our share of carbon steel margins. Higher capacity utilization will lead to better absorption of fixed costs. While carbon steel might contribute more to volume, the negative impact on the overall margin will not be significant. A 16-18% margin range remains sustainable in the long run.

Saurabh Patwa – Quest Investment Management: Was there any forex impact this quarter or year?

Management: Since exports are significant, we have seen a positive impact on the receivable side. For the entire year, the positive impact is close to 45 crores.

Operator: The next question comes from the line of Dhruv Saraf with Bowhead India Fund. Please go ahead.

Dhruv Saraf – Bowhead India Fund: In the power sector, piercing technology is gaining wide acceptance. Do you see your margins in the power sector being lower in the future because of this?

Management: Significant capacity has been added in the stainless steel seamless segment, and those products are being accepted to some extent. However, we also see failures. A recent heat exchanger failure at a refinery in Rajasthan was significant. While piercing technology is accepted and there might be short-term margin pressure, we are moving into higher-end segments like defense and aerospace. The market in India is growing, and while power sector margins might see a temporary compromise, we believe it is not a permanent phenomenon.

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Dhruv Saraf – Bowhead India Fund: Do you think there could be a rollback from piercing technology back to extruded mother hollows for heat exchanger tubes in refineries and power plants?

Management: Many end users have restricted their requirements to tubes manufactured only from extruded mother hollows. We are seeing an increase in the number of end users enforcing such restrictions.

Dhruv Saraf – Bowhead India Fund: Regarding exports to Europe, the Carbon Border Adjustment Mechanism (CBAM) and potential changes to Indian stainless steel export quotas are being discussed. How will this affect your business?

Management: I do not see a major short-term impact. Price adjustments will occur if demand exceeds supply. Long-term, if these policies continue, local European manufacturers might expand capacities, which is where the impact could eventually be felt, perhaps in a 5-7 year timeframe.

Operator: The next question comes from the line of Deepak Sodhi with Sundaram Mutual Fund. Please go ahead.

Deepak Sodhi – Sundaram Mutual Fund: Regarding the pipe spool business, there was a 63% decline in sales quarter-over-quarter, likely due to lumpy execution. However, margins improved by 3% to 4%. Is this due to inventory gains from lower-cost inventory?

Management: We do not have an inventory-based business in spools. Orders are on a fixed-price basis, and inventory is purchased specifically against those orders. Excess inventory is revalued at the lower of cost or market price, but that is not significant. Also, the volume in the pipe spool business did not actually go down. What you are seeing is improved operational efficiency and higher realizations as volume scales, as well as the specific nature of certain orders. For FY27, we expect growth of 20-25% in the spool business with margins remaining in the 20-25% band.

Deepak Sodhi – Sundaram Mutual Fund: On the standalone business, the stainless steel and export order books are lower than they were at the close of last year. Can you maintain 16-17% margins in FY27?

Management: We believe a margin of 16%, plus or minus 1%, can be maintained. However, if the conflict extends beyond another 3-5 months, the scenario could change. The 4,800 crores standalone revenue target assumes things return to normal within a month.

Deepak Sodhi – Sundaram Mutual Fund: Regarding Ravi Technoforge, you mentioned looking at new customer segments. What are these segments, and what is the growth outlook?

Management: For Ravi Technoforge, we expect 10-15% growth this year. Next year, once the new capacity is operational, we will cater to new segments like specific automotive parts.

Operator: The next question comes from the line of Parth Bhavsar with Investec India. Please go ahead.

Parth Bhavsar – Investec India: What is the outstanding order book for the spooling business?

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Management: The current outstanding order book for spooling is close to 550 crores. We plan to convert 480 crores to 500 crores of that into revenue within this year.

Parth Bhavsar – Investec India: Given that the stainless steel order book is currently lower, will carbon steel's lower profitability per ton compared to stainless steel have a bearing on consolidated margins?

Management: A lot of stainless steel projects are currently under bidding. we will continue to maintain a healthy mix of both stainless steel and carbon steel in our order book.

Parth Bhavsar – Investec India: What is the absolute capex number for FY27 and FY28?

Management: Other than the project in Saudi Arabia, routine capex on a standalone basis is around 150 crores to 200 crores.

Operator: The next question comes from the line of Divyanshu Gupta with Latent PNS. Please go ahead.

Divyanshu Gupta – Latent PNS: Does Ravi Technoforge have an order book metric, or is it based on scheduled forecasts?

Management: It is based on a schedule. International customers provide a calendar year forecast, and domestic customers provide a financial year forecast. There is no significant gap between current forecasts and our 10–15% growth guidance, though we have limited scope to increase that further due to capacity constraints.

Divyanshu Gupta – Latent PNS: What is the exposure to the water segment or Jal Jeevan Mission in the order book?

Management: All water projects combined account for about 300 crores to 400 crores.

Divyanshu Gupta – Latent PNS: In the nuclear spool business, what is the timeline from land acquisition to ordering?

Management: Spool pipes are typically ordered 1 to 1.5 years after land acquisition. We can manufacture and deliver between 1,500 and 5,000 tons annually. Delivery schedules start around 6 months after the order and can extend to 18 months. Currently, our bidding pipeline is close to 400 million dollars to 500 million dollars, though we cannot predict the exact win rate yet.

Operator: The next question comes from the line of Dhruv Saraf with Bowhead India Fund. Please go ahead.

Dhruv Saraf – Bowhead India Fund: What is the current ballpark figure for exports as a percentage of the stainless steel business?

Management: It varies between 35–40% of our volume.

Dhruv Saraf – Bowhead India Fund: Regarding carbon steel, if oil and gas capex is weak, why are PNG connections rolling out so quickly according to regulators?

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Management: Pipe procurement is the first phase of a City Gas Distribution network. Connections you see now are likely from pipes procured between 2021 and 2024. While the government wants to accelerate the network, private players will still conduct viability studies based on current steel prices. Eventually, demand for CGD will go up, mostly for ERW pipes.

Operator: The next question comes from the line of Saurabh Patwa with Quest Investment Management. Please go ahead.

Saurabh Patwa – Quest Investment Management: To confirm, the 4,800 crores target is on a standalone basis? And does it include current pricing for raw materials?

Management: Yes, that is for standalone. For the orders we currently have, raw material is already tied up as we operate mostly on a back-to-back basis. The target considers current prices for incremental orders.

Operator: The next question comes from the line of Sonal Minhas with Crescent Capital. Please go ahead.

Sonal Minhas – Crescent Capital: A standalone target of 4,800 crores implies more than 25% growth over last year. What gives you confidence in this growth when the order book is lower than last year?

Management: Significant capacity that was being moved between locations last year is now operational. We are reaching back to the capacity levels we had previously. Based on current announcements, the third and fourth quarters look very promising, provided things settle down internationally in the next month.

Operator: The next question comes from the line of Parth Bhavsar with Investec India. Please go ahead.

Parth Bhavsar – Investec India: How are you exposed to gas supply costs, and has there been a significant increase?

Management: The cost increase has been substantial, but supply is currently not an issue. This impacts both carbon steel and some parts of the stainless steel business because our heat treatment furnaces are gas-fired.

Operator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Sahil Sanghvi for the closing remarks.

Sahil Sanghvi – Monarch Networth Capital: I wanted to thank all the participants for joining and thank the management for answering the questions. Manoj, any closing remarks?

Management: Thank you to everyone for participating. If you have further questions, please reach out to us. Thank you and goodbye.

Operator: Thank you. On behalf of Monarch Networth Capital Limited, that concludes this conference call. You may now disconnect your lines.

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