

**Vibhor Steel Tubes Limited**  
**Conference Call Name**  
**August 14, 2024**

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**Moderator:** Ladies and gentlemen. Good day and welcome to Vibhor Steel Tubes Limited Q1FY25 Conference Call.

We have with us today Mr. Vibhor Kaushik, managing director, Vibhor Steel Tubes Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need an assistant during the conference call, please signal an operator by pressing '\*' and '0' on your touchtone phone.

Incorporated in 2003, Vibhor Steel Tubes Limited is a manufacturer and exporter of Mid Steel, Carbon Steel, ERW black, Galvanized pipes, Hollow steel pipes, Cold Rolled Steel Coils. The company also manufactures crash barrier which are widely used on median shoulder, width and high embankment.

VSTL is promoted by Mr. Vijay Kaushik, the First-Generation Entrepreneur with rich experience of more than four decades in the manufacturing sector. Mr. Vibhor Kaushik joined the company in 2006 and under his leadership the company has expanded its capacity by 19-folds. VSTL promoters are ably supported by a highly skilled and experienced team of 600 per plus people.

VSTL has two manufacturing units each in Telangana and Maharashtra with the total installed capacity of 221,000 metric tonnes per annum. VSTL has a wide product profile comprising electric resistance widely pipe, Hot Dipped Galvanized Pipes, Hollow Sections Tubes, crash barrier among others. The products find application across multiple sector including agricultures, oil, and gas, automobile, telecom etc. in February 2024, VSTL made a stellar debut on BSE and NSE raising Rs. 72.17 crores from the IPO. Thank you.

We will now begin the question-and-answer session. Our first question is from the line of Vanshika Gandhi from Khambatta Securities. Please go ahead.

**Vanshika Gandhi:** Hi Sir, I was looking at the stock prices as the IPO came out and it seems like the stock of the company has been extremely erratic with the value is falling or rising a lot and overall, it seems to have fallen by a drastic amount of approximately 40% since 28<sup>th</sup> February till today. Could you give any reason, could you give an explanation on why this fallen back much.

**Vijay Kaushik:** I couldn't understand what she wants to talk. I don't understanding anything.

**Vibhor Kaushik:** Her question is the stock market when it opened up at a certain level and then it has come down to lower level. So, what is the reason for this change in the stock price. What is driving it, that is her question. It is a market phenomena.

**Vijay Kaushik:** Because they have put this share in surveillance, SEBI has put this share in surveillance that's why it is down.

**Vibhor Kaushik:** That is happening at the moment, but when the stock opened up, it opened up to a great response. The share price opening was 150, it went all the way up to around 440 - 445. That was because there was a lot of demand for the stock. Slowly-and-steadily it came back to the original grey market indicator of around 215 and for the past all these months, it has been hovering around the same number.

**Vanshika Gandhi:** Do you have any expectation of if it to rise again because we agree usually stock prices do fall after an IPO comes out however 40% seemed a bit drastic.

**Vibhor Kaushik:** This is also a market-driven phenomena. Forward looking it is not permissible to say when it is going to rise, however there indication that we can give about our company, the promises that we made at the launch of the IPO and we are following the same pathway, the same roadmap that was laid out to the investors at the time of the IPO. Such as a new plant is underway which is coming up in Jharsuguda. Even at the time of the IPO launch, we had mentioned that we had purchased the land. At the moment, after the land being purchased, the plant is under process. We have erected two tube mills, three tube mills we are installing in that area with Slitting line and galvanized unit. The installed capacity of Jharsuguda plant is similar to what we have in the western region of India in Maharashtra, which are 10,000 tonnes. So, these are the development, I can talk about the development that we promised during the IPO that it is underway and we had given a timeline of somewhere 2nd Quarter and 2nd Quarter for the plant to start its trial run or its production and we are well on our way to achieve that target. So, I believe investors will see that the development as promised is taking place. Second development that has taken place is in Hyderabad, we have installed one more galvanized plant because of the new product that we introduced almost around a year ago, but now it has taken leap forward in terms of its production and sale which is a highway guardrail product. Before we were using only one galvanizing line in Hyderabad to cater to the demand of pipe industry and also to cater to the demand of highway guardrail which is a crash barrier that you see on the highway on both side of the highway you must have seen a corrugated sheet, this is for the protection of the vehicle, in case the vehicles skits to the left or to the right, it does not go off the road. These are the protection barriers. So, we have started the production in quarter good quantity, one galvanized line was not sufficient to cater to the demand of the client, so we have put another galvanized line. Just last month, we have achieved the target of 1200 tonnes of dispatch of galvanized product called crash barrier or highway guardrail, before that it is used

to be only 500 tonnes. So, these are the development we have made, now all these development shall reflect in terms of turnover in the coming quarters and coming up years. This is only for start of it. In Jharsuguda, also we wish to continue with pipe manufacturing, and we wish to continue with highway guardrails as well. And during IPO, we had promised that once we established ourselves in crash barriers, we will go ahead and introduce other products as well such as Octagon Pole, High Mast Pole and we are in way of achieving the machineries for those products are also being placed, orders of those machines have been placed and they shall also be getting installed in Jharsuguda location in its view. So, these are the development which we promised to the investors, all of them I believe shall be attributed within the timeline that was given in February. So, based on that there shall be the trust which we have development in the investors, we shall continue to have that trust and grow that trust. So, once the investors have growth and continuous trust, I believe the future prospect for Vibhor Steel as a company is very promising. I hope this answers your question Ms. Gandhi.

**Vanshika Gandhi:** Yes sir, thank you very much, but I was also wondering that you have increased your assets by a lot it seems like it. Is that's the reason why there is approximately 15% decline in your profit since last February.

**Vibhor Kaushik:** This decline of the profit is a cycle of steel which was expected after the revise of steel prices due to covid. The ripple effect of covid has taken its own due course to settle up. Now the prices that has risen to a very new hike during covid has come down to almost its original price which used to be before covid. So, all the price correction that has taken place we believe it is more or less come back to normal or come back to being stable. So, although the turnover hasn't or our volume hasn't seemed drastically in the 1st Quarter, neither have our profit, but little bit less profitability is in the account of steel price correction which we expected even last year that it will happen in the 1st Quarter of this year. So, it wasn't a sudden surprise we expected it and we managed it very well we believe.

**Vijay Kaushik:** Gandhi Ji, there's one more thing to be mentioned that the quantity is not decreased, quantity is the same. Last quarter in 2023-24, the quantity was 38,129 and 2024-25, it is 36,747, so quantity wise it is not decreased, because of the pricing goes down, that's why sale is effected in the terms of amount. It's a very important thing to know.

**Vanshika Gandhi:** Okay, thank you.

**Moderator:** Thank you Our next question is from the line of Vanshika Gandhi from Khambatta Securities. Please go ahead.

**Vanshika Gandhi:** I was wondering that now that you have IPO proceed, could you tell me how did you utilized so far and like what around is remaining, how you plan to allocate the proceed that you received through your IPO to maximize shareholder value?

**Vibhor Kaushik:** I believe the question is since IPO is raised, how has been our fund utilization from the IPO, Correct Ms. Gandhi, this is your question?

**Vanshika Gandhi:** Yes.

**Vijay Kaushik:** We utilized the fund for the working capital.

**Vanshika Gandhi:** For the working capital as in your land, your machinery and everything.

**Vijay Kaushik:** No, we have taken loan on the machinery. We have not utilized this money. We have utilized this money.

**Vibhor Kaushik:** This working capital is only utilized in our procurement of raw material which was the reason why we raised IPO. It was mentioned as well and that's exactly were the fund has been utilized. Most of the fund is utilized there. I think we have very little, which is in the form of FD. I am not sure about the exact number it should be around 3 crores.

**Vijay Kaushik:** Which is not used, we have made the FD also which is not utilized, 3 crores something. We have made FD also, because we are not utilizing that fund. So, we have made FD.

**Vanshika Gandhi:** So, you are planning on continuing to use this amount for working capital and not for any procurement of any long-term assets?

**Vibhor Kaushik:** No not for the long-term assets. It has been done through our internal approval and also the term loan that we had taken from the bank.

**Vanshika Gandhi:** Okay, and also I see that debt levels of the company are also pretty good. So, does the company plan on managing its debt levels and finance cost moving forward or is it more reliant on financing through debt?

**Vibhor Kaushik:** I believe with the IPO being successful, the money has been raised for working capital. So, now we have been able to manage our debt significantly effectively so that has been taken care and so our bank interest for the working capital which is a CC or OD limit that has been under control which was our target.

**Vijay Kaushik:** Interest amount will be reduced heavily so it will have in the profit because interest will decrease quite a lot. So, it will affect the profit.

**Vanshika Gandhi:** Okay, thank you so much.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to the management for closing comment.

**Vijay Kaushik:**

I will speak, the confidence that the investors shown in us, very generously we are doing our best to maintain that confidence. And that confidence, we can't express in words, that confidence will come only through our actions and our action is moving very fast as we discussed about our Jai Plant which we have installed in Hyderabad and the investors with which we have promised in Jharsuguda. We have taken possession of the land in the month of January and within six months, we have installed three pipe mills. We have made five sheds. We have making GI plant. GI plant is approximately 50% complete. Because of heavy rain, we are suffering a lot in installing the plant. There is one month delay. I feel we are going to be in the production in the month of September, it may go up to October, but not beyond that. So, in nine months, if a man put a factory from the scratch and you can also gain confidence from everything he has built up until today. It should prove to be a milestone. It is very difficult for a plant to be set up so quickly when all the odds were against us. Two months later, elections came up, and since the laborers were from Bihar, they couldn't come. Then it rained for two months. Despite all these challenges, we continued to work with full determination. Even now I am going to catch my flight to Jharsuguda, I am on the way to Delhi Airport. I am sitting in the car. My son is also in the China because we have to take delivery of some machineries. So, he has gone there to see the machinery. The machineries like monopole and all will be finalized, and that machine will come in the month of August or September, I think so. All these things are happening now which you can watch very easily in the month of October and November, you can watch increase in production, increase in sales, and increase in profit. I think we maintain the confidence of the investors. It is necessary to share all these things, whatever we are doing investor should know and. I would prefer it if investors want to visit the place, most welcome. Thank you very much.

**Moderator:**

Thank you. On behalf of Vibhor Steel Tubes Limited, that conclude this conference. Thank you for joining us and you may now disconnect your lines.