"Venus Pipes & Tubes Limited
Q2 & H1 FY2023 Earnings Conference Call"

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Moderator: Ladies and gentleman and welcome to Q2 and H1 FY2023 Earnings Conference Call of Venus Pipes and Tubes Limited hosted by Antique Stock Broking. As a reminder, all participant lines will be in 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, you may signal for an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements do not the guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict. With this I now hand the conference over to Mr. Pallav Agarwal from Antique Stock Broking. Thank you and over to you Sir!

Pallav Agarwal: Thank you Cathy. Good afternoon everyone. On behalf of Antique Stock Broking I welcome you all to the second quarter and first half FY2023 earnings call for Venus Pipes and Tubes Limited. We are pleased to have the senior management team represented Mr. Arun Kothari – Managing Director, Mr. Dhuv Patel– Whole Time Director and Mr. Kunal Bubna – President Finance of the company. We will have the opening remarks from the management followed by Q&A session. So I would now like to hand over to Mr. Arun Kothari for his opening remarks. Over to you Sir!

Arun Kothari: Good afternoon and warm welcome to everyone on the Q2 and H1 FY2023 earning call of Venus Pipes and Tubes Limited. First and foremost I wish you all Happy New Year in advance and I hope everyone celebrated Diwali with highspirits. Along with me on the call I have Mr. Dhuv Patel our Whole Time Director, Mr. Kunal Bubna who is the President for Finance & Accounts and SGA our investor relations advisor. To begin with I will take you all through the major development during the quarter after which we will give operational and financial highlights post which we can open the floor for question and answers. We have also uploaded our latest investor presentation on stock exchange and I hope everyone has chance to go through the same. I am happy to announce that during the quarter we have planned additional capex of Rs.50 Crores to procure a bigger diameter tube mill for welded pipes. The new welded pipeline will increase the existing welded pipelines to maximum 20 inch diameter and thickness up to SCH80s with a capacity of 700 MT per month, so the total capacity of our plant will be 2800 metric tonne per month in which seamless pipe capacity with backward integration will be 800 MT per month and for welded pipes post this capex will become 2000 MT per month. The current capacity of the company being 700 MT per month in welded pipe segment plus 600 MT per month capacity increase from IPO proceed up to 48 in size and additional 700 MT per month capacity expansion from this proposed tube mill up to 20 inch. The commercial production for seamless pipes with backward integration will be expected to start by Q4 FY2023 and tube mill and LSAWpipe is expected to start by end of Q1 FY2024. Post this expansion Venus will be one of the few manufactures in India and world to have the capacity to making this pipe. The amount required for the capex plan will be a mix of debt, term loan and internal accrual. Keeping the current demand for our product in the market and being the only manufacturer in India to manufacture welded pipes from tube mill up to 20 inch will give us an edge, will help to capture more market in this segment. Company wise growth margin in EBITDA is expected from this development. Our capex plan is on track and it should be fully operational by Q1 FY2024. During this quarter we became the first Indian company to receive BIS approval for stainless steel seamless pipe and welded pipes and tubes. This achievement serves as a proof of our focus on maintaining quality. Now as the Indian crudeindustry had become the second biggest in the world aiming to double production in the next 10 years we are on radar for replacing the international demand gap which will arise and hence the capex plan is at the correct timing. Potential in the chemical, oil and gas, and pharma and other sector continue to feel our growth outlook in coming quarters, iron and steel plays a strategic position in the overall industry and hence the government initiatives are expected to be focused on sector we serve. The export demand was impacted during the quarter due to geopolitical tension persisting internationally. However due to economic slowdown and inflation environment in Europe some of it can be expected in Q3 as well. However we are having lot of enquiry from Europe market in category of seamless pipe and we will start to accept the order from Europe market post the start of the seamless pipe piercing mill facility. Direct supply to brand increased on account of new customer addition and exposure to multiple sectors due to our product mix offering. Now I am handing over the call to over to Mr. Kunal Bubna who is our President Finance for operational and financial highlights of the quarter.

Kunal Bubna: Good afternoon everyone and a very warm welcome to our earnings conference call. We have uploaded our latest investor presentation on stock exchange for Q2 FY2023 results. I hope everybody had an opportunity to go through the same. On the revenue front revenue from operation for Q2 FY2023 stood at 126.4 Crores as compared to 89.5 Crores in Q2 FY2022, a growth of 41% year-on-year basis and 11% on Q-on-Q basis. Revenue from operations for H1 of FY2023 stood at Rs.240 Crores as compared to Rs.170 Crores in the first half of FY2022 achieving a growth of 41%. Just to give you a brief on the revenue bifurcation for the quarter was 76.4 Crores from welded pipes and Rs.42.8 Crores from seamless pipes and 7.2 Crores from others. Growth in high margin generating seamless segment is 72% on half yearly basis. The dependency on stockiest/traders has gone down drastically from 50.7% in Q2 FY2022 to 31.3% in Q2 FY2023. Our direct sales across brands are up by 136% in Q2 FY2023 from the same quarter last year. In the future we plan to use thisexisting relationships for expanding our client base. Export from the quarter reduced by 80% from Q2 FY2023 to Q2 FY2022 but increased by 23% on half yearly basis. When comparing H1 FY2023 with H1 FY2022 exports share in total revenue reduced by minimal difference from 7.5% in H1 FY2022 to 6.5% in H1 FY2023, this impact is due to external factors and things not long-term. Domestically Gujarat has been our top contributor, but revenue from other states was also gone up by a few times giving us better access across margin. From the EBITDA front EBITDA stood at Rs.15.5 Crores as against 13.4 Crores in Q2 FY2022 and 14.4 Crores in Q1 FY2023, year-on-year growth of 16% and Q-on-Q growth of 7%. EBITDA will be 30 Crores for HY FY2023 as against 22.7 Crores in H1 FY2022 a growth of 32%. Coming to PAT, PAT for the quarter is Rs.10.3 Crores as compared to 8.8 Crores in Q2 FY2022 a growth of 17% year-on-year basis. PAT for H1 FY2023 is Rs.19.5 Crores versus Rs.15.5 Crores in H1 FY2022 a growth of 26%. Our net cash yields from operating activity had improved for H1 FY2023, it is negative by Rs.12.7 Crores as against a negative of 60 Crores in the last FY2022. I demand scenario going forward looks robust and we are optimistic of the growth trajectory with higher opportunity on the back of synergy played out by our capacity expansion plan. With this I would like to open the floor for Q&A.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. Our first question is from the line of Nirav Shah from GeeCee Holdings. Please go ahead.

Nirav Shah: Good afternoon Sir thanks for the opportunity and congrats on stable set of numbers. Sir few questions first is on the industry front. DGTR has recommended anti-dumping duty so just wanted to know the status by when can we expect the notification and if it is approved how can that change the supply dynamics in the Indian market?

Arun Kothari: Mr Nirav it is already recommended by the Ministry of Commerce to the Ministry of Finance so we cannot say when it will be implemented but we are hopeful in very short time it will be implemented. Once this will be implemented right now most of the players from India are procuring from China which will be drastically reduced, so all the players who are putting upthe piercing facility, very few players from India who will be having this piercing facility. We can say four or five companies are having this type of facility. Another player does not have this facility so only players which will be having piercing facility will be benefited, they will get the good margin due to anti dumping duty on the seamless pipe.

Nirav Shah: Just what percentage of China supply would have been accounted in the first half on seamless front if we have that number broad range?

Arun Kothari: Because it is very unorganized market or small market so this exact number is not reported anywhere so we are not having much idea but from the market we are coming to know the supply has been drastically reduced since last six months due to expectation of the anti-dumping duty.

Nirav Shah: Got it thanks. Second question Sir is we mentioned that the impact of lower exports to EU will continue in 3Q as well and maybe possibly to spill over to initial fourth quarter but how are we targeting other countries to partly offset this impact or what is the strategy till exports to EU normalizes?

Arun Kothari: Right now there is a very good demand. Capex is going on India in all the sectors, in the chemical sector, pharma sector, and other oil and gas sectors also capex is going on. In India there is very good demand from the engineering sector so right now we are supplying mostly in India but in European market mainly demand from Indian market they expect seamless pipe. As I said you right now European market does not accept if the raw material is originally from China, they do not accept the Indian material. So only players who are having piercing facility as a backward integration facility, the Europeans accept the supply from them only, so we had also very good enquiry from the European market so to accept the European market where Venus had already employed the senior person in the European market, he is exploring the Venus market so we are getting lot of enquiries from the European market but right now since piercing facility is not installed so we are not expecting orders from those customers but we are very hopeful, before one month of the piercing facility will start we will start to accept the order from Europe market. Of the total capacity of the seamless pipe we will be able to export almost 40% capacity in the Europe market post expansion of the piercing facility.

Nirav Shah: So can we conclude that the current decline in exports is also partly attributed to Europe not importing from players where the raw material sourcing is from China, so it is a mix of both the high energy cost as well as China sourcing that is playing its part got it and you mentioned 40% of seamless capacity will be target for exports?

Arun Kothari: Yes definitely.

Nirav Shah: Just last question before I come back in the queue. If you can just share your view on the working capital, we saw some marginal increase in terms of number of days. what is the strategy going forward that how are we trying to contain or release some amount of cash from working capital?

Kunal Bubna: The study is basically the debtor days if you see it has improved if you compare with FY2022 with H1 FY2023 but there have been slight increase in ball park of around 105 odd days and we have creditor days of 35 days so it is a net working capital of 120 capital days we said basically in the last year but see the whole focus is not too longer take any further. We are also in discussion with a number of our vendors wherein we can give some portion of our advance and have a deal with them so that they can supply us and then we can also discount our debtors sales bills of our vendors to keep it bear minimum and not to increase it even with the increase in our orders and capacity going ahead.

Nirav Shah: Got it. Thanks Kunal Ji, Thanks ArunJi. I will be back in the queue for more questions.

Moderator: Thank you. The next question is from the line of Sneha Talreja from Edelweiss Securities. Please go ahead. Madam I am sorry to interrupt there is a lot of echo from your line can you please check your line and come back in the meanwhile we will move to the next question that is from the line of Kunal Kothari from Centrum Broking. Please go ahead.

Kunal Kothari: Thank you for the opportunity and congratulations for great set of numbers. Sir my question is regarding the average realization can you let us know what is the average movement for the seamless and welded pipes and also if I want to compare with the landed cost of import what could be the difference between them?

Kunal Bubna Basically it is a mix mainly import in our cases mainly from traders from the domestic vendor of those imported parties they will form very low volume of our component, so in that case the sales realization on blended basis for both seamless and welded is Rs.380 around.

Kunal Kothari: The movement on quarter-on-quarter basis Rs.380 per kg?

Kunal Bubna Yes it was on blended basis for the half year. For the last half year it was around Rs.290 to 295.

Kunal Kothari: Okay and if I just wanted to compare with the landed cost of import then where selling price will stand what is the difference between them?

Kunal Bubna Hollow is entirely imported or it is nobody manufactured or nobody sells or procures from domestic as such so hollow is entirely imported and coils are also Indonesia, Vietnam or the dealers of those imported parties. When we take from Jindal those are slightly higher by 3% to 5% something sort of that but where there is more of imported be it from Indian one or be from imported.

Kunal Kothari: So like the imports are majorly the hollow pipe not the finished product that you are mean to say?

Kunal Bubna We import coils and hollow pipe only.

Kunal Kothari: If a buyer wants to compare what is the price of Venus and what is the procurement cost if I import from China or elsewhere so I just wanted to know difference that we are maintaining?

Arun Kothari: Regarding the welded pipes which Venus produces, since last two years there is lot of policy change in this industry so very few people in the world hopefully supply to India the welded pipes because in almost two years the government has put the anti-dumping duty on the supply of welded pipes in India from the Chinese or other country player, so very few players are left in China, Vietnam who can supply to India so almost in welded pipe segment the price from China, there is also supply grace time is also there, nowadays in welded pipe segment price is almost similar. If anybody is procuring from China or are taking from India but most of the Indian companies wants the pipe will be used in critical operation. any manufacturer or any user who is using the international pipe cannot ascertain the quality from the Chinese pipe supplier quality so in India what the benefit buyer will get is that they can do the online inspection during manufacture, before dispatch they can take the inspection, the company representative personally come to our plant and they inspect the pipe so all the users prefer thatthey have own inspection so these are quality figures they want Indian manufacturer where they can supervise the quality.

Kunal Kothari: Second question is that our net sales has improved to 62% of the overall sales mix so wanted to know is it because of higher sales to the same customer or we had new customer addition which helped to increase our share of direct sales in overall mix?

Kunal Bubna: It is a mixed one. It is also increased from the current customer also. We have also added customer in the half year also like we added for paper ITC, for food processing we added Adani Wilmar, for engineering we added Srivalli engineering, for chemical we added PCBL, for oil and gas we added GAIL India, for pharma we added Divis Labs, for fertilizer we added RCF and Godrej Agrovet so it is a mixed bag from current also and also the new one.

Kunal Kothari: Okay and what will be our current order book right now?

Kunal Bubna: Around 140 Crores.

Kunal Kothari: So because of these the inventory days moved up of around 20 days?

Kunal Bubna: The reason for that is we generally keep an order book of 90 to 100 days if you look Venus has run rate of 40 Crores for a month and typically we are adding sales order book of 140 and apart from that as you said also we increased our direct sales to the end customer when compared to the present stockist and if you compare half year this will increase by 20% entirely if you are doing a made to order business.

Kunal Kothari: So currently our order book stands to near about like four to five months which was earlier three months.

Kunal Bubna: 40 **cr** is run rate per month so it will be around 105 days basically.

Kunal Kothari: That is it. Thank you so much and best of luck for the future.

Moderator: Thank you. We move to the next question from the line of Sneha Talreja from Edelweiss. Please go ahead.

Sneha Talreja: Thanks a lot for the opportunity and congratulations on great set of numbers. Just couple of questions from my end. Firstly, just wanted to understand what would have been the volume growth during the current quarter and where can we take our peak utilizations to, till the time our new capacity comes into play?

Kunal Bubna: As compared to half year basis the quantity has increased by around 8% to 9% that is the volume growth and capacity utilization is around 90% to 92% basically and that is the peak for us currently. Definitely as you said in the last quarter we added two mills wherein we got 100 tonne capacity for the month so that contribution added in our armory from July 2022 so that will also give us some quantity increase but apart from that it is around 90 to 92%.

Sneha Talreja: So is it safe to assume that since we are operating at peak utilization for this year at least the run rate would remain largely the same in terms of both revenues as well as profitability or it can change variably?

Kunal Bubna: For what we have achieved in this half year so to some extent we had to do for the coming quarter and next quarter.

Sneha Talreja: So, H1 can basically be replicated to H2 as well. understood and secondly you were also mentioning about extending exports in the seamless pipe segment significantly if I am not wrong I heard the number as around 40% of your capacity will be going to seamless just wanted to understand what would be the margin difference in the export market versus the domestic market that you are seeing?

Arun Kothari: The margin in the seamless pipe category almost for the Indian or in the export market both is same but what benefit we can get isfrom the European market. We get the longer delivery time so we can utilize the piercing in best way, we can increase the production capacity or we can give smooth production. Nowadays because seamless pipe is exported from China so price variation in India as well as in Europe is almost the same. What Venus is thinking is to maintain the balance in the production or optimum utilization of the production capacity because for European delivery we get the orders normally for the almost 16 to 20 weeks time so we can plan our production because we have to make a number of sizes from the mills so this will give us the benefit to optimum utilization of our machinery.

Kunal Bubna: Apart from that when we do export we get a drawback of 1.4% on our products.

Sneha Talreja: This 1.4% would be the additional benefit over and above the Indian market understood. Thanks a lot and I will just get back in the queue.

Moderator: Thank you. The next question is from the line of Shivam Vashi from Inga Ventures. Please go ahead.

Shivam Vashi: Thanks for the opportunity Sir. Firstly congratulations on good set of numbers and good growth trajectory. Most of the questions were answered and just wanted to understand one thing that if the backward integration plant coming in what kind of margin accretion, we will do post that capacity comes into play?

Kunal Bubna: With this all expansion coming up going ahead there would be two, three can be a reason which can be specified which will increase our margin. First as you said it will be the backward integration, second as we said we are trying to reduce down the percentage of stockist and traders it will further reduce going ahead and thirdly with export being catered so it will be lot of area export in indigenous market and with varied number of sectors you can play with your margin. Keeping all we cannot be good at the direct number but we believe definitely three to four basis points would be at least improved going ahead.

Shivam Vashi: Do we expect any shift in the industry that we are serving, what I am trying to understand Sir are we seeing any good demand from the chemical segment whether you have capex that is generally at the peak at this point of time?

Kunal Bubna: If you see we supply predominantly earlier in chemical and engineering sectors but over a year in paper industry we are getting a good number of demand, oil and gas we are seeing a good number of demand, apart from that pharma which was also on the lower side in our case, demands are there from that so be it from chemical, pharma, paper and oil and gas would be a sector where demand would be there and will be the factor which will be leading upfront.

Shivam Vashi: Thank you.

Moderator: Thank you. The next question is from the line of Vikas Singh from Philip Capital. Please go ahead.

Vikas Singh: Sir considering that our enhanced capex plans and the capacity ramp up would happen only in FY2024 to a large extent what kind of peak that we are expecting basically and by when?

Kunal Bubna: See in our case if you see we have a long term debt of around 8 to 10 Crores and we believe with further capacity what we have announced it should be less than 50 Crores going ahead, from long-term debt perspective.

Vikas Singh: Understood Sir and just wanted to understand one more thing. Since we also sell it to stockist also so probably not 100% of our order book is back-to-back, stainless steel is back-to-back book so did we experience any kind of inventory write downs or losses during the quarter which has also dragged down our performance?

Kunal Bubna: Absolutely it is not, generally it is made to order, we supply to stockist and traders but if nothing as such we had to write down the inventory or we have suffered a lot on those account and keeping this robust market and as I said there are many factors as predominantly we cater to other sectors but chemical and engineering form a major chunk of it but for this half yearly few paper industries also come, pharma we are also supplying so we have not seen as such and we do not believe it would be there with us.

Vikas Singh: Understood Sir. Sir if I may ask one more question. In terms of our upcoming capacity is there any way of preapprovals with the customer so that we can ramp it up with faster and supply to customer or we have to wait after the capacity has been completed and then go through a lengthy approval process, how is the scenario right now?

Kunal Bubna: It is basically the company approves the plant so we are an approved plant in many of the companies to whom we currently also supply. Apart from that for welded wel also supply higher types of welded pipe by getting job work done from outside but those pipes are inspected in our facility with our quality check and other processes so what we try to do with coming up capacity we are getting ourselves approved for higher capacity also so, as and when we come up with those capacity this ramp up will be fast, very few days to get approval for those.

Vikas Singh: Understood Sir. Thank you for answering my question and all the best for the future.

Moderator: Thank you. The next question is from the line of Ritesh Cheda from Lucky Investment. Please go ahead.

Ritesh Cheda: Sir how much is the fall in realizations on seamless tube and welded tube in the last six months now, there was blended number I just want to know with the steel price fall is there a deflation?

Kunal Bubna: In our cases for the half year April to September if you compare with April to September of last year there is an increase in both welded and seamless, if you want to compare it will be for half year?

Ritesh Cheda: No Sir I want to know now versus in Q2 and now what is the type of fall or if there is any fall in the price?

Kunal Bubna: In the first half as I said blended is 380 and if you take on a differential basis for seamless it was around 420 and 320 for welded but currently as you said right,there is a slight fall in these prices and we believe it is around 7% to 8%.

Ritesh Cheda: Our margin will be percentage of sales right?

Kunal Bubna: You can definitely look at the percentage of sales but we look on the basis of per tonne basis generally.

Ritesh Cheda: So even after this 7% to 8% in your finished goods price your EBITDA will stay at Rs.52 a kg?

Kunal Bubna: It will stay around 45 to 47 roughly and definitely it can be percentage term you can see increase or decrease because of the selling prices affect but as you said those EBITDA per kg would be definitely, we will always to try keep it intact. We will try to endeavor to keep it intact.

Ritesh Cheda: This 7% to 8% steel price fall will be visible now from next quarter right?

Kunal Bubna: Again, we are seeing some orders so it might not for few months for October, November but definitely for December, January there would be some impact. There are some times we supply 304 and 316 both grade, sometime if you have an order of 316 higher number so those percentages get basically average out.

Ritesh Cheda: Lastly Sir this 2800 tonnes per month capacity what it will translate into revenue after this fall in steel price?

Kunal Bubna: See basically as I said if you take my blended rate of 380 and if I take a fall of 5% just to take on simple basis so it would be Rs.360 then that would be the revenue basically.

Ritesh Cheda: No Sir your expanded capacity is more and you should not blend it know.

Kunal Bubna: No, no Sir yes absolutely but see my current ratio is also 70% to 30% and primarily the same would remain for 70% to 30% going ahead also and further there would be some price managed by the processes. We are currently supplying up to 80 inch those will be supplying up to 48 inch where the prices would be slightly on a higher side so it would be basically getting it average out but FY2025 would be year where those capacity utilization should be around 75 to 80% and those numbers should be there.

Ritesh Cheda: Okay thank you very much Sir.

Moderator: Thank you. The next question is from the line of Kaushal Shah from Dhanki Securities. Please go ahead.

Kaushal Shah: Yes thank you Sir for the opportunity Sir what is the utilization level I joined the call a little late for September and what is the likely volume number that we are targeting to end the year with?

Kunal Bubna: The levels are around 91% for this half year and we believe it should be 8% to 10% increase in our volume growth as compared to last year.

Kaushal Shah: Okay that is it. My other questions have been answered. Thank you Sir.

Moderator: Thank you. The next question is from the line of Nirav Shah from GeeCee Holdings. Please go ahead.

Nirav Shah: Yes, thanks for the followup Sir. Just one question we are seeing a drastic reduction in our share of sales to stockists and traders, just because of this and post our expansion also once exports recover this share will remain at the lower end. can this have a positive impact on our inventory management cycle and we can see some reduction in the inventory days?

Kunal Bubna: Yes as I said again also we are working on that with our vendors and we are trying to get modus operandi wherein we will get some portion of advance and book the inventory whether to carry the entire inventory on books and again definitely with the manufacturing of hollow pipe coming into place were in the round bar will be procured from indigenous suppliers so I think those will definitely help us also to keep those inventory levels slightly on a lower side as what we currently achieve our at least not increasing with this level even with the increase in order book and others.

Nirav Shah: Got it great. Thanks Kunal.

Moderator: Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: Hi Sir good afternoon thank you for the opportunity. So wanted to understand on Y-on-Y basis other expenses have jumped quite drastically what is the reason for this one?

Kunal Bubna: Definitely on Y-o-Y basis but if you look at other expenses for the last quarter it was around 5.61 and if you see this quarter it is 5.76 and if you compare to the last year what has happened is the store cost, the hydrochloric acid chemical that we use had also gone to a good extent which used to be something around a ballpark number 75 to 80 which has gone to 105 or 110 kg. similarly the LPG cost which was in June 2021 first half on the lower side those have increased in the second half more on the third or fourth quarter but if you see last Q-on-Q basis those costs are within the same range.

Alisha Mahawla: Going forward this 6, 7 Crores kind of quarterly run rate is a more sustainable number?

Kunal Bubna: Yes it will be around 5.75 to 6 in the range for other expenses.

Alisha Mahawla: Okay sure and is it possible to give the absolute volume number for seamless and welded for H1?

Kunal Bubna: As such we do not give on quarterly basis because it does not give much insight it is on a yearly basis but as I said you for half year basis that compared to last after half year will be basically 8% increase in volume.

Alisha Mahawla: Okay thank you.

Moderator: Thank you. The next question is from the line of Kunal Kothari from Centrum Broking. Please go ahead.

Kunal Kothari: Yes, thank you so much Sir once again. So, what is our capex during the quarter in first half?

Kunal Bubna: We had around for the first year total 40 Crores advances to the vendors from whom we will be procuring machine and 28 odd Crores was capital work in progress so it was around total cost incurred was 68 Crores.

Kunal Kothari: 68 Crores for the quarter or first half?

Kunal Bubna: No, for the first half.

Kunal Kothari: For the first half and what is expected for the full year?

Kunal Bubna: We had a capex of around 110 what was announced in IPO apart from that we have also announced 50 Crores of further capex so basically it is 160 Crores. We just believe 125 to 130 odd Crores would be spend by this year end March 2023.

Kunal Kothari: Wanted to know that we are already doing the capex on the welded side, which we had done to increase the diameter from 8 inch to 48 inch and additionally we announced this 50 Crores capex for 20 inch diameters so what is differentiation in both?

Arun Kothari: In the welded process there is mainly two processes to follow everybody. one is the process 358 there where we procure the plates and make the pipes and in 312 process manufacturer procures the SS coil up to 13 mm size and from the SS coil they make the pipe. So in 312 lot of players in India, buyers wants 312 pipe quality is much better since there is less joint compared to plate so there is continuous process so they want it to be manufactured in 312 or we had the option right now we as the manufacturing facility in welded pipe up to 8 inch pipe so up to 12 size in India there is a lot of manufacturers who are supplying in the 312 process. So that is why we have a very good mark from our existing buyers. Mostly they want to procure up to 69 inch size from

312 process so that is why we had put this mill. in the export market there is also a very good demand since very few players is having this type of facility in the world.

Kunal Kothari: You mean this 312 process facility of more than 12 inch diameters only three players are there?

Arun Kothari: Yes very few players in India we can say only one or two players having facility to manufacture 312 process up to 16 inch, 20 inch we will be only in India but we cannot comment if anybody is having. From our knowledge we came to know that we are the only manufacturers. A very few players in the world who are manufacturing up to this type of capacity in 312 process.

Kunal Kothari: That is really fantastic. Okay Sir thank you so much.

Moderator: Thank you. The next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: With stainless steel prices and end prices coming down will there be a release in working capital requirement?

Kunal Bubna: Absolutely it would be there. As I said you could get a slight decrease in prices from 5 to 8% this decrease continues so definitely it will release some of our working capital but again as I said sometimes what happens you supply two category 301 and 316 and if the party ask for 316 those prices are slightly higher as compared to 301 so though sometime you even it out but as you said definitely it will be out if those prices continue decreasing.

Pallav Agarwal: Also in terms of we have seen interest rates rising so will that impact our interest cost going ahead?

Kunal Bubna: No, no nothing as such. In fact we migrated to SBI as compared to earlier lender and the rates are quite effective with SBI. There were some charges like migrating to other banks there were few charges which had been charged by those leading banks so that has increased slightly in the interest cost but going ahead it will definitely be 9.25 or less than 9 going ahead also, we are targeting those sort of interest costs going ahead.

Pallav Agarwal: What will be our current credit rating?

Kunal Bubna: Triple B plus.

Pallav Agarwal: Thank you Sir. That is it from my side.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to the management for the closing comments. Over to you Sir!

Arun Kothari: Thank you for the opportunity. Thank you everyone for joining the call. We will keep updating the investor community on regular basis for incremental updates on your company. I hope we have been able to address all your queries. For any further information kindly get in touch with our investor relationship SGA advisor for your company. Thank you once again.

Moderator: Thank you members of the management. Ladies and gentlemen on behalf of Antique Stock Broking Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.