Scoda Tubes

Operator: Ladies and gentlemen, good day and welcome to Scoda Tubes Ltd. Q4 FY26 earnings conference call. This conference call may contain forward-looking statements about the company which are based on the belief, opinion, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participants' 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. And now I hand the conference over to Mr. Samarth Patel, Chairman and Executive Director, Scoda Tubes Ltd. Thank you and over to you, Mr. Patel.

Management: Thank you. Good morning everyone and thank you for joining us for the FY26 earnings call of Scoda Tubes Ltd. I hope all of you have had a chance to go through our financial results and investor presentation which are available on our website and the stock exchanges. Joining me today on this call are Mr. Ravi Patel, CFO, Mr. Raj Shah and Mr. Rishi Zaveri from Capital Bridge Advisors, our investor relations consultant.

Let me begin with a brief overview of how the business has progressed during FY26. FY26 has been a year of transition and investment for Scoda Tubes Ltd. While we have continued to deliver stable operating performance, a significant part of our focus during the year has been on executing a large-scale expansion across both seamless and welded product segments. As you are aware, we have been building capabilities to transition from a single-segment seamless-focused player to a more diversified stainless steel tube company with a presence across both seamless and welded categories.

Let me now walk you through the key highlights of FY26. FY26 was the year we prioritized operational efficiency. We have reported revenue growth of 7% for FY26, reaching 518 crores. The moderation in growth was primarily attributable to the shutdown of the piercing plant impacted by gas shortages arising from the global geopolitical disruption. Starting in April, the plant has resumed operations; however, gas prices continue to remain elevated. More importantly, our ability to significantly expand our gross margins this year provides a strong foundation as we look to scale our new capacities.

Coming to FY27, we are expecting a 25% revenue growth with 14-15% EBITDA margin. Coming on to operational highlights, our seamless capacity has increased to 20,000 metric tons per annum supported by additional lines and equipment, bringing our total production capacity to 21,000 metric tons per annum in FY26. The new welded facility will be operational by H2 FY27. Equipment delivery is expected by July-August and trial runs are targeted to begin by the end of Q2 FY27.

The welded capacity expansion adds 8,000 metric tons per annum of our new capacity at an investment of approximately 40 crore rupees through internal accruals and term loans. The total welded capacity post-expansion will be 21,150 metric tons by H1 FY28 and we are expecting optimal contribution by FY29. The welded segment opens new end-use sectors for us, such as data centers, water treatment, construction, and HVAC which primarily use welded products. Our mother hollow mill continues to support backward integration. We have moved to 70% captive

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consumption, intending to be fully captive by FY28.

Coming to the solar power project, we are installing a total of 8.79 megawatt DC of solar capacity, including 4.99 megawatt for the seamless facility and 3.8 megawatt for the upcoming welded plant. This will primarily offset the high electricity consumption in the hot piercing process and finishing lines. The project is expected to generate 137 lakh KWH annually, resulting in estimated electricity cost savings of 8.63 crore rupees per year, while also improving EBITDA margins by reducing our dependence on grid power and buffering utility price fluctuations. As we move on to the next phase, we are gradually shifting focus from capacity creation to improving utilization levels and driving operating efficiency.

Moving on to IPO proceeds utilization, as you are aware, we successfully completed our IPO during the year, raising 220 crore rupees and getting listed on the NSE and BSE. As communicated earlier, the proceeds were allocated towards capacity expansion, working capital requirements, and general corporate purposes. As of H2 FY26, we deployed approximately 27 crore rupees towards capex and 50 crore rupees towards working capital with around 74.2 crore rupees remaining in our bank balance. We continue to utilize these funds in a disciplined manner aligned with our growth plans while maintaining a strong focus on capital efficiency and balance sheet strength. I will now hand over the call to Mr. Ravi Patel to walk you through the financial metrics. Thank you.

Management: Coming to financial metrics, revenue from operations grew by 7% year-on-year to 518.7 crores in FY26. In Q4 FY26, the revenue was broadly flat at 123.6 crores. Export revenue as a percentage of total revenues stood at 34.6% and 44.8% in FY26 and Q4 FY26 respectively. Revenue break-up across geographies for FY26 is as follows: India 339 crores, Europe 137.8 crores, Americas 30.7 crores, and 8.9 crores in others.

EBITDA in FY26 stood at 76.2 crores. EBITDA margin stood at 14.7% versus 16.1% in FY25. In Q4 FY26, EBITDA stood at 16.7 crores. EBITDA margin stood at 13.5% versus 14.1% in Q4 FY25. PAT grew by 22% year-on-year to 38.8 crores in FY26. PAT margin stood at 7.5% versus 6.5% last year, up by 100 basis points on a year-on-year basis. In Q4 FY26, PAT decreased by 7% year-on-year to 6.3 crores. PAT margin stood at 5.1% versus 5.5% last year, down 40 basis points on a year-on-year basis.

In FY26, the company incurred 110 crores in capex. Net block of fixed assets as of March 31 stood at 194.4 crores and capital work-in-progress as of March 31 stood at 8.8 crores.

Management: As we conclude, we remain optimistic about the road ahead as Scoda Tubes Ltd. moves into the next phase of growth. Our investment in capacity, the new welded facility, and our solar energy initiatives give us confidence in delivering consistent and profitable growth in the years ahead.

Just to correct my previous statement regarding capacity expansion, our mother hollow mill continues to support backward integration. We have moved to 70% captive consumption, not 100%, and are intending to be fully captive, which is 100%, by FY28. Thank you. With that, we would now like to open the session for questions.

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Operator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Suprit Pathak from Insight Trade. Please go ahead.

Suprit Pathak – Insight Trade: Hi to the team. I have two questions. The first question to Mr. Samarth Patel is a forward-looking question. What type of strategic levers are you prioritizing in FY27 to expand Scoda's seamless tubes and alloy tube portfolio, while managing raw material price volatility and positioning the company for export-led growth? That is my first question. I will ask my second question after this. Thank you.

Management: Thank you for your question, sir. First of all, we are only into stainless steel; we are not into alloy pipes and tubes. Regarding the growth for the future for the new capacities which we have installed, I think the prices are a bit volatile right now. You are very much correct that because of the geopolitical situation, our raw material, which is basically the stainless steel round bar manufactured by melting scrap, is affected. Most of this scrap in India comes through imports. Currently, because of the geopolitical situation and the war, the prices for imports of the scrap have been raised. Currently, the prices for base material in stainless steel have increased by 25-30%.

But as we mentioned, these prices will be carried forward to the customer. When we dispatch the orders or when we book the orders, we usually take the current prices of the raw material. That is, if the price increases by 25-30%, it is passed on to the customer. Thank you.

Suprit Pathak – Insight Trade: Thank you. My second question to Mr. Ravi is, what type of capital allocation and risk management framework are being applied in FY27 to balance working capital requirements, hedge against steel price and forex volatility, and sustain liquidity buffers for large-scale contracts and capacity expansion? Thank you.

Management: Thank you for your question. I would like to first speak about the inventory days which shot up. We had to shut down the plant operations, which led to higher inventory days. But eventually for the period going ahead in FY27, we will manage these inventory days, which will go down to 160 days from the current 217 days. That will help us for our revenue growth using our financial operations.

Suprit Pathak – Insight Trade: Thank you and best wishes.

Operator: Thank you. Next question is from the line of Adishwar Golsha from Smart Capital. Please go ahead.

Adishwar Golsha – Smart Capital: Hi sir, am I audible?

Management: Yes, sir.

Adishwar Golsha – Smart Capital: Great. So sir, if I am getting it right, current stainless steel capacity is around 20,000 and welded is around 1,000. And by the end of FY27, the welded capacity is going to increase by around 13,000, right?

Management: Yes, true.

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Adishwar Golsha – Smart Capital: Right, great. And sir, you mentioned, I think I have been following you guys, that this will be used to utilize our mother hollow capacity of 30,000 MT per year, right?

Management: Sir, can you be a little bit more clear because your voice is breaking?

Adishwar Golsha – Smart Capital: Okay, am I audible now?

Management: Yes.

Adishwar Golsha – Smart Capital: Great. So after FY27, to increase the capacity, what all capex are we going to do?

Management: Can you please repeat the question?

Adishwar Golsha – Smart Capital: I am asking, since 13,000 welded will be done by FY27, post FY27, what are the expansion plans we are going to have in terms of capacity and capex?

Management: As we mentioned in the script, we are also adding new welded capacity of 8,000 tons, which will be additional, and the investment is around 40 crore rupees, which is funded through internal accruals and term loans. That capacity will be operational in around Q1 FY28 and will be full-fledged at the optimum levels by the end of FY29. So in total, the added capacity would be 20,000 tons of seamless and another 21,000 tons of welded.

Adishwar Golsha – Smart Capital: Got it. And sir, for the 13,000 which you are planning for FY27, capex has already been done or it is still pending?

Management: It is still underway; it is still under process. The capex is still going on. We are expecting the welded plant will be operational in Q2 of this financial year.

Adishwar Golsha – Smart Capital: Okay. And the capex for 13,000 for FY27, what is the amount for that?

Management: It is 45 crores.

Adishwar Golsha – Smart Capital: Okay, got it. And to increase the capacity to a total of 21,000 for welded, how much more capex is required?

Management: Another 40 crores.

Adishwar Golsha – Smart Capital: Another 40 crores, great. And I am assuming this will be done next financial year for the 21,000?

Management: Yes, true.

Adishwar Golsha – Smart Capital: Got it. Will there be any equity dilution happening or will you still be focusing on reducing debt? Will you be raising more funds to meet this demand of 100 crores?

Management: For now, we do not have any plans for diluting any more equity. The additional capacity, as I mentioned earlier, which we are doing is from internal accruals and term loans. There won't be any more dilution.

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Adishwar Golsha – Smart Capital: Got it. Does this hamper our plan to reduce the debt in the coming year or is it still intact?

Management: The debt will somehow increase because we are adding capacities for welded as well as for solar projects for both seamless and welded. Approximately 50 crores of debt will increase. But going forward, once the capacity is fully utilized, we would focus on reducing the debt.

Adishwar Golsha – Smart Capital: Got it. And sir, for welded we are going to increase by 20,000. Are we also going to increase the seamless capacity from 20,000?

Management: No, for the seamless we are not increasing any capacity. It is only for welded.

Adishwar Golsha – Smart Capital: Okay, but way forward by FY29 or FY30, are we planning any expansion?

Management: We haven't planned for any new capex right now, but yes, there are a lot of chances that we do, and also there are chances that we add new products. It all depends on the market availability at that moment, maybe in FY29 or FY30, regarding how the market is, what products are in demand, and what the prices and margins are at that time. For now, we don't have any plans for new capex. If we do, we will let you know in the future.

Operator: Thank you. Next question is from the line of Sahil Sanghvi from Monarch Networth Capital. Please go ahead.

Sahil Sanghvi – Monarch Networth Capital: Hi. Good morning and congratulations on a resilient set of numbers in difficult times. My first question is regarding the capex that we have planned this year. How much is already spent and what are we expected to spend this year? What is the capex outflow expected in FY27?

Management: For FY26, as I said, 110 crores was incurred. For FY27, 41 crores are given for advances and 8 crores is in working capital. Adding all the solar expansion as well as the new welded facility, a total of almost 100 crore addition would be there for the current FY27.

Sahil Sanghvi – Monarch Networth Capital: Understood. Second, if you can help us explain the reasons for the delay in the higher diameter welded pipe capex, because what we had initially planned was Q3 FY27. If you can help us with the reasons for the delay.

Management: Yes, Sahil, the reasons for the delay are again related to the geopolitical situation. Basically, all of these machines are made out of raw steel. Again, as I mentioned earlier, there is a lot of shortage and logistic costs have risen, and even the energy cost worldwide is growing. That is the main reason. We placed these orders in accordance with our prior timeline, and all of the machines are supposed to come from China. When we placed these orders earlier, it has been more than five to six months. But again, after the war situation in April, we got to know that it is going to be delayed, and we will start receiving the machinery in maybe July or August; even the suppliers are not very sure. With these containers, we have a logistic challenge as they come from China. Shipping cost and availability of containers is the major part. Because right now, due to the fuel surcharge and limitations of fuel, transportation is also at a halt. Because of all of these reasons, the capex and the project are slightly delayed.

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Sahil Sanghvi – Monarch Networth Capital: Got it. Lastly, if you can help us understand if there are some new approvals that we have received, any new end-user industries we will be entering, or any new geographies we expect in the next 6 months? This will help us understand how we can achieve the volume growth that we have guided as the revenue growth for next year.

Management: Regarding the approvals, we haven't received any new approvals yet, as you already know we were in process for some of them. But let me tell you that for Rina Marine approval, which is basically for the marine industry in the Italian market, we are in the final stage. I think probably within 3-4 weeks, we will be receiving the final approval from Rina.

Sahil Sanghvi – Monarch Networth Capital: Okay, sure. This is helpful. Thank you so much and all the best.

Operator: Thank you. Next question is from the line of Viraj Parekh from Carnelian Asset Management. Please go ahead.

Viraj Parekh – Carnelian Asset Management: Thank you so much for the opportunity. Am I audible?

Management: Yes, Viraj.

Viraj Parekh – Carnelian Asset Management: You have guided revenue growth of 25% for FY27. Is it possible for you to elaborate a bit in terms of the geography, domestic, and export? If you can break it up and explain how you are looking at the market, where you are seeing more traction, and what is most promising? Is there any optionality for higher growth if the situation improves?

Management: Thank you for your question, Viraj. We are basically on the conservative side regarding revenue growth. Obviously, we are all working very hard to perform better than what we are providing as a guideline. For the future revenue, we are targeting a balance of 40% export and 60% domestic mix, with continued focus on international expansion. As you already saw, there was strong Q4 FY26 export growth, which overcame global trade disruptions driven by an expanding customer base and international demand. Resilient export performance was fueled by strong order execution, deeper overseas penetration, and global product acceptance.

As we move forward regarding the 25% growth in revenue, we are targeting around 40% export and 60% domestic mix, which includes both seamless and welded. Also, as I mentioned, we are on the conservative side, but we would like to revisit our growth outlook in H1 FY27 because current times are very difficult due to the geopolitical situation.

Viraj Parekh – Carnelian Asset Management: Sir, I think you have approximately done 344 crores in domestic and 174 crores in export this year. Am I right?

Management: Yes, that's true.

Viraj Parekh – Carnelian Asset Management: Basically, if we maintain the 25% growth for a 650 crore top line in FY27, we see this 340 going to approximately 390-400 on the domestic side. That is approximately a 12% growth. Looking at the domestic numbers, for the last eight quarters it has been a little bit lumpier, while export has grown better for us. Can you provide more on the strategy for the domestic side regarding the order book, the tenders, and the leads? I think domestic should

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grow better than 25% next year.

Management: The numbers which Samarth provided are basically on a conservative side. As we talk about domestic demand, there is potential demand from the power sector, which is going to be conducted by BHEL in August. If we participate and get the tender, that would be a very good amount of orders in hand, so the growth could be more than the 25% we are currently expecting. Also, there is potential expansion in data centers, which is driven by capex from the government as well as major players like Adani and Reliance. The welded portion which will be added is mostly used in data centers and high diameter pipes. That demand is also going to be fulfilled by us. So, we may be expecting more than 25% growth in domestic. But on a conservative side, it is 20% for domestic and 25% for export.

Viraj Parekh – Carnelian Asset Management: One last question. An earlier participant highlighted your inventory days and you mentioned that on a steady-state basis, they will be around 160 odd days. As you grow, do you think that 160 days will be maintained or will you be maintaining a higher inventory given the current situation? Maybe we should look at a peak inventory this year and a normal inventory in FY28?

Management: As I told earlier, the inventory days will be reduced in FY27 from the previous FY26 because there was some gas disruption and the plant operations were shut down for nearly 15–20 days in March. The inventory days will go down in FY27 and will remain in the range of 150–170 days for the future years.

Viraj Parekh – Carnelian Asset Management: And what would be our peak debt given our capex and working capital requirement?

Management: Next year it will increase by 50 crores, so it will be 250 crores.

Viraj Parekh – Carnelian Asset Management: 250 crores peak debt?

Management: Yes, 250 crores.

Viraj Parekh – Carnelian Asset Management: Perfect. Thanks a lot, sir. All the best.

Operator: Thank you. Next question is from the line of Parekshan from Nemisha Investment Advisory. Please go ahead.

Parekshan – Nemisha Investment Advisory: Thank you for this opportunity, sir. First question I would like to ask is why are you doing additional capex in welded pipes?

Management: Initially, we did the capex for the size range of up to 8 inches in welded pipes. But when we started to explore the market and as Mr. Ravi mentioned, new demands are coming up for data centers, HVAC systems, cooling systems, and water treatment plants where usually the size range expected to be delivered in the package is up to 16 inches. The challenge we were going to face was that we were only able to supply up to 8 inches, and the customer would usually prefer a supplier who is able to supply the whole size range up to 16 inches. That is the reason that after the IPO proceeds we decided to go up to 16 inches and add the additional capacity of 8,000 metric tons for welded pipes. Above 16 inches, there is a different technology called A358 which is used,

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but for welded pipes, up to 16 inches is the required size range for each and every project and customer.

Parekshan – Nemisha Investment Advisory: Okay, got it. Second question, what utilization are you expecting on seamless and welded for FY27 and FY28?

Management: For the welded division, the optimum utilization will be reached in FY29, which will be for the 13,000 metric tons we are doing from IPO proceeds as well as the additional 8,000 metric tons from internal accruals. For seamless, we will reach optimum utilization in FY28. For FY27, for seamless we will be at almost 70% utilization and for welded we will be around 25% of the total capacity.

Parekshan – Nemisha Investment Advisory: In earlier calls, you guided that you are seeing demand in the power sector as well. Have we received any orders from BHEL recently? What is the demand of pipes and tubes for 1 gigawatt of capex in the power sector?

Management: We don't have a proper idea of how much quantum is needed for 1 gigawatt. Regarding your question, we are already approved with BHEL and NTPC. We are currently awaiting the new tender which was previously planned for November or December, then shifted to March or April, and now it has shifted to June or July. The tender is being postponed by BHEL, likely because of workload or because previous orders are not being executed in time. Now we are expecting that in July or August, we will be participating in the coming BHEL orders. We are also working closely with BARC and have several projects in our order book for them as well.

Parekshan – Nemisha Investment Advisory: In the power sector, what do we mainly supply? Do we supply seamless or welded?

Management: We supply seamless stainless steel pipes as well as tubes to fabricators who produce heat exchangers and boilers for the power sector. For the welded division, we are still progressing with the capex. Once we start our welded division, we will be able to do welded, but currently, the major demand is for seamless pipes.

Parekshan – Nemisha Investment Advisory: Got it. And what is our current order book?

Management: It is around 175 crores.

Parekshan – Nemisha Investment Advisory: Thank you so much.

Operator: Thank you. Next question is from the line of Sachin from TradeQuest. Please go ahead.

Sachin – TradeQuest: Hi, thanks for the opportunity. On the data center opportunity, out of the 520 crore revenue in FY26, how much was from data centers? How do you see this data center revenue flow increasing in FY27?

Management: Regarding the data center opportunity, welded pipes are utilized more. In FY26, we were not into welded products; the total revenue was generated from seamless only. In FY27, we are targeting orders from data center projects. As Samarth mentioned, out of the 20–25% growth we are expecting, data centers will contribute to the welded pipes. Also, the new capex from

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internal accruals involves specialized mills which can produce dimensions used specifically for cooling systems, condensing systems, and HVAC systems for data centers. That will be very beneficial for our product line.

Sachin – TradeQuest: Can we assume you already have an order book for data centers to execute in FY27?

Management: Currently, we don't have an order book for data centers because we are still waiting for the welded project to start. But we already have inquiries on hand and are in talks with customers who are waiting for our welded mill to start operations.

Sachin – TradeQuest: On the export side, is there a single sector leading this growth, such as Oil and Gas?

Management: It is not one specific sector; we are doing well in all sectors. Much of the product demand comes from the Oil and Gas sector, which is almost 50% of our supply. The other 50% includes engineering industries, automotive, power projects, and cooling industries.

Sachin – TradeQuest: I have a request for management. Could we conduct quarterly calls and disclose new orders to the exchange as you get them? The conference call happens once every six months and it is difficult to know where the company stands.

Management: Okay, sir, we will surely discuss this internally and look into it. Thank you.

Operator: Thank you. Next question is from the line of Jugal Parekh, an individual investor. Please go ahead.

Jugal Parekh – Individual Investor: Excellent. Could you explain what went wrong in the last quarter regarding our guidance? Could you explain the disruption a bit more?

Management: In March, we experienced gas disruption. The plant was completely shut down due to gas for almost 15 to 17 days, specifically from around March 7 or 8 up to March 21 or 22. The disruption was due to the war situation. We use PNG gas here, which usually comes from Qatar to India. That was a major blowback. In the absence of this gas supply disruption, revenue could have been approximately 140 crores for the quarter. The gas cut in late March was the single largest revenue impact as it curtailed production at a critical period. War-related raw material inflation added cost pressure, but the primary top line impact was from gas availability.

Jugal Parekh – Individual Investor: How do you see the situation now? Is it normalized and will it affect profit margins?

Management: Availability of gas is normalized, but LPG prices are still increasing. Rising LPG prices have increased production costs and impacted operating efficiency as well. Lack of availability in March impacted production volumes by 40%. Although availability has normalized, LPG prices remain elevated. This impact is a pass-through at the customer level with a lag.

Jugal Parekh – Individual Investor: Why did you have to cancel the planned acquisition?

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Management: The investment was withdrawn primarily due to operational and cross-border remittance challenges from India. Hurdles included constraints related to regulatory compliance, banking, forex, and execution feasibility. Additionally, the CBAM quota is expected from July 1 in Europe. The benefit of setting up a company there was diminished because the quota is being reduced by 50% in Europe and the safeguard duty is increased from 25% to 50%. It doesn't make sense that we would get any benefit from it.

Jugal Parekh – Individual Investor: That is understandable. I request that you post a press note when results are surprising and hold the call closer to the result announcement.

Management: Okay, sir, we will consider it and look into it. Thank you for your suggestion.

Operator: Thank you. Next question is from the line of Shlok from Xylem PMS. Please go ahead.

Shlok – Xylem PMS: Sir, one of our listed peers is able to generate better margins by about 100 to 200 basis points. What structural measures are we taking to bridge this performance gap?

Management: In FY26, EBITDA declined due to under-absorption of fixed costs from lower utilization of new capacity. Profitability from expanded capacity is expected to be seen in the coming months during the stabilization phase. The lower Q4 FY26 margins were expected. We will refrain from commenting on the margins of our competitors.

Shlok – Xylem PMS: Regarding the new captive solar project, how much will this help in reducing costs and what operating leverage do you expect?

Management: As I mentioned earlier, the annual savings will be around 4.9 crores for the seamless plant and 3.8 crores for the welded plant. The total annual savings will be 8.7 crores.

Shlok – Xylem PMS: And for the data center orders, when will these flow through the welded capacity?

Management: We already have inquiries on hand. The production for the welded project is expected to start in H2 of this financial year. We can expect the order book from data centers in the last quarter of this financial year.

Operator: Thank you. Next question is from the line of Shubham from Chhattisgarh Investment. Please go ahead.

Shubham – Chhattisgarh Investment: Sir, what was our power cost for this quarter and for FY26?

Management: The total power and fuel cost is approximately 17-18% of the total expenses.

Shubham – Chhattisgarh Investment: What was the increase for the current quarter in terms of power cost?

Management: Gas prices increased by around 25%. But that will eventually be passed on to the customers.

Operator: Thank you. Next question is from the line of Kapil from Arkgrowth Fund. Please go ahead.

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Kapil – Arkgrowth Fund: Can you please share the sales and production volumes across seamless, welded, and mother hollow in FY26?

Management: For competitive reasons, we do not share the volumes of any products.

Kapil – Arkgrowth Fund: Can you share the utilization across the segments?

Management: No, we can't share that because if we do, it is very easy to calculate the volumes.

Kapil – Arkgrowth Fund: Regarding the plant shutdown, was that for the mother hollow mill?

Management: It was for each and every product. For seamless pipes which are finished goods, we need to do the solution annealing process which involves furnaces that require gas. There was no activity for almost 2 weeks.

Kapil – Arkgrowth Fund: For the 175 crore order book, what is the execution timeline and what is the expected size of the BHEL order?

Management: The current order book of 175 crores is for the next 3-4 months. For BHEL, the tender is not out yet. Once the details are out regarding what volume they are purchasing, we can have a better idea. The tender might be amended because BHEL has a significant backlog.

Kapil – Arkgrowth Fund: Borrowings have decreased this year, but finance costs increased. What was the reason?

Management: The FY26 finance cost increased primarily due to borrowings for the ongoing capex and solar project funding. Higher working capital utilization further drove up these expenses, and interest on delayed income tax payments also contributed to the overall finance expense.

Operator: Thank you. Next question is from the line of Aryan Bhatia from Ingrowth Research. Please go ahead.

Aryan Bhatia – Ingrowth Research: You mentioned 70% utilization on the 20,000 seamless capacity and 25% utilization on the 13,000 welded capacity. Am I right?

Management: Yes, absolutely right.

Aryan Bhatia – Ingrowth Research: On technology, reports suggest that in the future, end-users will prefer extruded technology over hot piercing (TSM). Can you explain the difference?

Management: I think you do not have the correct information because the current market trend is that even end-users who used to buy only hot extruded pipes have opened procurement for hot pierced pipes as well.

Hot extruded pipes are too expensive for the market. Second, we do not have enough capacity in India to satisfy domestic demand. Third, hot extruded manufacturers have to compete with hot piercing mills where the price difference is significant. For example, BHEL used to buy only hot extruded pipes but now they look at hot pierced pipes as well. Even the Bhabha Atomic Research Centre (BARC) used to buy only hot extruded pipes 2-3 years ago, and now they allow companies

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with hot piercing mills to participate in their tenders. Future demand is stable for mills using hot piercing.

Aryan Bhatia – Ingrowth Research: Can you provide the EBITDA per tonne for welded and seamless?

Management: No, we are not sharing this information for competitive reasons.

Operator: Thank you. Next question is from the line of Akshay Darji from Sellshine Industries. Please go ahead.

Akshay Darji – Sellshine Industries: What is the average realization per tonne for seamless pipes?

Management: We are not sharing that information due to competitive reasons.

Akshay Darji – Sellshine Industries: Could you share the order book quantity-wise break up between seamless and welded?

Management: No, even that we cannot share for competitive reasons.

Operator: Thank you. Next question is from the line of Sachan from TradeQuest. Please go ahead.

Sachan – TradeQuest: Can we consider Q1 FY27 to be a normalized quarter with the operational issues solved?

Management: Yes, everything is smooth and normalized now, albeit with a slightly higher cost.

Sachan – TradeQuest: Regarding the seamless capacity that came online, are there any technical issues or is it completely integrated?

Management: We are completely integrated and not facing any technical challenges. We are already running at full capacity for this quarter.

Sachan – TradeQuest: The order book of 175 crores for 3-4 months seems like short-term visibility. Do you not have long-dated orders with visibility over multiple quarters?

Management: As we mentioned, we will be participating in the upcoming BHEL tender. Tenders with higher volumes usually extend for multiple quarters. Currently, working with multiple customers, exporters, and fabricators, the order book is usually for 3-4 months. Once we have quantities from BHEL, we will have more long-term orders.

Sachan – TradeQuest: Is the 175 crore a confirmed order book? Have you submitted other bids that are currently being evaluated?

Management: Not right now; we are still waiting for new tenders to come in, especially from BHEL and BARC. This run rate will likely continue. We receive these orders continuously every month or two.

Operator: Thank you. Next question is from the line of Shubham from Chhattisgarh Investment. Please go ahead.

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Shubham – Chhattisgarh Investment: Our receivables increased by 36% whereas revenue was only up 7%. What was the reason?

Management: For debtor days, there has been major supply chain disruption which resulted in longer payment cycles across the industry. Overall logistic issues led to higher debtor days.

Shubham – Chhattisgarh Investment: Would that lead to elongated debtor days? Your payments should be made regardless of supply chain, right?

Management: We are working on project orders. For example, if a fabricator is working on export orders and equipment is shipped, it takes 2-3 months to reach the US or Europe. The payment cycle across the industry has been affected.

Shubham – Chhattisgarh Investment: Do you have milestone-based payments for project-based orders?

Management: No, there is nothing like milestone-based payments. It is usually based on agreed terms and mutual understanding between the fabricator and the manufacturer.

Shubham – Chhattisgarh Investment: Was the plant shutdown an industry-wide situation or specific to your geography?

Management: It was industry-wide and also geography-specific. Both factors were working.

Operator: Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Samarth Patel for closing comments.

Management: Thank you everyone for joining today's call. Please feel free to reach out to Capital Bridge Advisors in case of any queries. Have a good day.

Operator: Thank you very much. On behalf of Scoda Tubes Ltd., that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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