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To

January 29, 2021

Manager, **National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex- Bandra (E), Mumbai-400051 ***NSE Symbol: HITECH***	Listing Department, **BSE Limited** Phiroze Jeejeebhoy Towers, Rotunda Building, Dalal Street, Fort Mumbai- 400001 ***Scrip Code: 543411***

Symbol: **HITECH**

Subject: Q3 FY22 Earnings Conference Call Transcript

Dear Sir,

With reference to our letter dated 17th January, 2022 regarding the intimation of Analyst/ Investor Conference Call on the Un-Audited Financial Results (Standalone and Consolidated) for the Third Quarter ended 31 December, 2021. Please find enclosed herewith the transcript of the conference call being held on 21st January, 2022.

The transcript of the conference call is also made available on the Company's website viz.: www.hitechpipes.in

Kindly take the above information on record and oblige.

Thanking You
For Hi-Tech Pipes Limited

HI-TECH PIPES LTD.

Arun Kumar
Company Secretary &
Compliance Officer

Encl: a/a

"Hi-Tech Pipes Limited
Q3 FY22 Earnings Conference Call"

January 21, 2022

ANALYST: **MR. DHRUV JAIN - AMBIT CAPITAL**

MANAGEMENT: **MR. ANISH BANSAL – EXECUTIVE DIRECTOR – HI-TECH PIPES LIMITED**
MR. ARVIND BANSAL – CHIEF FINANCIAL OFFICER HI-TECH PIPES LIMITED

Moderator: Ladies gentlemen, good day and welcome to Hi-Tech Pipes Limited Q3 FY22 Earnings Conference Call hosted by Ambit Capital. 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Dhruv Jain from Ambit Capital. Thank you and over to you Sir!

Dhruv Jain: Thank you. Good afternoon everyone. Welcome to Hi-Tech Pipes Limited's 3Q FY22 Earnings Call. We have with us Mr. Anish Bansal - Executive Director and Mr. Arvind Bansal - CFO of the Company today with us to discuss the 3Q FY2022 earnings call. Thank you and over to you Sir for your opening remarks!

Anish Bansal: Good afternoon and welcome everyone for our Q3 FY22 Earnings Conference Call. In the third wave of COVID pandemic hope you and your families are safe and healthy. I am joined on the call by Mr. Arvind Bansal, CFO of the Company. I hope everyone has had a chance to go through our results and updated investor presentation uploaded on the exchange. We are delighted to report double digit net profitability in Q3 FY22 continuously for second quarter in a row. EBITDA per ton of Rs.3852 in Q3 FY22 growing sequentially quarter-after-quarter. Proportion of value-added products has increased to 25% in Q3 FY22. It is continuously growing quarter-after-quarter. In the reported quarter volume has decreased by 20% primary reason for decrease in volume is the extended monsoon period in the month of October and November and wider price gap between primary steel and secondary steel due to which distributors and dealers has started destocking. Sales utilization has improved considerably year-on-year basis primarily led by increase in price of steel products and higher sale of value-added products. Though the raw material prices have increased on y-o-y basis we have been able to improve our operational efficiencies, which have benefitted us in margin improvement.

I am happy to share two major developments in the company. Firstly the production of pre-galvanized tubes and pipes at Khopoli plant. The Company has started commercial production of pre-galvanized pipes for Maharashtra and Goa market at Khopoli unit. Maharashtra and Goa markets are enjoying second highest market share in GP pipes on All India basis. The company is having backward integration for raw materials of GP pipes that is GP coils which is manufactured at Sikandrabad facility. Quality and service of GP pipes is very well accepted in the market. Secondly production of galvanized corrugated roofing sheet at Sikandrabad facility. The company has started commercial production of galvanized corrugated roofing sheet at Sikandrabad manufacturing facility primarily for northern markets. The company is having backward integration for raw material of GC sheets. Quality and service of GC sheets are very well accepted in the market. The Company is further increasing the capacity of GC sheets by adding new lines for thinner gate sheets. The Company is committed and focused to optimally improve capacity utilization of our existing plant and at the same time we have a clear vision to reach 1 million tons capacity from the current level of 5.8 lakhs tons. The current quarter Q4 has started with a big bang. Steel prices have more or less stabilized, price gap between primary and secondary steel has narrowed down substantially, which has come down to pre-previous level and the construction activity is going on full swing across the country though the country is passing through the third wave of COVID; however, we hope it will not impact industrial and construction activity in the country. With the robust demand we are very optimistic that this financial year will set a good foundation for years to come. I will now handover the call to Mr. Arvind Bansal, our CFO to take you through the financial results for the quarter ended December 31, 2021.

Arvind Bansal: Good afternoon everyone. I will take you through the financial results of Q3 FY22. Our revenue from operations for the quarter grew by 6% year-on-year basis to Rs.440 Crores as against Rs.416 Crores in corresponding quarter. The revenue growth was primarily driven by significant increase in our sales volume of value-added products and higher realization. Sales utilization has improved by 40% to Rs.67600 per ton as compared to the Rs.48100 per ton in corresponding quarter. Our EBITDA for the quarter increased by 8% year-on-year basis to Rs.25.08 Crores as against Rs.23.22 Crores in corresponding quarter. EBITDA per ton for the quarter stood at Rs.3853 per ton as against Rs.2810 per ton which is an increase of 37% on year-on-year basis. The increase in EBITDA per ton was primarily because of increase in sales utilization, increase in sale of our value-added products, improvement in operational efficiencies and additional fixed cost on per ton basis. Our profit after tax increased significantly and stood at Rs.10.17 Crores as against Rs.9.26 Crores in corresponding quarter. With this I would like to open the floor for questions. Thank you.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. Mr. Ritesh Shah you can please go ahead with your question Sir.

Ritesh Shah: Thank you for the opportunity. Sir I had a question how should one look at the company's value addition if you can help it on a percentage and volume terms and are there any new launches that we are looking at in the next 18 to 24 months?

Anish Bansal: Volume of our value-added products actually if you see it is increasing quarter-after-quarter. In last financial year the proportion of our value-added products is around 15%, in Q1 it was around 22%, in Q2 it was around 23% and now it has increased to 25% actually value-added products earlier there were galvanized pipes and metal beam crash guard but now we have added galvanized roofing sheet and we have started production of GP pipes in our Khopoli facility also. We have started production of wider cold rolled coils and strips also which has really given good margins to the company and in Q4 or in the beginning of Q1 of FY2023 we are going to start color coated roofing sheets which is going to further add in the kitty of our value-added products.

Ritesh Shah: Sure Sir. How should one look at this number of 25% going forward given we have several new launches planned if one had to look at them on a volumetric terms how should one look at this?

Anish Bansal: Actually we have the vision to reach to around 30% to 35% by FY2023.

Ritesh Shah: How much will be the margin differential between when we say value-added versus the normal products that we serve?

Anish Bansal: Margin differential is more than Rs.1000 per ton in terms of EBITDA per ton.

Ritesh Shah: Second pardon me for my ignorance. How are we managing the volatility in the raw material prices given the understanding I think steel prices have again moved up earlier this week so is it like a price contract or a volume contract what sort of MoUs do we have with the steel companies to mitigate the inventory risk and anything on working capital that we are doing incremental to actually flatten this out?

Anish Bansal: Actually regarding this price volatility the good thing in our industry is to whatever price increase is there, sometimes decrease is there it is well known in the market, the mindset of our distributors and dealers it is expected increase will happen or decrease will happen so we are able to pass on the increase or decrease in the market within say a span of around 7 to 10 days itself. In Q2 and Q3 there was steep increase in the raw material prices, which has really impacted the market of organized players reason being the gap between primary steel and secondary steel. Secondary steel we call it as patra steel manufactured by this Mandi Gobindgarh manufacturers or Raipur manufacturers. Earlier the difference used to be in the range of Rs.5 to 6, but due to steep increase in the primary steel prices this gap has widened to around Rs.20 per ton due to which the demand of organized player has been temporarily shifted to unorganized player that was a temporary phenomenon but with God grace and with market forces now this gap has narrowed down significantly and now the gap is more or less at the previous level and the good thing is now the steel prices the primary steel prices also have stabilized. Only some minor corrections might be there, not major corrections we do not think it is going to happen at least in near terms.

Ritesh Shah: Right, Sir my question do we get into back-to-back contracts like do we have price and volume commitments both when we procure material from the steel producers?

Anish Bansal: Actually we have annual MoU with steel producers like Tata is there, Steel Authority is there, we have volume contracts with them, annual volume contracts but prices are decided on monthly basis.

Ritesh Shah: Sir what is the sort of inventory that we keep at the plant finished goods as well as raw materials number of days?

Anish Bansal: Total inventory we are keeping around 40 to 45 days.

Ritesh Shah: Is this a number that we are comfortable with even going forward or is there scope for reducing this?

Anish Bansal: It was around 50 days and before that it was around 55 days these inventory days are reducing year-after-year and we are expecting in the times to come it is going to further decrease.

Ritesh Shah: Was there an element of inventory gain basically in this quarter?

Anish Bansal: Some inventory gain, minor inventory gain was there in Q3, but actually that gain was there in the month of October and November and that has been mitigated by decrease in the price in the month of December so always some percent gain was there.

Ritesh Shah: Sure Sir, that was useful. Thank you so much and wish you a good luck. Thank you.

Moderator: Thank you. The next question is from the line of Bhavin from Investor Capital. Please go ahead.

Bhavin: My questions were answered. Thanks.

Moderator: Thank you. The next question is from the line of Dharma Venkateshan, an individual investor. Please go ahead.

Dharma Venkateshan Good afternoon Sir. Thank you for the opportunity. Congratulations on doing a very good set of numbers in these difficult times. My question is that what is the capex spends the Company has in the future because when I went through the annual report the Company has a capacity target for FY2024 so what are the further capex plans the company having right now?

Arvind Bansal: Actually we have a clear vision to achieve our capacity to a level of 1 million ton, but at the same time we have the focus to achieve our existing capacity. Our existing capacity is 5.8 lakhs tons, but at present our utilization is in the range of 45%. The first we are focusing ourselves to utilize the capacity at least to the tune of 60% to 65%. After reaching this utilization then we will think of further expenses. We will keep on doing some minor addition and then we brought launches but major capex we are not going to do.

Dharma Venkateshan So if my understanding is correct if the capacity utilization reaches optimal level then the management will decide on further capex, correct?

Arvind Bansal: Correct.

Dharma Venkateshan Given our current capacity utilization is around 45% so if the capacity utilization reaches optimal levels is there any scope for increase in the margins because of absorption of fixed cost?

Arvind Bansal: Sorry, come again.

Dharma Venkateshan Sir our current capacity utilization is around 45% so if the capacity reaches around 70% to 75% is there any scope for increase in the margins because of absorption of fixed cost?

Arvind Bansal: Yes it is a controlled process actually when volume increases fixed cost automatically get reduced and it is going to add in the margin.

Dharma Venkateshan So is there any visibility you can give on the margins?

Arvind Bansal: The visibility what we can give is if you see our EBITDA margins are increasing year-after-year and quarter-to-quarter and in the times to come also it is going to further increase, but it is difficult to give any specific number.

Dharma Venkateshan Okay Sir that is fine and our current debt levels is going to be reduced or kept at this level or what is the plan for the debt?

Arvind Bansal: Actually all these debt levels depends on the steel prices also, if the steel prices remain same hopefully there should not be any major increase in the debt level it should be at the current level, but you know with the volume increases we always make certain working capital, but in terms of operational efficiency of debtors and inventories in terms of number of days it is going to be improved.

Dharma Venkateshan Okay Sir thank you, what is the export market are we looking at it like what is our moving forward or only we are concentrating on domestic?

Anish Bansal: So exports we are actively focused towards export but the current situation is such in which the ocean freights have gone up significantly high and there is a very, very acute shortage of the containers so we hope the ocean freights to stabilize in the coming quarters and we will again move towards exports. Currently the company has done exports to the tune of 10%.

Dharma Venkateshan Fine got it. Our value-added product share, our target for FY2023 is around 30% to 35% am I correct?

Anish Bansal: That is correct.

Dharma Venkateshan Thank you for the opportunity.

Moderator: Thank you. The next question is from the line of Akshay Chheda from Canara Robeco. Please go ahead.

Akshay Chheda: Sir my first question would be you did mention that one of the new value-added products that we will be launching would be the color coated roofing sheets so wanted to understand like what is the value addition in that and what is the EBITDA per ton that you look at in this product?

Anish Bansal: Good afternoon Akshay. So the color coated we launched this product in the first quarter of FY2022 the EBITDA margin in this quarter ranges from Rs.5000 to 6000 per ton on a blended average basis.

Akshay Chheda: Sir what is the value addition besides coloring do we do galvanizing or why so much difference just wanted to understand?

Anish Bansal: Yes before color coated it is continuous galvanizing the process is and before galvanizing there is cold rolling process so it is a three stage process.

Akshay Chheda: Okay, cold rolling, galvanizing, and then color coating. Sir which is the other product that you mentioned?

Anish Bansal: That was the launch of pre-galvanized tubes from our Khopoli unit for Maharashtra and Goa markets.

Akshay Chheda: Again the same question what would be the EBITDA per ton from these products?

Anish Bansal: Rs.4000 to 5000 per ton.

Akshay Chheda: Those are the few questions from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Kamlesh Kotak from Asian Markets Securities. Please go ahead.

Kamlesh Kotak: Can you help us understand the volume breakup in terms of how much of the sales comes through the OEM and contract business direct and how much we sell from distributor channel?

Anish Bansal: Mr. Kamlesh our B2C that is our dealers, distributors and retailers this would constitute of 70% of our sales and 30% comes from the B2B segment which will include the corporates, the PSUs, the government bodies, OEMs, projects and exports.

Kamlesh Kotak: Would you have any classification how much of our product also go I think we also are supplying GI pipes to agri so how much would be agri and infrastructure any ballpark estimation you share?

Anish Bansal: In our regular business, our proportion of GI tubes and pipes is about 25% and the primary customers is the Jal Jeevan Mission which is the Central body scheme and all the states they have to supply the portable drinking water through pipes and this is our focus for the coming financial year as well.

Kamlesh Kotak: The 25% of the total volume you say right?

Anish Bansal: 25% of the tubular volume.

Kamlesh Kotak: Overall volume how much percentage it would be?

Anish Bansal: Approximately 10%.

Kamlesh Kotak: Secondly Sir I just wanted to understand how much capex we have made at the Khopoli plant for this 80000 capacity?

Anish Bansal: So we have made a capex of 30 to 35 Crores for Khopoli unit.

Kamlesh Kotak: For 80000 tons right?

Anish Bansal: Yes.

Kamlesh Kotak: Last two quarters we have been seeing a decline in volume so how you see the fourth quarter going to shape up is it also going to be a muted quarter as we see?

Anish Bansal: Q2 and Q3 we had a little challenge from the steel price hike and the gap between the secondary and primary players but that is bridged significantly and Q4 we are hoping for at least a volume of 90000 tons.

Kamlesh Kotak: You said that up to 65% of the utilization you are not going to have any major capex right?

Anish Bansal: Some balancing would be there but not major capex but the capex in the form of color coating that will be there and some balancing will also be there.

Kamlesh Kotak: So it will be in what range annualized basis capex would be?

Anish Bansal: For FY2023 the color coating capex has also been captured in the previous H1 also and in the next FY2023 we see a capex of 10 to 15 Crores.

Kamlesh Kotak: So is it safe to assume that by FY2024 we will be achieving 65% of the utilization of the current capacity?

Anish Bansal: Yes definitely.

Kamlesh Kotak: What is the gross debt as of today?

Anish Bansal: About 300 Crores. Out of this approximately 200 Crores is towards working capital and 100 Crores is the long term.

Kamlesh Kotak: Sir just one observation if we compare our company with the leader in that space and the kind of business there evolved over the last two to three years I think we also should rather focusing on the capex utilization and improvement of the working capital from 60 plus days to sizeable lower amount and also improve the balance sheet with lower of debt and finance cost and then only I think we should contemplate the next set of expansion is what I would suggest as an observation we should now start is not it Sir?

Anish Bansal: Yes Kamlesh and as you would see from the previous years we are continuously improving on these two fronts the total working capital cycle also and the utilization also. The utilization of the new capacity 80000 is fairly new and it takes a little bit of time to absorb this new capacity. So from Q4 onwards we are fairly confident of doing 55% utilization.

Kamlesh Kotak: That also will mean that if we do not have any major capex we will be able to reduce the debt also sizably from 300 Crores now over the next two to three years what could be the debt level?

Anish Bansal: Yes in relative terms it should come down but we will be needing some more working people also as we have been increasing volumes so our focus is towards that and we have brought down the debtor days from 45 to 30 days in the last three years so the focus is there towards the better efficiency of working aspect.

Kamlesh Kotak: Sir as I was mentioning the leader has around 10 to 15 days of networking capital we are already at 60 plus days still there is a lot of scope for us to improve that and I think plus that deleveraging happens that can take care of our EBITDA as well as profitability before the next stage of capex goes because we have enough of headroom to grow size or volume is concerned right Sir?

Anish Bansal: We are very well aware of this and the leader is doing some dealer financing also. They are routing it through the other dealer finance channel so I think once our dealer finance operates we should bridge this gap significantly.

Kamlesh Kotak: Sure and lastly as far as the product competitive pricing goes are we at par with the leader and other companies or how our product is sold is it at a discount or is it a parity how it works?

Anish Bansal: More or less our dealers and retailers they sell it more or less at the same price, very minimal gap.

Kamlesh Kotak: That is it from my side. Thank you very much.

Moderator: Thank you. The next question is from the line of Dhiral from PhillipCapital. Please go ahead.

Dhiral: Thanks for the opportunity. As I am new to this company pardon my questions on basics in nature. So first of all what is the overall market opportunity size for the products that we are manufacturing right now?

Anish Bansal: The market size of our industry is around 8 million tons.

Dhiral: So maybe we are very minuscule player in this right because our overall market volume is just 580000?

Anish Bansal: Yes right now it is.

Dhiral: When you say that our value added contributes almost 25% of the current revenue but when I look at the overall EBITDA margin we have not seen any kind of improvement in that over a period of time?

Anish Bansal: If you see our increase in value-added products it is reflected in our EBITDA margins if you see last year our EBITDA margin was Rs.2600 and now in nine months it is Rs.3700, on per ton basis in FY2019.

Dhiral: But if I see overall EBITDA margin it has been 5% to 6% only.

Anish Bansal: Actually in our industry we always compare EBITDA in terms of EBITDA per ton not in terms of percentage. Recently suppose steel prices is at Rs.50 and it goes up to Rs.70 in terms of percentage it is going to come down, but our EBITDA in terms of sales per ton that will increase that is the main thing for us. Steel is a commodity and there is always volatility in the steel prices. Sometimes there is a sharp decrease or sometimes there is a sharp increase that is why in our industry everybody does the analysis in terms of EBITDA per ton not percentage.

Dhiral: You also spoke about because of the higher prices and the market is shifting towards the unorganized players so what is the current organized share and unorganized share?

Anish Bansal: Basically that was a temporary phenomena and that has happened in Q3, now the price gap has came down to original level and hopefully now this is not going to be a major dip.

Dhiral: What is the current unorganized share?

Anish Bansal: Organized market share is around 80% and unorganized is 20%.

Dhiral: What was the price gap which was there in Q3?

Anish Bansal: Actually originally price gap used to be in the range of Rs.5 to 6 and in Q3 the highest price gap was around Rs.18 to Rs. 20.

Dhiral: Now again the price has come down to Rs.5 to 6?

Anish Bansal: Yes.

Dhiral: Okay just last two questions, why our capacity utilization is very low at 40000, it is just that we have increased our capacity that is why?

Anish Bansal: There are major two reasons first one is our Khopoli facility has been started in Q4 only for FY2021 and that is going to be increased gradually volume increase gradually. In Q3 it was a contribution from unorganized to organized player, which has impacted not our shares everybody shares, but hopefully in Q4 we are going to get good volume.

Dhiral: You have just given the guidance 90000 metric ton right sir?

Anish Bansal: Correct.

Dhiral: Sir lastly as you are targeting 35% value of the total by FY2023 end so what will be our targeted EBITDA percent for that overall?

Anish Bansal: Sir we have already mentioned this EBITDA per ton is going to increase quarter-after-quarter and it will be difficult for us to give any specific number but it is going to be increased.

Moderator: Thank you. The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: Sir I had a question and this is a continuation of something that you mentioned in this call. Sir with respect to working capital days on the receivable side you mentioned that some of the industry players are able to do channel financing so just wanted to understand that when can we start channel financing or what are the instances and we have seen that there has been a declining trend in inventory days so furthermore what are the kind of initiatives or things that you are doing on the inventory side to reduce this going forward?

Anish Bansal: Firstly regarding the dealer finance we are actively trying to get the same arrangement with our distributors and dealers and I think in next financial year we will be very close to sign it off and secondly regarding the inventory levels as we are seeing it has come down and we still see there is a scope of another five to seven days more to shrink the inventory days so we are focused on this and maybe next financial year we will bring out this further.

Dhruv Jain: Directionally if we have to think about working capital reducing going forward what is the kind of target that you are setting for yourself in terms of working capital reduction in terms of days over the next two or three years?

Anish Bansal: Our benchmark is what the market leader is doing so gradually and steadily it is a process and we are very conscious of this fact and I think in another three to four years we will manage to be in the same range.

Dhruv Jain: Thank you.

Moderator: Thank you. We take the next question from the line of Amruta Deherkar from Wealth Managers. Please go ahead.

Amruta Deherkar: Thank you for the opportunity. I wanted to know regarding the galvanized color coated roofing sheet what is the kind of capacity that we are coming up that is my first question and my second question is regarding the debottlenecking which you had spoken up in the presentation so what is the timeline for completing that debottlenecking from 5.8 to 7?

Anish Bansal: So the color coated roofing sheets this capacity is about 50000 tons but our overall capacity will be at 580000 tons only it is a value added product so the total capacity will remain at 580000 tons but this 50000 tons will be a value added product.

Amruta Deherkar: In the current capacity of 580000 tons what is the proportion of value added capacity that we have?

Anish Bansal: Out of 580000 tons the value added capacity is around 220000 tons.

Amruta Deherkar: What is the timeline for debottlenecking of the capacity?

Anish Bansal: Debottlenecking will take place in FY2023 partly and partly FY2024 and debottlenecking is going to take place in all the plants and we are looking forward for 10% to 20% increase in every plant.

Amruta Deherkar: What kind of capex spend that we have to do for this debottlenecking?

Anish Bansal: In total it should be around 15 to 20 Crores.

Amruta Deherkar: Alright, thank you, that is all my questions.

Moderator: Thank you. The next question is from the line of Akshay Chheda from Canara Robeco. Please go ahead.

Akshay Chheda: First question is that you did mention that this quarter January was started on a strong note because of the construction activities, etc., resuming so you expect a good quarter, good Q4 but if you can give some guidance how do we look at the volume growth say for FY2023-FY2024 you can give some number that would be helpful?

Anish Bansal: Q4 we are targeting a volume of 90000 tons and in FY2023 we are targeting a capacity utilization and average capacity utilization of 65% approximately 380000 tons.

Akshay Chheda: Sir that would be a growth of around 10% to 15% y-o-y?

Anish Bansal: More than 20%.

Akshay Chheda: Second question would be if you see that the market leader is talking a lot about say building a hospital out of the tubes a pre-engineered structure so they are even talking about buildings that have been made out of the steel tubes Sir how do you see this area of business of course with the current capacity I understand that you might not be having the capacity to produce the type of steel tubes that are needed for that, but overall we might have done some assessments so how do you see that area of the business if you can comment that will be helpful?

Anish Bansal: Akshay our production is fungible in fact we are making these products and we are supplying to the warehouses wherein all tubular structures are being used for putting up the warehouses and checks so we are already present at this segment and as the market goes right now it is a very, very nascent stage so as the market grows we are equipped and geared up to meet this demand.

Akshay Chheda: Sir on the high storey buildings is it possible how do you see that the feasibility of a building of high storey, 6-storey building?

Anish Bansal: As you would have seen in our annual report presentation we have featured one project in Noida this was a four-star hotel and the entire hotel is made from jumbo steel tubes and pipes which is our offering and we have applied more than 5 to 600 tons for this project and this entire G plus 8 has been built on the hollow section itself.

Akshay Chheda: How do you see the acceptability of these pre-engineered buildings or how do you see this business shaping up and do we as a company have been putting some more efforts like in convincing people or over a period of time you see that the acceptability of these products would increase, that should be my last question?

Anish Bansal: Akshay I think for our industry this is going to be the game changer in times to come and as we have seen in the west and the other developing nations this is a standard norm of construction.

Akshay Chheda: Okay.

Anish Bansal: Definitely this will open a huge opportunity for our industry.

Akshay Chheda: Understood Sir. Thank you Sir, it was very helpful Sir. Thank you.

Moderator: Thank you. The next question is from the line of Surbhi Sharma, individual investor. Please go ahead.

Surbhi Sharma: Good afternoon Sir. My question is related to the branding of GC and color coated sheets as you are manufacturing these new products, what the company is really doing about branding of these GC color coated sheets and is the management thinking about engaging any brand ambassador for that?

Anish Bansal: Very good question. The Company's products are B2C products and we have identified certain marketing and branding strategies and activities and we have invoked good professional team for this and starting from this quarter they will start in our northern markets the branding activities in the northern markets like UP, Rajasthan, Uttarakhand, J&K, Haryana and Punjab, so these directories they will be covering in Q4 and as the production increase and as the supplies increase we will go down to the further states. Regarding brand ambassador it is definitely on cards but we will take a call in times to come.

Surbhi Sharma: Okay, that is fine Sir. Thank you that is all I wanted to know.

Moderator: Thank you. The next question is from the line of Dharma Venkateshan an individual investor. Please go ahead.

Dharma Venkateshan Thank you for the followup. Just a small question what is our financing cost in terms of percentage, is the number available?

Anish Bansal: Right now our blended is between 8.5% and 8.75%.

Dharma Venkateshan One small suggestion like in the investor presentation is it possible to give the breakdown of volumes within products it will be helpful for us.

Anish Bansal: Definitely we will make this change from the coming quarter onwards.

Dharma Venkateshan Okay Sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Dheeraj Kumar, an individual investor. Please go ahead.

Dheeraj Kumar: Good afternoon Mr. Bansal. First of all congratulations for the wonderful set of numbers. My question is that how is the company or the management is focusing on the R&D activity like towards product innovation or to improve the current products as per the market feedback do we have hired any agency for this or we have doing this in-house?

Arvind Bansal: Actually if you have seen we are keeping on introducing new products in the market like we have introduced galvanized roofing sheet, GP pipes, our jumbo steel pipes for two new buildings and in times to come also we are going to introduce new products. As our Director has mentioned we are going to start color coated roofing sheets in first quarter of next financial year and we keep on introducing such products where we have a marketing team with us exploring market requirements, we are meeting with architects and engineers also and definitely our team is working on the subject.

Dheeraj Kumar: Thank you Mr. Bansal. Thank you for the input.

Moderator: Thank you. The next question is from the line of Akshay Chheda from Canara Robeco. Please go ahead.

Akshay Chheda: Sir you just mentioned about the branding activities just wanted to understand how much say for example if we have for high-tech cities if you make a brand like we do a lot of promotional activities, etc., what is the brand premium that you can enjoy if you have to compare it to say unorganized players or like-to-like players of course we cannot compare it to the market leader, is it possible that we can command the same market premium that market leader is doing if we do that and what would be that percentage?

Anish Bansal: Actually you know this brand name is a continuous process it is not going to happen in a single day. Brand name is basically a trust of customer and trust of customer cannot evolve in a single day and definitely as our branding improves as the trust of customer improves we are ready to command, pricing is also better for you in the market, better demand and priority over our premium product.

Akshay Chheda: What would be that number if you can quantify it?

Anish Bansal: Everything cannot be quantified in terms of numbers and it is a continuous process and as you know as the process goes on you can see the calculation of all these things in our quarter numbers. If you want quantification practically it is not possible.

Akshay Chheda: Okay, understood, thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference back to the management for closing comments.

Anish Bansal: I take this opportunity to thank everyone for joining on the call. I hope we have been able to address all your queries, for any further information and guidance kindly get in touch with us. Thank you so much and have a good and healthy day.

Moderator: Thank you very much. On behalf of Ambit Capital that concludes this conference. Thank you all for joining and you may now disconnect your lines.